

9 Cost Most Buyers Don't Even Know About

Get ready to learn about the miscellaneous expenditures you'll encounter during the home buying process. This report will uncover the 9 most overlooked cost home buyers miss. Sit back, relax and get ready to become informed!

1.) Taxes, Taxes, Taxes

Think April 15th is the only day of the year you need to worry about taxes? Wrong. Taxes are an integral part of homeownership. Property taxes from the state, county and local tax authorities will be assessed from you as a homeowner. Some lenders will create what is called an "escrow" account. This account will have money added to it each month that is taken from your monthly mortgage payment. This money is then used by the lender to pay your property taxes and other items, like home insurance on a schedule. This is known as the PITI (principle, interest, taxes, insurance). Other charges such as association dues if your home is in community development area or your purchase is a condo.

2.) Appraisal Fees

Your mortgage broker will most likely request an appraisal be performed on the home you are financing before any closing may take place. The reason – the need to make certain that the property is actually worth what the seller or the homeowner, if the loan is a refinance, says it's worth. Appraisal fees can range from \$300 for single family homes up to \$850 for 4 family residential homes.

3.) Misc. Origination and Loan Fees

When a mortgage company approves your loan, they are just getting started. The process of finalizing your loan requires a number of intricate steps, including processing/document preparation, underwriting, and closing fees.

At All Island Mortgage we pride ourselves on supplying all our clients with an extremely accurate closing cost document. Many mortgage brokers leave out many fees not labeling them "closing cost" in order for their estimate to seem low. We do not even attempt to mislead our clients. You have the right to be aware of all the cost associated with the mortgage you are applying for.

4.) Association and Maintenance Fees

Does your neighborhood you're moving into have a neighborhood association? If it does, you need to watch out for association dues. Some upscale neighborhoods will actually require that you join the association, so these costs need to be factored in ahead of time.

If you are purchasing a condominium, beware of maintenance fees, which help pay for groundskeeping, carpet cleaning, and periodic renovation.

5.) Survey Fees

Lenders sometimes will request an updated property survey before they will agree to close and fund your loan. Survey fees can vary from \$600 - \$1,000.

6.) Utility Service Fees

Moving into a new home will require that you set up utility service in many cases. Cable, phone, electricity, gas and water companies will require an installation fee or “hook-up” fee to get you started. Be ready to pay fees ranging from \$10-\$50 for each one of these utilities.

7.) Mortgage Insurance and Homeowners Insurance

Don't get mortgage insurance and homeowners insurance mixed up, as they are very different. Mortgage insurance is required in some cases where the down payment is smaller than the lender's requirement. In these cases, you will pay between 0.5% and 3.5% extra to “insure” the mortgage. Many homeowners today are opting to go with 2 loans to avoid the mortgage insurance. It may be cheaper each month going with a first mortgage at 80% loan to value and a 15% second mortgage instead of one loan at 95% loan to value, thus avoiding mortgage insurance.

Homeowners insurance is insurance on your home that protects you when any damage, large or small, happens to your home. You always want to make sure your home insurance is always updated to reflect the current home's value. God forbid the house has extensive damage you want to make sure it will be re-built just the way it was. You also want your homeowners insurance policy to protect the valuables inside your home and good liability coverage in cases where a person might get injured on your property. Shop around for the best coverage. You are protecting your most valuable asset.

8.) Moving Cost

Unless you decide to “do-it-yourself”, you will be forced to hire a professional mover. Movers can charge anywhere from \$50-\$100 per hour, so it pays to shop around. Because of the many unscrupulous moving companies in business today, we highly recommend you do the following before hiring a mover:

- Call the local Better Business Bureau and ask for a report on the moving company you have picked

- Call the state's Attorney General's office and ask if any reports were filed against the company in question

9.) Water Quality Certification

If you purchase a home that draws its water from a well, we advise that you have the water tested and certified. Chemicals and bacteria can seep into a well over time. So be safe and have the well tested. Fees for well certification can vary by location.

We at All Island Mortgage & Funding Corporation hope this report has informed you in areas that were unfamiliar to you.

When you apply for a mortgage with us, we don't just get the financing for you, we patiently walk you through the entire process from application to the closing and everything in between. Why? Because our best advertising is a satisfied client. And we guarantee you will be Extremely satisfied with All Island Mortgage.