

# Hidden Costs First-Time Buyers Often Miss

Buying your first home is exciting, but the true cost goes far beyond your down payment and monthly mortgage. This guide reveals the expenses many first-time buyers overlook—so you can budget wisely and avoid surprises.



# Upfront Costs (Before You Get the Keys)



## Home Inspection Fees

A professional inspection protects you from buying a home with hidden issues.

- Typical cost: **\$300-\$600**
- Covers structure, systems, and safety features
- Even recommended for new construction



**Michelle Tip:** Skipping the inspection is one of the biggest mistakes first-time buyers make. This is your best protection.





# Understanding Closing Costs

## What Are Closing Costs?


These are fees required to complete the purchase and transfer ownership of your new home.

Typical cost: **2-5% of the purchase price**

This means on a \$250,000 home, you could pay \$5,000–\$12,500 in closing costs alone.

- Lender origination fees
- Title insurance and search
- Deed recording fees
- Prepaid items (taxes, insurance)
- Appraisal and credit report fees



 **Smart Move:** Ask your lender for a **Loan Estimate early** so you know exactly what to expect.



# Initial Move-In Expenses

## Immediate Repairs & Fixes

Even "move-in ready" homes often need small updates or adjustments after closing. These costs add up quickly and should be part of your budget from day one.

### Common First-Year Repairs

- Minor plumbing or electrical fixes
- Repainting rooms to your taste
- Replacing outdated fixtures
- Addressing inspection items
- Updating locks for security

### Typical First-Year Cost

**\$500–\$2,000**

This range depends on your home's condition and age. Older homes typically require more immediate attention, while newer construction may need fewer repairs initially.

# Furnishing Your New Home

Moving from a rental usually means buying things you didn't need before. Larger spaces require more furniture, and you'll likely need items your landlord previously provided.



## Furniture for Larger Spaces

Your apartment furniture may not fill your new home. Living rooms, dining areas, and extra bedrooms all need furnishing.



## Appliances Not Included

Many homes don't include washer, dryer, refrigerator, or other appliances renters take for granted.

Costs can range from a few hundred dollars for basics to several thousand for quality furnishings and appliances. Consider buying gradually and watching for sales.



## Window Coverings

Curtains, blinds, or shades for every window add up quickly—especially for homes with large or numerous windows.



## Lawn Equipment

Mowers, trimmers, rakes, shovels, hoses, and seasonal maintenance tools become your responsibility.

# Ongoing Monthly Expenses

## Utilities & Services

Monthly utility costs vary significantly based on home size, age, efficiency, and your family's usage patterns. These expenses are separate from your mortgage payment.



### Electric & Gas

Heating, cooling, and powering a home costs more than an apartment. Older homes or poor insulation increases these costs.



### Water & Sewer

You'll pay for every gallon used, plus sewer charges. Larger households and outdoor watering increase bills.



### Trash & Recycling

Some areas include this in taxes; others charge monthly fees ranging from \$15–\$50.



### Internet & Cable

Essential services that can cost \$50–\$150+ monthly depending on speed and package choices.



### Security Systems

Optional but increasingly popular, adding \$20–\$60 monthly for monitoring services.



**Pro Tip:** Ask to see the seller's past utility bills to estimate monthly costs accurately for your new home.



## HOA Fees (If Applicable)

Some neighborhoods, condominiums, and townhome communities have homeowner association fees that cover shared amenities and maintenance.

### What HOA Fees Typically Cover:

- Landscaping and lawn care
- Pool and clubhouse maintenance
- Exterior building repairs
- Snow removal and common area upkeep
- Insurance for shared structures

**Important:** Always review HOA documents carefully before committing. Understand what's covered, what's restricted, and whether special assessments are planned.

## \$100-\$400

Monthly Dues Range

Typical range depending on amenities  
offered

## \$1K-\$10K+

Special Assessments

Unexpected fees for major repairs or  
improvements





# Maintenance & Lawn Care

Unlike renting, homeowners are responsible for everything. There's no landlord to call when something breaks or the grass needs cutting.



## Lawn Mowing & Landscaping

Weekly mowing, trimming, edging, fertilizing, and seasonal plantings keep your yard looking great.



## Seasonal Maintenance

Gutter cleaning, HVAC filter changes, weatherproofing, and preventive system checks throughout the year.



## Pest Control

Regular treatments prevent termites, rodents, and insects from causing expensive damage to your investment.



## Snow or Storm Prep

Snow removal, storm damage prevention, and emergency repairs after severe weather events.

☐ **Budget Rule of Thumb:** Plan for **1–2% of your home's value per year** in maintenance costs. For a \$250,000 home, that's \$2,500–\$5,000 annually.



# Insurance, Taxes & Financial Protection

## Homeowners Insurance

Homeowners insurance protects your investment by covering damage to your home, your belongings, and liability if someone is injured on your property.

### What It Covers:

- Dwelling coverage for structure damage
- Personal property protection
- Liability protection
- Additional living expenses if displaced
- Medical payments for guest injuries

Typical cost: **\$1,000–\$1,500 annually**

Costs vary based on home value, location, coverage level, deductible amount, and claims history.



**Required by Lenders:** If you have a mortgage, your lender will require homeowners insurance to protect their investment in your home.



# Property Taxes

Property taxes support schools, roads, police and fire departments, libraries, and other local services. They're an ongoing expense that varies significantly by location.

## How Much to Expect

Often **0.5–2.5%** of assessed value annually

On a \$250,000 home, that's approximately \$1,250–\$6,250 per year, depending on your city and county tax rates.

## How You Pay

Usually included in your monthly mortgage payment via escrow

Your lender collects a portion each month and pays the tax bill when due, making budgeting easier.

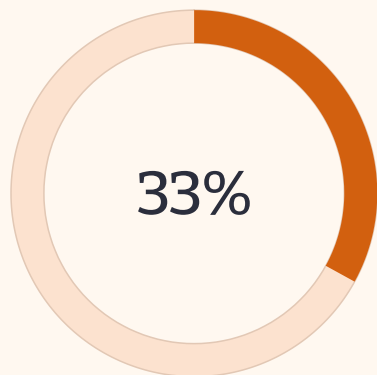
## Important Note

Tax rates can increase over time as property values rise or local budgets change. Factor this into your long-term affordability planning.



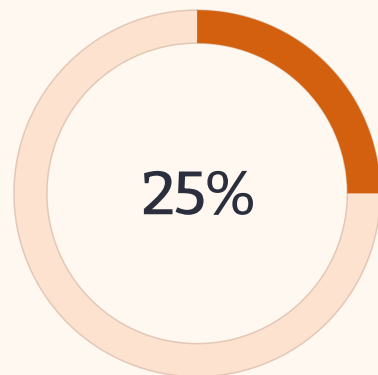
# Emergency Fund

Homes come with surprises—and they're rarely cheap. Having dedicated savings prevents financial stress when the unexpected happens.



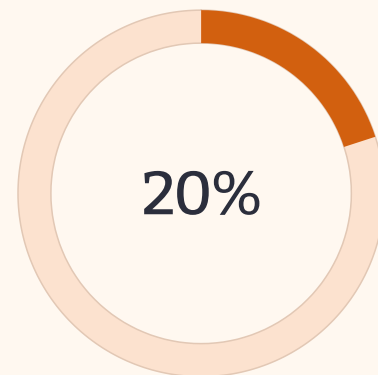
HVAC Failures

One-third of home emergencies involve heating or cooling systems



Plumbing Issues

Water heater replacements and pipe repairs are common



Roof Repairs

Storm damage and aging shingles require unexpected fixes

## How Much Should You Save?

### Living Expenses Fund

Maintain **3–6 months of living expenses** for job loss, medical emergencies, or other life disruptions. This protects your ability to keep making mortgage payments.

### Home Repair Fund

Keep a **separate \$2,000–\$5,000** dedicated to home repairs and maintenance. This prevents you from draining your emergency fund for expected homeownership costs.



# Planning for the Unexpected

Even with careful planning and a thorough inspection, things happen. Understanding common surprises helps you prepare financially and emotionally.



## Major Appliance Failures

Water heaters, HVAC systems, refrigerators, and washers don't last forever. Replacement costs: **\$500–\$8,000**



## Systems Aging Faster Than Expected

Furnaces, roofs, and plumbing may fail sooner than sellers anticipated, especially if maintenance was deferred.



## Weather-Related Damage

Hail, wind, flooding, or fallen trees can cause damage requiring you to pay your insurance deductible before coverage kicks in.



**Important Reminder:** Don't drain your savings just to buy the home. Owning it comfortably—with funds for repairs and emergencies—matters far more than stretching to afford the purchase.



# Key Takeaways for First-Time Buyers

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## Budget Beyond the Mortgage Payment

Include insurance, taxes, utilities, maintenance, and unexpected repairs in your monthly housing budget.

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## Ask Questions Early

There are no "dumb" questions when making the biggest purchase of your life. Understand every cost before committing.

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## Keep an Emergency Fund Intact

Don't spend every dollar you have on the down payment and closing costs. Reserve funds for the inevitable surprises.

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## Understand Your True Monthly Cost

Calculate the total monthly expense—mortgage, insurance, taxes, utilities, maintenance—before deciding what you can afford.

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## Work with Professionals Who Explain Clearly

Choose a realtor, lender, and inspector who take time to educate you and answer questions patiently.

# Your Next Step



Buying your first home doesn't have to be stressful or confusing. With the right guidance, you can move forward confidently and avoid costly mistakes.

## I'll Help You:

- **Build a Realistic Buying Budget**

Understand your true affordability including all hidden costs

- **Understand Loan Options**

Navigate programs and assistance available to first-time buyers

- **Avoid Costly Mistakes**

Learn from my experience helping hundreds of first-time buyers

- **Move Forward with Confidence**

Feel informed, supported, and prepared at every step



# Let's Get You Home



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With over a decade of experience and the heart of a teacher, I specialize in helping first-time buyers feel informed, supported, and confident every step of the way.

Ready to start your journey? Let's talk.