



## **The REAL CO\$T of a Home - After the mortgage is paid...watch out!**

*By Steve Smith - Southern California Home and Outdoor Magazine*

*Courtesy of Southern California Home and Outdoor Magazine ([www.homeandoutdoor.com](http://www.homeandoutdoor.com))*

The celebration you had when you bought your new home is just a memory. You have now settled into it, assumed a new lifestyle and routine, and realize what no one told you when you signed on the dotted line: Maintaining a home costs a lot of money. Like the painters at the Golden Gate Bridge, once you've covered the entire span, you pick up your stuff and begin all over again.

Proper home maintenance is not an option, not if you want a roof that doesn't leak over your head. A lender's agreement usually requires the owner to maintain the property to protect the lender's financial interest, but it's more than that. It's more than just cutting the lawn once a week or two. And in this particularly difficult time, when home prices have been going up annually in double-digits, from San Diego County, to Orange County, to the Inland Empire, having the wherewithal to maintain what you've leveraged to the hilt is no easy challenge. The Los Angeles Times reported last month that more and more homebuyers are squeezing into a home with interest-only mortgages for the first couple of years, clearly a sign they can barely afford the mortgage, let alone anything extra.

### **Do ALL the math**

Prior to assuming a mortgage, it is the rare homeowner who will actually take the time to properly calculate the real costs of keeping a home safe, attractive and free from major damage. But these costs are not something that are overlooked by the institution that is lending you the money. It is such an ongoing and important expense that banks and other lenders will factor in your ability to afford maintenance costs when they determine the credit worthiness for your home, although these requirements have eased as home prices have skyrocketed.

If nothing else, YOU should do the math: The budgeting rule of thumb is that a homeowner should plan to set aside 2% of the home's market value for maintenance. So, a home with a market value of \$500,000 is expected to require approximately \$10,000 in maintenance each year. Add in the property tax for an appraised home of that amount (typically 1-1.25%), and that's another \$6,000 or so a year. Add maintenance and property tax together, and a homeowner needs to set aside about \$1,300 a month. Most owners in Southern California's new-home communities must add in Mello-Roos and/or homeowner association fees – two non-tax-deductible payments that can feel like fast-sinking financial anchors.

### **Time is money**

The benefits of regular home maintenance protect your growing financial investment. It is so much easier to prevent the development of unsafe, unhealthy conditions and structural damage than to pay, for example, the medical bills due to unchecked mold growth, or repair bills or both.

Most homeowners do not factor in maintenance costs because most involved are not paid out in big chunks, but in small increments – a few dollars here, a few dollars there. (It's replacing a couple of toilets one year, but it's all-new pipes the next.)

These small payments take the form of the sprinkler head you had to replace when a lawnmower broke it, the fertilizer you spread on your lawn, or even the light bulb you replaced on the light outside your front door. These costs add up.

### **The outside really counts**

A periodic inspection of key points around your home can help avoid costly repairs later on. As a general rule, the exterior of your home is where most of the maintenance dollars are spent each year. The most important part of home maintenance is protecting the exterior from the elements. In Southern California, where much of our living is done in near-desert conditions, we are subject to waves of intense heat, high winds and heavy rains. And although the rain is not as plentiful here as in many other parts of the country, that can be dangerous, too, for it allows many homeowners to be less vigilant about the damage that can be done when the wet weather does finally arrive. Homes without rain gutters certainly needed them this past winter.

With record rainfall in mind, perhaps the most important maintenance project any home will undertake is installing a new roof.

And wherever there is water, there is cost. While a pool or spa will provide much enjoyment over the years, each is also a source of high-maintenance costs. Ask the homeowner whose pool pump just failed.

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### Roof over your head

Many people know of a homeowner whose idea of fixing a leaky roof is placing buckets in the attic. At some point, though, you've got to make a move.

Dave Miller, owner of Orange Coast Roofing in Costa Mesa, has seen just about every type of roof and roof condition during his 20 years in the business. He understands the need for home-maintenance budgeting. "For a roof of about 2,800 square feet, a new red-tile roof could cost about \$14,000," says Miller. "Other styles of roofing will cost less, down to about \$8,000 for a hot-tar roof of the same size."

Miller says the bad news over the high cost of a new roof is blunted somewhat by its lifespan. "The average asphalt (square, flat tiles) roof should last about 30 years. A red-tile roof could even last a lot longer – up to 100 years. The good thing about a shingle roof is that it is virtually maintenance-free throughout the life of the shingles."

Roof maintenance is another issue. Miller claims that a periodic roof inspection can prevent costly damage to the home. "Getting up on the roof and looking around can reveal missing, broken or burned-through tiles that should be replaced. Look for areas of exposed felt. Plus, up on the roof, you can sometimes see evidence of termite damage or dry rot, which should be corrected at once."

This year, heavy Southern California rainfall exposed the marginal roofs that had to be replaced, and Miller's business is good.

"By the end of March, we had done about 70% of the business we did all of last year," reports Miller.

### Green, green grass of home

The roof over the average home is not considered to be the place where the curb-appeal meter registers. That is most often left to a home's landscaping, another area of high maintenance. And with water prices increasing like gasoline at the pump, what you need to water, and how much, adds to the monthly bill.

Landscaping requires both a large, up-front investment and a maintenance budget. That's because unlike a roof, pool or spa, landscaping is a living element that will grow or die depending upon the level of care it receives. And since replacing a dead plant costs more than maintaining a healthy one, landscape maintenance requires time, as well as money.

For those who want to spend their time in ways other than mowing their lawn, expect to pay about \$40-\$90 a month for someone to perform the basic "mow, blow and go" operation required to keep the grass at an acceptable level twice a month.

Some homeowners will pay more and get more. The maintenance of flowerbeds, trees and shrubs is particularly important if the homeowner does not have much gardening experience. For full-service gardening on a landscape of 3,000 square feet, this cost can run up to \$120 per month, depending on the complexity of the foliage.

### Other jobs

Other large expenses include interior and exterior painting, repairs or replacement of heating and air-conditioning units, termite inspection and repair work every two years, and appliances and floor coverings.

In between the major maintenance requirements are all of the smaller jobs that must be performed and which take bites out of a budget: Painting, caulking, cleaning and replacing smaller parts, small plumbing jobs, electrical work and carpet cleaning.

### Maintain your own schedule

The proper maintenance of a home should be scheduled. These regular duties include:

- Clean and inspect the roof and rain gutters. Keep gutters and downspouts clear of leaves. Inevitably, a hard rain is gonna fall.
- Clean or paint outside wall surfaces. Touch-up work can be crucial to protecting exposed wood.
- Clean interior walls of oily fingerprints and scuff marks.
- Vacuum the carpet, and clean and polish hard floors.
- Keep sinks and shower drains running freely.
- Replace broken glass in windows or doors.
- Repair (usually by simple patching) a cracked or heaved sidewalk or driveway.
- Inspect and replace worn-out faucet parts.
- Once a year, climb under the house and look for leaks or other suspicious wet spots.



Maintenance and repairs to your home should be done as soon as the need arises. This proactive method helps prevent costly major damage and keeps the home looking its best.

### In the swim or in the red?

Lewis Hines is president of Aquatrends, a commercial pool service based in Orange County. "Maintenance costs (for pools) are spent in four areas: power, service, supplies and repairs. For power costs, you can estimate that the cost of running a 2-horsepower pump eight hours a day, every day, will be around \$800 a year, less if there is not a problem with leaves and debris blowing in the pool."

And what of the cost of the ubiquitous pool man? "Service should be performed once a week," says Hines. "That is about \$75 or \$85 a month and includes the routine chemicals, such as chlorine, that are needed to maintain clean water."

The final costs of maintaining a pool are the periodic repairs. "A shaft seal leak is common," says Hines, "and that may run about \$120. Heater maintenance should be performed once a year and may cost around \$112, plus parts, and a filter maintenance is a good idea once every two years. That may run about \$60 to \$80, plus parts."

A repair both time-consuming and hard-to-stomach is an acid wash of the pool surface. "That may be necessary every three to five years and will cost around \$600 to \$800 to do," says Hines.

### Pay yourself

One of the best ways to keep maintenance costs down is to learn how to make the repairs yourself. There are several ways to learn:

- Attend "do-it-yourself" classes on weekends at many of your area's larger home centers. Over a period of a few months, these classes cover all of the major repair jobs and most of the minor ones. Plus, they are usually taught by someone experienced at the job.
- Watch a video or read a book. The new information that is available on maintenance and repairs is far more sophisticated than in prior years. Today, in addition to reading a book and looking at pictures, you can often find a video version that will walk you through a repair step-by-step, helping you avoid costly mistakes.
- Help your neighbors. The best way to learn how to do anything is to do it yourself. So when you discover that someone on your block is about to install a new water heater, re-landscape or paint, be neighborly and offer to help. You'll get the experience you need, your neighbor will get free labor and you'll feel like a hero.

The homeowner who does his or her own maintenance and repairs can save thousands of dollars each year.

### Hire help

If for any reason, you are unable or unwilling to perform maintenance or repairs, you will have to find qualified help. One source is to ask a friend or neighbor who they used for a similar job. Generally, leave most of the major plumbing and ALL of the electrical work to a professional.

- In addition to the costs, ask the following questions of the referrer:
- Was the work performed on schedule?
- Was the quality of the work what you expected?
- Did worker(s) arrive and leave on time?
- Did they clean up properly each day?
- Were they disruptive beyond what is considered normal?
- Always ask for written estimates, and do not pay in advance for maintenance or repair services.

Having and following a plan for home maintenance and repair will make each job, and your life, a lot easier. Most important . . . budget for the work in advance of the job, have plenty of home insurance, and hope that the faucet works and the lights go on.

### Maintenance checklist

Here are some areas that require the most attention each year:

#### Inside:

- ❖ Baseboard (mold, rodent holes)
- ❖ Floors
- ❖ Stairs
- ❖ Plumbing (under-sink leaks)
- ❖ Heating/cooling system (filters)
- ❖ Hot-water heater (connections)
- ❖ Electrical (exposed wires)
- ❖ Kitchen
- ❖ Bathroom(s)
- ❖ Windows (seals, broken glass)
- ❖ Doors
- ❖ Walls/ceilings (water damage)

#### Outside:

- ❖ Foundation (cracks)
- ❖ Stone or brickwork (broken, missing pieces)
- ❖ Siding
- ❖ Paint (cracked, peeling)
- ❖ Porch(es) (unstable railings)
- ❖ Windows/screens
- ❖ Roof
- ❖ Chimney
- ❖ Gutters/downspouts (clean out)
- ❖ Garage
- ❖ Drainage