

## Hidden Costs of Homeownership

### Unexpected Expenses Every Buyer Should Prepare For

**B**uying a home is an exciting milestone, but many first-time buyers are caught off guard by the additional expenses that come with ownership.

Beyond the mortgage payment, there are ongoing costs that can impact your budget. Here's what to prepare for before signing on the dotted line.

#### **PROPERTY TAXES AND INSURANCE**

Property taxes vary widely based on location and the home's assessed value. Some buyers are surprised to find that their monthly tax bill is higher than expected, especially if the area has recently reassessed property values. Be sure to research local tax rates before purchasing.

Homeowners insurance is another essential expense. While mortgage lenders require coverage, policies can vary in cost depending on the home's age, location and risk factors like flood zones or fire-prone areas. It's also wise to budget for supplemental policies if you need additional coverage, such as earthquake or flood insurance.

Many lenders include property taxes and insurance in an



© ADOBE STOCK

escrow account, meaning these costs are bundled into your monthly mortgage payment. However, if your escrow account runs short due to tax increases or policy changes, you may need to cover the difference out of pocket.

#### **MAINTENANCE AND REPAIRS**

Unlike renting, homeowner-

ship means you're responsible for all upkeep and repairs. Even newer homes require routine maintenance, such as HVAC servicing, gutter cleaning and pest control. A good rule of thumb is to set aside 1-2% of your home's value annually for maintenance costs.

Unexpected repairs can be costly. A failing water heater,

roof damage or plumbing issues can quickly add up. Having an emergency fund specifically for home repairs can help cover these expenses without financial strain.

For those purchasing older homes, renovation costs should also be factored in. Appliances, electrical systems and plumbing may need updates sooner than expected,

and remodeling projects can stretch budgets if not carefully planned.

#### **UTILITIES AND HOA FEES**

Monthly utility bills can be another surprise for new homeowners. Heating, cooling, water and electricity costs often increase with larger homes compared to apartment living. Reviewing past utility bills for the property can provide a realistic estimate of ongoing expenses.

If your home is in a planned community or condominium, you may also be responsible for homeowners association (HOA) fees.

These fees cover community amenities, landscaping and maintenance but can vary significantly depending on the neighborhood. In some cases, HOAs also charge special assessments for unexpected repairs to shared facilities, so it's important to read the fine print before buying.

Owning a home offers stability and investment potential, but being financially prepared is key to long-term success. By budgeting for hidden costs like taxes, maintenance and utilities, you can enjoy homeownership without financial stress.



© ADOBE STOCK

# Hidden Costs of Homeownership

## Unexpected Expenses Every Buyer Should Prepare For

**B**uying a home is an exciting milestone, but many first-time buyers are caught off guard by the additional expenses that come with ownership.

Beyond the mortgage payment, there are ongoing costs that can impact your budget. Here's what to prepare for before signing on the dotted line.

### PROPERTY TAXES AND INSURANCE

Property taxes vary widely based on location and the home's assessed value. Some buyers are surprised to find that their monthly tax bill is higher than expected, especially if the area has recently reassessed property values. Be

sure to research local tax rates before purchasing.

Homeowners insurance is another essential expense. While mortgage lenders require coverage, policies can vary in cost depending on the home's age, location and risk factors like flood zones or fire-prone areas. It's also wise to budget for supplemental policies if you need additional coverage, such as earthquake or flood insurance.

Many lenders include property taxes and insurance in an escrow account, meaning these costs are bundled into your monthly mortgage payment. However, if your escrow account runs short due to tax increases or policy changes, you may need to cover the dif-

ference out of pocket.

### MAINTENANCE AND REPAIRS

Unlike renting, homeownership means you're responsible for all upkeep and repairs. Even newer homes require routine maintenance, such as HVAC servicing, gutter cleaning and pest control. A good rule of thumb is to set aside 1-2% of your home's value annually for maintenance costs.

Unexpected repairs can be costly. A failing water heater, roof damage or plumbing issues can quickly add up. Having an emergency fund specifically for home repairs can help cover these expenses without financial strain.

For those purchasing older homes, renovation costs should also be factored in. Appliances, electrical systems and plumbing may need updates sooner than expected, and remodeling projects can stretch budgets if not carefully planned.

### UTILITIES AND HOA FEES

Monthly utility bills can be another surprise for new homeowners. Heating, cooling, water and electricity costs often increase with larger homes compared to apartment living. Reviewing past utility bills for the property can provide a realistic estimate of ongoing expenses.

If your home is in a planned community or condominium,

you may also be responsible for homeowners association (HOA) fees. T

hese fees cover community amenities, landscaping and maintenance but can vary significantly depending on the neighborhood.

In some cases, HOAs also charge special assessments for unexpected repairs to shared facilities, so it's important to read the fine print before buying.

Owning a home offers stability and investment potential, but being financially prepared is key to long-term success. By budgeting for hidden costs like taxes, maintenance and utilities, you can enjoy homeownership without financial stress.

### REAL ESTATE 101



### HOMEWISSE GLOSSARY

#### Budget Beyond Your Mortgage Payment

Many first-time buyers focus only on the mortgage, but homeownership comes with additional costs. Property taxes, maintenance and utility bills can add hundreds of dollars to your monthly expenses. Plan ahead to avoid financial surprises.

**Escrow Account:** An escrow account is a financial arrangement where a mortgage lender collects and holds money for property taxes and homeowners insurance. The lender then pays these expenses on the homeowner's behalf to ensure they remain current.

# AD SPACE