

Maintaining Your Home

So you've purchased a home, unpacked the boxes, and made it your own. Now what?

Your house has an entire network of interworking systems of which you are now in charge to keep running smoothly.

Now that you are your own landlord, there is no one else to call when the basement floods, furnace quits, or garbage disposal stops working. But with some regular maintenance, you can greatly reduce the chance of emergency calls to the contractors. Also, with maintenance you'll stretch the life of your systems and mechanicals, meaning you'll increase the value of your home AND have more money available for the kinds of things you'd rather spend your money on.

This section will walk you through a basic home maintenance plan. Depending on the age and condition of your home, your schedule and duties may vary slightly, of course. But no matter what home you live in, the fact remains true that home maintenance is one of the biggest ways to keep and improve the value in your investment. It will also discuss home improvements and options for financing them.

Important words and concepts that are introduced will be written in bold and italics. Definitions of these key words will be listed at the end of the section.

The end of the chapter contains supplementary materials: definitions, handouts, worksheets, and activities that can be individually photocopied or printed to distribute separately from the rest of the WHPE curriculum.

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Overview and Goals

While many of us would prefer to spend our time and money elsewhere, keeping up on general maintenance of the home is one of the most fundamental ways to keep us from being forced to spend MUCH more time and money when something goes wrong.

Performing home maintenance has other valuable results. As you track and monitor the systems in your home, you will gain an understanding of its inter-workings and gain useful skills. Also, you will feel a sense of pride in knowing that your efforts both keep your family safe and build value in your investment.

The goals of this chapter are:

1. To help you understand the responsibilities of owning a home.
2. To provide you with the tools to help budget for repairs.
3. To provide information and advice on home repairs
4. To understand the costs and benefits of financing repairs and remodels.

Take-away messages:

1. A lot goes into owning a home beyond simply choosing what color to paint the walls.
2. Staying on top of home maintenance is important to save money in the long run.
3. Energy efficiency and proper insurance can also save you money over time.

Being a Homeowner

Your home systems

On a typical day, you may not look at our homes any further than the casually at the rooms we live in. However, behind the walls, in our basements and crawlspaces, and encasing our house are the systems that keep our home a nice place to live. As a homeowner, you must have a basic understanding of these systems and what they need from us in order to remain safe and functional.

Electrical

Your home's electrical system starts with the cables running into your house and ends in places such as your ceiling fans and toaster. Once electricity enters your home, it is first channeled through the fuse box or breaker box. Then it is sent out via wires - in older homes sometimes wrapped in cloth ("knob and tube") or in newer homes encased in a plastic sheathing ("Romex") - which runs between the spaces in your walls and floors. Finally, it emerges in electrical outlets and light and ceiling fixtures. Electricity is something only to be worked on by a professional electrician, but keeping an eye on your electrical system and recognizing signs of trouble are important ways to reduce the risk of fire and danger to your family.

Plumbing

Your plumbing system starts in the water main or private well which then enters your house and probably has a "main shut off valve" in case of major emergencies. From there, it may first run through mechanicals like a pressure tank, water heater, and water softener before climbing through the walls and floors via pipes (typically made of lead, copper, or PVC). The pipes emerge in such fixtures as our faucets, shower heads, toilets, washing machines, and hose spigots. Like electrical, most plumbing jobs are best left to the trained professionals. However, due to the serious and swift damage that can be caused by water in the home, homeowners should be diligent in completing seasonal maintenance and should always keep an eye out for small leaks that can quickly become big problems.

Heating, ventilation, and air conditioning (HVAC)

As a Wisconsin homeowner, you might be able to do without air conditioning, but everybody depends on heating systems to work hard all winter. Your home is likely heated by hot water (boiler heat), hot air (forced air heat), electric coils (electric radiator heat), or wood. Some homes may employ a radiant heating system using coils running beneath the surface of your floor. No matter what system you use, keeping it running through winter is absolutely critical to the health of our families and even our home itself. A home that is not heated in winter will suffer frozen and burst water pipes, which can rapidly deteriorate the value and livability of the property. To keep our heating systems and cooling systems functioning properly, there are many things homeowners can do both on their own and with the help of an HVAC professional.

Roof, gutters, siding, and exterior

While stuck inside all winter, we can almost forget they exist, but taking care of your home's exterior systems is absolutely critical through every season. The roof keeps rain out, but can be damaged and compromised by ice damming, hail, and other hazards. Heavy snow left sitting on flat roofs can cause structural damage. The role of gutters is all too often overlooked by new homeowners, but the role they play in keeping your home dry is vital. While siding requires less frequent maintenance than the roof and gutters, it is still an essential layer of defense against the elements and should be seasonally examined for damage, wear and tear.

Basement, foundation, and drainage systems

In case you haven't heard it already: Water is a home's worst enemy. Keeping water directed away from the house is the key way to avoid foundation problems and water intrusion. A significant part of this system is the roof and gutters, as described above. But an equally important part is the landscaping around the house and the slope of the yard. Soil should be built up around your home to create a barrier which directs water away. If your lot is sloped and directing water toward your home, there are options like rain gardens, drain tile, and swails to collect or divert the water and stop it from flowing into your basement. Annual lawn maintenance is often required to keep sloping in place.

Attic and insulation

The attic can be a seldom visited space, but its condition, level of insulation, and amount of ventilation can make a dramatic difference in heating and cooling costs. A well maintained attic will also help avoid costly damage caused by "ice damming"—a widespread problem in Wisconsin. Ice damming occurs when an attic is without proper insulation and ventilation. The snow on the roof melts and then refreezes as shifting, thrusting sheets of ice, causing shingle damage and leaks inside the home. Relatively easy fixes include properly ventilating your attic, using a snow rake to remove excess snow from the edge of your roof, and sometimes even using low-voltage electric coils placed on the roof which melt and shed snow before it has a chance to freeze into an ice dam (this is especially helpful in tough-to-reach places like the valleys where roof peaks meet).

Doors and windows

Doors and windows are terrific because they let the fresh air and sunshine into our homes. On the other hand, they have the opportunity to let the cold air in and the warm air out during the winters. They also serve as either a barrier or a welcome mat for pests. Windows and doors bear the effects of weather and can become loose, sticky, or begin to rot. With some simple maintenance tips, you can reduce the heating bills, and keep your doors and windows in solid repair.

Home protection systems

Your home protection system might be made up of smoke alarms, fire extinguishers, carbon monoxide monitors, and fire ladders. Annual checks and occasional replacement of some of these items will make your family more secure. Additional safety features like secure hand rails and well-shoveled walks in the winter are important too.

Fireplace and chimney

Creosote is the by-product of burning fires, the sticky black soot which builds up inside chimneys over time. If your home has a fireplace or woodstove, an annual cleaning is very important in order to keep creosote from building up and causing a fire inside the chimney which can then quickly spread to attic, roof, and house. Even if you do not have a fireplace in your home or do not use it, it is likely that your chimney is being used to vent the furnace and/or water heater up from the basement. While a fire hazard from these uses is minimal, there are still a few things you need to keep an eye on in order to ensure the longevity of your chimney.

Preserving Your Home

Depending on the age and condition of your home, its needs may vary slightly. For an even more specific maintenance list, refer to a professional home inspector who can walk you through the home and describe your systems and their condition in great detail. The following checklist contains some of the most common and universal items a homeowner should maintain and monitor, along with a suggested schedule:

Keeping Up with Repairs
 Failure to maintain your house may result in....

- ❖ **Damage to Home**
- ❖ **Loss in Value**
- ❖ **Large Repair Bills**

Maintenance Checklist	Spring	Fall	Annual
Roof, Gutters, Siding, and Exterior			
Clean gutters, strainers, and downspouts	✓	✓	
Trim trees so that they are at least 2 feet away from roof & gutters.		✓	
Check for damaged or loose shingles and blisters	✓	✓	
Check for damaged flashings around chimney and other vents	✓	✓	
Check for damaged gutters and downspouts	✓	✓	
Check fascias and soffits for failure and decay	✓	✓	
Check antenna guy wires and supports	✓	✓	
Evaluate roof for future replacement (replace every 15-40 yrs)			✓
Basement, Foundation, and Drainage Systems			
Check basement for moisture following wet weather			✓
Check soil grading to ensure it slopes away from the house			✓
Check foundation walls, floors, and masonry for cracking, heaving, or deterioration.			✓
Doors and Windows			
Check for broken glass and damaged or missing screens			✓
Check all window and door hardware for proper function, lubricate where needed	✓		
Check for loose or missing seals (are windows loose within their frames?)		✓	
Check caulking at doors, windows, and all other openings and joints between wood and masonry		✓	
Check weather-stripping for tightness of fit		✓	
Heating, Venting, and Air Conditioning (HVAC)			
Clean or change air filters EVERY THREE MONTHS	✓	✓	
Have systems checked by qualified HVAC person			✓
Remove window air conditioners for winter or put weatherproof covers on them.		✓	
Clean dirt and dust from around furnaces, condensing units, grills, and registers			✓
Service humidifier and dehumidifier			✓

Maintenance Checklist, con't.	Spring	Fall	Annual
Electrical System			
If fuses blow or breakers trip often, call an electrician to locate the cause and make repairs.			✓
Check condition of cords to all appliances and plugs for damage and wear. Replace as necessary.			✓
Test ground fault circuit interrupters to ensure proper function.	✓	✓	
Periodically check exposed wiring and cable. Replace at first sign of wear and damage.			✓
Plumbing System			
Before winter, close exterior spigots from their interior shut-off valves and drain thoroughly to avoid freezing. Frost-free spigots are also available at your hardware store and are a great protection.		✓	
Check caulking around shower, bathtub, and sinks.			✓
Check faucets, hose bibs, flush valves, and underneath sinks for leaks and corrosion.			✓
Check water heater for corrosion or leakage.			✓
If you have a private septic tank, clean the filter every 6 months and have it pumped every three years.	✓	✓	✓
If you have a private well, have it checked for safety, including bacteria, nitrates, and other compounds.			✓
Attic and Insulation			
Peek in your attic with a flashlight and examine the underside of your roof's sheathing for signs of moisture or leaks.	✓	✓	
If insulation is old or has been flattened down, consider adding more in order to maintain winter heating costs.			✓
Home Protection Systems			
Test Smoke and Carbon Monoxide Detectors.			✓
Check indicator on pressure gauge of fire extinguisher.			✓
Know the location of all gas shut-off valves.			✓
Fireplace and Chimney			
If you use your fireplace, check and sweep chimney annually.			✓
Visually inspect chimney, roof up, in the attic, and in the basement, to check for missing mortar and/or loose bricks.			✓
Visually inspect chimney cap for damage or absence.			✓

Risks to Your Home

In addition to the seasonal elements and the damages caused by normal wear and tear, there are two other risks to your home of which you should be aware and from which you can work to protect yourself. Those are Natural Disasters and Catastrophes, Security Risks, and Liability Risks.

Natural Disasters and catastrophes

While we can weatherize our homes and protect our families with smoke detectors and fire extinguishers, sometimes we simply cannot avoid the risk of a rare disaster. In the case of natural disasters and catastrophes, we likely have no other way to pay for the losses besides with the help of an adequate homeowner's insurance plan.

Homeowners' insurance

Most lenders will not allow you to purchase a home without this insurance, so you probably have it. However, not all insurance policies are created equal, so here is a list of items to discuss with your insurance agent to make sure you are properly protected should disaster strike:

1. What is the value for which my home is insured? (Should be *at least* 80% of current rebuilding cost)
2. What perils is my home protected from? (Fire, hail, tornado, ice damage, others?)
3. Do I need to purchase federal flood insurance? (If you live in a flood zone, this is recommended)
4. Is my policy being paid through my lender via a monthly escrow account? Or do I need to pay an annual premium?

Security risks

Most thefts and burglaries are crimes of opportunity. That is, perpetrators enter through unlocked doors, windows, and garages to steal items from your home. Keep your doors and windows locked when you are not at home and at night. While this will deter most thefts, there are other added precautions you can take to keep your home, your family, and your belongings safe.

- ❖ Lock doors and windows when you are gone and at night.
- ❖ Install motion-detector lights at key points of entry.
- ❖ Install timers on your indoor and outdoor lights if you are gone for extended periods of time.
- ❖ Consider a home security system.
- ❖ Place stickers on your doors and windows advertising that your home is protected (*You can do this even if you do not have a security system or a dog!*).
- ❖ Keep trees and bushes trimmed away from the house to eliminate hidden places for a burglar to work.
- ❖ Participate in or start a Neighborhood Watch in your community.
- ❖ Purchase a safe to hold your special items and insurance policies.

Purchase adequate insurance for the value of your home's contents

While it is important to proactively work to prevent theft, unfortunately, sometimes even the best prepared homeowner can find themselves victim of a break-in. In addition, there is a risk of property damage due to storms or fire.

Make sure your belongings are protected with a reliable and comprehensive insurance policy. Insure items for their replacement value, not their current value (which is likely less). Make sure your insurance company knows what kinds of items you have in the home, from computers and electronics, to art, instruments, and jewelry. Take an inventory of the items and keep that list in a protected place. Take pictures of items, especially if they are unique. If you own a distinctly valuable item like a special piece of jewelry or art, have it appraised so that if it is stolen your insurance company will have a realistic idea of how to reimburse you.

Liability risks

As a homeowner, you are liable to keep your property in a safe condition. Not only could the mailman trip on their way to your door, your dear grandmother or child's friend could also take a spill. While we'd hope that our grandmother wouldn't sue us, sometimes those lawsuits come from the insurance companies of those who are injured on our properties. They don't want to pay the claim, and they will make a claim against your insurance to pay for grandma's hospital stay. There are many things a homeowner can do to minimize risk of being held liable for injury on their property.

- ❖ Shovel regularly and clear away ice in the winter.
- ❖ Melting snow should be diverted away from our sidewalks and entryways via gutters and correctly sloped landscaping. Maintaining drainage systems in the summer will provide beneficial effects in winter.
- ❖ Trim trees away from sidewalks and driveways.
- ❖ Patch holes and cracks in your walkways to avoid trip hazards.
- ❖ Swimming pools and trampolines should be kept enclosed within secure fencing to avoid temptation from neighborhood children to use without permission.
- ❖ Keep yard and home free of clutter and debris that may be pose health or trip hazards.
- ❖ Do not store toxic chemicals.
- ❖ Lock up knives, guns, and other dangerous items.

Purchase adequate liability insurance

Just as security risks are sometimes unavoidable, so are liability risks. That is why it is critical to have liability protection on your property. Most insurance companies will apply liability insurance to both injury that occurs accidentally at your home, and injury that is caused by you but happens away from the home. The minimum recommended coverage is \$100,000 per person. Speak with your insurance representative about the plans they offer and what is the best coverage to protect you.

Energy Efficiency

A Home Energy Audit

An energy audit is a terrific way to find out where your house is losing heat.

To conduct an audit, a professional will come to your house and examine it, commonly employing a blower-door test where they close your home and attach a blower to your front door which creates a negative suction on your house.

Under these conditions, the technician will be able to go around your house, perhaps employing a small smoke stick, to see where air is seeping through the cracks.

There are many other innovative techniques to determine exactly where you can focus your attention in order to get the most bang for your buck.

Weatherization and home energy audit resources

For more ideas and for information on tax breaks, special financing and other incentives, call Wisconsin's Focus on Energy at 1-800-762-7077, or see www.focusonenergy.com.

You may also want to contact the Wisconsin Division of Energy Services. They provide services to Wisconsin qualified residential households with energy assistance and weatherization needs. For more information call 1-866-HEATWIS (432-8947) or visit <http://www.homeenergyplus.wi.gov>.

Energy efficiency is all the rage, and for good reason. The cost savings will really add up, and the small contribution you make to the environment will too as more and more of your friends and neighbors do the same.

Doors, Windows, Other Cracks, and your Attic

A key to energy efficiency is to have a well-sealed and well-insulated home. Nobody wants to spend hard-earned money on heat just to let it escape through the cracks, walls, and ceilings.

Weather-stripping—the brass, plastic, vinyl, or foam that fills the gaps where frames meet windows and doors—is applied as a standard in newer homes and building materials, but that weather-stripping will wear down in time and need to be replaced. In older homes, weather stripping may be non-existent until you apply it yourself. Some temporary fixes to drafty doors and windows include seasonal rope caulk or heat-shrink plastic applied to windows. A negative aspect of these choices is that once applied, you will not be able to open windows until you remove the application for the season. For a removable efficiency device, consider draft-stoppers, fabric tubes usually filled with dried beans or uncooked rice, which lay across the cracks where window meets frame or door meets threshold.

While windows and doors are big sources of energy loss, there are lots of others that aren't quite as obvious, but can cause even more significant heat loss. The **"sill plate"** runs the perimeter of your home where the concrete basement foundation meets the stud walls that support the rest of your home. This is the #1 spot for heat loss in an older home, and is easy to seal with spray foam insulation.

Heat rises. So your attic provides the last line of defense in keeping heat inside your house. A good attic system will have adequate levels of insulation and proper ventilation. Insulation levels are measured as an "R-Value" which reflects an ideal thickness of padding. R-49 is

recommended in Wisconsin, and you can calculate how much you need depending on which type of product you choose (batting, loose fit, or rigid foam). Ventilation ensures that the certain amount of warm, moist air that does enter your attic is properly released before condensing and causing mold or

mildew. Alternatively, ventilation in the summer keeps your attic from overheating and forcing some of that heat into your living space.

Mechanicals and Appliances

Energy Efficient appliances and mechanicals are designated with the “ENERGY STAR” label. To receive the ENERGY STAR, a product has to exceed the federal government’s minimum standards for energy consumption and efficiency standards by considerable amounts. It is important to remember when purchasing a new appliance that not only will you pay for it that day at the store, but you will continue to pay for it year after year in energy costs, and energy costs continue to rise. Some ENERGY STAR products may be more expensive, but by remembering to consider future costs, you will likely determine that energy efficient products are a smart choice for your family.

Sustainable or “green” practices

Sustainable building and remodeling is a thoughtful way of planning for the future of your home. Some of the ideas behind green building include:

- ❖ Reduced Maintenance and Replacement Costs over the Life of the Building
- ❖ Energy Conservation
- ❖ Improved Occupant Health and Productivity
- ❖ Lower Costs associate with Changing Space Configurations
- ❖ Materials Harvested from Renewable Resources (e.g. Bamboo and Cork)
- ❖ Salvaged, Refurbished, or Remanufactured Materials

There is an immense movement for sustainable design. There are sustainable heating and cooling systems, landscaping strategies, vegetable gardening, water retention and heating capabilities, and many other possibilities for integrating “green” ideas into your home and lifestyle.

Before taking on the next project, check out a book from the library or scan the internet for innovative ideas on ways you can incorporate sustainable practices into your project.

Remember to look for energy efficiency ratings on the following mechanicals and appliances:

- ❖ Clothes Washers & Dryers
- ❖ Refrigerators
- ❖ Dishwashers
- ❖ Microwaves
- ❖ Light fixtures, ceiling fans, LIGHT BULBS
- ❖ TV’s, DVD players, Computers
- ❖ Room Air Conditioners
- ❖ Furnaces and Central Air Conditioners
- ❖ Water Heaters
- ❖ Water Softeners
- ❖ Dehumidifiers
- ❖ And many other products for your home!

Home Improvements

Move or improve?

At some point you may find your house no longer fulfills your family's needs, and you will find yourself wondering... Should we stay or should we go?

Before placing that for sale sign in the yard, consider the relative cost-effectiveness and ease of staying in your current home. Selling a home is expensive; there is the realtor fee of around 6%, the title company and closing costs, the state transfer taxes... not to mention the closing costs and origination fees you will encounter when you purchase a new home. And oh, the delight of moving!

Perhaps the problems are external and too difficult to work around—a low-achieving school district or a deteriorating neighborhood. Or perhaps something has significantly changed in your life and you are no longer able to carry the responsibility of being a homeowner, financially or physically. In these cases, selling the house and moving might be your best option.

But if the problem is more like growing pains, a better choice may be to stay put in your current home and make the improvements needed to create a space that better fits your family's needs. Thanks to cable television and the big box stores, it is almost impossible to have avoided at least one episode of some home-makeover program, or to have not browsed through one home improvement magazine in the grocery aisle. Ideas are everywhere, to the point that it can be overwhelming.

First Steps

A good first step is to sit down as a family and think about the specific needs that your house is not currently meeting. Do you need:

- ❖ Storage space for toys, coats, or other household items?
- ❖ Food preparation space in the kitchen?
- ❖ Study and office space?
- ❖ Another shower and/or toilet?
- ❖ Simply more room?

Brainstorm together and make a list of the things you wish your home provided, and then rank those items in order of importance.

Also, put on a “fresh set of eyes” for a few days and look for opportunities in your house. Ask yourself the following questions:

- ❖ Are there places in your house that you seldom use or use in a way that doesn't maximize their potential?
- ❖ Is there an unfinished space in the basement or attic?
- ❖ Is there a sunroom or screened porch that could be finished and heated?
- ❖ Are there rooms that could benefit from storage systems to make them more user-friendly?
- ❖ Is the furniture in a certain room limiting the way you can use it?
- ❖ Is there room on your lot to do an addition?

Choosing professionals to help

If you look at your home improvements wish list and find items too big or time-consuming to tackle on your own, you'll need to start looking for professional help. Here are some of the characters you may want to bring in to discuss your family's needs.

General contractor:

A general contractor is a professional organizer of labor. He or she knows how to coordinate professionals like plumbers, electricians, and drywallers, and likely has a trusted group of these "subcontractors" s/he chooses to work with. A general contractor is basically able to take the pressure off the homeowner to coordinate and hire labor, and get the job done to the specifications of the homeowner at an agreed upon price. This service comes at a cost, but often the contractor's fees are somewhat offset by discounts on labor and materials that they are able to provide through their connections. They can also help plan the project and serve as a resource for knowledge.

Carpenter:

A trained carpenter can build the foundation and rough work of an addition, a deck, or a screened porch. They also do finish woodworking like building cabinetry, hanging doors, and mounting trim.

HVAC professionals:

Heating, ventilation, and air conditioning professionals work on your heating and cooling systems, including ductwork and radiators.

Electricians:

Electricians work on connecting new light switches and fixtures, electrical outlets, and all the other wiring and electrical needs in your home.

Plumbers:

Plumbers help not only with reconfiguring and creating bathrooms, but also in creating hook-ups for new clothes washers. In the kitchen they can move or replace sinks, garbage disposals, and dishwashers.

Drywallers, mudders & tapers, and painters:

They will put up drywall over stud walls or repair/refresh the current walls in your home.

Flooring professionals:

From carpets to tiles to hardwood floors, you or your contractor may bring in a professional to install, repair, or replace flooring in your home.

Handyman or handywoman:

Perhaps you've got some jobs around the house that are beyond your comfort level, but not too large. A handyperson is a terrific and cost-effective choice for many repairs. While each differs in their skill and offerings, many handypersons are known for doing small plumbing, door and window, painting, woodworking, patching, venting, and other carpentry repairs. A good handyperson will be insured, and tell you what they are experienced doing, referring you elsewhere if the job is beyond their scope.

How to choose good professional help

First, determine the scope of the work you'd like to accomplish. Do you need just one professional to complete one type of job (e.g. a plumber)? Or will the job require many professionals working together to create the desired end product, in which case you may want to choose a general contractor to help you coordinate? Or perhaps the jobs are small enough that an insured handyperson could complete them without the cost of more specialized professionals?

If you've decided to be your own general contractor, it is your responsibility to thoroughly consider each professional you hire. If you hire a general contractor, they will have done the vetting ("background checking") so you just need to investigate the general contractor.

Once you determine who you'll need to help you, the process of choosing the right professional is basically the same.

1. Ask Family, friends, colleagues, or other trusted community members who they recommend based on positive professional experiences (beware the "brother-in-law" referral).
2. Contact the Chamber of Commerce, state or local professional organizations, or labor unions for referrals.
3. Your realtor or home inspector may be another resource for referrals.
4. Least recommended, search the phone book or internet
5. **Also search for consumer feedback or testimonials that may be posted on the internet.
6. Compile a list of at least three professionals from each area you intend to hire (or just three contractors if you plan to hire a contractor to coordinate the work).
7. Ask if the professional is licensed and insured. Call or check the website for the state licensing authority if you want to make sure they are properly credentialed. <http://drl.wi.gov>
8. Check the circuit court system for past or pending lawsuits filed against the individual or company. <http://wcca.wicourts.gov>
9. If they were not referred by a past client, ask the professional for references and follow up.
10. Finally, schedule a meeting with the professional so you can meet them in person and they can see first-hand what you want accomplished.
11. Ask what they think is a reasonable timeline to complete the work. Is it acceptable to you?
12. Ask for a detailed, itemized, written estimate of costs. Get estimates from at least three professionals and compare them before choosing one.

Angie's List

Angie's List is an online database of service provider reviews. You can search your community and determine if the person you are planning to hire is trustworthy and has done good work elsewhere.

www.angieslist.com

Contract

Once you've chosen the professional(s) you'd like to work with, you will likely be asked to sign a contract. Make sure that the contents of the contract are acceptable to you before signing. Also, ask the contractor to estimate a completion date for the contract so you can hold them accountable if the work is not finished in a reasonable time frame.

Insurance

If you haven't verified it already, verify proof of insurance before hiring any professional to work on your home. The likelihood of injury is high while working physical jobs, and if they are not insured—your insurance will be held liable - meaning your premiums will go up, up, up.

Deposit

Most contractors and professionals will ask for a deposit before beginning work, often times 10-50% of the estimate. This is customary, however you should not have to pay the entire cost before the job is completed. If someone insists you pay the full cost before they begin or finish the work, take a step back. Either verify that this is customary practice for this particular type of job, or else strongly reconsider that professional.

Permits

Be sure to always get the proper permits from the city, township, or county zoning before doing work. Licensed professionals you hire may obtain these on your behalf, but do not assume that they will without checking. The permit process is typically painless, relatively inexpensive, and there to ensure that the work is done properly. The municipality will come out one time while the work is in “rough” condition, like before you’ve closed back up the walls. If something is not safe, the inspector will flag the error and make sure it is fixed before completion. Then they’ll come again to see the finished product. Homeowners are allowed to complete their own plumbing and electrical (special rules apply in condos or owned rental property). The inspector provides a particularly helpful service if you are completing the work yourself and want to get an expert’s opinion before closing up the wall.

Consequences of completing work without a permit may not be immediate, but they can be serious when they arrive. If any future damage occurs, your insurance may not cover the repairs of something which never had permits. Also, you may be forced to show permits some day when you attempt to sell your home. If you cannot produce evidence that the work was completed with the proper permits, it will decrease the value. Should you sell the home without disclosing that fact (which is illegal in the State of Wisconsin), if harm or damage occurs later the new owners may come back to hold you accountable.

Construction Liens

Just like any bill, it is important to pay your contractor and construction bills on time. But unlike most other billing agencies, contractors and other home improvement professionals have the ability to put a “construction lien” on your property if you do not pay. A lien is a legal document filed with your local register of deeds, basically making your debt public record. A lien filed against your property will be held against you if you try to take out a home equity loan, line of credit, or refinance. And before you collect proceeds from the sale of your home some day, the company will have legal rights to that portion of the profits. A “lien waiver” is a document from a contractor, subcontractor, materials man, or other party stating they have received payment and waive any future lien rights to the property. Be sure to ask for a lien waiver once you’ve paid and keep it in a file.

Disputes

Should any dispute arise between you and someone you’ve hired to complete work on your home, be sure to document your actions carefully. Put complaints in writing and save a dated copy in your files. Make notes on what happened and when, carefully logging phone calls and emails. Truly, it’s best to try to work things out with the disputing party before taking complicated next steps. But if the two parties cannot come to an agreement, there is a mediation option through many professional organizations or through the State Department of Regulation and Licensing. If an agreement cannot be reached through discussion or professional mediation, small claims court or individual legal action may be necessary.

***A thorough vetting process before choosing your contractors will greatly reduce the chance for disputes.*

10 Contractor-Scam Warning Signs

Here are a few things to watch for when you first come in contact with contractors.

Adapted from Motley Fool

Warning Sign 1: Scare tactics

"Well, your chimney looks about ready to fall over. If that lands on someone's head -- they're a goner. And you could have one dandy lawsuit."

Warning Sign 2: The hasty quote on a big job

"I figure \$5,800 should do it," says the contractor as he glances at the complicated repair, then quickly scribbles a number on a scrap of paper.

Warning Sign 3: No identification

"Sorry. I forgot my business cards. You can always look us up at our post office box address."

Warning Sign 4: Refusal to provide referrals

"We don't give out customer names. We respect their privacy. You understand, don't you? I'm sure you wouldn't want me to give out your name to strangers."

Warning Sign 5: Pressure tactics

"You'll have to sign up now. The manufacturer says the prices are going up right away."

Warning Sign 6: In the neighborhood

"I've just resurfaced your neighbor's driveway and I've got materials left over to do yours. Looks like it needs work soon. I'll give you a really good deal."

Warning Sign 7: Up-front payment

"That's going to involve a lot of materials. I'll have to ask you to pay me now."

Warning Sign 8: Refusal to provide a written guarantee

"If anything goes wrong, just call me. You have my word."

Warning Sign 9: Under the table deals

"I can give you a good deal for cash."

Warning Sign 10: Referral selling

"There's a big rebate for you if you refer customers to us." Or: "You'll get a special discounted price if we can use your home as a model to show off our work. We'll just put a sign on the front yard."

Finally, here's an eleventh tip, for free: Use your common sense to detect warning signs. Trust your instincts!

Source: <http://www.fool.com/homecenter/smart/smart06.htm>

How much value will it add?

You've completed the work, and now you want to know what your house is worth. Unfortunately, we do not get a dollar-for-dollar return on our home improvement investments—at least not right away. It is important to do home improvements for the right reasons (to use and enjoy them) rather than the misguided ones (to dramatically increase value and/or buy and sell a house for quick profit).

Warning:

Increased property value can also result in higher municipal assessments, leading to higher taxes. You should also check with your insurance company post-renovation to ensure you're still adequately covered.

There are multiple facets of a home improvement's return on investment. The return comes in the added pleasure of living in a space that now better serves our family's needs. It comes from the pride and happiness we feel as owners of the property. And it will, *gradually*, come more and more in home value appreciation as time goes on.

The money spent on improvements does also have some immediate monetary value reflected in the home. The precise level of that value cannot truly be measured by a chart or graph, but rather by the very particular real estate market our home is in. However, at least one group puts together an annual report charting the *average* returns of some of the most common large-scale remodeling projects. That chart of average "Cost Versus Value" is listed below and available online at <http://www.costvsvalue.com>.

2008 Cost Versus Value Report, Mid-Range Projects (in contrast to High-End)

Project	Midwest Region (WI, MI, OH, IN, IL) Cost Recouped	Madison Area Average Cost Recouped	Milwaukee Area Average Cost Recouped
Attic Bedroom	64.3%	69.9%	66.7%
Basement Remodel	59.1%	58.2%	56.5%
Bathroom Addition	55.6%	60.7%	63.1%
Bathroom Remodel	64.3%	65.3%	69.2%
Deck Addition (composite)	64.2%	69.2%	61.5%
Deck Addition (wood)	68.9%	72.7%	71.3%
Family Room Addition	57.9%	65.3%	65.4%
Garage Addition	55.9%	62.8%	55.8%
Home Office Remodel	45.6%	47.5%	45.4%
Major Kitchen Remodel	66.5%	71.2%	70.8%
Master Suite Addition	58.3%	62.1%	64.1%
Minor Kitchen Remodel	69.1%	76.3%	75.2%
Roofing Replacement	54.7%	57.0%	61.2%
Siding Replacement	73.0%	83.9%	80.6%
Sunroom Addition	51.3%	58.4%	56.3%
Two-Story Addition	61.5%	60.9%	68.3%
Window Replacement (vinyl)	67.1%	76.2%	74.1%
Window Replacement (wood)	67.3%	74.9%	70.6%

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Do It Yourself

After calling contractors and getting estimates, you may be asking yourself if it is worth the money to hire someone instead of doing the work yourself. The correct answer to this predicament is unique to every individual, but here are some things to consider.

Should you do it yourself?

Ask yourself the following questions to determine if it will be a good idea for you to take on your home improvements on your own:

1. Have you ever done work like this before?

If so, how long has it been and how confident do you feel?

2. Do you have the necessary tools to complete the job?

If you have just moved into your own house, or simply haven't had to complete large projects before, you may be surprised at all the tools you'll need. Consider borrowing or renting large ticket items you'll only need once. If you do purchase new tools, hardware store bills can eat into the cost savings of doing it yourself. On the other hand, then you can keep the tools for use on future projects.

3. Do you have enough help to complete the job?

Many tasks require more than one person, or someone to help carry or hold up weighty materials.

4. Do you know anyone personally who has done this work before and could be there as a resource if you run into unexpected problems?

5. Do you have the time to complete the job?

Have you researched the amount of time it will take to complete the job? Be sure to add another 50% to your estimate for unexpected snags and delays. Be realistic about what your time is worth, and whether or not the savings are worth it.

6. Do you have the desire to complete the job?

Wanting to save money and truly having the initiative to complete a home improvement project do not always go hand in hand. Unless you are confident you can commit to the work and follow through, it is probably best not to start. You may find yourself bogged down for months or years with a half-finished project.

7. How concerned are you with perfection?

If you are the kind of person who will not settle for less than perfect, you may drive yourself crazy trying to match the work of professionals. A professional is good at what they do because they have years of practice. If you are a novice, do not expect your project to be perfect. But with some dedication and the right attitude, you may find that it's perfect enough for you.

8. Is this the kind of work that should be handled by a professional?

Most Electrical, Plumbing, and HVAC work should really be handled by professionals in order to avoid unsafe conditions and costly repairs down the road. It is never worth risking your safety to try to complete a task on your own. This is also something to consider before you begin climbing on the roof.

Financing Home Improvements

When it comes to financing home improvement projects, there are four possibilities most commonly used: Home Improvement Loan, Home Equity Line of Credit, Cash-Out Refinancing, or Self-Financing.

Cost over-runs

It is almost impossible to calculate costs accurately in advance of beginning a project. Hurdles almost always reveal themselves once you or your contractor has begun a home improvement project. Please keep this in mind when estimating costs and obtaining financing. A good rule of thumb is to assume your costs will run 10% over original estimates, but even this can be tested if you run into major complications. Don't get caught off guard; expect the worse and hope for the best!

Home improvement loan

Also known as a "home equity loan," a home improvement loan happens when a homeowners goes to their lender and takes out a loan to pay for improvements, secured by the equity you've built by paying off your monthly mortgage. If you've only recently purchased your home, it is possible that you will not have the equity required to convince the bank to lend you additional money. However if you do have some equity in your home, or are willing to compensate for less equity by paying a higher interest rate, your lender will likely want to lend you money to keep your investment in good condition.

Most often, a home improvement loan will have rates slightly higher than conventional mortgage rates. However, the interest rate is fixed for the life of the loan, and you may be able to write off the interest paid on your income taxes. Also, you will receive the loan amount in one lump sum, great for paying a contractor or other professionals. Like a mortgage loan, your terms and interest rates will depend greatly on your credit score and how much equity you currently have in your home.

Example Loan Rates

Loan Amount	Interest Rate	Term of Loan	Monthly Payment
5,000	7.0 %	30 year fixed	31.38
5,000	7.5 %	30 year fixed	32.82
5,000	8.0 %	30 year fixed	34.27
5,000	8.5 %	30 year fixed	35.73
10,000	7.0 %	30 year fixed	62.76
10,000	7.5 %	30 year fixed	65.64
10,000	8.0 %	30 year fixed	68.54
10,000	8.5 %	30 year fixed	71.47
40,000	7.0 %	30 year fixed	251.05
40,000	7.5 %	30 year fixed	262.55
40,000	8.0 %	30 year fixed	274.16
40,000	8.5 %	30 year fixed	285.87

***Loan rates and terms are unique for every individual and based on credit history, home equity, and other factors. The rates above may not be available to you due to your determining factors and/or current federal interest rates and policies.*

Home Equity Lines of Credit

Often abbreviated as HELOC's, a home equity line of credit is similar to a credit card, in that you can spend your funds in small or large increments up to your credit limit. For projects with stretched-out timelines, this is a benefit because until you borrow the entire amount, you are not responsible to pay interest on it.

HELOC rates can be lower than home improvement loan rates, and lenders may be more likely to approve HELOC's. HOWEVER, the interest rate is typically a variable rate, meaning it can go up over time. Some lenders may offer lower introductory periods, but then rates become larger and variable after a certain period of time. Also, there may be annual membership fees to keep the line of credit open, or transaction fees associated with each charge.

Cash-out refinance

This option is not for everyone, but it could be right for you. If your current mortgage loan is at a high interest rate and you are thinking of refinancing, you may be able to refinance your mortgage into a lower rate, and take out some cash in equity at that time. If you already have a competitive mortgage interest rate, the cost to refinance is probably not worth it. But for the right family, cash-out refinancing is a nice option that both provides you with an injection of cash for improvements, and may also lower your monthly mortgage payment.

Self-financing

Clearly the least expensive way to finance your home improvements is to save that money on interest and finance the remodeling yourself. If you have not had luck planning and saving in the past, all hope is not lost. A home improvement is a terrifically motivating goal for which to save. Sit down with your family or a financial planner, set your monetary goal and your time frame, and start putting away a little every month until you've saved enough. The deep satisfaction you'll feel from this accomplishment will make the home improvements even sweeter!

Sample Saving Plan

Financial Goal	Monthly Savings Required	Weekly Savings Required	Months Until Goal is Reached
1,000	166.67	38.46	6
1,000	83.33	19.23	12
1,000	41.67	9.62	24
2,000	333.33	76.92	6
2,000	166.67	38.46	12
2,000	83.33	19.23	24
2,000	55.56	12.82	36
5,000	416.67	96.15	12
5,000	208.83	48.08	24
5,000	138.89	32.05	36

Pull cash out of investments?

Perhaps you already have investments or retirement accounts which you could draw on to finance home improvements. While cashing out investments might be the best solution, seldom is pulling cash out of your retirement account. The tax-free benefits of a retirement account are lost as soon as you pull money from it, as may be the employer-match benefit. Putting the money back later is very difficult because you will also lose the interest that could have accumulated while you had the money out. For retirement accounts, this can be an amount many times the borrowed dollar amount.

Family loan

If you are in the enviable position of having a willing family member to make you a loan, please do one thing. Thoroughly document the loan terms and agreements, getting all parties' signatures, as well as a witness. This is important to avoid future misunderstandings if one party remembers things differently. Also, should tragedy strike a party, the document should clearly lay out the agreed upon courses of action (e.g. that the estate take over the loan, and it is NOT immediately due in full).

Alternative options

In addition to the bank loans mentioned above, you may qualify for special financing if your income is below a certain level or if you live in a particular area (for example, a rural home). If you have reason to believe you may qualify for special financing, be sure to explore some alternative options when shopping for home improvement financing. Some helpful suggestions include:

Wisconsin Housing and Economic Development Authority (WHEDA)

WHEDA is an independent state authority that works with lenders to provide low-cost financing for housing and small business development in Wisconsin. One example of such a program is the WHEDA Home Improvement Advantage loan, offering up to \$10,000 at a fixed rate for home improvements or repairs. For more information on WHEDA's housing programs, call 1-800-334-6873 or visit WHEDA's web site www.wheda.com.

USDA Rural Development Loans

The USDA grants money to local agencies (Housing Preservation Grants) to use in helping low and very-low income families to rehabilitate their homes. To contact the Wisconsin offices of the USDA to see what they are currently offering for assistance, call 715-345-7620 or go to their website: <http://www.rurdev.usda.gov/wi>.

Community Development Block Grants

Like the USDA does on the federal level, the state of Wisconsin also provides grants to local municipalities which is pegged specifically for home and neighborhood improvement uses. The grants given to communities are called Community Development Block Grants or "CDBG"s. To see if your community or your local agencies have some of these funds available, call (608) 261-6535, or see this terrific guide for opportunities available: <http://commerce.wi.gov/CD/docs/BOH-Fact-Sheets/cd-boh-housing.pdf>.

Your Municipality or County

Check with your city, village, town, or county to see if they offer local incentives.

Paying Off Your Mortgage

Whether it is a home equity loan, or a first or second mortgage, every homeowner dreams of the day they make that final payment and free up a substantial portion of their income. Options of doing so include paying off the loan over its designated term (e.g. 30 years), paying off the loan in a lump sum, or paying off the loan ahead of schedule by submitting accelerated payments over time. While many homeowners use the first strategy, this section focuses on pros and cons of the latter two.

Overall, Americans are lucky in that we have the ability to spread out our home debt into affordable monthly bite-sized portions, unlike other parts of the developing world. This opportunity to spread out payments across years allows us to purchase a home at a younger age, and do so without being forced to save an amount equal to the entire cost of the home. Of course the negative is that we are only able to do so by paying a lender interest for the service, rather than enjoying that portion of the monthly payments ourselves.

Accelerated payments

There are a number of ways to accelerate your mortgage payments, and this is very shrewd as long as your loan does not have a pre-payment penalty. A pre-payment penalty allows the lender to not apply the entire amount of additional payments to pay down your principal, but instead lets them keep a portion. Most loans today do not have a pre-payment penalty, so by using any number of strategies, you can avoid future interest and pay off your loan faster by increasing your scheduled monthly mortgage payments.

Some choose to make payments out of their paychecks bi-weekly instead of monthly, increasing (sometimes doubling) the monthly contributions. Others just add a bit extra each month, or when they have spare income certain times of year.

Lump sum pay-Off

If you come into a large sum of money through an inheritance or other means, you may consider paying off your mortgage. Of course, you may also be weighing other uses of the money like investment in the stock market, a CD, or another venture. Are there uses of the money that produce higher benefits than paying off your mortgage?

Supplemental Materials

The supplemental materials included in this chapter are outlined below. Feel free to photocopy or print these materials and use them as needed.

HANDOUT: ADDITIONAL RESOURCES

Phone numbers and web links for resources related to this topic.

Additional Resources

handout

Home Inspection

- ❖ *The Wisconsin Association of Home Inspectors:* (877) 399-WAHI, http://www.wahigroup.com/wahi_members.php
- ❖ *The National Association of Home Inspectors:* (800) 448-3942, <http://www.nahi.org/wi-wisconsin-home-inspector.asp>
- ❖ *The Department of Regulation and Licensing:* (877) 617-1565, <http://drl.wi.gov/index.htm>

Homeowner's Insurance

- ❖ *The Wisconsin Consumer's Guide to Homeowners Insurance:* Call the Office of the Commissioner of Insurance at (608) 266-0103 for a mailed copy or download for free at http://oci.wi.gov/pub_list/pi-015.pdf

Background checks

- ❖ *Department of Regulation and Licensing:* <http://www.drl.wi.gov>
- ❖ *Wisconsin Circuit Courts System:* <http://wcca.wicourts.gov>

Energy Efficiency

- ❖ *Focus on Energy:* 800.762.7077, <http://www.focusonenergy.com>
- ❖ *Wisconsin Division of Energy Services:* 1-866-HEATWIS (432-8947); <http://www.homeenergyplus.wi.gov>
- ❖ *Energy Star, US Department of Energy:* <http://www.energystar.gov/index.cfm?c=home.index>

Alternative Financing Options

- ❖ *Wisconsin Housing and Economic Development Authority (WHEDA):* 1-800-334-6873, <http://www.wheda.com>.
- ❖ *USDA Rural Development Loans:* 715-345-7620; <http://www.rurdev.usda.gov/wi>.
- ❖ *Community Development Block Grants:* (608) 261-6535; <http://commerce.wi.gov/CD/docs/BOH-Fact-Sheets/cd-boh-housing.pdf>.