



HIDDEN COSTS OF *Buying*

Option Money: *Option Money* is a small amount of money that asks the Seller to hold your home until you get through the option period where you can back out if you would like. During this time most Buyers get a home inspection completed. Option Money should be provided to the Seller and is typically between \$100-\$250.

Earnest Money: *Earnest Money* is an upfront deposit that later gets applied to your down payment or closing costs. It lets the Seller know you are seriously considering purchasing the home. This money will be sent to the Title Company. The usual amount of the Earnest Money is between 1-2% of the purchase price.

Inspection: A *Home Inspection* will take a few hours and can cost up to \$500. This is a very important thing to do as the report will show you what sort of condition the home is in.

Down Payment: A *Down Payment* is the amount of money a buyer pays at closing to fund a home purchase, usually expressed as a percentage of the total home price. The required down payment amount varies depending on the type of loan, ranging from as little as 3% for an FHA loan to more than 20% for some conventional loans. Mortgage insurance is required for borrowers with a down payment of less than 20%. Down payments are usually paid via cashier's check or wire transfer and must be paid at closing.

Closing Costs: *Closing Costs* include escrow fees, attorney fees, possible survey fees, and document preparation fees.

Appraisal: The mortgage company will require an *Appraisal* before lending on the home. Typically Appraisals are \$400-\$700.

