

Suggested renovations and reasons for such renovations

I put together the following list to help give you the investor first an overview of what repairs I look at putting into a home when I purchase it and why I do them and secondly I put together some estimating pricing of what each item should cost. Now please take note that the pricing is only a suggestion or an approximate of what I pay in my market. There are several other variables and factors that need to be considered and I always recommend getting estimates from at least two or three different general contractors on each job. These suggestions and pricing is merely a tool to give you some knowledge of when you are doing your initial analysis of a deal to see if it warrants more investigation or possibly pulling the trigger on it.

I am going to break down each area of the home and put the recommended repair and why I do it. I will then do a follow up list afterwards listing the repair item and approximate cost for said repair item.

Exterior

Change all exterior door locks – When you buy a home out of foreclosure chances are the bank has re-keyed the home to their lock code. Most banks use asset management companies and they are in fact who re-keyed the home. Problem is even if you do get the keys chances are there are several people in your area that have a key to the same lock as they key all their properties the same to make it easy on their contractors etc. To make it even worse you and I as consumers can purchase sets of foreclosure keys on the internet. I bought a set personally from www.mfssupply.com. So changing out the locks, even though you have been giving the keys should definitely be considered.

Gutters and soffits – You should always do a thorough inspection of the gutters and soffits because this can be a source of letting water into your home. If they appear to be in good shape at a very minimum have someone clean them out to ensure to overflows of water getting into your property.

Exterior trim painting – Always give the exterior trim a fresh coat of paint. Not only will this help ensure that it last longer but it also gives it a fresh look and helps with curb appeal. You will always want some curb appeal even if it is going to be a rental. Just remember even renters want to live in a nice looking home.

Basement windows being made into glass block – If the property has a basement I always no matter what put in glass block windows if the home is without them. There are a couple reasons for this number one it is a better for security of the home as it is very difficult to break out a glass block window. Secondly it helps increase the homes efficiency as regular windows tend to break very easy when they are at ground level due to people kicking them, something like a ball flies into them or for any other reasons. When this happens the home loses heat out the opening of the window thus making the home less efficient.

Exterior windows – If the home does not have some type of vinyl window then I always budget replacing the existing windows with vinyl. Not only does this increase the homes efficiency but it's also a good way to increase the value quickly which is important for either resale or rental incase the property owner chooses to refinance. Another reason I do this is to increase the homes efficiency on heating cost. You need to always remember that with every rental property that your tenant must be able to afford to pay the heating and cooling cost and it is your responsibility as a property owner to help them achieve this. If a tenant cannot afford to pay their utility bills or it takes up too much of their income then you will be affected by not receiving all or maybe not receiving any of your rental payments.

Exterior window wrapping – If the home already has vinyl windows be sure to check to see how the framing around the windows are wrapped. If it's just painted wood then I strongly recommend getting the windows wrapped with aluminum trim around the wood work. The reason being is that the wood is exposed to the weather elements and you will constantly be treating them by painting them and constantly keeping up with them. With wrapping them you not only cut down on that and protect them; however, but you also give the home a more appealing and complete exterior look.

Exterior siding – I always recommend doing a thorough inspection of the exterior siding if the home has it. You need to check to see if it is missing, lose or not property installed. If any of these problems are present then you need to take appropriate action.

Exterior brick - Same principal applies to the exterior siding search but you are paying attention to damaged mortar between the bricks themselves and deteriorating paint. The reason you are looking at these items is you are checking for any source that exterior water may penetrate the home and cause you interior damage or even mold.

Roof - Of the exterior repairs to estimate this is going to be the most difficult. If you are able to step back and visually view the roof for any major deficiencies. I recommend getting a roofing contractor look at it if you are unable to ensure condition. If you have more than two layers of roofing chances are that is against code in most municipalities and it will need a complete tear off and replacement. My personal recommendation is if it is determined that the roof has a usable life of less than eight years left then I put in my budget for a replacement. The reason being once you get down to that amount of time left you are real susceptible to having leaks and other issues that will become a strain on your monthly cash flows. Another good outcome of putting a new roof on is that you will really increase the value of the home in a quick way for appraisal purposes.

Landscaping – No matter if it's a rental or a flip property I always budget in a little bit for some landscaping. Generally I budget to clean up overgrown brush and weeds, fresh lawn mowing and a little bit of mulch. You want to give a little bit of curb appeal so it feels like "home" to any prospective tenants that may view the property.

When addressing the interior of the home I will break this down by section of the home. Some of the items you see will be repeated in other areas. The only thing I am not addressing is painting of

the interior as that is usually a given for each property. Here you will see me make notations on items that are rental property specific and then items that will be flip property specific.

Interior

Living room – In all properties rather it be a flip or rental I always remove the carpet and replace it with real hardwood if it's a flip property or wood surfaced laminate flooring if it's a rental. The reason I change this over on rental properties are not only does it give the property a classier look but it also creates more durable flooring. When you have a turnover the likely hood of you being able to keep the carpet is slim to none; however, with the wood flooring it is very likely you will be able to keep it for several years thus cutting down on your unit turnover cost tremendously. I also replace all the electrical outlet covers and switch covers. This is a cheap upgrade and gives the room a cleaner and more complete look with the fresh paint and new flooring. Lastly I also budget in for a new ceiling fan if the current one is dated or non-existent. The reason I like to put a ceiling fan in the living room is to help circulate the air thus increasing the homes efficiency. If the home is a flip I upgrade the fixture to a bronze style fixture, which is typically double the cost of standard nickel fixture. The reason I do this is to give the home an “upgraded” look when trying to sell to a prospective buyer.

Dining room – I treat the dining room the same as the living room being that it's a common area of the home that is subject to a lot of foot traffic. The only difference here is I usually don't put a ceiling fan in but rather a dining room type chandelier or larger lighting decorative fixture.

Kitchen – One of the first things I look at in a kitchen is the flooring. If the flooring is anything but ceramic tile flooring I take it out and replace with ceramic tile, no exceptions. The reason is durability and aesthetics. There is a lot of foot traffic in the kitchen and not to mention water flowing from the sink and dishwasher. You want to make sure you have a flooring down that can hold up to both of these but yet still look good and is easy to clean. Ceramic tile is the best answer to this question that I have found. When properly installed ceramic tile will last a very long time unless you have some sort of abuse to the flooring itself.

Other items in the kitchen area I assess are counter tops, cabinets and sinks. A lot of times with cabinets I will attempt to save them if they look decent even though they are dated. A simple paint job and changing of the hardware will really jazz up the cabinets and give them a newer look at a fraction of the cost. With sinks and counter tops I assess these on a case by case basis. With the counter tops I generally wind up replacing them if they are stained up at all since counter tops are typically in expensive and you will create a good clean look. Same theory goes for the sink bowls as well. With new sinks typically comes a new faucet as well.

Chances are if you are going to replace the lighting fixtures in the living room and dining room you are going to go ahead and replace the kitchen along with the rest of the home to create some uniformity. On my rentals I like to put in ceiling fans in the kitchen if possible as most tenants appreciate the ability to have some good ventilation and circulation capabilities.

Bathroom – For the same reasons that I put ceramic tile in the kitchen floor I also put it in the bathroom flooring as well. I will also assess the bathtub surrounds and if it is anything other than ceramic tile I will take it out. I do not care what kind of condition the surround is in; if it is plastic it must go. Especially with rental property it's only a matter of time before a plastic shower surround gives you problems. Problems you will incur are water getting behind the shower walls and creating problems with mold and will also weaken the walls. When I do add ceramic tile to the surround I also take the tile up to the ceiling of the shower to afford maximum protection of the shower area. Not to mention the upgraded look you add by taking this extra step, little does the tenant know you are doing it so they don't tear up the place and serve your own agenda.

I will also assess the fixtures in the bathroom as well. I will budget in replacing the toilet and putting in a new wax ring underneath it. I do this to help prevent water problems from arising. Unless they are updated I will also replace the sink, sink faucets and shower fixtures. These are items that are prone to causing you maintenance issues down the road and I try to address them from the beginning that way I can cut down on my maintenance expenses and headaches when a new tenant takes occupancy. If the property is going to be a flip I will upgrade the fixtures to a bronze fixture and use an upgraded tile to give it an upgraded finish and look for salability.

Bedrooms – This is one area of the home that I will replace the carpeting with new carpeting. This is not the most cost efficiency way to handle a rental property; however, most people I've encountered do prefer carpet in their bedrooms so this will help a lot with sale or rental ability. Other items in the bedroom include the new outlet covers and switch plate covers, new lighting fixture or small ceiling fan and of course attention to the closets. In the closets you need to ensure you have good working doors on them and ample shelving.

Basement – Assuming the home first of all has a basement and secondly it's not finished there is still some standard things I do. First of all I always try to relocate any laundry hook ups to the basement if possible. Reason being if the laundry lines were located above grade (1st or 2nd floor of the home) and one of the lines was to break then it could cause a serious flooding problem, especially if the home is vacant.

When it comes to the walls of the basement I like to spray a coat of white paint over the walls to give them a clean look and feel. I also like to put an epoxy paint finish on the basement floor for the same reasons I white wash the walls. Most basements are dark and dingy but with these small upgrades you can make most basements useable and desirable to tenants thus giving your home more potential for rental income and rental ability.

If the home has a walkout basement I pay special attention to the door. Make sure it is an exterior door and that it is properly sealed up from any wind or other elements coming into the home. A lot of times this area is overlooked and neglected and will be a potential cause for headaches and maintenance issues.

Mechanicals

Plumbing – A lot of times in vacant properties vandals and thieves will break in to steal copper for scrap. If any of the copper is missing I always budget putting it back with pex plumbing, which is a hard plastic that has no scrap value and easily connects to copper fittings. Now when it comes to running the plumbing lines behind the shower walls I always put copper plumbing back there. This is crucial as you want to create strong connections for your shower and faucets in the bath tub area and using a pex or cpvc product you will not have a very sturdy connection and will always be prone to faucets breaking off and having constant maintenance issues.

Water heater - This is an item you need to inspect and pay attention to its manufactured date. My recommendation is if you are assessing a home and the water heater is more than five years old I budget for a new one. Typically they start to run into issues in year five or later so it's best to replace them or have the budget to replace them if they are older than five years to help alleviate these issues.

Electrical – If the service coming into the home is less than 100 amp then I always budget putting in a new service of 150 amps. Most homes these days need at least 100 amps of service for the average family; however, if you are going to upgrade the price difference from 100 to 150 amps is very minimal and worth it to have the extra amps coming in. Also if the electric panel is full I like to upgrade the panel to a larger one.

HVAC – This is one area that will make you or break you if you don't pay attention to it. Typically if the furnace is 10 years old or more OR is not high efficiency I will replace with new. Most furnaces start having problems at year 10 so it's best to budget this big ticket item up front when looking to acquire a property. Secondly if the home does not have central air, rather it be a rental or a flip, I always add it. Most renters will require it if you are going to demand anything close to market rents. Plus you want to be able to retain your tenants during the hot summer months and without central air you are asking for turnover.

One thing to consider when putting in a new central air unit is to budget some sort of security fence around it. I started doing this after I had a couple of them damaged for the copper line in them. My personal favorite is to add a small privacy fence around it using 6'f tall dog ear type fencing. It's easily taken apart if you need to service the A/C unit; however, it is a huge deterrent for would be thieves looking for an easy target.

Jesse B. Tip – ***A quick way to tell if a furnace is hi-efficiency or not is to look at the top of it and see if there is any pvc (plastic) piping coming out of it. If there is any coming out of it then it is a high efficiency because a high efficiency furnace has to be vented out.***