



ASSETS  
for ALL  
ALLIANCE

## ATTAINING YOUR ASSET: HOME IMPROVEMENT

Owning a home has long been an American dream. For most buyers, the purchase of that home represents their most significant lifetime investment. Most people know the initial cost of a house, but many are not aware of the continuing cost of maintaining and repairing it. As costs of materials and labor increase, more home owners are assuming the role of "handyman."

The chief reason for repairs is to maintain and improve the condition of the building to prevent its deterioration and loss in value.

Examine your house each year. Its parts and materials wear out with use and time. Houses grow old. Check the condition of materials under the surface. Hidden damage or decay could become a serious problem. Do not haphazardly repair and maintain your house. Make a plan. After you have examined your house, decide whether you will make repairs yourself or call a professional.

### Assuming the role of "handyman"

To decide whether you should make the repair or hire an expert, answer these questions:

- What type of repair must be made?
- What is the extent of the repair?
- What are your actual or potential skills?
- How much time will it take?
- How important is the repair compared to your time?
- What will it cost?
- Are reputable repairmen available and how are their prices?
- Are standard types of materials required and are they readily available to you?
- Will the repair require more materials than labor, or more labor than materials?
- How much will you save if you do the work yourself?

The cost may not compare to the difficulty of the job, but price will help you set the upper limits beyond which you may not wish to risk your money and time.

Consider time. Don't begin a repair unless you have time to do it right. Base your planning on your own abilities, not those of your neighbors. Is there someone you can pay for advice if you get "stumped"?

Once you begin a repair and invest time and money, don't expect that a repairman will come in and finish the job for substantially less than what he would have originally charged.

Avoid the cost of repeating the same repair because you used faulty materials or procedures.

### Choosing a professional repairman

Did you decide to hire help?

Before you contact a repairman, figure out the kind and quality of the repair needed. This can improve communication between you and him and reduce misunderstandings. It can fortify you against tactics in which a lower price is offered in the beginning to "sell" you and then you're persuaded into switching to a more costly product.

Contracting for work, having it done and getting satisfactory results can be a trying experience even with a reputable repairman. For your benefit and his, put your agreement in writing. Do not rely upon "reputation of honesty," "word of honor," or "verbal understanding." To reach a clear and binding agreement, you should know and write down in detail what you expect for the amount of money you are to pay. This means writing a specification. (Or have the repairman prepare it.)

The specification should be brief and to the point. Don't overspend, but plan to use quality materials since labor will often be your main cost. The specification will vary slightly depending upon the nature of the repair. It should include:

- The exact location and extent of the repair.
- Indication of any repairs that are to be made beforehand, if the job involves new work (for example, putting new siding on the house).
- Type and quality of materials to be used.
- Color and sizes of materials.
- Number of coats to be applied, if painting.
- Agreement that the work shall conform to local and state codes.

An agreement between the contractor and owner should be executed. The agreement describes:

- All material, labor and equipment necessary for the job.
- When the job is to be completed.
- Who cleans up the mess that results from the job.
- The amount in which the repairman or contractor shall assume responsibility for damage to your property or that of your neighbors.
- That any changes in the contract shall be made in writing and agreed to by both parties.
- That the agreement frees you from all liens that may be placed against the job for failure of the contractor repairman to pay for materials, labor, equipment, etc.
- The schedule of how and when payments are to be made.

Try to select a repairman or contractor whose work you know. Examine some of his previous work and ask the owners if they are satisfied. If you need help, consult with an architect, businessman, or the Better Business Bureau in your area. **Seek at least three bids before you choose a contractor.**

The contract should show the cash price. If you are not paying cash, it should show the cash down payment, the unpaid balance, the amount financed and the total number of payments. This will show you the amount of money you are paying for financing, above the cost of the work.

You may wish to check on the work in progress. However, stay out of the way. Interference can cause delays, affect the quality of the work or cause disagreements and added costs.

Inspect the finished project with the repairman. If there are questions, refer to the contract. Sign off on the contract and make final payment after all the work has been completed correctly.

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## Using Your IDA

Home improvement, based on IDA standards, should increase the value of your home. Specifically, home improvements are defined as those things that “add to the value of your home, prolong its useful life, or adapt it to new uses.” Examples of home improvement include:

<u>Interior Improvements</u>	<u>Miscellaneous</u>	<u>Plumbing</u>
Wall-to-Wall Carpeting	Storm Windows, Doors	Septic System
Kitchen Modernization	New Roof	Water
Flooring	Wiring Upgrades	Filtration System
<u>Lawn &amp; Grounds</u>	<u>Heating and Air Conditioning</u>	<u>Additions</u>
Landscaping	Heating System	Bedroom
Driveway	Central Air Conditioning	Bathroom
Walkway	Furnace	Deck
Fence	<u>Insulation</u>	Garage
Retaining Wall	Walls, Floor	Porch
Sprinkler System	Pipes, Duct Work	Patio
Swimming Pool	Attic	

Note: you must own and use as a primary residence the home you wish to improve.

### Steps You Must Take to Use Your IDA for home improvement:

#### 1. Complete the program requirements for the Assets for All Alliance.

These include attending a Goal Specific Training and the 4 Investor Clubs each year. You also must be saving regularly and be in good standing with the program.

#### 2. Get verification of the item you wish to purchase with match money.

The match money can only be used for those types of things mentioned above, but once you have identified a qualified purchase, you must get written verification. This could be an estimate from a contractor or a bill for materials. It must state what is being purchased, the cost of the item, and who you are purchasing the item from.

#### 3. Fill out and submit the matched withdrawal forms to the Assets for All Alliance.

There are two forms to fill out, the Matched Withdrawal Request form and the Matched Withdrawal Release form. You can get these from your Investor Manual or from your community partner. Fill out these forms, which tell us what you want to purchase, to whom the check will be written, and how you would like to receive the check. Submit these forms as well as the written verification of your purchase to your community partner. We will contact you if we need any further information.

#### 4. Receive your check and make your payment or purchase your item.

Once the withdrawal has been approved, Citibank will process your withdrawal. You can either pick up the check in person at the Sunnyvale Citibank, have it mailed to you, or have it mailed directly to the vendor (i.e. contractor or store).

**Remember:**

- **Funds can be withdrawn in installments after being in the program for more than 6 months.** For example, after being in the program for 9 months, you could use the money you had saved to pay for repairs to your roof (\$700 of your savings + \$1400 in match money = \$2100). You could then continue to save towards future repairs.
- A maximum of \$4,000 will be provided in matching funds.
- You can save more than \$2,000 in your IDA account (the two-signature account, which is jointly held by you and Lenders for Community Development). However savings beyond \$2000 will not be matched.

**RESOURCES ON THE WEB**

[www.hometime.com](http://www.hometime.com)

[www.improvenet.com](http://www.improvenet.com)

[www.allabouthome.com](http://www.allabouthome.com)

[www.repair-hom.com](http://www.repair-hom.com)