



## Anticipating the Cost of a Home



The largest expenditure a buyer has when purchasing a home is the down payment which can range from zero for veterans or 3.5%, 5%, 10% and 20%. With mortgages come closing costs which can be another 2-4% and must be paid at settlement in cash.

Most mortgages require an escrow account to pay the property taxes and insurance when they are due. Generally, the lender will require one to three months of taxes and one month of insurance so they can be paid before the actual due date.

First-time buyers should be aware that they'll need this amount of funds available to purchase a home. Unlike tenants who are not responsible for repairs, homeowners are, and it is necessary to be able to pay for them when they're needed.

Newer homes will need less repairs and older homes probably, more. At some point, components like the furnace, air-conditioner and appliances will need to be replaced which could crush a homeowner's budget if they are not expecting them.

Homeowners should expect between one and four percent of the value of the home in annual repairs. The age and condition of the home and whether some of the items have been replaced will help assess the anticipated expenditures.

Components	Estimated Life
Dishwasher	9-10 years
Refrigerator	13 years
Furnace	15-25 years
Air-conditioner	8-15 years
Stove top	13-15 years
Oven	15 years
Compactors	6 years
Water heater	8-12 years
Faucets	15-20 years

A \$175,000 home with 2% estimated repair expenditures would be \$3,500 a year or about \$300 per month. Some years, it may not run that much and other years, it might be more. By anticipating the maintenance expenses, a homeowner is more likely to handle things when they arise.

Another way to handle the risk of unexpected repair expenses would be to purchase a home warranty. For \$500 -700 a year, repairs and sometimes, replacements could be handled by a home warranty.

Call or text me today at (907) 727-9379 and let me suggest a home warranty program that could possibly save you thousands in repair / replacement costs.



**Rod Stone, 35+ Years' Experience**

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