

# What Does It Cost to Buy a Home? Here's a Breakdown of What You Pay

Last week I broke down what it costs to sell a home and all the deductions which a seller can expect at closing. This week I'd like to do the same for buyers.

If you're paying cash for your home, it's simple. You'll pay half the closing fee (as little as \$63, depending on the title company) and \$11 to record the deed with the county, plus 1/10 of 1% of the purchase price in tax stamps to the county — figure \$100 to \$200 all together. That's it, unless your agent charges a broker administrative commission, which could add \$200-300. (The listing firm pays your agent's "co-op" commission.)

As the buyer of a property, you will receive a credit at closing for the property taxes pro-rated through the date of sale. If your closing is, say, on June 30, you'll receive a credit for 50% of the tax

bill which is not due until the following April, at which time you'll pay the taxes for the entire year.

When you are financing your home purchase with a mortgage, the costs are much higher.

You'll not only pay fees equal to 1 to 2% of your mortgage to the lender, you will pay the title company a separate closing fee for the mortgage (\$175 to \$300) and pay for a companion title policy to protect the lender (\$200 to

\$400), plus various extra fees. Figure another \$800 to \$1,000 just to the title company. If you have two loans to close (because you're borrowing more than 80% of the purchase price), almost double those title company expenses. For a detailed breakdown of mortgage-related closing costs, use the link at [www.JimSmithColumns.com](http://www.JimSmithColumns.com).

Mortgage lenders usually want to escrow (collect and hold) the

funds needed to pay your property taxes and to renew your homeowners policy, and they'll collect several months' worth of that expense at closing. That's in addition to paying the initial premium.

There are a couple extra costs of buying which come before the closing date — even if you end up canceling the transaction. Those are the inspection fees and the appraisal and/or survey costs.

A basic inspection costs about \$300 to \$350. Add hundreds more for sewer scoping and other specialty inspections if called for. You don't want to skimp on this expense! A good inspector is worth every cent because of his ability to uncover hidden or not obvious defects which the seller should fix.

Mortgage lenders always require an appraisal (\$400 or so) and sometimes require a survey (\$250 and up, depending on the property), but a cash buyer may choose to save on both those expenses.

## 2 Agents Join Golden Real Estate

Golden Real Estate always welcomes new full-time agents who share our commitment to full-out marketing of listings, the highest level of integrity, and environmental responsibility.

This month we welcome two such agents to our "family." First to arrive was Karon Hesse, formerly with Coldwell Banker Residential brokerage. She has been in real estate over a decade and worked open houses for our listings



long before joining Golden Real Estate.

Derek Hall is newer to real estate but impressed me with his professionalism. He began practicing real estate part time in Chicago while he was a sergeant for a suburban police department. His wife, Kaylie, is the graphic artist who designed our new company logo and branding.

Would you be a good "fit" here? Let's talk!



### REAL ESTATE TODAY



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