

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)

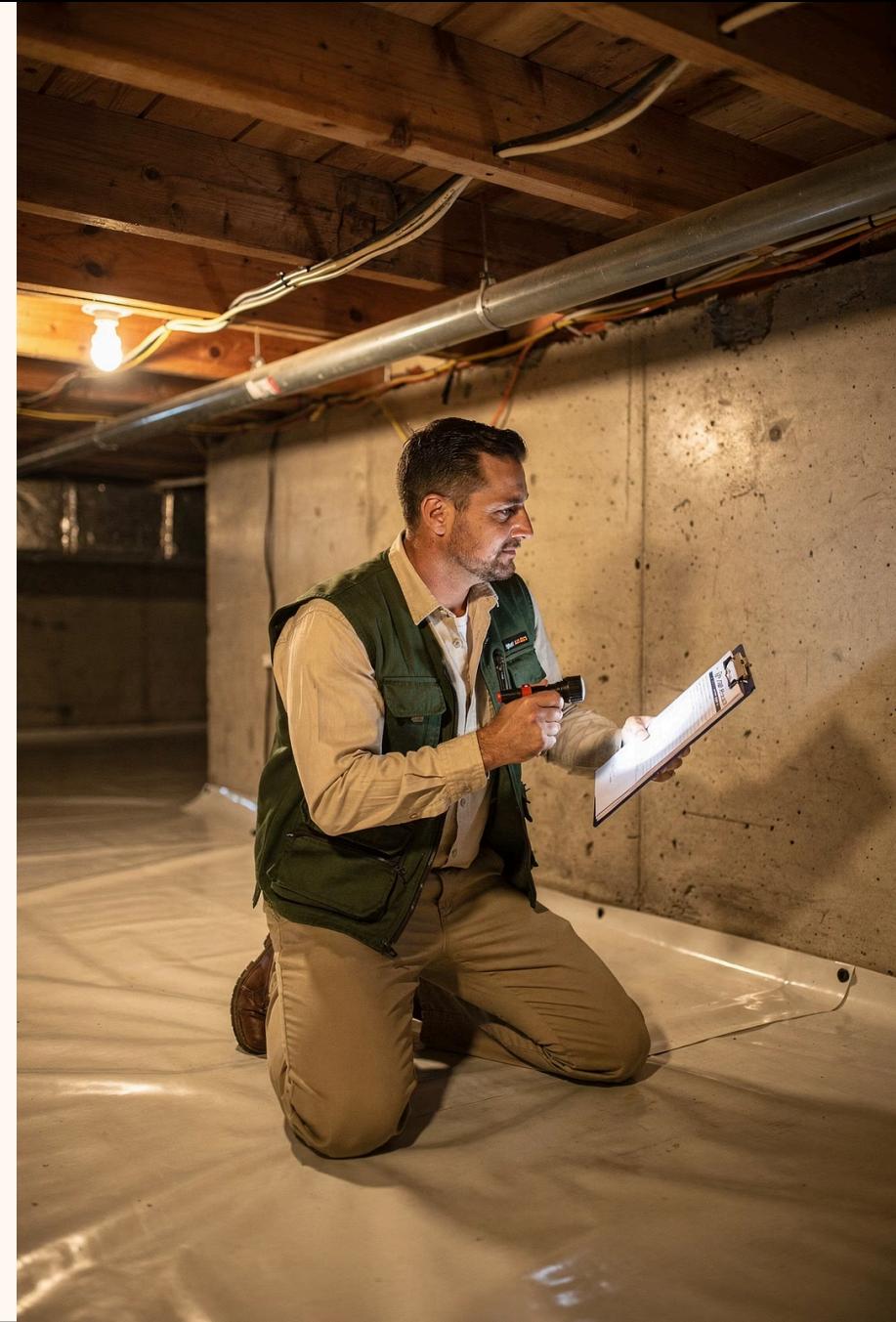


Home Inspection Fees

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

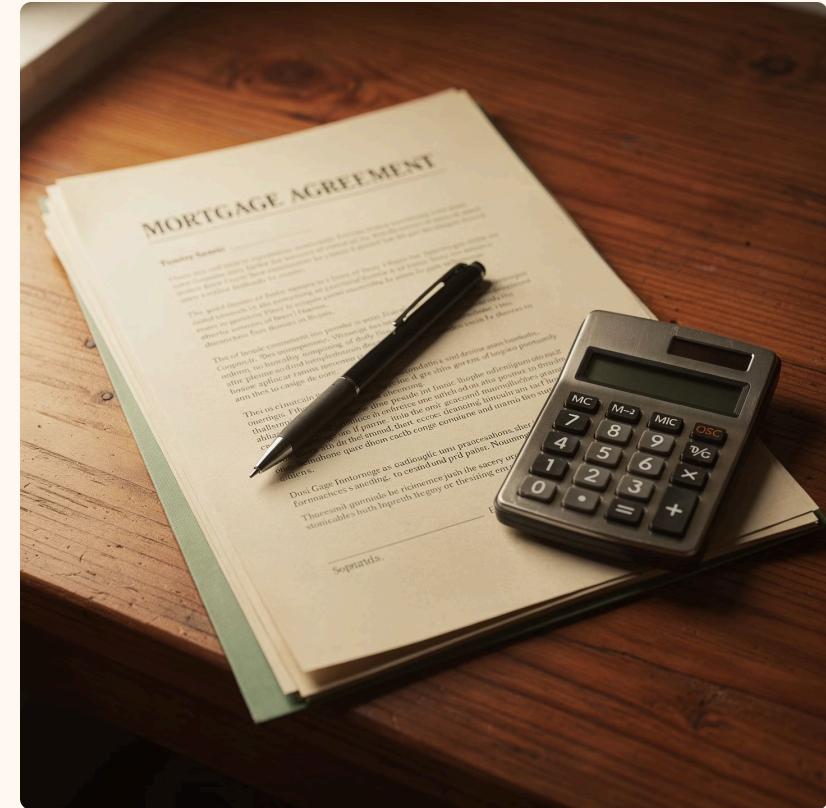
What Are Closing Costs?

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- Replacing outdated fixtures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.



Window Coverings

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



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.



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

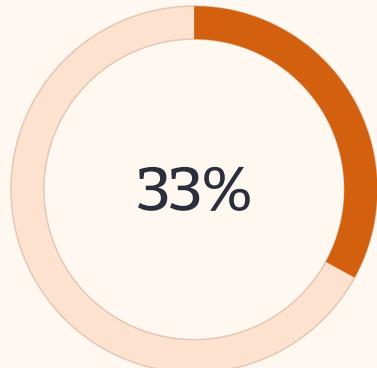
Your lender collects a portion each month and pays the tax bill when due, making budgeting easier.

Important Note

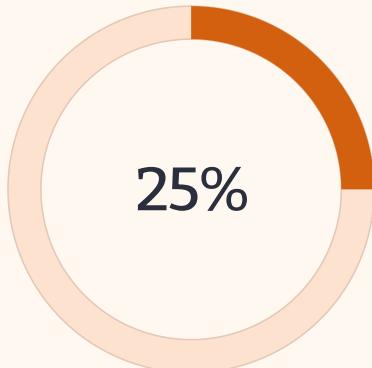
Tax rates can increase over time as property values rise or local budgets change. Factor this into your long-term affordability planning.

Emergency Fund

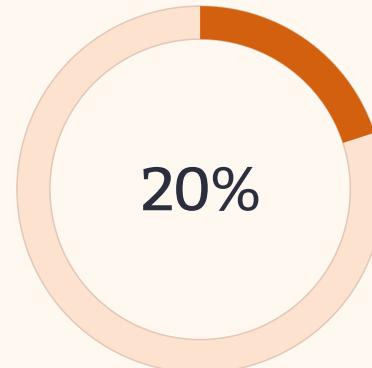
Homes come with surprises—and they're rarely cheap. Having dedicated savings prevents financial stress when the unexpected happens.



HVAC Failures



Plumbing Issues



Roof Repairs

One-third of home emergencies involve heating or cooling systems

Water heater replacements and pipe repairs are common

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

01

Budget Beyond the Mortgage Payment

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

02

Ask Questions Early

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

03

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.

04

Understand Your True Monthly Cost

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

05

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.