



## The Cost Of Selling

*Breaking down the fees to expect when selling a home*

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The old chestnut about having to spend money to make money is a rather tired cliché, but in real estate, it also happens to be an unwavering truth. It's a point of fact in the world of real estate that selling is expensive, and sellers who don't account for an array of fees when establishing an asking price may find themselves short-sold when the deal is done.

Mark Strüb, the principal realtor at [Strüb Residential](#) in Austin, Texas, says that most sellers should expect the total cost of selling their home to wind up at around seven percent of the sale price, but fees will vary by market, home and other factors. We asked Strüb to break down the standard fees that apply to most sellers. Any seller trying to get a handle on how much the process will cost should start by looking here.

Broker Commissions

The vast majority of sellers are going to work with a real estate agent or broker, and their fee will make the largest impact on the cost of selling. The standard commission is six percent, which is typically split between the listing agent and buyer agent. Some sellers may decide to save that cost by forgoing an agent altogether, but unless you yourself are an expert on the housing market, that omission is ill-advised. A savvy broker will help you list your home for the best possible price and get it sold as quickly as possible, which will likely net more money than their fee.

### Title Insurance

Before you can sign over your home to a buyer, a title insurance company will have to research the home's title to make sure that you are legally in the clear to sell. If there are any contested property claims or liens (a right of possession claimed by a debt holder), the deal could be scuttled at the last minute. The cost of title insurance ranges from roughly \$1,000 to \$4,000 per policy.

### Recording Fee

Every home sale must be registered as a public record by the state, which maintains records of all property sales. That registration requires a recording fee, which varies by county and the type of property, but most recording fees for single-property home sales fall within the \$100 range.

### Escrow Fee

Most home-sale transactions are conducted through an escrow account, a third-party account that receives and distributes payments when contractual obligations are met, allowing both the buyer and seller assurance that they won't be swindled by the other party. Typically, the escrow account's fee is paid for by both the buyer and seller and is a minimum of \$150.

### Document Preparation

Any home sale is going to come with a veritable avalanche of paperwork. The mortgage information, deed, title, insurance, lease agreement and a host of other documents are all required to be gathered and notarized. Finding the required forms can be a challenge, so most sellers will hire a professional document preparation service, which will prepare all of the paperwork for a fee typically ranging from \$120 to \$500, depending on the complexity of the transaction.

### Residential Service Contract

A residential service contract is a warranty that covers all of the major home systems, including electrical, plumbing and HVAC. The contract may be purchased by the buyer or seller, but it is most often purchased by the seller as an incentive for buyers. Most residential service contracts cover the first year of ownership and cost between \$250 and \$500 per year.

