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# Home Sellers Guide To Money-Making Fix-Ups



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*Here's An Informative Guide To Help You  
Realize The Very Most Profit From Your  
Home, And Avoid Costly      Repair  
Rip-Offs...*



# **“Homes That Sell The Fastest, Also Sell For The Most Money”**

Dear Friend,

Do you see that quote above? Whether you know it or not, it's true. Very true.

There's a little-known dynamic in real estate that can dramatically affect the successful, top dollar sale of your home. See...that statement all boils down to the fact that...

## **The Elements That Motivate A Fast Home Sale... Are The Same Elements That Sell Homes For Top Dollar**

Each year thousands of home owners needlessly lose thousands of dollars when selling their home. But they don't lose the money for reasons you might think. They lose money because they unknowingly left it on the table...for the buyer to pocket...by failing to recognize the hidden profit potential of their home.

And those hidden profits exist in two areas.

First, most home owners never discover that certain small, even inexpensive repairs to their existing home could generate many times their cost in additional home value. But on the other hand, other repairs and improvements can cost you dearly. It's critical to know what repairs and improvements to spend money on...and which ones to leave alone.

Second, when many savvy home owners decide to make profitable repairs before selling, they expose themselves to the ruthless world of contractors and their deceptive schemes and potential rip-offs that drive up the costs of home repairs.

Between not knowing what to repair to bring you maximum profit, and dealing with the world of contractor schemes, it's easy to understand how you might become overwhelmed with the whole process. But don't despair.

That's why I created this helpful report.

In the following pages, I'm going to reveal to you exactly what areas make sense to fix and what areas to leave alone...not using "opinion," but real world facts. Then, I'm going to give you a "behind the scenes tour" of the games contractors play when fixing your home.

This way, you'll be armed to the teeth with knowledge and strategies to stay one step ahead of the game...and maximize the value of your home when you sell.

So let's get going...

# How To Select Home Improvements That Pay Dividends

Generally speaking, there are two ways to go about home improvements. You're either going to splurge on your home because it's your palace and you simply want a beautiful place to live, OR, you're going to take a more logical, pragmatic approach designed to increase your home's value.

Problem is, you'll never achieve both. In fact, many home owners expose themselves to the very problems they're trying to avoid in the process of home fix-ups.

Take Carol and Tom Jenkins, who four years ago purchased a home for \$190,000. Since buying their home, they've spent over \$60,000 fixing it up and making it the "perfect" place to live. A few months ago they put the home on the market at \$270,000. The best offer they received was only \$235,000.

Their mistake? Spending money on amenities and features that were ancillary to the value of the home.

Just because you spend \$30,000 on the fix-up of your home doesn't mean you're going to get it out when you sell. It doesn't automatically make your home worth \$30,000 more. And that's exactly why you need to know which fix-ups pay off big, and which ones will cost you potentially thousands of dollars.

Let's take a look at the most common areas of fix-up...

## Painting Your Home

Time and again, painting proves to be one of the most basic, yet most profitable of home fix-ups. There's virtually nothing a coat of paint won't fix, especially if you plan on selling your home within a few years.

According to the National Association Of Realtors, professionally painting the exterior of a home costs an average of \$3,250, and recoups nearly 100% of it's cost. But that's not the profitable part of painting.

Studies also show that painting the exterior has a meaningful effect on reducing the time to sell. And reducing time to sell means you're saving potentially thousands in interest, taxes, and other overhead costs required to maintain your home and mortgage during the "for sale" period.

Rather than spending money on less visible "infrastructure" issues of your home, you're frequently better off fixing the cracked front steps and painting the entry and front door.

## Kitchen Fix-Ups

Here's an area that can mean serious profit when selling your home. Even small, basic improvements to your kitchen can pay big dividends. For most buyers, the kitchen is the heart of the home. And that means it has the greatest profit potential. Here are a few suggestions for improving your kitchen without investing tens of thousands in remodeling costs:

In the short term, consider changing floors, cabinets and fixtures. Consider sanding, staining, or painting dingy looking cabinets. Replace old cabinet hardware – a low-cost improvement that can make a huge difference in appearance.

Take a look at your counter tops and other surface areas that draw the eye. Take a look at the kitchen sink and fixtures. If they're old and worn, replacing them with contemporary fixtures and sink can make a world of difference...not just in aesthetics, but hard dollars.

In some cases, spending \$4,000 on a functionally outdated kitchen can add as much as \$15,000 in extra value of the home.

## **Adding New Space**

As a general rule, improvements that increase the functional space of a home are good profit centers. For example, one home owner had a storage area that was accessed from the outside, and bordered the laundry room. The home owner knocked out the wall in the laundry room to the storage area, eliminated the outside door to the storage area, and added over 100 more square feet in storage and useable space – now accessed from the inside, not the outside.

The repair, which cost only about \$1,500, increased the home value an estimated 5 times it's cost to perform.

Converting an attic into a bedroom suite can instantly make your 4 bedroom home a 5 bedroom home – much greater value. Waterproofing a basement for additional storage, a job that costs about \$3,000, recoups well over it's cost to perform once the house goes on the market.

Look around your home for areas that can easily be expanded, refurbished and functionally added onto to increase the number of bedrooms, baths or useable square footage, and you've found a great profit center.

## **Enclosed Decks And Patios**

Most outside improvement don't fare well from a profit standpoint, but here's a great way to increase the overall square footage of your home – and it's value. Consider installing a redwood deck or enclosed patio off a living area.

This not only increases the aesthetics of your home, but it's usability.

Decks and patios can range in cost between \$4,000 to over \$8,000, and in most cases recoup at least 100% of their cost in extra home value.

## **Adding An Extra Bathroom**

According to Remodeling Magazine's 1995 survey, adding an extra bathroom will, in most cases, pay for itself. The average cost of a bathroom addition is about \$11,000, which includes all the trimmings – marble vanity top, molded sink, ceramic bathtub and commode, and custom tiled shower.

And here's another profit-pointer: a second bath to a home will add more value to a home than a third bath. And when adding baths, make sure you use skylights, windows and other ways to bring in the natural light.

Now, here are a few areas you want to avoid...

## **Replacing Windows And Doors**

Even replacing windows and doors with energy-efficient models is generally a bad idea. According to the National Association of Realtors, investments in windows and doors will return only about 36% to 53% of their cost, while \$1,280 worth of caulking and insulation can return over 71%.

If your windows are old and leaking, however, you should replace them. Consider using standard size windows, rather than custom cut models. The savings in your utility bill might pay for them alone. "The minute you get into customizing windows, with fancy shapes, bays and bows you can't see from the street, you're throwing your money down the drain," says William Eccleston, a broker in Coventry, R.I.

Standard, lower-priced, double-hung windows are usually your best bet. But all that depends on the neighborhood in which the home is located. In more pricey neighborhoods, buyers may spot windows and doors replaced "on the cheap."

When people look at \$150,000 homes, they ask, "Are those Thermopane?" When people look at \$300,000 homes, they say, "Are those windows Anderson or Pella?"

## **Swimming Pools**

Swimming pools have different value levels depending on what part of the country they're located. The sun-belt climates tend to place a larger value on pools simply because of the number of days they can be used out of the year.

But in either case, there's generally little resale value. The main reason pools turn-off more buyers than they attract is that they require expensive, time-consuming upkeep. Running a close second is the fear of liability by having a pool. Pool accidents are a quick way to wind up in court as the subject of a negligence suit.

The verdict? Be very careful before you go spending money on a new pool. If you don't live in the sun belt, you could end up losing tens of thousands of dollars when it comes time to sell your home.

## **Gardens, Walls and Fences**

Fancy gardens and extensive landscaping are generally another big loser. The same goes for big walls and fancy fences. Home owners can spend tens of thousands on making the grounds of a home beautiful, but rarely get their money out. Why?

Because unless you've got a horticultural buyer looking at your home, most buyers look at the required time and money to maintain lavish landscaping. However, that's not so say that

your home shouldn't have pleasing grounds. The same situation can work against you if your home is perceived as the "dog" of the neighborhood because of its landscaping.

The secret is to make your landscaping compatible with other homes in your area. If that requires spending a little money, so be it. But don't expect to get it out from the sale price.

## **Functional and Structural Improvements**

Here's a sad paradox: Many of the improvements that have the most value for you as a home owner end up being the worst-performers as far as resale value is concerned. And usually those improvements are from a functional or structural standpoint.

For example, adding a new plumbing system, or putting in a new air conditioning system or furnace will definitely make your life in your home more comfortable, but they'll never recoup their costs in added home value.

Unfortunately, when certain functional items fail, you have no choice but to fix them. This includes water heaters, HVAC units, plumbing, and foundational problems. But be careful where you spend your hard-earned dollars. If it ain't broken, don't fix it.

## **How To Dodge Repair Rip-Offs When Improving Your Home...**

Now, by this point you've probably identified a number of areas you could improve on your home and start reaping extra dollars in home value. But there's still another hurdle to overcome. And it's an important one.

Each year hundreds of thousands of consumers complain to their state attorneys general about home repair rip-offs. The National Association Of Consumer Agency Administrators says home repairs are second only to car repairs on the nations "rip-off" list.

Here's the inside story on the most common games played, plus a number of tips to help you avoid becoming another contractor victim.

### **Selecting Painters**

The key to a great paint job isn't necessarily in the painting, but in the prep work. And this is the area where you're going to get "taken" or get a great job. If you own a two or three story home, it's difficult to climb up a ladder to make sure every inch has been properly scrapped, sanded, patched, and primed.

But taking the time and effort may pay off big dividends. Here are a few tips to make sure you're getting your money's worth out of your painter...

1. To verify that all priming and preparation has been done, ask your painter to use a different color of primer paint than the current paint color. For example, if your current paint is white, ask him/her to use a light-gray primer.

2. Get a detailed on-site estimate to avoid unpleasant surprises. You don't need to go through three estimates for the same job. Just get two estimates if they're in the same ballpark. But make sure they're detailed so you know what you're paying for.
3. Don't scrimp on paint. Get good quality paint, even if you can only afford a single coat. But don't buy the top of the line either. Your best bet? Select a paint that's one-step down from the top-of-the-line premium paint.
4. Remember that painters do better on paint prices than you will. Frequently called a "contractors price," your painter can, for example, buy paint at \$22 a gallon and resell it to you for \$25. Even with the mark-up, that's still a better deal than if you bought it for retail at \$28. Make certain to ask your painter how is paint pricing works.
5. When evaluating exterior painters, ask him/her for addresses of homes they painted about 5 years ago. Then go look at them. A good paint job should last about 7 years. At 5 years, you'll see just the beginning of paint wear around the eaves and gutters.
6. Remember, no matter how much you bug potential contractors to lower their bids, they still need to make a living. You can push too hard. If you pressure painters into lower prices, this only means they have to find cheaper labor to do the job. And cheap labor means a shoddier job. Either way, you generally get what you pay for.

## Selecting Plumbers

Here's the "inside scoop" on plumbers: you won't pay much for the "parts" they use; they make their money on labor and "mobilization charges." Frequently plumbers will charge you a minimum of 1 hour regardless of how much time they spend actually doing the work.

So if you're paying a plumber a minimum fee just to show up anyhow, why not ask him to do other work involving plumbing: fixing disposals, pool or lawn sprinkler work, leaky faucets or washers that need replacing. Use up the minimum he's going to charge you anyhow with fix-up projects.

Plumbing problems are very difficult to estimate. To help you in the process, here are a number of tips to consider:

1. Explain your job or problem over the phone, then ask how they will fix it, how much it will cost, and when the work will start and complete. And here's an important tip: if you live in an affluent neighborhood, do NOT give your phone number or address until AFTER you've been quoted a price. Some plumbers mark up prices up to 50% more when they learn you live in an affluent neighborhood.
2. Seek out "border bids" from tradesmen from not-so affluent neighborhoods nearby. Frequently you'll find plumbers in a neighboring town may charge less than the tradesmen nearby.
3. If a highly recommended plumber has no idea about a job's cost, negotiate a flat rate for him to inspect the problem and give you a quality bid.

4. When dealing with tradesmen who charge by the hour, ask if travel time is also included on the clock.
5. Check for shoddy work or ways in which your plumber will try to boost their profit margins at your expense. For example, some will use a ½ inch pipe instead of ¾ inch – which means that bathrooms where there’s a shower, your toilet may not flush correctly. Or if a plumber uses L or K grade copper piping, you can expect a 5 to 10 year life as opposed to M grade piping which lasts 15 to 20 years. And some plumbers use plastic pipe, which is expensive buy noisier and less durable than metal. Make sure to ask your plumber what he’s using before he starts his work.
6. If you suspect your plumber is overcharging you for materials, go out to Home Depot or a plumbing supply house and get a price on the same materials. Even if they don’t sell directly to consumers, you can still check the price tags.

## Selecting Electricians

Electricians register the fewest complaints from consumers, probably because they have the most stringent national standards to meet. Before hiring an electrician, make sure he’s a member of the National Electrical Contractors Association or a local electrician’s trade union.

You should also check (along with all tradesmen you consider) that 1) he’s licensed and insured, 2) he has no complaints with the Registrar of Contractors in your area, 3) he’s driving a truck or van with a painted-on sign and logo, and 4) he’s willing to write you an estimate on his own printed invoice, which should reveal a street address rather than a post office box.

If you’re looking for an affordable electrician, consider checking your local Pennysaver publication. You can also drive by new housing developments, since builders try to find the best deal when building their homes.

But electricians can easily rip you off on parts. A cheap electrical switch costs your electrician 29 cents compared to \$2 for a longer lasting one. When getting parts from your electrician, make sure he’s using “specification grade or better” products – a standard set by the National Electrical Manufacturers Association.

## Selecting Roofers

State attorneys general have their files stuffed with stories of roofers who ripped-off consumers and skipped town.

If you’ve got a leaky roof, chances are it’s a flashing problem. This is the material, usually copper or galvanized steel or aluminum, that joins your roof to the chimney with a black sticky substance called asphalt cement. If you need flashing fixed, plan on spending about \$30 to \$50 per hour to have it fixed correctly.

Be wary of the roofer who gazes up at your roof and announces “your roof is 15 years old and it’s gonna leak soon if you don’t replace those shingles.” The only way to determine whether or not you need a new roof is to get up there and look. Worn out shingles, which have

lost their oil and thus water repellency, look brittle, curl up at the edges and often crumble into powder when broken.

A new asphalt shingle roof should cost \$30 to \$50 per “square” (a roofer’s square is 100 square feet), depending on the quality of the shingles and the slope of your roof. A shingle roof should last 15 to 20 years.

If you plan on moving out of your home soon, you might want to consider a “second coat” of shingles. This will avoid having to strip off the first layer, and should save you about 20% in labor.

## **Selecting HVAC Specialists**

The most common rip-offs with HVAC (acronym for “Heating, Ventilation, Air Conditioning, and Cooling”) include substituting used parts for new ones and replacing parts that simply don’t need replacement.

The solution? Always ask to see the old or broken parts before they’re replaced and examine the packaging and documentation of any new parts that are used.

And here’s another tip: try to have any HVAC repairs performed off-season. Air conditioning and heating work is up to 10% cheaper during the off-season.

Also, stay away from extended payment plans. There’s no free lunch and it’s assured you’re paying for the costs of money somewhere in the job. And if you buy a service contract, make sure your contractor details everything that will be performed under the contract, and he has the most up-to-date equipment to do the job.

And if you need to replace an air conditioner or furnace, eliminate the bidder who estimates the job off-the-cuff, without measuring your windows, asking what type of insulation you have and looking at the direction your home faces – and plugging all this information into a form or computer called Manual J. This calculates heat loss and gain of your home, and ensures the correct size air conditioner or furnace.

### **Should You Get A Written Contract?**

Written agreements certainly help keep a tradesman to his word, so long as they’re detailed enough. But a piece of paper doesn’t protect you from getting ripped-off.

If you get “duped” by a licensed contractor, you can complain directly to your local Registrar of Contractors or other local or state licensing board, and request a hearing or arbitration. If you’re dealing with an unlicensed tradesman, your regional Better Business Bureau may help in arbitrating the situation, but if the contract was large enough, you may be forced into the courts for satisfaction.

Whether or not you get a contract, make sure at the completion of work you receive a written statement stating all work performed has been paid in full. Or, better yet, when you submit your final payment, write that statement in yourself and ask the tradesman to sign it as well.

# How To Get Expert Advice And “Hand Holding” Guidance In Getting The Most Value Out Of Your Home...

There’s no question about it, getting top dollar out of your home can be tricky. One false move can cost you thousands of dollars.

That’s why I created a proprietary program meant specifically for homeowners looking for a fast, top dollar sale. I call it my...

## Maximum Home Value Audit...

Here’s what I’ll provide for you, absolutely FREE and without obligation whatsoever:

- I’ll conduct a careful, thorough valuation of your home. You won’t get any inflated values just to pressure you into listing with me.

And you won’t get anything like *“I have a buyer right now who’s interested in your specific home, and if you list with me, I’ll bring him by right now.”* With me, you’ll get NO pressure. No arm twisting. Just a real world, honest, fact-filled analysis.

- I’ll tour your home to identify items that could negatively affect your selling price. As I mentioned earlier, some of my findings could bring as much as \$5 in extra sales price for every \$1 you invest.
- I’ll share with you my Marketing Plan. My plan will give you secrets on how to promote your home properly, how to handle buyers, how to avoid crime, and much more.
- PLUS, I guarantee everything I do. If any other agent won’t guarantee their services, ask them why? You’re staking the successful sale of your home on their abilities, why shouldn’t they stake their commission the very same way? I place my priorities in the same place as yours. We’re in this together!

When selling your home, the LAST thing you need is added pressure. That’s why I’ll answer all of your questions. And give you one less thing to worry about during these hectic times.

Bringing competence and experience into your transaction may mean the difference between a higher negotiated sales price and losing money, selling in less time or in more time (costing you potentially thousands in added interest), and experiencing problems and hassles or a problem-free transaction.

Our community is loaded with Realtors who are WRONG for you, your area, and your home. Some agents are in business part time for a little extra cash. Others are subsidizing other businesses or careers. And then there’s your *“cousin Harry,”* whom you feel obligated to because he *“really needs your business.”*

Selling your home is probably the most important financial transaction you will ever make. That's why I take my business so seriously. It's also why I have developed customized home marketing programs meant specifically for your situation.

### **BUT...WHY ME?**

Here's why you should consider my services to market your home:

- I have a full time office assistant, two offices, three computers, 2 office phones, 1 cellular phone, and 2 fax lines. **I'm not telling you these things to impress you, but to impress UPON YOU the difference between agents who simply "sell" real estate, and those who COMMIT to whatever it takes to serve a client beyond their expectations!**
- I am a full-time Realtor. I make it a priority to educate YOU on every aspect of your transaction.
- I have a list of references, past clients, and professional associations whom you can call at any time to discuss the quality of service I have provided to other people just like YOU.
- I have a marketing plan that is current with today's times. I do this because my dedication to selling your home is also unsurpassed. There's no other way I can live up to that expectation without current high tech marketing capabilities.
- I follow up on every showing on your house. You will NEVER feel out of touch with me!
- I guarantee everything I do! If you're not happy with me, you may fire me. This places the burden of risk to perform on ME, not you.
- I have references for reliable title companies, escrow companies, financing sources many agents are clueless about, insurance companies, inspectors, attorneys, and others directly relating to your transaction. If you choose to use any of them, you won't be dealing with arbitrary people. These are professionals I have used personally in other transactions.
- I schedule showings around your schedule, and to respect your personal and family time. This requires special planning and forethought most agents do not consider.
- Each day, I speak with many people directly related to real estate buying or selling. This allows me to create a communication link of properties to people.
- Most Importantly: I generate over 80% of my clients through referrals alone. I focus 110% of my efforts into providing such outstanding service, my clients are inclined to refer my services to family, friends and acquaintances.

On the surface, it may seem there are lots of Realtors to choose from. But just because there are lots of Realtors out there doesn't mean they can all do the same job for you...

So call now at 214-244-8159 and I'll immediately arrange a convenient time to meet, and share with you my *Maximum Home Value Audit*. It's Free. It's FAST. There's no obligation whatsoever. And it could save you thousands on your home sale.

Sincerely yours,

Phil Kretchmar  
RE/MAX Advantage