

HomeWorks: Maintaining Your Housing Investment

Atiya Mahmood
Extension State Specialist, Environmental Design

Congratulations! You are now a new homeowner. This is an exciting time for you and your family. However, with the closing of your home, you have increased both your responsibilities and obligations.

Home ownership involves more than just the purchase of a home; it is a commitment that involves finances, family, community, and economic growth.

Commitment to finances. The purchase of a home is a commitment to personal financial security. Not only is it a commitment of your money now and for as long as you own your home, but it is also an investment, an asset that can grow in value.

Commitment to family. Home ownership allows people greater control and responsibility over their living environment. Perhaps for the first time in your life you can make decisions about the colors of the walls and carpet, kind of window treatments, or even if you want to knock out a wall and enlarge a room. Home ownership allows you to express your values and tastes.

Commitment to community. Home ownership helps to stabilize neighborhoods and strengthen communities. When you own a home you have an incentive for maintaining and improving



your property as well as the surrounding areas, such as your neighborhood or section of the city.

Commitment to economic growth. The purchase of a home helps to create jobs and encourage economic growth in the area. Designing, building, selling, and remodeling homes creates local jobs and requires the use of products and services in the community.

Financial concerns

Your home is one of the largest, if not the largest, investments you will make in your lifetime. It is extremely important that you understand the financial obligation you have made with the purchase of a home and that you continue to be able to meet that financial commitment.

As an owner, it is your responsibility to:

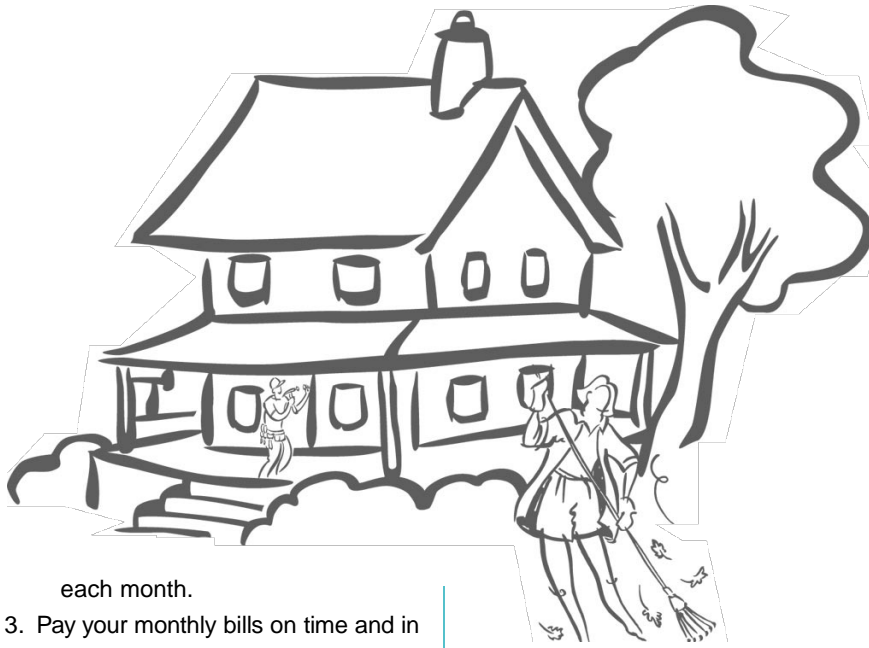
1. Understand the terms of your mort-

gage loan.

- When your payment is due;
- Where to send the payments;
- Penalties that apply to late payments; and
- Transferring the service of your loan to another company.

2. Make your monthly mortgage payment in full and on time.

- Develop a budget and stick to a budget, control your amount of debt.
- Notify your lender immediately about any problems that you have that may affect your ability to make your monthly payment.
- Work with your lender to resolve any problems.
- Seek help from a housing counseling agency or consumer credit counseling agency if you have a financial problems.
- Keep written copies of any agreements you work out with your lender.
- If you can't meet your payments, be prepared to sell the property or transfer the deed, instead of forcing your lender to foreclose.
- If you are not required to make payments into an escrow account, open a savings account and deposit $\frac{1}{2}$ of your annual tax and insurance costs into this account



each month.

3. Pay your monthly bills on time and in full. Pay your utilities: water, electricity, gas, telephone, sewer, garbage collection. Pay homeowners' association dues, if you have them.
4. Obtain adequate homeowner insurance coverage.
 - Find out if there are any lender or federal insurance requirements.
 - Pay your insurance premiums on time and maintain an adequate level of coverage.
 - Insure your home and its contents against theft, fire, and other perils.
 - Determine if you need and can afford additional insurance, such as earthquake and flood insurance.
 - Obtain replacement cost coverage; it provides for full replacement cost of any lost items.
 - Review your policy yearly, and increase coverage if necessary.
 - Complete and maintain a household inventory of items that you own, preferably including a video, and store your inventory in a heat- and fire-resistant place.

Home furnishings

Furnishing your home can be an exciting and expensive challenge. It is important that you plan your purchases

carefully in order to avoid costly mistakes.

To help, consider the following:

Make a plan before buying furniture.

Determine what you need, and how much you can afford to pay. You may not be able to purchase everything you want now, but if you have a plan in place, you will make good buying decisions. Buy one or two pieces as you can afford them. Remember too, you do not have to buy "sets" of furniture pieces that match. Rooms look more interesting and have more character when individual pieces are added over time.

Visit garage sales, thrift shops, auctions, Goodwill, Salvation Army stores, flea markets and used-furniture stores. You should also look in the used-furniture ads in the classified section of the newspaper. You may find just the right accessory or furniture piece at a fraction of the cost for new furniture.

Use your imagination when looking at furniture in a thrift shop or garage sale. With some refinishing, paint, or new hardware, many older items can look better than new ones.

Purchase unfinished furniture and paint or stain it yourself. Unfinished furniture is usually less expensive than finished furniture.

When purchasing new furniture, invest your money wisely. Read labels carefully and don't be afraid to ask questions about construction, wear, fabric, etc. Invest the most money in those items that receive the hardest wear and that you expect to last longer, such as sofas, upholstered chairs, mattresses and chests. Spend less on accessory furniture that may go out of style and is less expensive to replace, such as lamps, and coffee and end tables.

If you buy on time, read the contract carefully and understand it thoroughly before you sign. Use as little credit as possible and stay within your budget. Determine the monthly payments and determine how much the piece will have cost you by the time you have paid for it. Make certain that it will be worth that cost.

Avoid rent-to-own purchases for anything except short-term use. Rent-to-own costs much more than other types of purchases and you can lose everything you've paid if you fall behind in your payments.

Maintenance and repair

Since your home is your largest and most valuable asset, it makes sense to keep it in good condition. Home maintenance consists of regular activities necessary for the care of the home and the property it sits on.

Check your home and property at least once every 6 months for needed repairs. As a home owner, you should keep detailed records of all repairs and home improvements performed on your home throughout the entire time you live in the home. Repair records should be kept to verify that repairs have been made, the date they were made, and the cost of the repair. This information can be helpful when trying to sell the home.

Better Business Bureaus in Missouri

Better Business Bureau
serving Greater Kansas City
(816) 421-7800

Better Business Bureau
serving East Missouri
(314) 645-3300

Better Business Bureau
serving Southwest Missouri
(417) 862-4222

Home repairs can be expensive, so it is important to plan ahead for these costs. Housing experts recommend setting aside 1 to 3 percent of the market value of your home each year to pay for eventual maintenance and repair costs. While you may not need to use this money every year, the accumulated funds can help pay for large expenses, such as a new roof or a new heating/air conditioning unit.

If you decide to hire a home repair contractor or handyman to make needed repairs or to perform necessary maintenance, be careful in your selections. The following guidelines should help you to choose a reputable contractor.

1. Ask friends to recommend repair contractors.
2. Get at least three written estimates for the project. Most contractors give free estimates.
3. Ask for and check references.
4. If licensing is required in your area, ask to see the contractor's license. Also ask for proof of insurance and bonding.
5. Do not pay the contractor in full before the work is done. Some contractors will ask for a small down payment, which is permissible.
6. Get a signed written agreement

before work begins or money is exchanged. The agreement should specify both work and payment schedules. It should also detail the type of work to be completed.

7. Do not make final payments on the project until the work has been performed to your satisfaction.
8. Check with your local Better Business Bureau or the Missouri Attorney General's Office (573) 751-3321 if you have questions or complaints about a contractor.

Being a good neighbor

What does it take to be a good neighbor? Consider the following:

1. **Privacy.** Our home is our castle. It is a place where we can be ourselves, entertain friends and be free of the intrusions of the outside world.

Would it bother us if our neighbors had loud parties late at night? What if they had a dog that barked when we want to sleep? A good neighbor respects the privacy of others and does not intrude on their enjoyment of their home.

2. **Safety.** In some neighborhoods people do not feel safe. It's awful feeling that

someone might break into your home when you are away, or worse still, while you are at home. Even if your neighborhood is safe from crime, you should consider hazards. Would you want neighbors who let their children leave toys and bicycles on the sidewalk or road for someone to trip or run over? A good neighborhood is always aware of the happenings in the neighborhood and helps maintain the safety of others.

3. **Protecting the housing investment.** The home you own is an investment. Usually, it is the largest investment you will ever make. That investment can grow as property values in the neighborhood increase. Property values in the neighborhood can increase if the neighborhood is kept attractive. Unfortunately, property values can and will decline if everyone doesn't keep their property and neighborhood safe, attractive and in good repair. A good neighbor maintains his or her home and property so that the property retains and increases its value and so it does not detract from the value of others' property.



Some ideas on how to be a good neighbor

We all want to be good neighbors. Here are some things you can do to reach that goal:

- ✓ Keep your home painted and in good repair.
- ✓ Make sure your grass and shrubs are trimmed and neat.
- ✓ Do not leave junk lying around outside your home.
- ✓ Do not leave your trash containers out after pick-up. Try to arrange for someone to move them if you can't.
- ✓ Do not let your parties be loud enough and late enough to interrupt neighbors' activities and sleep.
- ✓ Manage your pets so they do not annoy your neighbors. Do not let your animals run free, and do not allow your animals to "do their business" in a neighbor's yard.
- ✓ Work with your neighbors to keep the neighborhood safe. Get to know your neighbors. You may want to plan a block party or picnic.
- ✓ You may also ask the local police or sheriff's department to talk to you and your neighbors about starting a neighborhood watch program.
- ✓ When we know and trust our neighbors, we can ask them to bring in our mail when we are away and then return the favor for them.

For information about the maintenance of a home, contact your local University Outreach and Extension center for other useful publications:

GH 5084, *Home Repair Inspection and Specifications*

GH 5983, *Energy Management Checklist for the Home*

References

Hammer, M. 1997. *Do-It-Yourself Furnishing Your First Home*. In My Home Book. University of Florida, Cooperative Extension Service.

Pynoos, J. and E. Cohen. 1990. *Home Safety Guide for Older People: Check It Out, Fix It Up*. Washington, DC: Self Press, Inc.

U.S. Department of Commerce 1994. *House Beautiful Patterns of Home Maintenance*. Statistical Brief, SB/94-7.

U.S. Department of Housing and Urban Development. May, 1995. *The National Homeownership Strategy: Partners in the American Dream*.

Varcoe, K.P., C. Costello and N.H. Emper. 1996. *Home Ownership Protecting What's Yours*. University of California, Cooperative Extension Service.

Kirby, S. 1997. *After the Purchase: A Home for Your Family*. North Carolina Cooperative Extension Service, NC State University, Raleigh, NC.

This publication was adapted, with permission, from *After the Purchase: A Home for Your Family*, by Sarah Kirby, Extension Housing Specialist, North Carolina State University, North Carolina Cooperative Extension Service.



OUTREACH & EXTENSION
UNIVERSITY OF MISSOURI
COLUMBIA

■ Issued in furtherance of Cooperative Extension Work Acts of May 8 and June 30, 1914, in cooperation with the United States Department of Agriculture. Ronald J. Turner, Director, Cooperative Extension, University of Missouri and Lincoln University, Columbia, MO 65211.
■ University Outreach and Extension does not discriminate on the basis of race, color, national origin, sex, religion, age, disability or status as a Vietnam era veteran in employment or programs. ■ If you have special needs as addressed by the Americans with Disabilities Act and need this publication in an alternative format, write ADA Officer, Extension and Agricultural Information, 1-98 Agriculture Building, Columbia, MO 65211, or call (573) 882-7216. Reasonable efforts will be made to accommodate your special needs.