

## COSTS ASSOCIATED WITH YOUR REAL ESTATE

This topic might apply in several different situations and so I have elected to write about it referenced from multiple pages. While in general Email we receive does not get into this, many telephone conversations have, and so the 2017 decision to include.

I will attempt to address cost items in the order one might experience them:

**PURCHASE PRICE:** This will have been your focus in selection. The sale number is obvious, and a question about closing costs should produce a quick answer from the agent or closing attorney. If you finance this purchase, as stated elsewhere, be sure you will be able and happy to make those payments as time goes by, your plans change or you can't visit as often as planned.

**HOA / CONDO FEES:** Payments are collected annually and others are paid quarterly; it varies? Your closing statement will include prorations for this. While you will quickly understand the "number" what is sometimes misunderstood is what this figure includes or represents; focus on "what's included". If this place operates sewer and water facilities they will be in there. If Internet is distributed to all owners it will be included. Recreation facilities and common elements (property) maintenance is always included. If you have a security gate the street maintenance and replacement cost is surely in there too. *What is missing you must provide.*

In more of a "city setting" all utilities may be delivered to you by entities outside your park, just like most housing subdivisions. Your fees will be simply for common facilities and maybe your "private" roads.

In general, city or county provided services are *the most expensive*. Where the place you have selected provides utilities of any kind they are typically delivered at lower cost. Where your HOA or CONDO provide electric, cable TV or quality Internet access, these are usually delivered at MUCH lower cost than otherwise. Master metered, sub meter electric service will save \$15 to \$30 per month just in billing fees. Cable TV and Internet access are commonly delivered at half the cost of an individual account.

**UTILITIES:** After understanding what your HOA / CONDO FEES include then decide what utilities you will need and want. A conversation with current occupants should provide a good idea of what to expect. Ask about cell phone service. In many locations only one or two brands really work well. Be VERY aware of trees and terrain if satellite TV is your only option. If you need high speed Internet and the only source delivers poor service find out about it ! It could be costly to install satellite Internet, your other option. If you are seasonal take a look at costs to maintain service vs. turn on/off annually. If high speed Internet is available, this could take care of your TV, telephone and cell data needs with one service, especially valuable if you come and go. As you get into all this, you will likely receive at least one unpleasant surprise! Don't forget about mail delivery. Do you need a post office box? *Learn before you commit!*

**PROPERTY TAXES:** Previous tax bills are normally available to review online. Ask for age or government service related discounts available to you. Question the impact of your purchase if your price differs substantially from that paid for similar properties or it has been a long time since all park properties were valued for tax purposes. In general property taxes only increase. Current taxes are normally prorated on your closing statement (HUD-1).

**INSURANCE:** Requirements for property insurance go from nonexistent to rather strict. If you have a building and personal property you will want to insure for damage and liability. A typical “home owners” policy might apply? Some self insure for property loss but insure against liability. An independent policy might be the best, or perhaps an addition or modification to an existing policy you have will meet your liability needs for this new location? Typically a real estate agent will be familiar with these requirements and the “documents” usually spell out specifically what is required of owners. Likely this agent can suggest one or two insurance agents too. Read and understand these requirements, if any, then budget accordingly.

**MAINTENANCE:** Your cost of taking care of what you have purchased is likely the largest variable in this list. A small RV Lot with slab, in a park where lawn or other related lot maintenance is in your FEES, costs almost nothing extra to maintain. On the other hand a large lot which includes a cabin or casita, lawns, a shed and trees that you must maintain can be costly and time consuming. Most properties fall somewhere in the middle. Take a hard look at your intended property and avoid creeping reality after purchase. Do the neighbors all have lawn mowers..a lawn service ? Some RV Lots care is much like a small single family home. Are you a good handyman ? If not, then you are going to have to pay someone. Remember, most HOA/CONDOS have requirements for the condition of the properties. You must keep the property clean, and properly maintained. How are you planning to do this ?

**IMPROVEMENTS:** Maybe the property you are considering is really an “improvement project”. Many “new lots” are just that. Budget carefully and speak with other lot owners to avoid surprises. Typically, a handful of contractors do most of the work in a given park; benefit from their experience. This is especially true in dealing with local governments and Boards that can be **capricious and slow**. Make sure you understand what your HOA/CONDO will allow you to do. Do not assume that what was done before will be allowed again; *you could have an ugly surprise!* Where your purchase involves significant improvements that push the limits of what can be done, get related preliminary approvals or commitments on paper, *before closing* on the real estate.

**GENERAL:** A real estate agent experienced in the location you have selected can be a great help in your budgeting process. So can a friend or acquaintance who owns in the place you have selected. The friend might not have experienced what you have in mind but will likely know someone there you can sit down with who has accomplished something similar. Even if the financial details are not critical for you, it is always a good idea to do your homework and avoid costly surprises. It is a pleasure to enjoy your new location for your RV free from financial stress and the feeling of being in control.

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