# 13 Extra Costs to be Aware of Before Buying a Home

Whether you're looking to buy your first home, or trading up to a larger one, there are many costs - on top of the purchase price - that you must figure into your calculation of affordability. These extra fees, such as taxes and other additional costs, could surprise you with an unwanted financial nightmare on closing day if you're not informed and prepared.

Some of these costs are one-time fixed payments, while others represent an ongoing monthly or yearly commitment. Not all of these costs will apply in every situation, however it's better to know about them ahead of time so you can bud-get properly.

Remember, buying a home is a major milestone. Whether it's your first, second or tenth home, there are many important details to address, during the process. The last thing you need are unbudgeted financial obligations cropping up hours before you take possession of your new home.

Read through the following checklist to make sure you're budgeting properly for your next move.

**1. Appraisal Fee**

Your lending institution may request an appraisal of the property, which would be your responsibility to pay for. Appraisals can vary in price from approximately $175 -$ 300.

**2. Property Taxes**

Depending on your down payment, your lending institution may decide to include your property taxes in your monthly mortgage payments. If your property taxes are not added to your monthly payments, your lending institution may require annual proof that your taxes have been paid.

**3. Survey Fee**

When the home you purchase is a resale (vs. a new home), your lending institution may ask for an updated property survey. The cost for this survey can vary between $190 - $1,000.

**4. Property Insurance**

Home insurance covers the replacement value of your home (structure and contents). Your lending institution will request proof that you are insured as it protects their investment on the loan. Beware! Some homes may not be insurable. Make sure you have an insurability clause in your purchase contract.

**5. Service Charges**

Any new utility that services your hook up, such as telephone or cable, may require an installation fee.

**6. Escrow and Document Preparation Fees**

Escrow fees are split between the buyer and the seller in Colorado. However, additional fees will be charged for the buyer's mortgage closing. This can include first and second mortgages. In addition to the "Doc Prep" fees charged by the lender, some lenders will e mail the loan documents and therefore the escrow or title company may charge a electric to paper fee.

**7. Mortgage Loan Insurance Fee**

Depending upon the equity in your home, some mortgages require mortgage loan insurance. This type of insurance will cost you between 0.5% -3.5% of the total amount of the mortgage. Usually payments are made monthly in addition to your mortgage and tax payment.

**8. Mortgage Brokers Fee**

A mortgage broker is entitled to charge you a fee in order to source a lender and organize the financing. However, it pays to shop around because many mortgage brokers will provide their services free to you by having the lending institution absorb the cost.

**9. Moving Costs**

The cost for a professional mover can cost you in the range of:

• $50-$100/hour for a van and 3 movers, and

• 10-20% higher during peak demand seasons.

**10. Maintenance or HOA Fees**

Condos charge monthly fees for common area maintenance such as grounds keeping and carpet cleaning in hallways. Costs will vary depending on the building.

**11. Water Quality and Quality Certification**

If the home you purchased is serviced by a well, you should consider having your water checked by your local experts. Depending upon where you live, determines whether or not a fee is charged, to certify the quantity and quality of the water.

**12. Local Improvements**

If the town, city or county you live in has made local improvements (such as the addition of sewers or sidewalks), this could impact a property's taxes by hundreds of dollars.

**13. Metropolitan or Special Tax Districts**

This is a unique tax district set up by the developer to finance all aspects of the physical infrastructure such as streets, sewer and even recreation centers or golf courses. The developer only has to put up a small percentage of monies for these costs and the rest are floated with bonds and added to the homeowners tax bills until paid off. The arrangement can work nicely when there are plenty of homebuyers to pick up the tax bill. But, in a down market, watch out...you could end up holding the bag when there is not enough buyers to fund the bonds.

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**About The Author**

Mark Eibner is the cofounder and Broker owner of Realty Oasis. When you hire Mark you also hire an entire team of professionals. Each staff member performs a specialized part of the buying and selling process. This support team helped place Mark among Denver's Top 5 Realtors from 1997 through 1999, and in the #1 position in 2000.