

What Terrifies Bill Gates Bill Gates is the richest man in the world. *Forbes* reports his personal fortune is a bank-busting \$40 billion. So what makes a man this powerful nervous? The fact that software is obsolete. And 70% of Americans are already using the technology that will replace it—without paying a dime to Microsoft. Get the full story and the names of 2 companies that will profit most from the death of Microsoft in a free report from The Motley Fool called, "The Two Words Bill Gates Doesn't Want You to Hear..." [Click here for instant access to this FREE report!](#)

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4 Overlooked Homeownership Costs

by Glenn Curtis ([Contact Author](#) | [Biography](#))

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People have two choices when it comes to their living arrangements: to rent or purchase a residence. Many people come to the conclusion that homeownership is the way to go because real estate prices have soared over the past decade. However, when comparing the two alternatives many people tend to overlook the multitude of hidden costs that come with homeownership. In fact, there is much more that goes into owning a home than just the [mortgage](#) payment. Let's take a look at the four most overlooked items that tend to be a burden to all homeowners and examine how these costs can be minimized.

1. Property Taxes

[Property taxes](#) can be demanding because even if you've paid off the mortgage, you still owe what amounts to a monthly fee to the town and/or the municipality in which you reside. It can easily total \$500 to \$1,000 or more a month, particularly in the northeast United States, where property values have soared in recent years.

In short, when a house is built, it's not the [bank](#) that determines the property tax, it's the township in which the home is located. This is something to consider, as property tax is basically a guaranteed [annuity](#) in perpetuity at the homeowner's expense. (For more, see [Five Tricks For Lowering Your Property Tax.](#))

2. Risk

If you rent an apartment and someone slips and falls in the parking lot, odds are that the holding company, and/or [limited liability company](#) (LLC) that owns the property is adequately insured and will be able to pay any damages with little consequence to its overall financial well being. However, if someone slips and falls on your property, you could be sued personally, and your [homeowner's insurance](#) premiums will likely skyrocket if the injured party attacks the policy to pay his or her medical bills.

There are other risks as well. For those who live in low lying areas or near a body of water, there is always the risk of flood and/or hurricane damage. Water damage from storms is very rarely covered in a basic homeowner's policy. Therefore separate flood insurance, which typically costs between \$1,000 and \$4,000 per year, must be secured. Again, this is over and above the \$500 to \$1,000 a year that most homeowners typically spend on their basic home policies. (For more insight, read [Beginner's Guide To Homeowners Insurance](#) and [Insurance Tips For Homeowners.](#))

3. Maintenance

Assuming an individual or couple owns a house for 20 or 30 years they will most likely have to repair, overhaul, and/or replace several things, such as the roof or furnace.

Homeowners are also more apt to purchase luxury items that renters would not, such as granite counter tops, pricey fixtures, alarm systems and other gadgetry. The cost of these luxury amenities can easily add thousands of dollars to the cost of owning a home.

4. Time

Don't forget the time and the cost associated with maintaining a home, such as mowing the lawn and painting the interior and exterior of the home. In fact, it's not uncommon for homeowners to spend a good portion of the weekend tending to chores around the house.

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On the other hand, a renter's maintenance tasks are relatively minimal. For most of their problems, they simply call their landlord.

Minimize Some Of These Costs

There are some things that would-be homeowners can do to minimize the monetary and time costs associated with homeownership.

Buy something that suits you

Buying a home that is close to how you want it to ultimately look will save you time and money. So will buying a home that has been updated and modernized throughout the years. Remember that most prospective homebuyers tend to underestimate the time and the costs associated with refurbishing their homes. Avoid that mistake.

Seek out towns with low property taxes

While there is almost no way to gauge what a given town will charge its inhabitants in property taxes 20 or 30 years down the road, would-be homeowners should seek out towns that have a history of financial conservatism. Another good idea is to move to a town a couple of years after it has raised taxes to build a new school, pave roads, or erect a new town hall. The theory is that it will be another 10 or more years before the homes will be reassessed, or before the local politicians will raise taxes again.

Do the work yourself

While it's unlikely that you'll be able to handle every heating, electric and plumbing problem that arises, there are some things that the homeowner can do on their own to minimize repair and maintenance expenses. For example, almost anyone can paint a living room by themselves or install basic appliances.

Buy a condo

While not traditionally the best investment in terms of appreciation potential, the condominium owner doesn't have to do any work on the outside of the home, such as mow the lawn, trim the bushes or paint. Condominium bylaws will probably prohibit making any structural changes within the residence. As such, the condominium owner will spend less time and money refurbishing. (For more insight, read [Does Condo Life Suit You?](#) and [Buying A Condo.](#))

The Bottom Line

While it may be the American dream to own a nice house with a white picket fence, it can cost a lot more than you think. So think twice before making the investment.

For more insight on home ownership, read [Will You Break Even On Your Home?](#) and [A Tax Primer For Homeowners.](#)

by Glenn Curtis, ([Contact Author](#) | [Biography](#))

Glenn Curtis started his career as an equity analyst at Cantone Research, a New Jersey-based regional brokerage firm. He has since worked as an equity analyst and a financial writer at a number of print/web publications and brokerage firms including Registered Representative Magazine, Advanced Trading Magazine, Worldlyinvestor.com, RealMoney.com, TheStreet.com and Prudential Securities. Curtis has also held Series 6,7,24 and 63 securities licenses.

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