

The True Cost of Owning a Home (It's Not Just the Mortgage)

Estimate the all-in monthly cost of owning a home, including mortgage, taxes, insurance, maintenance, PMI, and unrecovered costs.

CALCULATOR

Home Affordability Calculator

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ARTICLE

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Owning a home costs more than the loan every single month — property tax, insurance, and maintenance ride along whether you think about them or not. On a typical 2026 purchase, the mortgage principal and interest is only about **70%** of what the home actually costs you each month. The rest is real money, and most first-time buyers don't see it until it's already leaving their account.

The short version:

- **Budget the all-in cost, not the mortgage payment.** On a \$500,000 home with 20% down, the mortgage is about \$2,661/month — but the true cost runs about **\$3,778/month** once you add property tax, insurance, and upkeep. That's **\$1,117 more** every month.
- **The premium is remarkably stable.** Across \$300k, \$500k, and \$750k homes, the all-in cost lands near **1.42×** the mortgage payment. A useful rule of thumb: take your principal-and-interest payment and add about 40%.
- **A lot of what you spend, you never get back.** Over a 7-year stay, mortgage interest, property tax, insurance, maintenance, and the costs of buying and selling add up to more than the equity you build.
- **Don't count on the tax break to bail you out.** With today's standard deduction, many buyers get little or nothing from the mortgage-interest deduction.

What "True Cost" Actually Means

Mortgage lenders quote you **principal and interest** — the part of the payment that pays back the loan. But owning a home comes with four recurring costs, often abbreviated **PITI + maintenance**:

- **Principal & Interest** — the mortgage payment itself.
- **Taxes** — property tax, billed by your county, usually around 1.1% of the home's value per year nationally (but 0.3% to over 2% depending on where you live).
- **Insurance** — homeowners insurance, roughly 0.4% of the home's value per year.
- **Maintenance & upkeep** — repairs, replacements, HOA dues, landscaping. A common planning figure is about 1% of the home's value per year.

The mortgage is fixed. The other three are not — they rise over time, and two of them (taxes and insurance) keep coming **after** the mortgage is paid off. That's the part "just compare it to my rent" math misses.

The mortgage payment tells you what you owe the bank. The all-in cost tells you what owning the house does to your budget.

Why It Matters

The gap between the mortgage payment and the true cost is exactly where new homeowners get caught. You qualify for a payment, you budget for that payment, and then property tax, insurance, and the first surprise repair arrive on top. Knowing the all-in number up front does three things:

1. It tells you what the house really does to your monthly budget, so you don't end up "house poor."
2. It lets you compare homes honestly — a cheaper house in a high-tax county can cost more per month than a pricier one in a low-tax county.

3. It sets a realistic savings target before you buy, including a cushion for the costs that don't show up on a mortgage statement.

If you are still figuring out the cash you need before closing, pair this with [How Much Money Do You Actually Need to Buy a House?](#), which separates the down payment from closing costs, moving/setup money, and post-closing reserves.

A Real 2026 Scenario

Let's use concrete numbers you can drop straight into the calculator — a mid-priced home with a round 7% mortgage-rate stress test. Freddie Mac's [Primary Mortgage Market Survey](#) is the standard place to check the current weekly 30-year fixed rate; if the market rate is lower or higher when you read this, change that one input first.

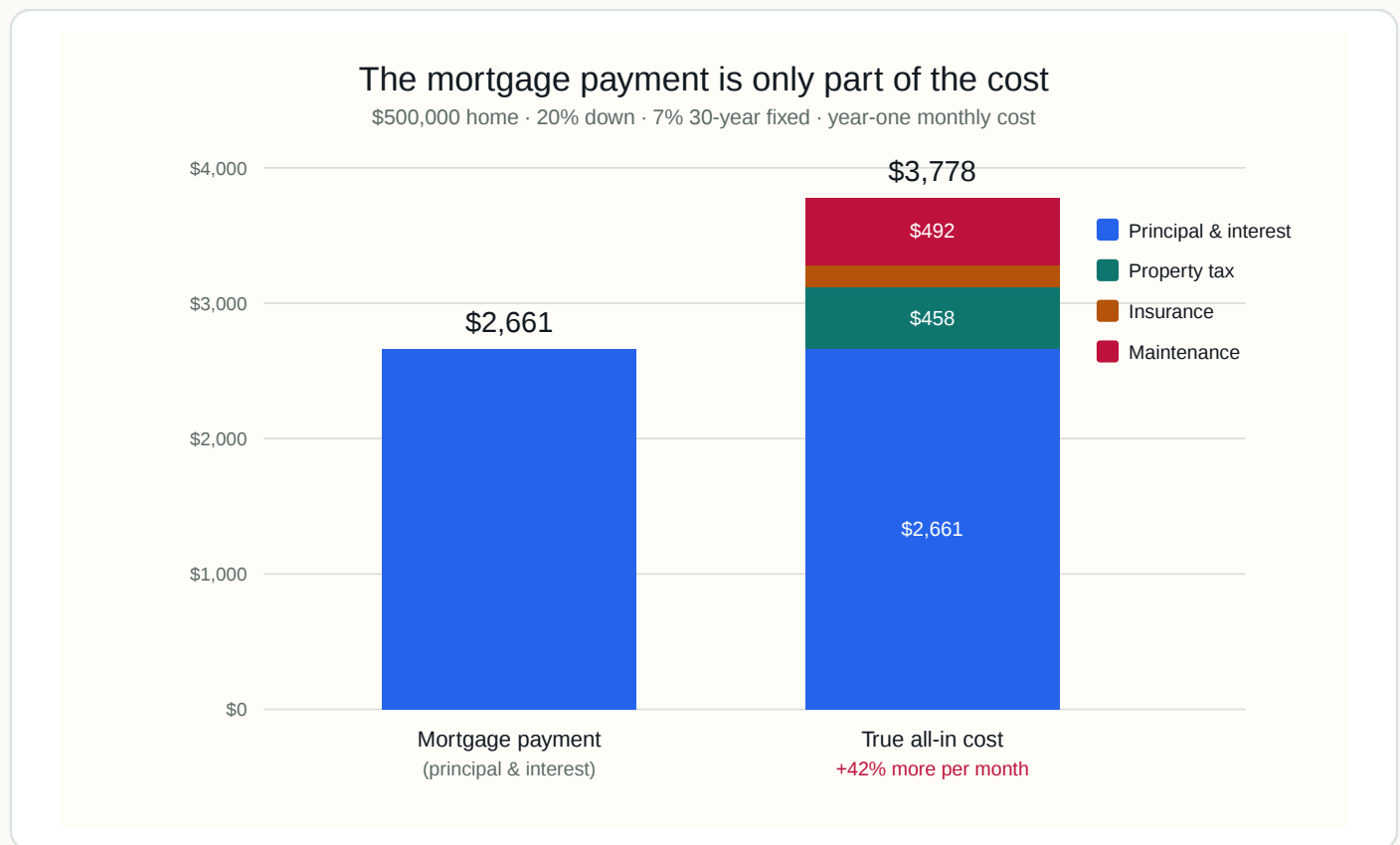
Input	Value
Home price	\$500,000
Down payment	20% (\$100,000)
Mortgage	30-year fixed at 7%
Property tax	~1.1% of value / year
Homeowners insurance	~0.4% of value / year
Maintenance & upkeep	~1% of value / year
Home appreciation	3% / year

Open the [prefilled \\$500,000 home-cost scenario](#) to start with the assumptions above, then map the home price, taxes, insurance, maintenance, and time horizon to your situation.

Here's how the first-year monthly cost breaks down:

Monthly cost	Amount
Principal & interest	\$2,661
Property tax	\$458
Homeowners insurance	\$167
Maintenance & upkeep	\$492
True all-in monthly cost	\$3,778

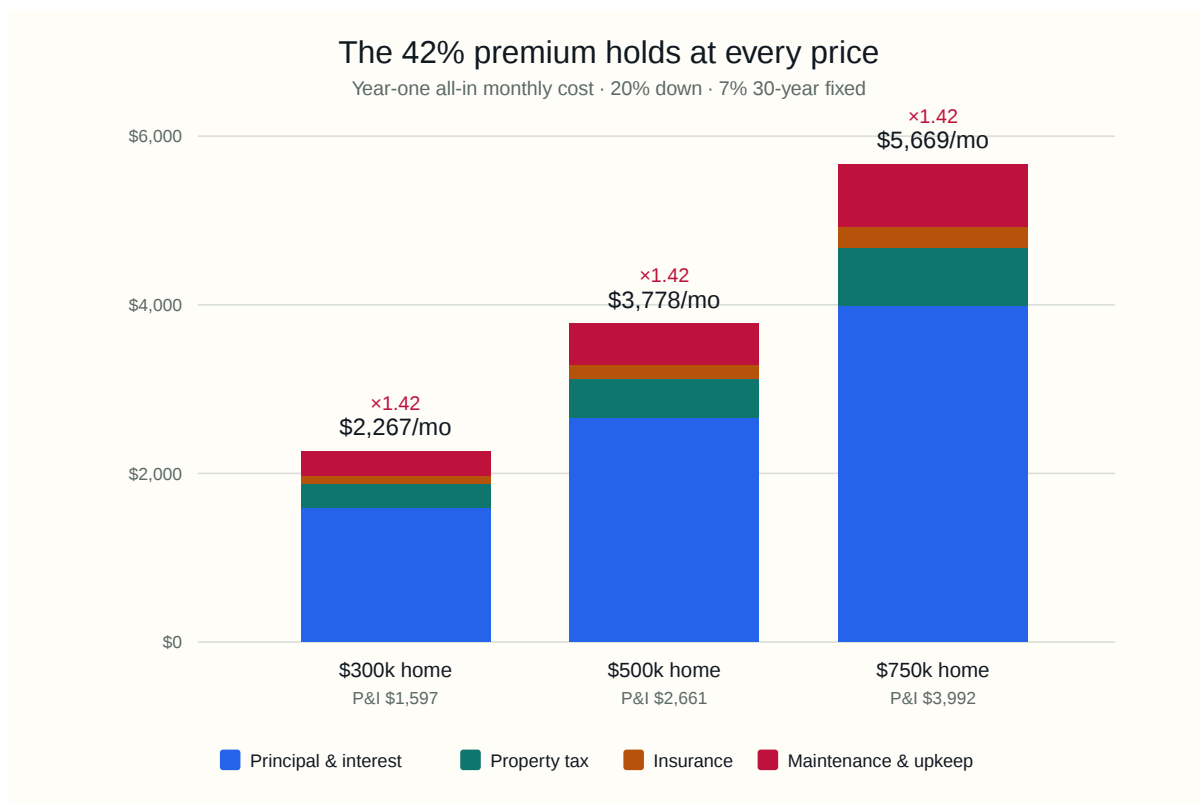
The mortgage payment is \$2,661. The true cost is **\$3,778** — about **\$1,117 more per month**, or roughly **42% on top** of the loan payment.



The mortgage payment most people budget around (left) versus what the home actually costs each month (right). The extra \$1,117 isn't optional — it's property tax, insurance, and the upkeep every home eventually needs.

The 40% rule of thumb

The most useful takeaway here is how *stable* that premium is. Run the same 20%-down, 7% scenario at three price points and the all-in cost lands near **1.42×** the mortgage payment every time:



Same down payment, same rate — only the price changes. The all-in cost stays close to 1.42× the mortgage payment across the board, because property tax, insurance, and maintenance all scale with the home's value.

So a quick gut check before you fall in love with a listing: **take the principal-and-interest payment a mortgage calculator gives you and add about 40%.** That's much closer to what the home will really cost than the loan payment alone. (Your local property-tax rate is the biggest reason your number will differ — see "What changes the answer" below.)

The Costs That Don't Show Up in the Payment

Two more line items deserve special attention because they surprise people in opposite directions.

PMI: the cost of a smaller down payment

If you put down less than 20%, lenders charge **private mortgage insurance (PMI)** — protection for *them*, paid by *you*. On the same \$500,000 home with **10% down** and a 0.5% PMI rate, PMI adds about **\$188/month**, pushing the all-in cost from \$3,778 to roughly **\$4,298**. PMI isn't forever — it cancels automatically once your loan balance falls to 78% of the original price, which in this scenario takes until about **year 9.6**. But that's years of an extra couple thousand dollars annually.

For the full down-payment tradeoff, see [PMI Explained: What a Smaller Down Payment Really Costs](#).

The tax break that often isn't

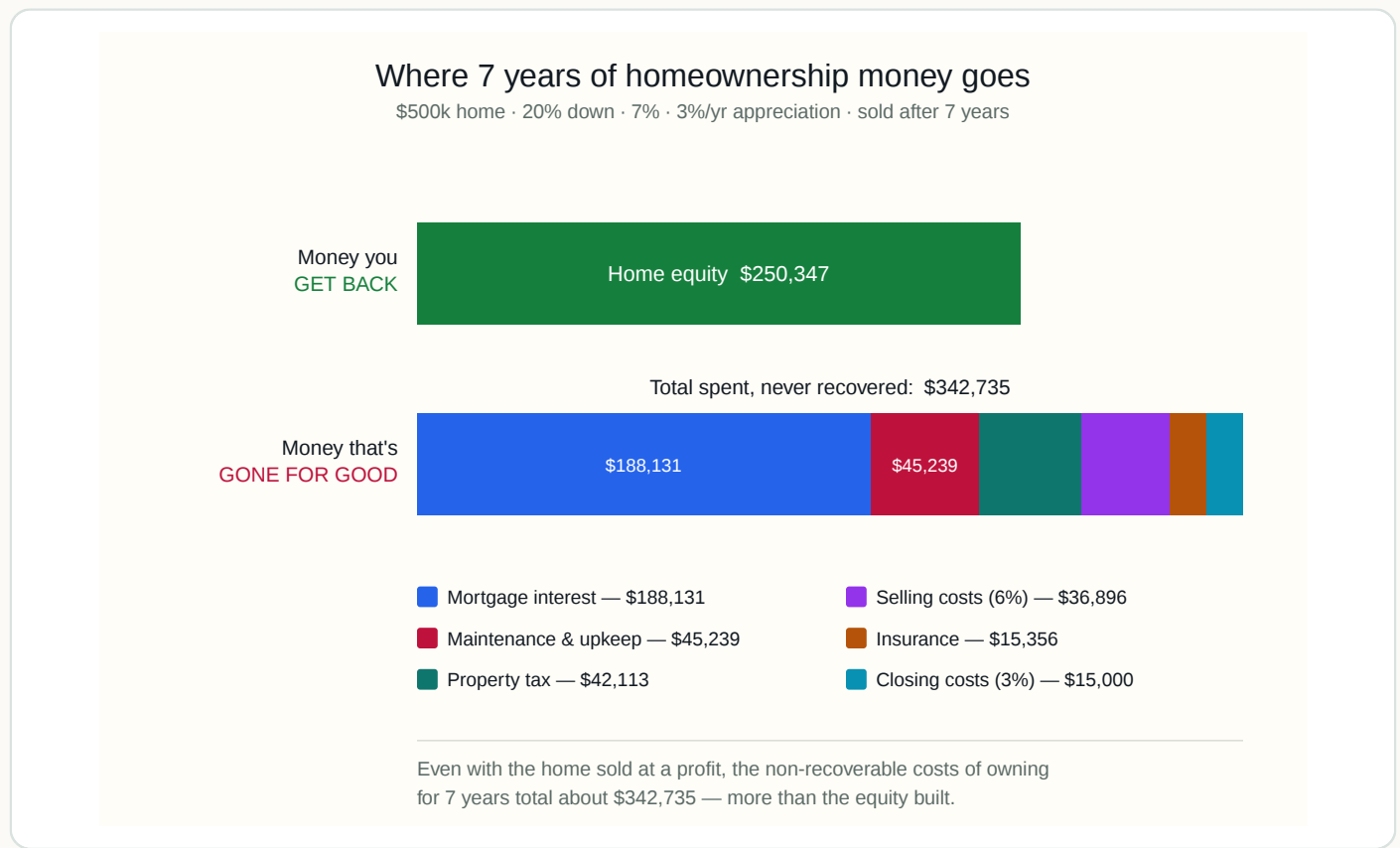
Many buyers assume the mortgage-interest deduction will quietly lower their cost. Often it doesn't do much. To benefit, your itemized deductions have to exceed the **standard deduction**. For tax year 2026, the IRS lists the married-filing-jointly standard deduction at **\$32,200** in its [tax inflation adjustments](#). In our scenario, year-one mortgage interest is about \$27,900, and the property tax estimate adds about \$5,500 before considering any other itemized deductions. That is only about **\$1,200 above** the standard deduction, or roughly **\$300 of federal tax savings** at a 24% marginal rate.

The mortgage-interest rules also have limits. IRS [Publication 936](#) explains the home mortgage interest deduction and the acquisition-debt limits that apply to many recent mortgages. The practical point for budgeting is simpler: count the payment first, then treat any tax benefit as a bonus after you know it actually applies.

A higher down payment, a lower rate, or a smaller loan can push itemized deductions below the standard deduction entirely. Treat any tax break as a bonus, not a reason the house is affordable.

The 7-Year Reality: What You Get Back vs. What's Gone

Some of what you pay builds equity — money you get back when you sell. A lot of it doesn't. Here's where the money goes over a 7-year stay in the base scenario, with the home sold at the end after rising 3% a year:



Over 7 years	Amount
Equity you get back	~\$250,000
Mortgage interest	~\$188,000
Maintenance & upkeep	~\$45,000
Property tax	~\$42,000
Selling costs (6%)	~\$37,000
Insurance	~\$15,000
Closing costs (3%)	~\$15,000

What Changes the Answer

Your number will differ from the scenario above. These are the levers that move it most:

- **Your local property-tax rate.** This is the single biggest source of variation. At 0.3% (parts of the South and West) property tax barely registers; at 2.2% (parts of the Northeast and Midwest) it can rival a car payment. The same house can cost hundreds more per month depending only on the county line.
- **Down payment size.** Under 20% adds PMI; a bigger down payment lowers both the loan payment and the PMI, but ties up cash you could invest elsewhere.
- **Mortgage rate.** Each point of rate changes the principal-and-interest payment meaningfully. At 7% our \$400k loan costs \$2,661/month; the rate is the lever you can sometimes shop or refinance.
- **The age and type of home.** Older homes and single-family houses tend to run higher maintenance than new builds or condos — though condos add HOA dues that can dwarf the savings.
- **Insurance market.** In high-risk areas (wildfire, hurricane, flood), homeowners insurance can run several times the 0.4% national average — and it has been rising fast.

Common Mistakes

- **Budgeting around the mortgage payment.** It's roughly 70% of the real monthly cost. Add taxes, insurance, and maintenance before you decide what you can afford.
- **Forgetting maintenance because it's irregular.** A roof or HVAC system doesn't bill you monthly, but averaged out it's real money — plan for about 1% of the home's value per year.
- **Assuming the tax deduction lowers your cost.** With the high standard deduction and the SALT cap, many buyers get only a small benefit, or \$0. Check before you count on it.
- **Treating "I'll sell at a profit" as "owning was free."** Interest, taxes, insurance, upkeep, and transaction costs are gone whether the home appreciates or not.
- **Ignoring the costs that outlive the mortgage.** Property tax, insurance, and maintenance never stop — and they keep rising — long after the loan is paid off.

Make the Example Your Own

Start from the article assumptions, then test these versions:

- **Set the property tax to your county's actual rate.** This moves your number more than almost anything else.
- **Drop the down payment to 10%** to see PMI appear and how long it sticks around.
- **Turn on the tax modeling** (Detailed mode) to check whether the mortgage-interest deduction does anything for you at all.
- **Shorten the years-staying dial to 3** to see how buying and selling costs dominate a short stay.

If you're still saving for the down payment, plan the runway with a [Savings Plan](#) first. If the full cash target is still fuzzy, use [How Much Money Do You Actually Need to Buy a House?](#) to separate closing-day cash from post-closing reserves. And if you're weighing whether to buy at all, run the [Rent vs. Buy calculator](#) to find your break-even year.

A Note on Assumptions

Every dollar figure in this article comes from the same month-by-month model the calculator uses, with the inputs listed above and national-average rates for property tax (1.1%), insurance (0.4%), and maintenance (~1%). Your real costs depend heavily on your location, the specific home, and the insurance market. Maintenance in particular arrives in lumps, not smooth monthly amounts. Treat these numbers as a well-reasoned starting point, then make them yours by entering your real figures.

Sources

- [Freddie Mac: Primary Mortgage Market Survey](#)
- [IRS: Tax Inflation Adjustments for Tax Year 2026](#)
- [IRS Publication 936: Home Mortgage Interest Deduction](#)

This article is educational and not personalized financial, tax, or investment advice.

Related

- [Home Buyer calculator](#) — see your full all-in cost and equity
- [Rent vs. Buy calculator](#) — find your break-even year
- [Savings Plan](#) — save for the down payment and closing costs