

THE COST OF BUYING A HOME

in addition to your down payment

When it comes to purchasing your first home, preparation is key. Here are a few costs you might need to plan for. Since these are average estimates, be prepared for costs to vary based on state, region, size, age of home as well as other factors.



UPFRONT COSTS

Once your offer is accepted, here are some costs you can expect:



Earnest Money: Usually 1% of the offer amount

Earnest money is out-of-pocket that the buyer deposits with a third-party, escrow agent, usually a title company



Option Fee: Usually \$100-\$300 to cover the "option period". This allows the buyer to perform inspections/due diligence during this time, usually 5-10 days, with the right to cancel and have your earnest money refunded with no questions.



Inspections: \$300 - \$650

In accordance with the state's standards, a general home inspector identifies health, safety, or major mechanical issues. An inspector will provide a detailed 30-100 page report of the home for your review. There may be specialty inspectors needed as well, ex. termite/pest, foundation, plumbing, pool, etc.



Appraisal: \$400 - \$600

A home appraisal is an unbiased estimate of the true (or fair market) value of what a home is worth. All lenders order an appraisal during the mortgage loan process so that there is an objective way to assess the home's market value and ensure that the amount of money requested by the borrower is appropriate. (paid directly to lender)



HOA Transfer Fees: \$150 - \$500

The HOA transfer fee covers all costs that the HOA will incur when transferring the ownership records from the seller to the buyer. (paid to HOA usually coordinated by title)



YOUR DOWN PAYMENT

Your down payment will vary based on the loan structure you have discussed with your lender or if you qualify for a down payment assistance program. Confirm with your lender to know exactly how much you should plan for down payment. Some examples are:



0 down payment - Specialty programs, In-House or VA loans



3.5% of offer price - FHA (Primary Residence)



3%-5% of offer price - Conventional (Primary Residence)



10% - 20% of offer price - Conventional (2nd home or investment)



CLOSING COSTS

Closing costs are fees associated with your home purchase that are paid at the closing of a real estate transaction. Closing costs vary widely based on where you live, the property you buy, and the type of loan you choose. Here is a list of fees that may be included in closing. The list is inclusive of fees you may see, but it's not likely that your loan will include all of the fees listed here:

- Application Fee
- Attorney Fee
- Closing Fee or Escrow Fee
- Courier Fee
- Credit Report
- Escrow Deposit for Property Taxes & Mortgage Ins.
- Flood Determination or Life of Loan Coverage
- Homeowners' Insurance
- Lender's Policy Title Insurance
- Loan Discount Points

- Origination Fee
- Prepaid Interest
- Private Mortgage Insurance (PMI)
- Property Tax
- Recording Fees
- Survey Fee
- Title Company Title Search/ Exam Fee
- Transfer Taxes
- Underwriting Fee
- VA Funding Fee



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Disclosure

These are estimates to help prepare our buyers to WIN when they the house of their dreams! Contact me directly to discuss options for having some of these items covered.