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WHAT IT REALLY COSTS TO BUY A HOME

Beyond the Price Tag

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THE PURCHASE PRICE IS JUST THE STARTING POINT

The list price tells you what the seller is asking, but it does not represent the full amount you'll need to buy or own the home. Buyers also need to prepare for upfront costs, lender fees, taxes, insurance, and move-in expenses.

Key costs to plan for include:

- Down payment: your initial investment toward the home
- Closing costs: lender, title, escrow, appraisal, and recording fees
- Prepaid expenses: property taxes and homeowners insurance collected upfront
- Inspections: optional but highly recommended for protection
- Moving and setup costs: movers, utilities, furniture, repairs, and supplies

A buyer who understands the full cost picture can make better decisions and avoid falling in love with a home that stretches the budget too far.

1

UNDERSTANDING YOUR DOWN PAYMENT OPTIONS

A down payment is the amount of money you put toward the purchase price upfront. While many people still believe they need 20% down to buy a home, that is not always true. Different loan programs offer different options depending on eligibility, credit, income, and property type.

Common down payment ranges include:

- **Conventional loans:** often as low as 3–5% down
- **FHA loans:** typically 3.5% down
- **VA loans:** 0% down for eligible veterans and service members
- **USDA loans:** 0% down in qualifying areas
- **Down payment assistance programs:** may help reduce upfront cash needed

A larger down payment can reduce your monthly payment and may help eliminate mortgage insurance. However, putting every dollar into the down payment can leave you financially vulnerable after closing. The goal is to balance your upfront investment with enough savings left over for life, repairs, and emergencies.

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CLOSING COSTS: WHAT BUYERS NEED TO EXPECT

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Closing costs are the fees and expenses paid at the end of the transaction to finalize your purchase. These are separate from your down payment and usually range from 2%–5% of the purchase price, depending on the loan, lender, property, and location.

Closing costs may include:

- **Lender fees:** application, origination, underwriting, or processing fees
- **Appraisal fee:** required by most lenders to confirm the home's value
- **Title insurance and title services**: protects against ownership or title issues
- **Recording fees:** paid to legally record the property transfer
- **Escrow or settlement fees:** paid to the company handling closing
- **Prepaid taxes and insurance:** collected upfront to fund your escrow account

These costs can surprise buyers because they are not always obvious when you first start shopping. A good lender should provide a Loan Estimate early in the process so you can understand your estimated cash needed before writing offers. In some cases, buyers may also negotiate seller credits to help offset closing costs.

3

MONTHLY PAYMENT: MORE THAN JUST THE MORTGAGE

Your monthly payment is not just your loan repayment. It is usually made up of several pieces, and each one affects affordability. This is why two homes with the same purchase price can have very different monthly payments.

Your monthly housing payment may include:

- **Principal:** the portion that pays down your loan balance
- **Interest:** the cost of borrowing money
- **Property taxes:** based on the home's taxable value and local millage rates
- **Homeowners insurance:** protects the home and structure
- **Mortgage insurance:** may apply with lower down payment loans
- **HOA dues:** if the home is in a neighborhood or condo association

This is often called your PITI payment: principal, interest, taxes, and insurance. Buyers should also factor in HOA fees, utilities, and maintenance when deciding what payment truly feels comfortable. Getting pre-approved for a certain amount does not always mean you should spend that full amount.

4

INSPECTIONS, APPRAISALS & UPFRONT PROTECTION COSTS

Some upfront costs are designed to protect you before closing. While they may feel like extra expenses, they often save buyers from much larger problems later. These costs help you understand the home's condition, value, and risk before you fully commit.

Important upfront costs may include:

- **Home inspection:** reviews major systems, structure, roof, plumbing, HVAC, and more
- **Radon test:** checks for elevated radon levels when recommended
- **Sewer scope:** especially helpful for older homes or properties with mature trees
- **Pest or termite inspection**: may be recommended based on property type or loan
- **Appraisal:** confirms value for the lender

These costs are usually paid before closing and are often non-refundable, even if the deal does not move forward. However, they are part of smart due diligence. Skipping inspections to save money can expose buyers to repairs that cost far more than the inspection itself.

MOVING, SETUP & IMMEDIATE HOMEOWNERSHIP COSTS

5

Once you close, the spending does not stop. Many buyers are surprised by how quickly move-in expenses add up during the first few weeks of ownership. Even a move-in-ready home usually requires some setup.

Common post-closing costs include:

- Movers or truck rental
- Utility setup deposits or transfer fees
- Locks and security updates
- Window treatments or blinds
- Furniture, appliances, or storage solutions
- Cleaning supplies, tools, paint, and basic repairs
- Lawn equipment or snow removal tools

These are not always part of your lender's estimate, but they are very real costs. Setting aside a move-in fund helps you avoid using credit cards or draining emergency savings right after closing. A home should feel exciting, not financially overwhelming.

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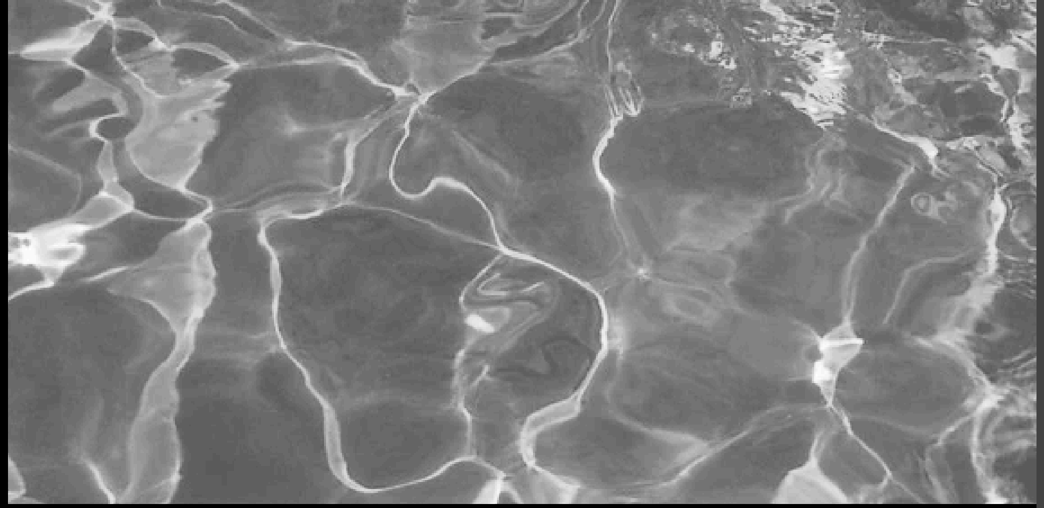

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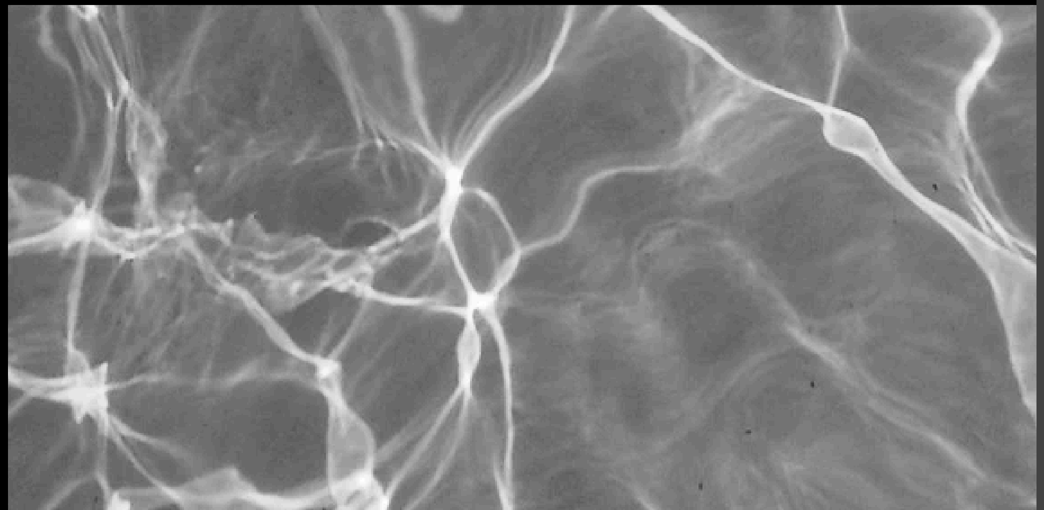
RESERVES: THE MONEY YOU SHOULD KEEP AFTER CLOSING



Cash to close is what you need to complete the purchase, but reserves are what keep you financially secure afterward. Many buyers focus so much on getting to closing that they forget to protect their post-closing cushion.

Reserves can help cover:

- Unexpected repairs
- Higher-than-expected utility bills
- Maintenance needs
- Appliance replacement
- Job or income changes
- Emergency expenses

A strong reserve fund gives you breathing room and makes homeownership more sustainable. Some lenders may also require reserves depending on the loan type, property type, or borrower profile. Even when reserves are not required, they are one of the smartest ways to protect yourself as a new homeowner.

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FINAL THOUGHTS: LAUNCH WITH LEVERAGE

Spring is your opportunity to sell with speed and strength — but only if you treat your listing like a launch, not a "test."

When you:

- Price within the right bracket
- Prepare for photos and showings
- Create momentum in the first week
- Negotiate terms with strategy
- You maximize your leverage — and your final net.

If you're considering selling in Rochester, MI this spring, The Delia Group can build a custom launch plan based on your timeline, condition, neighborhood comps, and the buyer pool currently active in your bracket.

Sell smart. Launch strong. Protect your net.

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