

What Are the Buyer & Seller Costs Associated With Buying or Selling a Home?

Here in Colorado, we're blessed with relatively low costs of buying and selling real estate. Aside from the commissions paid to real estate professionals, the only major cost to a seller is title insurance, which can run \$1,000 or more, but is reduced by up to 50% if there was a title insurance policy issued on the same property in the prior three to six years.

Here in the Front Range, at least, there are no transfer or sales taxes on the sale of homes, unlike in many states, just a 0.01% recording fee.

Other costs to a seller are minimal. One of the largest might be the fee paid to the HOA management company for a status letter and HOA documents and for transferring the home on their records. I have complained about these fees in the past, which can run up to \$500 and are thoroughly unjusti-

fied. Hopefully the legislature will outlaw such fees someday.

There are other deductions for the seller at closing, but they aren't costs of selling. The biggest, aside from the mortgage, is the property tax pro-rated to the date of closing. There is also a water escrow to pay the water bill. Lastly, there is the fee paid to the title company for closing the transaction — typically about \$350, split 50/50 between buyer and seller. The lowest fee I've seen is from Ascendant Title, which charges only \$125 — \$62.50 per side. If there's a loan to pay off, there will be a fee charged for delivering that payoff to the lender, and another fee (typically \$40) for assuring that the lien is released by the public trustee.

That's about it. In other states you might pay for legal representation to buy or sell a home, but that

is unusual here in Colorado, where we licensed real estate professionals are granted limited legal authority to interpret and explain the state-approved forms used in real estate transactions.

On the buyer side, you pay no real estate commissions or title insurance or HOA transfer fees (unless specified in the contract, which I've never seen). Your only significant expenses are related to any mortgage you get, but if you pay cash, you pay almost no fees at all other than your half of that closing fee, which could be as little as \$62.50 at Ascendant Title. Of course, you will have paid for inspecting the home (say, \$350) and getting an appraisal (say, \$400), and maybe a sewer scope (say, \$100) or radon test (say, \$150), but not much else — except those loan-related costs, which amount to 2% or so of the loan amount, more if it's an FHA loan or less than a 20% down payment.

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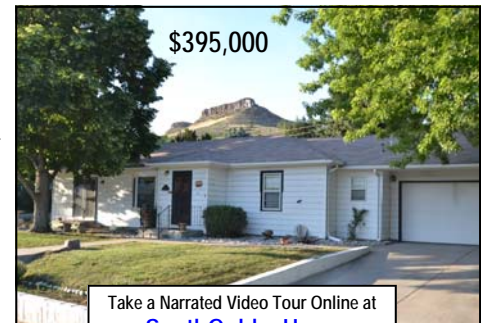


By **JIM SMITH**,
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This Week's Featured New Listing

South Golden Home With Legal Rental Unit

I'm featuring this home again because two weeks ago it carried a much higher price. At the current new price of \$395,000, it is a terrific deal and should attract the attention it deserves. The address is 419 Scenic Court, although it fronts on East Street, just north of where East Street meets South Golden Road and just a few blocks from our office. What sets this house apart is that it has a 922-sq.-ft. one-bedroom/one bath rental or "accessory dwelling" unit in addition to the 1,552-sq.-ft. main house. Live in either part and rent out the other. To fully appreciate this home, take the video tour on its website.



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www.SouthGoldenHome.com



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