

Ready to [buy your first home](#)? Do you know the costs of buying a house? You're probably not actually. That's not to say that you shouldn't do it, but you should know what you're in for.

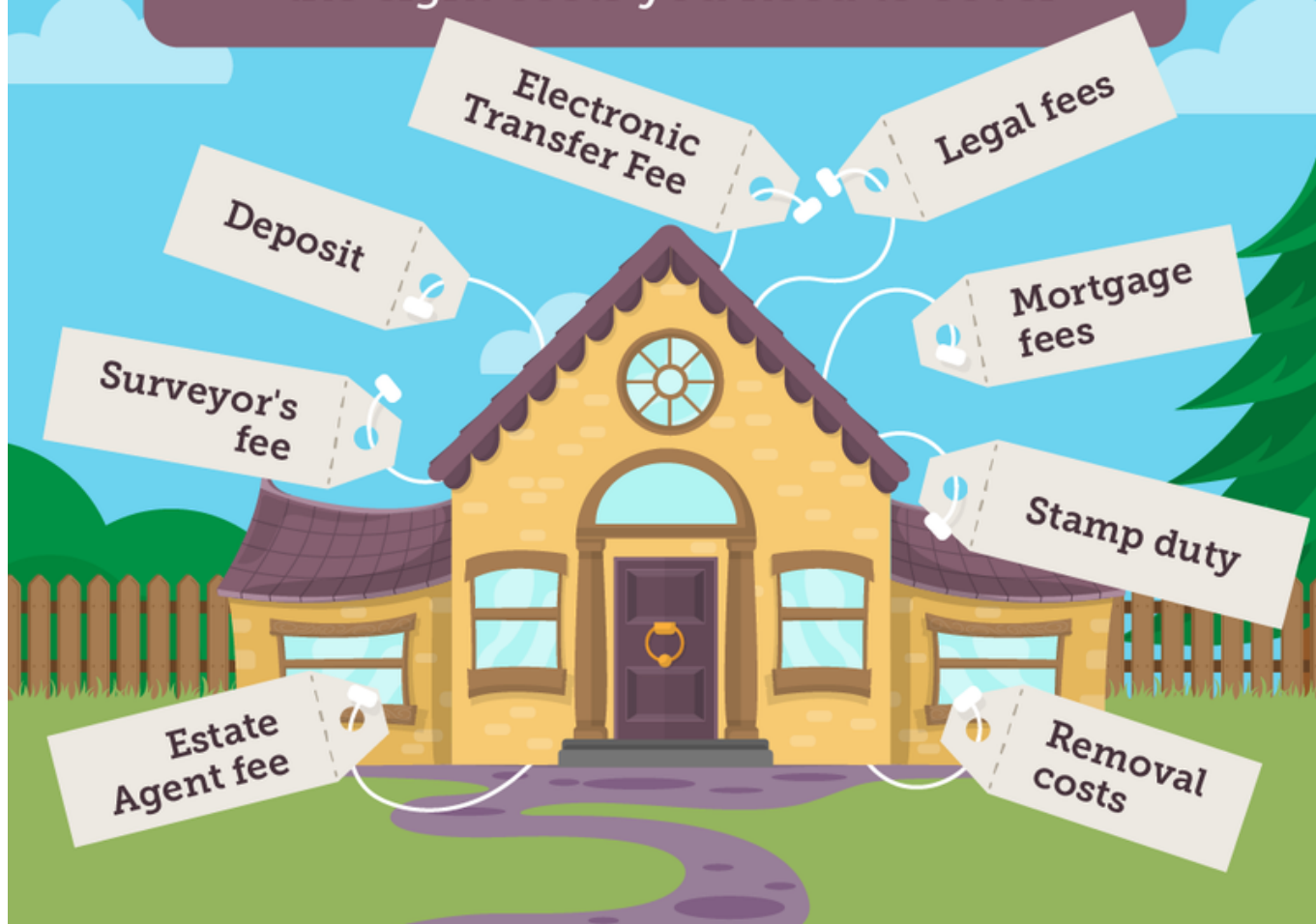
No one is going to tell you, the [homebuyer](#), that buying a house is cheap, because no matter where you are or how big the house is, it's likely that the costs of buying a house will add up to a huge number.

And that's just the house itself. You've also probably got a mortgage, furniture and several other things that are going to bump up the overall price too.

There's the stuff that most people are aware of, but there's a lot of other costs too that maybe you haven't thought of before.

You should be thinking about them though, no one likes surprise fees. So here's five of these lesser-known costs that you should familiarize yourself with.

Buying a home: the eight costs you need to cover



Closing Costs of Buying a House

Closing costs are an expense that a lot of people don't even know exists, because it doesn't come up until pretty much the last second.

This is the final thing that you have to pay just before you're given the keys. It's a collection of fees that come from your mortgage lender to secure the final transaction.

Closing costs will usually amount to almost 5% of the price that you pay for your home which is quite a bit when you think about it.

It usually includes things like credit report and home appraisal, stuff that isn't factored in to the original price.

Don't let this be sprung on you because as I said it's ignored completely by the seller in some cases and it can slow down the proceedings if you're not prepared for it.

[You should always plan ahead and try to work out roughly how much the closing costs could amount to.](#) Make sure you have some money left over for it.

Homeowner's Insurance

If you're getting a mortgage to help with the costs of buying a house, which I'm assuming you are, then this is something that will probably come up.

Mortgage lenders will be thinking ahead. The last thing that they want is for one of their clients to have an uninsured house.

As you can imagine, this could get in the way of their repayments if worst comes to worst and so they won't give out the loan unless you've got the insurance.

It will protect you in the case of things like theft, fire and any kind of damage caused by storms and other natural occurrences.

So homeowner's insurance is something that you'll probably want to have anyway. Commonly this insurance will cost you a little bit more than \$1,000 per year.

This depends on a few factors such as how old the house is and how much it cost in the first place. It's definitely worth it though, and it will probably be a necessity.

Property Taxes on Buying a House

Property tax isn't everywhere, but many local governments do have them in place for every homeowner in their area.

It's become so widespread these days that you should probably just assume that it's something you will have to spend money on.

In America, [you can work out how much it will be in your area fairly easily](#). It exists for good reason.

Most of these smaller communities will use property tax to keep local schools, hospitals and various other infrastructures in good condition.

Much like homeowner's insurance, this is another fee that will be different depending on where you are, how much the house cost and probably a few other, area-specific factors too.

Whether you pay it monthly or annually is also something that will depend on the area but sometimes that's a matter of personal preference too.

Emergency Costs of Buying a House

This isn't something that's going to be a problem straight away like the other stuff that I've talked about, but it's something that you need to plan ahead for.

Before you buy the house, you have no idea what sort of things could come up unexpectedly. And your insurance might not cover every single emergency.

For example, if your area has a massive power outage in the middle of Winter and it's impossible for you and your family to stay there, homeowner's insurance won't pay for a hotel.

That's just one example of the numerous things that you could end up having to shell out for at some point.

Some things that happened to you while you were renting that weren't a big deal, could potentially be a big deal in a house that you actually own.

Do some research on possible emergencies, and ensure that you have some kind of emergency fund set up for yourself before you move in.

Buyer's Demands

Now this particular cost is only going to apply to you if you eventually decide to sell. You might think that that's never going to happen, but who knows what the future holds.

Even if it's your dream house, there's any number of reasons why you might actually want to

sell it at some point.

And if you do, things will definitely have changed since the time you bought it. You must always keep your house in good condition.

If you slack on this, by the time you want to sell you could be looking at a price that's significantly less than what you spent on it yourself.

You don't want to have to spend like \$10,000 to get the house fixed up and ready for selling, and you can avoid this by just dealing with it while you live there.

It will cost money. Over the time you own the house it will probably cost quite a bit. And there's no real way of predicting what other factors will come into the price when it comes time to sell.

If you're concerned that you won't be able to afford to keep the house in check, you could always look for extra sources of income.

Maybe try investing. [If you invest in high-dividend yielding stocks](#), you can guarantee yourself some extra cash every month.

It would definitely be helpful in the long-run for these kinds of expenses. It's not something that many people think about for obvious reasons, but preparing for buyer's demands is a good idea.

Wrapping Up

We're not trying to scare you away from the idea of owning some property, because buying your first home really should be an exciting experience.

But it's expensive. And it's expensive in more ways than people realize. You can get ahead of the curve if you know what to expect.