

Buyer Costs

1. Home inspection

While not always required, most real estate experts agree that a home inspection is a must before you close on a home—even if it's new construction. "Homebuyers really don't understand how important it is to see what repairs are needed upfront," says Harrine Freeman, a financial planner and owner of H.E. Freeman Enterprises. Hiring a pro to tell you the attic is full of termites or the plumbing is older than the huge oak tree out back is something that has to come out of your pocket—even if the inspection ultimately deters you from moving forward with the purchase. "Depending on where you live, home inspection fees could cost between \$200 and \$2,000," says Brendon DeSimone, a real estate expert and author of "Next Generation Real Estate: New Rules for Smarter Home Buying & Faster Selling." Yes, that's a hefty price tag. But if the inspection reveals something major, you might be able to negotiate more aggressively on the purchase price—or walk away from a potential money pit altogether. And if all is good, you'll come away with peace of mind. Money well spent either way.

2. Appraisal

Mortgage lenders don't want to be on the hook for a home that's radically overpriced (and neither do you), so before they provide a loan, the lender requires an independent appraisal to determine the home's worth. "Appraisals are used to verify that the sale price of the home is equal to or lesser than the fair market value," says Freeman. And the cost of hiring that pro falls to (you guessed it) the homebuyer. Appraisal fees can vary depending on the home, lender and state, but you'll want to budget for about \$250 to \$600, she says.

3. Closing costs

Think of "closings costs" as a giant umbrella term that covers everything from attorney's fees for handling the home buying contracts to taxes and association fees. "Closing costs can be paid for by either the buyer or the seller and, depending on the arrangement, can typically range from 2 to 5 percent of the sale price," says Freeman. That may sound like peanuts at first blush, but if you're eyeing a \$250,000 home, you're looking at anywhere from \$5,000 to \$12,500. Ooof. One way to ease the sting: Be prepared. "When you first meet with your lender, you need to ask about the general closing costs and loan fees to be expected given your pre-approval amount," DeSimone advises. "You shouldn't wait until you have a home tied up to know what those closing costs are."

4. Escrow fees

Some mortgage lenders will require you to open an escrow account along with your mortgage agreement. (Escrow accounts are mandatory if you have a Federal Housing Administration loan.) That account will set aside funds each month for expenses that aren't related to the actual mortgage (think property taxes and homeowners insurance). Not having to make one giant tax or insurance payment each year may save you some stress, says Freeman, but if you were waiting to save for Uncle Sam until after move-in day, think again. You might have to make an initial escrow payment (typically one-twelfth of the estimated annual bill for taxes and insurance) during the close.



Tamrah Cooper
Real Estate Salesperson
315.506.0450
tcooper@bhhsnyrealty.com
TamrahCooper.com

BERKSHIRE
HATHAWAY
HomeServices

CNY Realty

