

Ready to Trade-In Your Home? Perhaps You Should Remodel Instead!

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Sacramento, CA – Each year, millions of Americans move into the home of their dreams. As time goes by, families expand, kids grow older, and suddenly that home isn't quite so perfect anymore. Or perhaps you still love your home, but you really want a gourmet kitchen and a larger master bedroom. Should you start looking for a new house? Or would it be better to stay where you are and remodel instead?

Both options involve a significant investment of time and money, so it's important to take your time and make an informed decision. You'll also want to be sure to consider both the financial *and* the emotional sides of the equation. Let's begin by examining the financial factors involved.

Moving: A good local real estate agent should be able to assist you with estimates on these numbers.

- How much will it cost to purchase a home that will meet your needs?
- How much could you sell your existing home for? Don't forget to subtract the agent's commission from this total.
- What will it cost to move? According to real estate consultant and best-selling author of *Remodel or Move*, Dan Fritschen, a typical move costs 10% of the value of your home.
- How much will your property taxes increase as a result of the move?

Remodeling:

- What projects do you want to have done and how much will they cost? An architect or general contractor will be able to assist you with these figures.
- How much will the improvements add to the value of your home, also known as the "payback"? A local real estate agent can assist with this as well.

If the decision about whether to renovate or move were purely a financial one, then it would be quite easy to look at the numbers and come to the right conclusion. However, there are also emotional factors that come into play, and they have a value as well. Let's consider some examples.

Reasons you may want to move:

- If you relocate to a new neighborhood, your children could attend superior schools.
- You would like to reduce your commute or have better access to local amenities, such as restaurants and shopping.
- You're not particularly fond of your current neighborhood.
- Your yard is too small, and you cannot expand it.

Reasons you may want to stay and remodel:

- You're happy with your location. It's convenient, you love your neighbors, and the schools are either excellent or are not a factor.
- You love the layout of your home.
- All you need is a little more space, and your home will be perfect.

Of course only you know what is truly important for your happiness, so try to use these questions as a starting point. Create a list of the pros and cons of each scenario and leave it someplace accessible, so that you and your spouse can add to it as you think of additional factors. You may also want to consider attending open houses and visiting new housing developments to see what is available and how your home compares.

Once you've completed your list and your financial assessment, it's time to draw some conclusions. Are the numbers and the emotional factors pointing you in a clear direction? If you're still feeling unsure and would like some additional assistance, you may want to read Dan Fritschen's book, *Remodel or Move*, or visit his website at www remodelormove.com. Both contain a calculator that will assist you with the difficult task of quantifying the ramifications of your decision. In addition, you can learn tips to assist you with the next step, after you've determined what it will be.

If you choose to remodel, then you'll need to have a clear idea of what you want to accomplish before finalizing any details with the contractor or architect. One of the most expensive things you can do is change the project midstream.

If you decide to move, then there are low-cost improvements you can make to your existing home that will help it to sell more quickly. The kitchen and the bathrooms provide the biggest return on investment in this area.

Whether you decide to remodel or buy a new home, it's important to ensure that you have proper financing in place prior to moving forward. If you decide to purchase a home, a mortgage originator will help you to determine how much you can afford, as well as which loan package works best with your overall financial plan. In the case of remodeling, you should meet with a mortgage professional before any construction takes place. Otherwise you may severely limit the type of financing options available to you.

Additional Resources:

Remodel or Move?: Make the Right Decision, by Dan Fritschen

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