

# Do Agents Inflate the Cost of Buying & Selling Your Home with 'Junk Fees'?

This week's topic is inspired by an article I read on [BusinessInsider.com](https://www.businessinsider.com) last week with the catchy headline, "Real estate agents are tacking ludicrous 'junk fees' on to every home purchase."

The article acknowledges that there are many legitimate fees — including title insurance, which is absolutely necessary to protect both the buyer and seller of a home. In Colorado, unlike some states, it's common for title insurance (the second largest expense after agent commissions) to be deducted from the seller's proceeds rather than added to the buyer's costs.

Other necessary expenses paid at closing and **not** levied by the buyer's or seller's brokerage include,

for the seller, the fee to record the release of lien for any paid-off mortgage, HOA transfer fees, escrow for the final water bill, half the settlement fee to the title company (typically \$300-400), and property taxes for the current year pro-rated to the date of closing.

For the buyer, fees are levied for the buyer's half of the settlement fee mentioned above, and for recording documents with the county clerk. If the buyer financed the purchase with a loan, there are fees levied by the lender, such as processing & document preparation fees, origination fee ("points"), pre-paid interest from the date of closing through the end of that month, and appraisal (if not

paid earlier). In addition, the buyer will be debited at closing for their homeowner's insurance policy plus 3 months' escrow of same, and 3 months' escrow of property taxes.

**All of the above are not junk fees**, but necessary fees to close on the sale or purchase of a home. It should be noted that the contract to buy and sell could include provisions moving some of these fees to one side or the other of the transaction. For example, the buyer might offer, in order to win a bidding war, to pay the HOA transfer fees, the full settlement fee, and/or the cost of title insurance. Once I saw a buyer offer to pay the property taxes for the full first year of ownership instead of the seller crediting the buyer with his/her pro-rated share.

So, if all those are necessary fees, what are those "junk fees" complained about in the [BusinessLeader.com](https://www.businessleader.com) article? It's a single fee which some agents began charging their clients years ago. It's shown on the settlement statement as an

"administrative fee."

Basically, it's a transaction fee which larger brokerages in particular began charging their agents to bolster their profits. It could be a flat fee like \$300 or it could be a small percentage of the sale price. This fee is deducted from the agent's share of the commission, but agents are allowed to pass that fee on to their clients, which many have chosen to do. That's what the article was complaining about, not multiple "junk fees."

Of course, buyers and sellers, upon signing a listing or buyer agency agreement with their agents, could negotiate not to pay this fee, just as they could negotiate a lower listing commission. But, as you can imagine, this fee slips through without most clients noticing or objecting to it. Myself, I never propose charging my clients for this fee. Call my broker associates or me if you don't want to pay any junk fees for buying or selling a home. Our phone numbers are below.

REAL ESTATE TODAY



By JIM SMITH Realtor®

## Emissions From EVs Depend on the Source of Electricity

Before I bought my first electric vehicle in 2012, I told myself, "I don't want to switch from burning gas to burning coal," since coal at the time was the biggest portion of my electric utility's fuel mix.

Then I learned why EVs have lower emissions than gas-powered cars, even if the fossil fuels represent 100% of the utility's fuel mix. The reasoning is reflected in the graphic which I have included in the posting of this article on our company's blog

at [www.GoldenREblog.com](https://www.GoldenREblog.com).

The gist of the graphic is that only 16 to 25% of the energy in gasoline goes to propelling the vehicle. The rest is basically waste energy, 60% to 72% of it engine losses such as heat. By contrast, roughly 90% of the energy in electricity goes to move an EV.

That differential in fuel efficiency is at the heart of why EVs are more climate- and pollution-friendly than gas-powered vehicles can ever be.

## Just Listed: Half-Duplex on Standley Lake



Just listed by David Dlugasch, this half-duplex at **8581 Jellison Street** is a patio home, requiring no exterior or grounds maintenance by owner. Snow-fall over 2 inches is cleared by the HOA up to the covered porch and garage. On the top floor it has both a primary suite and guest suite, both with ensuite bathrooms and walk-in closets. In the basement is a third bedroom with egress window and ensuite bathroom. The interior was entirely repainted prior to listing, and all new carpeting was installed. This home is move-in ready, for sure! The exterior will be repainted this summer by the HOA. In addition to its awesome views of Standley Lake and the foothills (including Longs Peak), this home is adjacent to a pedestrian/bike path adjacent the Highline Canal. It also has the largest backyard (maintained by HOA) in the subdivision. You can view a narrated video tour at [www.ArvidaHome.info](https://www.ArvidaHome.info), then come to David's open house Sat., 11am-1pm. Or call David at 303-908-4835 for a showing.

## Price Reduced on Applewood Tri-Level Backing to Lena Gulch

This well-maintained brick home at **13065 W. 15th Pl.** is now listed at **\$725,000**. Take the video tour at [ApplewoodHome.online](https://www.ApplewoodHome.online), then call your agent or listing agent **Jim Swanson** at 303-929-2727 to see it.



## Finalists Announced for Home Electrification Prize

The Department of Energy (DOE) has announced 6 finalists in its Equitable and Affordable Solutions to Electrification (EAS-E) Prize.

Although administered by the National Renewable Energy Laboratory (NREL) here in Jefferson County, none of the finalists were from Colorado. Two were from California, and one each from New York, Oregon, Ohio and Nevada.

Two of the finalists focused on solutions which eliminated the need to upgrade a home's electrical panel. The New York finalist's plan focused on allowing the occupant to remain in the home during the conversion process. The Ohio finalist focused on cold-weather conversions.

I have posted a link the full article from [probuilder.com](https://www.probuilder.com) in the posting of this article on our blog, [www.GoldenREblog.com](https://www.GoldenREblog.com).

## On MLS, a Half-Duplex Is No Longer a 'Single-Family Home'

The single-family home featured at left will not be found by buyers searching the MLS for single-family homes, thanks to a big change made in January 2020, when our MLS began conforming to a standardized set of property descriptors which all MLSs were expected to adopt.

Under the new system, a duplex must be listed under the "Multi-Family" Sub-Property type, with

"Duplex" under Property Structure. This replaced the earlier system, which had "Single-Family Attached" as well as "Single-Family Detached" as property types.

You can search by address and find the listing, but most people searching for homes are unlikely to include "multi-family" in their search criteria, even though they would love **this single-family home** if they saw it.

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