

# Beware of Less Obvious Costs of Ownership When You Buy a Home

When you buy a home, your lender will factor in several **obvious** costs of your purchase when approving your loan, but there are other **less obvious** costs which the lender doesn't consider, but which you should definitely investigate.

The costs your lender considers are your projected mortgage payments (consisting of Principal, Interest, property Taxes and Insurance, or "PITI") plus Mortgage Insurance Premium ("MIP") and HOA fees.

**Let's look at those obvious costs first.**

Regarding **property taxes**, don't make the mistake of assuming that unincorporated areas have lower property taxes than incorporated cities. The City of Golden, for example, has the lowest mill levy I've found anywhere in Jefferson County, and many newer subdivisions, such as Candelas, have mill levies that can be twice that of Golden. (See my Dec. 17, 2015, and July 21, 2016, columns about Metropolitan Tax Districts at [www.JimSmithColumns.com](http://www.JimSmithColumns.com).)

Regarding **insurance costs**, shop around! I have observed substantial variation among insurers. Use an independent insurance broker to get competitive quotes from different carriers, or, if you get quotes from "captive" insurance agents, get quotes from three or more different carriers. If the home is in a flood zone, **flood insurance** can be another major expense.

Regarding **mortgage insurance premiums**, don't assume that you must pay MIP if you have less than 20% down payment. We can refer you to lenders who offer work-arounds regarding MIP with much less than a 20% down payment.

Regarding **HOA fees**, some HOA's require "working capital contributions," "document fees" and "move in fees" that may take you by surprise. Ask about these.

**Now let's look at some other, less obvious costs of home ownership.**

What about **energy costs**? These can vary substantially from one house to another. Find out what the current owner is paying for gas and electricity each month, and factor in whether the number of members in your household will vary from the seller's when projecting what your energy costs will be.

Once you're under contract, you'll be hiring a home

inspector to evaluate that home. Make sure it's an inspector who is qualified to assess the home's **energy efficiency** as part of his inspection (at no extra cost). We can recommend such an inspector.

Your inspector can also assess how much **deferred maintenance** there is on the house you buy. Get his advice on how much you might need to budget in coming years for maintenance and repairs, which can vary greatly from one home to another.

**Water consumption** is big cost to consider, especially if the home has a lot of Kentucky bluegrass, which requires lots of water.

Here's a hidden expense you may not have thought of — health expenses due to bad **indoor air quality**. You recognize the smell of new carpeting, right? It's not as innocuous as you might think. You might well be smelling VOC's — **volatile organic compounds**. Some paint also contains VOC's, and they're less expensive than paint labeled "low in VOCs." Ask your inspector to assess how many VOC's might be in the air that could literally make you sick. Mold is another sickness-causing con-

sideration. Your inspector will tell you whether a separate **mold inspection** is called for. He (or we) can recommend mold inspectors. **Radon tests**, costing \$100-150, are also a good idea, since naturally occurring radon gas is a known carcinogen.

Older homes have **clay sewer lines** that are prone to root intrusion and collapse, which is the homeowner's responsibility. A \$100 sewer scope could identify the need for a 4-figure repair that you might be able to get the seller to absorb, saving you that expense later.

## REAL ESTATE TODAY



By JIM SMITH, Realtor®

## Looking for 'Green' Homes

Do you have a home that's a model of sustainable design and construction? The Metro Denver Green Homes Tour steering committee is seeking homes across the metro area to feature in this year's tour, which is scheduled for Saturday, Oct. 7th, 9 a.m. to 3 p.m. If your home belongs on this tour, let me know (my contact info is below), and I'll arrange a site visit.



## Arvada 2-Story Home Just Listed by Kristi Brunel

This home, in the peaceful Lamar Heights neighborhood east of the Arvada Center for the Arts & Humanities, is located at **6885 W. 68th Avenue**. It has four bedrooms and two bathrooms upstairs, plus a half bath on the main floor and rough plumbing for a full bath in the unfinished basement. It has radiant floor heating with a tankless water heater. Due to the recent hail storm, the home is scheduled for a new roof, new exterior paint, new screens and the replacement of broken windows. See more details and view the narrated video tour at [www.ArvidaHome.xyz](http://www.ArvidaHome.xyz), then call Kristi Brunel at 303 525-2520 for a private showing.



## Belmar Townhome Just Listed by Andrew Lesko



Enjoy the urban lifestyle while living in the quiet, garden community of Belmar Commons. Belmar Park, the Belmar Library and Lakewood Heritage Center are just steps away. Located at **686 S. Yarrow Street**, listings in this community are rare and sell quickly. Major upgrades and updating enhance the spacious, light and open floor plan. This townhome features 2 master suites, 2½ baths, plus a detached studio off the private patio. The finished basement area makes for a perfect game room. View a video tour and open house schedule at [www.BelmarTownhome.info](http://www.BelmarTownhome.info). Then call Andrew Lesko at 720-550-2064, for a private showing.

## Does Your House Need Painting?

"Painters" is just one of 52 categories of vendors on our smartphone app, which you can download free from the App Store or Google Play. None have paid to be on that app. All have been vetted by us or our clients or they wouldn't be listed. Rita and I just repainted our house, using Honest Painting, LLC, and we couldn't be happier. Find them on our app (or call 720-331-1711), and tell them we recommended them!



**Jim Smith**

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**17695 South Golden Road, Golden 80401**

Honored as Metro Denver's #3 brokerage of its size (6 to 10 agents) for the number of closed transactions in 2016



# More Great Listings From Golden Real Estate

## Santa Fe-Style Home Near Downtown Golden

This Revival Spanish-style home at 17130 W. 53rd Ave. features over 2,100 sq. ft. on the main floor plus a large 2,100 sq. ft. finished walkout basement. It sits on a large acreage zoned A-2 (agricultural) located on the eastern slope of North Table Mountain, offering spectacular views of downtown Denver and the Front Range. Combined with the charming Talavera tiles and the Italian ceramic tile floors, ten skylights bring in an abundance of natural light, and transport you to sunny Santa Fe and the Southwest without having to leave your house. Enjoy country living only 20 minutes from downtown Denver, with easy access to light rail and I-70. Extensive hiking, horseback riding, and mountain biking trails are right out the door.

**\$849,500**

5-Stall Stable, 1.8-Acre Pasture

## Golden Townhome

This townhome at 17237 W. 12th Ave. is just across from Ulysses Park, within the City of Golden. It has two master suites and a large open area with kitchen, living room and dining room on hardwood floors. It has a patio, a balcony and a 2-car garage. Find more pix and a narrated video tour at [www.GoldenTownhome.com](http://www.GoldenTownhome.com). Buyer gets free use of our moving truck & free boxes! Open house **Saturday, 11-1**.



## Applewood Ranch Listed by David Dlugasch



This is a charming ranch home with a circular drive and lovely landscaped yards. The address is 12745 W. 15th Place. The exterior is brick and wood with a brand new hail resistant roof, newer windows and a large patio and deck. There are 5 bedrooms (2 of which are non-conforming) and 3½ bathrooms. The large foyer is bright and spacious. There's a moss rock fireplace surround, with a wood-burning insert, plus a nice sized living room and dining area. The basement has two non-conforming bedrooms with a three-quarter bathroom. It also has a very large flex room with a half bath. The 2-car tandem garage is in the walk-out basement, accessed from Youngfield St. View a narrated video tour, including drone footage, at [www.ApplewoodHome.info](http://www.ApplewoodHome.info). Call 303-908-4835.