



## Boost Your Home's Value While Staying within Budget

It's no secret that a complete remodeling job, even if it's just for one room, can cost into the thousands of dollars. While the cost may be justifiable if you're planning on staying in the home a long time, most remodeling projects increase your home's value by at most 80 or 90 cents for every dollar you invest. So, if you're looking to sell your home soon, or if you're buying and selling a home for profit, you want to keep your improvements simple and cheap.

Perhaps the place to start is by improving the things people can see. The first thing home buyers see is the outside of your home. In rural or suburban areas, home sellers need to make sure the shrubs are trimmed, the lawn is mowed and the landscape is neatly manicured. Improving these areas and eliminating such highly visible eyesores will add the most value per dollar to your home. Consider these ideas:

Clean up the yard. Remove trash and yard waste. Mow your lawn and keep it in good condition with proper watering and applying fertilizer appropriate to the season. Use a weed whacker to get in the tight corners and along the edges of sidewalks and the house. Trim the hedges, get rid of weeds, and mulch the flower beds.

**Eliminate the mess and clutter inside the home.** Chances are you'll be showing the house to potential buyers, so you'll want to get the house organized and get rid of clutter or put it in storage. The idea is to make the home as unemotional or impersonal as possible so that potential buyers can imagine themselves living there. Your house is much more sellable the less stuff there is in it, plus a nice, tidy house will seem larger and more elegant.

**Clean, clean, and clean some more.** Nothing improves your home's value more—and for so little of an investment—than a good cleaning. Mold,

## How to Increase the Value of Your Home

It's safe to say that your home is more often than not one of your best long-term investments. At some point however, whether due to a new job in a different state, the need for a larger home, or perhaps the need to downsize into an apartment or condominium when you reach retirement, you'll be looking to sell your home. And there will be potential buyers looking to purchase. That's why it makes sense to care for and maintain such an important investment and implement inexpensive ways to increase the value of your home.

This issue of Dollars & Sense provides a number of helpful suggestions on things you can do over a period of time to boost the value of your home without large layouts of money, so you can stay on track to reduce your debt. ■

mildew, leaks, stains or any evidence of dirt are unappealing and will do little to whet home buyers' appetites. Houses that look and smell clean have great market appeal. Even an older house with older appliances will fare well if everything is sparkling clean.

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It's a lot cheaper to wash walls or siding than to repaint or replace siding, and many times a good cleaning will make your home's finishes look good as new. Pressure-wash your home's exterior, and wash interior walls. Clean your windows so it's hard to tell they're even there. And what about smells and pets? You may adore your dog, but that doesn't mean potential future owners need to be reminded of its presence. Keep in mind that pet smells, cigarette smells and food smells tend to linger, so clean the carpets, floors, and furniture, and do what you can to eliminate those odors.

**Add a fresh coat of interior paint.** Sometimes you just really need to repaint, but you can do it yourself relatively cheaply on interior walls.

First, patch up any holes, no matter how small. To get a silky smooth finish, apply a coat of primer. After the primer dries, lightly sand it with a fine grit sandpaper (220 grit). Apply the first coat of latex paint, and then lightly sand that layer also. Wipe the walls down with a damp cloth after each sanding session. Then apply the final coat of latex paint.

Don't be afraid to spend a couple of extra dollars on good paint rollers. Those five-for-\$10 rollers will make your walls look blotchy. Also, paint with a neutral color such as beige. It will make the house seem larger, and it will be inoffensive to buyers. In addition, semi-gloss paint will make your walls seem brighter. If your walls have imperfections, such as dents in the drywall or cracks in the plaster, consider using flat paint to hide those imperfections. Keep in mind that flat paint shows dirt easily and is difficult to clean, so leave it until just before your open house.

**Consider the kitchen and bathrooms.** Real estate brokers say that kitchens and bathrooms often sell the house. Concerning the kitchen, the most important thing to buyers is that it appears spacious. If, for example, your kitchen counter is full of appliances, you may choose to leave one or two appliances there, but the rest should go.

Outdated or worn cabinets can bring the whole kitchen down, but refinishing them is relatively cheap and easy to do. If you have a dark or small kitchen, make it look larger and brighter by using a lighter finish on the cabinets.

With regard to bathrooms, studies show home owners who undertook major bathroom-remodeling jobs saw between 88% and 91% of their costs recouped. Beyond major renovations, real estate brokers say that simply replacing towel racks, toilet seats, light fixtures, drawer/cabinet handles or the sink can make a major difference to potential buyers. Freshly caulk and redo grout in countertops, sinks, tubs and showers.

**What about the roof?** The biggest concern for most home buyers is the roof, according to brokers. Typically if your roof is 5 to 10 years old, you're likely all right. But a roof that's 17 to 20 plus years old may be a problem. Buyers tend to run away from maintenance issues that haven't been dealt with, and the more problems they find, the more they will want to negotiate the price down.

**Carpet cleaning and flooring options.** You can shampoo or steam clean your carpets, or you can use a dry cleaning system, which requires no water or steamer rentals, and which dries instantly and kills virtually all mold and bacteria. Apply according to the manufacturer's

instructions, and then vacuum. If all else fails, get a professional to do the carpets for you. You'd be surprised how much better your carpet will look after a good cleaning.

If your carpet is in poor condition, you can replace it, or you can restore the original hardwood floor. Hardwood floors are very popular right now, and in a lot of cases old houses have nice hardwood flooring underneath the carpet. Rip up a bit of carpet in a closet or other inconspicuous area to check the floor's condition, and compare the price of restoring the hardwood to that of installing new carpet.

**Lights, modern light switches and outlets.** Some of the new style switches can be installed easily using the wires already running to the old switches. Just be sure to turn off the power to the room or entire house before doing any work. The new outlets look nice, and give the impression that the electrical wiring in the house is newer than it really is.

In general, older people are more sensitive to glare than younger people, and many people prefer indirect lighting over direct lighting. "People often prefer lights to be tucked away, so the light source is masked. Nice warm colors are also appealing," she says. Also advisable: On darker days, leave the lights on and the curtains open.

**Put up wood trim and moldings.** Simple ceiling trim or moldings and armchair railing are the easiest and most typical do-it-yourself upgrades found in newer homes and go a long way toward improving the look and feel of rooms. To make an even bolder statement, paint the walls a neutral, flat color and paint the trim a high gloss white.

**Hang fresh curtains and blinds.** Blinds don't cost much, and curtains can be cheap also. Over time, the sun fades the colors from your blinds and curtains, so new ones will make a better impression than old ones. ■

# Beware of Over-improvement



There are many factors involved in deciding what improvements will actually add to the value of your property versus being an excessive expense for you. For instance, adding a garage in place of a carport would most definitely make your property more attractive to buyers in just about any neighborhood. However, adding a swimming pool to the back yard would probably only be an effective improvement in a warmer area—not in a neighborhood that experiences 7 months of cold weather per year!

In terms of your home's resale value, the best home improvements are largely cosmetic—a new roof, painting, carpeting, minor kitchen and bath re-dos, and only those alterations and additions that brings your home

in-line with others in the neighborhood. Such improvements increase the value of your home virtually dollar-for-dollar. To learn what might be typical in your neighborhood, do your research. Drive around and see what the homes look like. Visit open houses. Monitor selling prices and ranges. Improvements are generally wise if they don't push your home's value beyond 20 to 25 percent above the current value of like homes in the community.

## Typical improvement and their approximate value:

- Minor kitchen remodel, 94%
- Bathroom addition, 89%
- Major kitchen remodel, 87%
- Family room addition, 84%
- Two-story addition, 84%
- Attic bedroom, 83%
- Master suite, 82%
- Bathroom remodel, 73%
- Siding replacement, 71%
- Deck addition, 70%
- Window replacement, 68%
- Home office, 64% ■

## Five Fast Facts for Home Improvement

When it comes to making renovations to your home, it's amazing how fast things can snowball. Take a bathroom for example. Perhaps all you want to do is strip the old, peeling wallpaper and add a fresh coat of paint. Then you start thinking about replacing the old linoleum floor with tiles to complement the new paint job, replacing the toilet, and maybe adding a new countertop. Like creating a budget to manage your income and expenses and live within your means, it's smart to plan your home improvements and distinguish between what really needs to be done and what you want done. Consider these tips:

- 1. First Things First—Take it One Room at a Time.** Remember, it's easy to bite off more than you can chew when it comes to home improvements. Keep your remodel manageable and affordable by tackling one room at a time. You'll feel a greater sense of accomplishment by completing a project, plus you'll discover key lessons to apply to the next room.
- 2. Curb Appeal Counts.** Take a critical look at your home's appearance from the street. Small, inexpensive changes will go a long way toward improving your home's curb appeal. Store away personal effects from the front yard. Trim back the overgrowth, maintain the yard, and make sure your lawn has a healthy green appearance.
- 3. Clean Now for Profits Later.** Keep your home clean and clutter free for your own enjoyment now and to gain a greater, faster return when you decide to sell.
- 4. Focus on the Kitchen and Bathrooms.** You'll hear it over and over again because it makes sense. An updated kitchen is cash in the bank when selling your home. The good news is to add value, you don't have to spend a lot of money on a total remodel. And remember, bath updates are second only to kitchens in maximizing a homeowner's return on investment.
- 5. Pay Down the Principal When selling your home.** The profit you make will be the amount left over after paying outstanding loans. You can build greater equity and put more money in your pocket at closing by paying down the principal whenever possible. ■

# ARTICLES

## TIPS & TRICKS

### Watch Out for the “Home Improvement” Loan Scam

Maybe you need some improvements done to your home but you don't have the skills or time to tackle them yourself. Perhaps you can turn to a friend or relative for help. But if you end up needing the services of a contractor, the Federal Trade Commission ([www.ftc.gov](http://www.ftc.gov)) advises not to fall for home improvement loan scams.

Let's say a contractor calls or knocks on your door and offers to install a new roof or remodel your kitchen at a price that sounds reasonable. You tell him you're interested, but can't af-

ford it. He tells you it's no problem—he can arrange financing through a lender he knows. You agree to the project, and the contractor begins work. At some point after the contractor begins, you are asked to sign a lot of papers. The papers may be blank or the lender may rush you to sign before you have time to read what you've been given to sign. You sign the papers.

Later, you realize that the papers you signed are a home equity loan. The interest rate, points and fees seem

very high. To make matters worse, the work on your home isn't done right or hasn't been completed, and the contractor, who may have been paid by the lender, has little interest in completing the work to your satisfaction.

**You can protect yourself from inappropriate lending practices. Don't:**

- Agree to a home equity loan if you don't have enough money to make the monthly payments.
- Sign any document you haven't read or any document that has blank spaces to be filled in after you sign.
- Let anyone pressure you into signing any document.
- Deed your property to anyone. First consult an attorney, a knowledgeable family member, or someone else you trust.
- Agree to financing through your contractor without shopping around and comparing loan terms.

#### Tip: Many improvements can be done yourself.

When considering making home improvements, look at some of the projects you can do yourself. There are many resources you can tap into to learn the basics. Doing what you can on your own will reduce your overall costs and give you a sense of self-accomplishment. You can visit the following websites for learning tools.

Better Homes and Gardens: [www.bhg.com/home-improvement](http://www.bhg.com/home-improvement)

Do It Yourself: [www.doityourself.com](http://www.doityourself.com)

How Stuff Works: [www.howstuffworks.com](http://www.howstuffworks.com)

Oprah Home Improvement: [www.oprah.com/subtopic/home/homeimprovement](http://www.oprah.com/subtopic/home/homeimprovement)

Before you begin a job, make sure you are comfortable attempting it. If the job is going to require specialized tools, or more time than you have available to work on it, it is often more cost-effective to hire a specialist. Make sure you get a few bids from reputable contractors before you make a decision. ■



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