



What are some costs associated with Buying Homes?



Introduction

Buying Real Estate Properties often come with upfront out of pocket costs for both the buying and selling side of the transaction. Take a look at our quick list of expenses to help you better be prepared. ***These are only some of the expenses. Be sure to ask your agent, your attorney and mortgage representative for additional fee information.

BUYERS:

*Here is a list of approximate costs and line items you may be responsible for when you are buying a home. *** These are ALL approximate and other items may “pop” up that you will be responsible for.*

Good Faith Deposit or Earnest Money Deposit: This is usually taken at the time of writing up the purchase agreement with your agent. Typically 1-3% of the offer price.

Home Inspection/Structural Inspection: These are always a good idea to have so you know more about the house you are buying but also to see if there are any big ticket items that would need replacing in the near future. These vary depending on the size of the house, if you want Radon and Water Tests, etc. Approx. \$300-700

Appraisal: The Lending institution will order an appraisal to be done by a licensed appraiser. He/She will go to the property and run comparables to make sure that the house is worth what you are taking out for the mortgage, and that it's up to FHA/VA standards. This typically costs approx \$300-700

Homeowners Insurance: Depends on the price, etc of the house. Please contact your insurance agent for a quote and details.

Attorney: This varies as you may be using the bank attorney. It could be approx. \$800-1200. Please check with your lender or your own attorney for the fees.

Downpayment: Depending on your mortgage package/program FHA could be about 3.5% of the sale price, whereas conventional mortgages are typically around 20% down. Ask your mortgage representative.

Buyer Representation Commission: In a real estate transaction, should the seller decide not to offer compensation to the buyer's agent, you may be responsible for paying a percentage of the sale to your buyer representative. Please discuss the details with your buyer's representative.

Other Lending Fees: Mortgage origination costs, taxes/fees, closing costs (please consult your mortgage lender). Taxes may be prorated as well that you may be responsible for.

Taxes: In a typical real estate transaction, the buyer and seller both pay property taxes, due at closing. Generally, the seller will pay a prorated amount for the time they've lived in the space since the beginning of the new tax year.

Mortgage Transfer Tax: Ask your lender if you need to pay this. Approx. \$2 per \$500 mortgaged. Your mortgage representative/attorney can help get you the amount owed.

Other General Fees:

Utilities: you may be responsible for a downpayment for new utility service \$75-150 and or prorated fees for the current utilities on property.

Moving Fees: Need a truck rental? Or Movers? Please contact a local company for pricing.

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<https://www.nar.realtor/blogs/economists-outlook/upfront-cost-of-buying-a-home>