

Episode 6

Nadeska Alexis: [00:00:00] Hey, I'm Nadeska Alexis, and you're listening to Beginner to Buyer. Beginner to Buyer is powered by Chase Home Lending. Get more great tools and helpful information to help you buy your first home by visiting BeginnertoBuyer.com. On the previous episode, our expert guest was real estate broker Ryan Serhant, who gave us a lot of helpful tips and advice on finding the right team of professionals to guide you on this journey to homeownership.

And now, it's time to talk about the property itself. I'm not sure if you feel the same, but for me, this is the part of the experience that I was actually looking forward to most because it's not often that you get to go shopping for something as big as a house or an apartment. And when we set out to buy our first home, I think we all have ideas about the kind of home we'd ideally like to live in. But unfortunately, the list of things we want isn't always realistic. We might have to end up compromising and trading off on a few things, so it's important to really get clear about the things you want versus the things you actually need in your home. So stay tuned because later on, we're going to get renovation and real estate experts Drew and Jonathan Scott to weigh in.

Lisa Greene: [00:01:06] My name is Lisa. I am in Greenville, South Carolina, and I was looking for a house with my husband.

Nadeska Alexis: [00:01:14] So you and your husband actually just very recently closed on your new home, so I have to start by saying congratulations. When did you actually start thinking about buying your first home?

Lisa Greene: [00:01:24] We first started seriously thinking about it in the last year. We were living in Colorado at the time and knew we weren't going to be able to afford a house in that market. That was one of the reasons why we decided to move to South Carolina. We really just wanted to be able to have our own space. I think we both were just kind of getting sick of renting and feeling like we couldn't really make a home out of where we were. And we also, like, there are, you know, future things that we were thinking about, like wanting to start a family. Those were big, big things for us.

Nadeska Alexis: [00:02:00] As you were envisioning the home you wanted to live in, and you had an idea of your budget, did you also make a list of things in your search that were non-negotiable, the must haves for you and your husband?

Lisa Greene: [00:02:10] My husband and I both work from home, and so we definitely wanted an office space, we wanted a yard, being in an old established neighborhood was a big deal, and also lots of natural light. We knew. I mean, just based on watching, like house hunting shows, you know, so many people go into it with unrealistic expectations, and so we were trying to keep our must-haves, non-negotiables pretty thinned out just to what we knew it was really, really important. But even that changed though during the house buying process for us.

Nadeska Alexis: [00:02:44] So did you get to go out and see a lot of houses in person, or were you doing a lot of virtual tours?

Lisa Greene: [00:02:49] I went into this process saying that I would never buy a house without being able to see it in person first, but we ended up doing a lot of video tours with our realtor so that, you know, we didn't make a trip up there and waste our time and effort and stuff.

Nadeska Alexis: [00:03:06] And one of the reasons that you considered moving to South Carolina was pricing because homes are so expensive in Denver. So, you know, what was your reality of that? Once you started looking at homes, was it easy to find something within your budget there?

Lisa Greene: [00:03:19] There was, you know, much more competition. So while we were able to find houses easily within our budget, it just wasn't as rosy of a picture, I guess, as what we were expecting. We had to weigh a lot of different things in our mind about our finances and what our budget was. And so we were trying not to find a house that would require too much work. We didn't mind doing some like very basic things, but nothing that would involve, having to tear down a wall or, you know, replace the countertops in the kitchen or, you know, things that would cost a lot of money.

Nadeska Alexis: [00:03:59] No huge deal demolitions. It sounds like you guys already have a lot on your plate. So when you did find a home that you liked, were there things that you noticed it can be down to the paint color, for example, that maybe you didn't love, but you felt was easy to work on? And were there any bigger renovations that you thought that you already had to factor into your budget?

Lisa Greene: [00:04:18] One thing that we were looking at, whether or not there would be space to add on a third bedroom. But this house it's, it's a little tricky. The backyard is not very big, and so adding on anything would take up backyard space. I don't know what the comparison is between an extra bedroom versus more outdoor space, what the resale value is of those two things and what would be better prioritized.

Nadeska Alexis: [00:04:47] You want to enjoy the house while you live there. So the house that you ultimately ended up closing on. Was that one that you saw only virtually before purchasing? Or were you able to go visit it at some point?

Lisa Greene: [00:04:58] We only saw it virtually, which made me really nervous because houses are being sold within a couple of days, or I guess not sold, but you know, offers accepted. We felt antsy, you know, and when we did the video tour and really liked the house, then it was kind of like, "okay, well we need to go ahead and make an offer then, because if we wait until we can drive up there in a few days, it's probably going to be gone".

Nadeska Alexis: [00:05:23] So you guys ended up finding a house that you really liked, fit all the criteria, it was in a neighborhood that you were happy with, and now you finally closed on it. So, what are your initial impressions now of homeownership? How do you feel after having those keys in your hands?

Lisa Greene: [00:05:37] It's exciting, but also very overwhelming because we have to have some work done on the house. And so it's a little stressful, not being able to just move in right away and everything be good. There is this checklist of things that we need to take care of before we can do that. And so, while it's really exciting to have the keys in our hands and be able to call it ours and stuff and start doing what we want with the place. It's also just, it feels like we're still kind of on hold a little bit. My impression of homeownership so far is that it's a little stressful, but like in an exciting way.

Nadeska Alexis: [00:06:15] That's a great description. So besides that, do you have any other big concerns or questions now that you think one of our experts might be able to answer for you?

Lisa Greene: [00:06:25] How can we best raise the value of our home, so that years down the line when we want to sell and move somewhere else that we benefit from it?

Nadeska Alexis: [00:06:40] I'm so happy for Lisa and her husband. I can't imagine buying my first home without being able to see it in person, but it sounds like they did their due diligence and had a great realtor on their team to make sure all the important details were covered. And during our chat, Lisa also brought up a great question about equity. And that's an important thing to consider because your home is ultimately an investment.

There are a lot of factors to weigh when you're looking at houses and considering renovations and upgrades and how that will change the value of your home long term. So I wanted to bring in a couple of pros to answer our questions. Right now, you're going to meet Jonathan Scott, who's a professional contractor, and Drew Scott, who's a licensed real estate broker. They're identical twins who are known for helping people to find and fix up their future homes, so I know they're going to have the answers that we're looking for.

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Drew and Jonathan, you guys have spent so much of your lives, helping people find homes that are the perfect fit for them. So I really want to pick your brains for some of that experience when it comes to first-time, homebuyers. I hope that's cool with you.

Jonathan Scott: [00:07:37] Pick our brains.

Drew Scott: [00:07:38] Yeah, we're very pickable.

Nadeska Alexis: [00:07:41] So going from renting a place or living with your family to buying your first home is really exciting, but I think that sometimes in that excitement, it can be a little bit hard to determine what you really need and you can comfortably afford versus things you might just want. So when a first-time buyer is starting to envision that future home, what do you think they can really do to get clear about what they should be looking for?

Drew Scott: [00:08:02] I think preparation is key. And we always say, make a list. Like dream big in the very beginning, make a list, and write down everything that you'd like to have in your home, knowing that some of those things may be not that realistic. But then you want to divide that list into the must haves, and then the other list is would be nice to have. And you kind of go through that list a few times with everyone who lives in the household and then you'll kind of whittle it down and then you can bring in the budget and say, okay, now what's realistic.

Jonathan Scott: [00:08:29] And I think try and budget for a house that has room to grow, has room to adapt with your needs. So that's something we do find sometimes first-time homebuyers, they're just thinking of the, right now what they can squeeze into, but then they'll outgrow that within six months.

Drew Scott: [00:08:44] Every time you have to sell and transition, you're paying transfer taxes and legal fees and real estate commissions. Invest in yourself, invest in the long term, and that's a great way to put more money in your pocket at the end of the day.

Nadeska Alexis: [00:08:56] That's a great point. So I wonder for some people, it's challenging balancing that list of wants and needs with the long term. So for example, say there's a young couple, they're expecting their very first child, but they want to have three kids in total. So as they're looking for houses, should they already be looking for a four bedroom house or should they land somewhere in the middle for now.

Drew Scott: [00:09:14] Yeah, and that's a good point too. I mean, you have to be realistic with what your current budget is. If you think, you know, you want to have three kids, but you know that's going to be quite a few years down the road, maybe you can't quite afford that four bedroom home right now, maybe that's a stretch. Like Jonathan said, the best thing is to have everything written down, then you can look at it and be realistic. And also this is why working with a professional is really great, whether we're talking about your real estate expert or whether you're talking about your home lending advisor, somebody who can help you figure out what is realistic with your current condition, you never want to over leverage yourself. And I think keeping in mind too, that children can be very expensive. If you're about to have your first baby, life is going to get a lot more expensive. So you don't want to go and overspend on your house because then you're not going to have enough money left over for life's necessities, as your children are growing.

Jonathan Scott: [00:09:58] And depending on where you are, you could always get a place that maybe has an unfinished basement or something like that, where you could convert it down the road if you do have another child and you know, you want to have your oldest, you know, child move down into the, into the basement.

Drew Scott: [00:10:10] Well, actually, yeah, and currently you can rent it out to help offset your costs, which could help you afford that larger home. And then if you need that space for yourself down the road, then you can take that back as a part of your primary residence.

Jonathan Scott: [00:10:20] But when you look at those must haves and well I could live without, you don't need the golden toilet. It feels nice, but you don't need it. In today's day

and age, we are in a spending economy and the problem is overspending and over leveraging.

Drew Scott: [00:10:36] You're house rich, cash poor.

Jonathan Scott: [00:10:37] That's exactly it. And that doesn't work for anybody. I think you want to make sure that you're not over leveraging so much that you can't enjoy life.

Drew Scott: [00:10:42] That's why you always have to think of your future earning potential. You know, for example, some people say, "Well, I'm on a contract job and I'm going to lose my job, so I'm gonna quickly get approved for a mortgage now. I'm going to quickly get the house now". And they're not thinking about how they're going to pay for it. That's a terrible idea. Plan ahead so you're being responsible. The people who are most successful in real estate are the people who plan.

Nadeska Alexis: [00:11:03] Do you think it's also a good idea to maybe have someone, it could be a professional, like you said, your home lending advisor, the agent, or just a trusted friend to hold you accountable and really keep you sticking to that list of wants versus needs? Cause it seems like sometimes once you start looking for houses, there's always that house right outside of your budget that seems perfect, but you weren't supposed to spend that much. So you think you can afford that, but like you said, there's so many additional costs that come with it, closing costs, property taxes. So how important is it to really fight off that urge to go bigger just because you saw something shiny and cool?

Drew Scott: [00:11:35] It's like going to the grocery store when you're hungry, terrible idea. You're going to overshop. What you want to think about is have the conversation with your accountant, with your financial advisor, with your spouse, have the conversation first to say, "what can we afford? Realistically, before we look at any of the things that we want to look at, what realistically can we afford?" Once you know that number and you're organized, then you can start to look at the houses and see "is it realistic? Is there a way that we can get into this? Can we get that little bit extra of a house?" Think of the numbers first, then start shopping.

Jonathan Scott: [00:12:11] Something to keep in mind too, is what you're comfortable with. You know, some people don't want the hassle of a renovation. We love getting a home with character. And a lot of times, if you look at a brand new build, as opposed to the same price for a house that you would renovate, you'll typically with the older home, you can get a wider lot or a better footprint for the home. It's not just a tall, skinny home. So once you know your budget, you're going to figure out what you're comfortable with, where you want to spend your money. And maybe there's part of a renovation you do down the road that can help. How far you want to stretch a budget with what you're trying to get into. There's so much planning that needs to go into it. And that is why having professionals work with you is so important because they are not emotionally biased. Every homeowner we talk to says, "no, no, I can make these decisions. I'm fine on my own," and the first thing they do is start throwing all these add-ons to us to blow their budget.

Drew Scott: [00:12:55] And it's the same when you're renovating. Everyone always has last minute add-ons to their home. It happens. And so it's fine, but just realize this is the biggest investment most people will make. And so you have to be unemotional about it, you have to focus on what are the good financial decisions, what's actually going to improve the value of the home, what's actually going to make your life easier because at the end of the day, the whole purpose of the right home is it should make your life easier. And so focus on those things. And then, you know, you're going to be making the right decisions.

Nadeska Alexis: [00:13:26] Okay. I can't wait to get to the renovation portion of this conversation, because that's the most exciting for me. But before that, I want to ask if there are some things on first-time homebuyers' lists that you always see that maybe don't make the most sense, right? Selecting the right features and amenities for you and your family are important. For example, you have three kids and 10 puppies, you might want a fenced back yard. But some people go for things like "I need to have a huge eat-in kitchen and also a formal living room" and then you probably don't even end up using the formal living room. So are there items that you see on the wishlist a lot that you think don't necessarily make sense for a first time buyer?

Drew Scott: [00:14:00] So this is the funny thing, and it's sort of a trick when people, you know, whether it's a builder or if it's somebody who renovated their home and is selling, people get distracted by something that is not as valuable. For example, a big screen TV. A lot of times homeowners will be like, "look at that massive wall-mounted big screen TV. I love it. This is the house for me. This is absolutely the house". But maybe they have four kids, so there's six of them in the house and the house only has one bathroom. Don't be blinded by the pretty things. It's the same, a lot of times somebody will just renovate a kitchen, and so you have this beautiful looking kitchen. But it's all shiny new cabinets, but they haven't reconfigured it to make it function. So you see new, you get excited, and you ignore the fact that it, it's in a terrible layout and it was never fixed.

Jonathan Scott: [00:14:38] Or that there's, you know, a train track right through the backyard or something like that, you know. Location really is key. That's why it's so helpful before you even shop to make that, and that's what we would do on our show and with our clients, even before the shows, we would sit down at their kitchen table or in our office and we would go through that list of all those must haves, work it down, and we'd work it through with them. And sometimes they're like, "alright, well, I guess we don't need the Olympic sized swimming pool, but we do need to have a really great laundry space".

Drew Scott: [00:15:07] Yeah, so focus on those permanent things that are important, like the layout instead of just decor, big screen TVs. Location, bring that list like Jonathan saying, too, those are the non-negotiables that you know you need to have. Then, that will help you not get distracted by things that are pretty.

Jonathan Scott: [00:15:20] And actually one other thing, too, for, for people who are moving into a new city, I always recommend when you first move into a new city that you've never lived in before, rent for the first six months, maybe even a year, so you really get to understand the city and you know, where you want to buy. I have had so many clients in the past who have moved in somewhere, they bought a house, a lot of times without even

seeing it, and then they realized three months in, "oh my gosh, this is not the end of the city where I do all my stuff. I don't want to be over here", and now they're stuck in a difficult situation. So really think about that stuff so that you're making the smart decisions.

Nadeska Alexis: [00:16:00] That is really, really great advice. The best way to try it before you actually go out and buy it, right?

Jonathan Scott: [00:16:05] It's like when you get the little tester at the ice cream store, just try a few before you actually get the big thing.

Nadeska Alexis: [00:16:10] So we have our list of wants and needs, we're trying to stay within our budget, we've spoken to our advisors, and we're being very realistic. There are some things to consider in terms of amenities that would be good for resale value. For example, I decided I'm not sure when I'm going to have those three kids, maybe I can get a smaller house and in a few years I will sell. So what are some amenities that really add long-term value to a home?

Drew Scott: [00:16:31] One is access. So I remember, a prime example was, you know, we started our construction company in Calgary and there was this community. And I remember everyone in the community was so upset because they were bringing in the light rail train into that community. And people were outraged and this is gonna, you know, affect our property values and it's terrible. And it was the exact opposite because now that community was connected, people could live there, work downtown, take the train directly. All of a sudden, access to that community was improved, and the values of all the homes in that community went up. So thinking of things like that, you know, what are the amenities close by? Is there shopping? Are there restaurants, schools, churches? All of the things that are important to having that sense of community is something that's really great.

Jonathan Scott: [00:17:15] And also if you think about too, the community you want to be in, you know, do you want this really great family vibe? Do you want walkable streets where, you know, the neighborhood is full of children the same age as yours? It is really good, and this is something, maybe I'm a weirdo, but the thing that I find fun

Drew Scott: [00:17:30] Definitely a weirdo.

Jonathan Scott: [00:17:30] I am a weirdo. I get into, whenever I look for a new place, I get out in the neighborhood and I'll come at different times of day. Because for example, there's one house that a client was looking at before, and in the listing, they said you can only come and visit it Wednesdays or Fridays from 12 to 2. That was the only time. And in my mind, I'm like, why is it only those times? So I went at other times of the day and realized that there was a massive train several times a day that roars through there, shakes the whole house and the whole community. So you want to get into the neighborhood and walk it around at different times of day, weekends, evenings. And then also talk to the neighbors. The neighbors will never lie about someone's house, but the homeowners about their own house will always lie. I dunno.

Drew Scott: [00:18:11] You definitely don't want to view the houses right next to the train or something. You know, access to community is good, but not being right on that line. Also, if

there's a commercial district nearby, sometimes parking is a terrible thing. So at certain times of the day, you'll have every parking spot in the street taken up by people who are shopping and what not. So really finding that separation from the commercial or the transportation, but making sure you have access to it is good.

Nadeska Alexis: [00:18:35] Thank you. I'm keeping these tips in mind, even for myself. I like this idea, when they tell you to only come at one specific time, something very suspicious is happening.

Jonathan Scott: [00:18:42] Yeah.

Nadeska Alexis: [00:18:43] That makes a lot of sense. So, Drew, Jonathan, once we're feeling pretty confident about what we're looking for, now we're heading out to some open houses and it can be hard to find that one house that has absolutely everything that hits your list. So some people will decide that they really hate the paint color or the kitchen cabinets are a deal breaker, but what are some of the features that are actually fairly easy to change and shouldn't sway your decision, versus some that are pretty expensive and might really, really hurt your budget?

Drew Scott: [00:19:08] So we always laugh because we'll show a client a house and they'll be like, "oh, I hate the paint color. Nope. I don't want that house". And we always say, "oh, oh, it's structural paint. You can't change it". It's, painting is the easiest thing in the world to change, you know, where you really want to be careful is, a lot of times, depending on the size of the lot, as soon as you want to get into a major structural change, that's a whole development process in addition to your building permits and whatnot. So it's a huge undertaking. Those are the projects that can usually spiral out of control. So try and find a house where the overall footprint of the house is pretty good. And then it's just cosmetic things like the trim and the flooring and even cabinets, kitchen cabinets. Sometimes you can paint them out, change the countertops, sometimes you just need to pull it out and redo, but that's a heck of a lot easier still than bumping out a wall or raising a second floor.

Jonathan Scott: [00:20:03] Light fixtures are pretty easy to swap out as well, if that's something important to you. New flooring can completely transform a place. I think that's the balance is to know how handy you are. A lot of people will watch a couple of videos on YouTube and think that they can do everything themselves or they'll watch our shows and think they can do it themselves. Our shows are definitely not DIY shows. We're not trying to encourage everyone to do it all themselves. Bring in the right professionals, it'll make your life easier. And this is a great thing for anybody listening, who is a couple. Doing a renovation, I mean, we, we kind of joked about having a show called "DIY Divorce" because people who take on a renovation, very stressful on a relationship, or especially if you have kids too, and you're trying to live with it. So that's why it's great to have professionals come in. Our job is to come in and take the stress off your plate, try and get it done on a good timeline.

Drew Scott: [00:20:50] And if you are going to take on something yourself, make sure the video you watch online is from a professional. I don't know how many times I've seen it, where someone's like, "oh yeah, I learned online and how to do my own flooring". And I go in and it's like, whoa. Don't waste your money on things that are going to fall apart.

Jonathan Scott: [00:21:07] And actually one last thing too. We did talk about this a little bit earlier, but a really important thing when you're looking at, say, for example, a kitchen. A kitchen is typically one of the more expensive areas of the home to renovate. If you have a brand new fancy kitchen that you see, great, but really get in there and look at how you would function in the kitchen, because if they tried to cheap out and they didn't open up the floor plan, or they didn't adjust things to make it flow better for how you would use the kitchen, it's just brand new, you'll never enjoy it, even though it's a new kitchen, because it's a terrible layout. And it would actually cost you more to rip out all the work they did and then properly reconfigure, and then it might not be worth the money that you're spending.

Drew Scott: [00:21:44] First sign of a bad kitchen install is if you open any drawer and it hits an appliance on a perpendicular surface, that's a, that's a bad kitchen design.

Nadeska Alexis: [00:21:54] So once you found a house that you really liked and you decide that you need to work with a professional, how do you go about vetting the right contractor?

Drew Scott: [00:22:01] There's a website, it's basically like Tinder for contractors. You swipe and you swipe till you find, no I'm just joking. It's a good idea though.

Jonathan Scott: [00:22:08] Really, you want to find somebody where you can vet projects they've done before. So, looking online, making sure they're registered with organizations like the Better Business Bureau, national home warranty companies, things like that because you know, they're setting themselves up like a professional business. Remember that the cheapest bid you get on your project is guaranteed almost never the right bid. A lot of those contractors, they bid low knowing they'll get the deal and they're going to bump you up. You want to find somebody who's going to be around for the warranty work because every major project, there's always going to be some deficiencies that need to be fixed or something that needed to be followed up on. That's why you're hiring.

Drew Scott: [00:22:45] I think, ask family and friends or people that you know have done a job that you like the look of the renovation. And word of mouth is a great thing, but not every contractor or designer or real estate agent is the right fit for every person. So sometimes, you know, we've had friends that somebody was perfect for them, but not the other.

Jonathan Scott: [00:23:01] And never be afraid to say, "oh, can I go and see that previous client's work?" And one thing that's really important that we say all the time is, for any professional you work with, if it's your home lending advisor, if it's a contractor, realtor, anybody, if you ever have questions and they make you feel silly for asking those questions or you feel, you don't feel comfortable asking, that means they're not the right professional for you. The relationship you have with your professionals should be that you can ask them anything because they're there because of their experience to help you through this process. You shouldn't be afraid to ask for things that are important to you.

Nadeska Alexis: [00:23:32] Good to know. I've definitely been afraid. I usually start with, "I'm sorry this is annoying that I have more questions, but here's another question".

Drew Scott: [00:23:38] Well, guess what, it's your money, it's your house, it's your project. You don't need to micromanage a professional, but at the same time, you definitely should know exactly what's happening.

Jonathan Scott: [00:23:46] Yeah. They work for you, you don't work for them. And so you should be able to ask them anything you want. I come at it a different way though. I'm a guy that asks a lot of questions, and I just say at the beginning like, "just so you know, I love to ask questions" and then I lead in with a thousand questions.

Nadeska Alexis: [00:24:01] Alright, set it up right at the beginning. You know, I've definitely had a couple of bad experiences renovating because when I bought my first apartment, I really wanted to save some money. I emptied my account, you know, paying all those fees to close. So I discovered that behind some layers of sheetrock in my apartment, there was a brick wall that ran the entire length of the apartment. So I recruited one of my friends who had the tools and we had so much fun doing demolition, tore all that sheetrock down. We got in between the brick and got the old concrete out. And then at the end I realized it was really, really hard to get construction debris out of a three floor walk-up in Brooklyn. It also costs money to do that. So I was left with all of that debris. There was maybe five inches of dirt on my living room floor, and I think I cried myself to sleep that night. So if you are committing to a fixer, because there are some pros, how do you approach this realistically? How do you assess how much work that you need to be done? Should you immediately call in a pro for an estimate, for example?

Jonathan Scott: [00:24:56] The very first step is you need to educate yourself on the process. So depending on what you're doing, there are many, many websites. They'll show you breakdowns of, of what the typical costs should be in the process. And then you can understand, okay well this is reasonable, then I can do this amount of work, this I can handle on my own. Keep in mind, most contractors will not want to work with you if you're handling part of the job and they're handling part of the job, because what usually happens is the homeowner, their inexperience affects the quality of the work the contractor is doing as well. So try and keep things divided out. If you know, there's a project you're going to tackle, keep it separate and aside, and then just have the person come in and quote for the structural or the electrical or the plumbing. You don't want to do anything that needs to be done by a licensed professional.

Drew Scott: [00:25:39] Yeah, 100%. I mean, there's so many people we see trying to tackle their own plumbing or electrical or,

Jonathan Scott: [00:25:43] or they tweet us and say, "Hey, can I take this wall out? Is it load bearing?" If you're tweeting me, if a wall is load bearing, you don't know, and you're there. Don't touch it. I think an important thing to do is to be realistic with how capable you are of doing a certain task. A lot of people will say, "I'm going to tackle this whole kitchen. I'm going to do the kitchen myself", but they're not really handy. So you'll have like cabinet doors hitting appliances and whatnot. So you also have to value your time. If you're trying to tackle a project, but it'll take you two months to do something that should only take you two days, and you could hire someone to come and do it in two days, it's worth spending to have it

done right instead of living through hell for two months, and then it's not even great in the end because you don't really know what you.

Drew Scott: [00:26:26] It's kind of the same thing too, when we justify, you know, how we want to do a renovation, there are a lot of people who say, "well, you know what I'm gonna do, I'm gonna save up, save, save, save. And in five or ten years, then I'll take that money, renovate the kitchen and actually have a space I enjoy". And we think to ourselves, that's crazy because if you go to your lender and you get a product that is specifically meant for a renovation, you can then do the renovation now, enjoy it for the next five to ten years, and you'll be in the exact same situation because you'll have it paid off by that time. And you've enjoyed it for the last five or ten years. So invest in your sanity and do something to your home so that you will have a place that you truly love coming back to.

Jonathan Scott: [00:27:09] I think the problem there for a lot of people is they're, they're afraid to talk to their lender. So many people are afraid to talk to their lender because they don't think that they're there to support them. And I think if you have the right lender, they're going to give you options. They want to make sure you're happy and they want you as a lifelong customer. And so it's in their best interests to make sure that they offer products that are going to help your lifestyle, help what you're looking to accomplish. And so a lot of people, I don't think realize there are products that are meant specifically for a renovation. You should not be doing a major renovation and putting it on a credit card. You should be getting a product that is designed for that type of capital improvement.

I always hate it though, when I hear people that say, "I'm going to wait to renovate until I sell the house and then I'll just sell it so I can get top dollar when I sell". Like, so you're going to live in a house for ten years and not enjoy it? And then you're just gonna renovate it and make it so the next person can enjoy it?

Drew Scott: [00:27:59] That's charitable work.

Nadeska Alexis: [00:28:01] You guys are completely right. I was one of those people, I'm not scared to admit it, who did not really know that I should be talking to my lending advisor about helping me with a budget for renovation. So I did some more immature things, moved into the apartment and then continued trying to renovate, like refinish the floors, while living there. What a nightmare to have all of your furniture covered with dust, that it takes you at least a month to get all of that off of your dishes.

Drew Scott: [00:28:25] We did the exact same thing when we renovated our first house at 18, and we always lived in the houses that we renovated until we got to a point where we were like, "why are we doing this? Why are we waking up sore throat and annoyed?"

Nadeska Alexis: [00:28:38] Well, there's a perfect example if we ever needed one. So before you get into fixtures, of course, if you buy any property, you're going to have a very thorough home inspection. At least you should. That is really key. So during that inspection, you know, there are some things, like plumbing issues that are hidden behind walls, that may be hard to see during that time. But what things should you really, really have your inspector look out for?

Drew Scott: [00:28:58] I feel you have to get in there. You have to kick the tires. You have to walk around, you have to move rugs. If you look at a home and you see there's an odd picture hung really low, or you see there's a weird, there's an area rug moved over to a certain part of the, that's always a red flag for me, and then you lift it up and you'll see there's a giant hole in the floor, there's something wrong with the foundation wall or whatnot. So it's important to make sure that they do a full, thorough inspection. Also certain inspectors or companies, they have different tiers of what they do. If you're having a home property inspected, they should look at everything. The only thing they can't do is they can't rip a hole in the wall or the roof to be able to see what's, if there's a problem inside. The homeowner selling would never allow that.

Jonathan Scott: [00:29:36] I think the important thing to realize there are a lot of things that show up on inspection reports that you don't need to nickel and dime the person that you're buying the house from. There's a lot of stuff that's just sort of typical wear and tear. It's really the major things. You want to make sure your major appliances, your roof, make sure there's not a massive termite damage or a structural issue. Those are the really important things. And then looking at plumbing and electrical as well. But yeah, it's important to know that when you're doing a major renovation, every single major renovation is going to have some hidden problem pop up. That's why we have a contingency. So if you're renovating in an area where you know there's known problems, it's an older home, then you want to bump the contingency up. Never have a contingency of less than 10% of your renovation budget. We've had contingency in areas where we know there are known issues as high as 30, 35%. So that's why it helps to do your homework as well.

Drew Scott: [00:30:26] In line with what Jonathan was saying too, is just because a house has a structural issue or something that needs to be fixed, it doesn't mean you shouldn't consider it. You just have to know what the cost is and trust that a professional that you're working with can give you the right number that it will take to fix it. And either you get the list price down to reflect that, or you get them to fix it before they give it to you. Because we have experience with homes, we always get the price down because we know we'll fix it and do it right.

Nadeska Alexis: [00:30:52] So it's always important to negotiate, right? I think sometimes buyers can be a little bit scared of losing a property that they might think is the one. But I don't think that really benefits you in the longterm does it?

Drew Scott: [00:31:02] No. And that's actually a really great point. We see with clients all the time, they think "this is the house, this is the one, I'm never going to find another house as perfect as this", and then they'll start to make sacrifices to get it. Not worth it. Every single client that we have ever had, and we've done over, you know, 400 renovations for families, just for the shows alone. Every client that did not get the house that they originally thought was the one, there was always another home that came up that ended up being even better.

Nadeska Alexis: [00:31:28] I think that's actually really reassuring for listeners. So Drew and Jonathan, we've covered so much ground. I appreciate all of this advice. I learned a lot and I hope our listeners are learning a lot. So I was hoping you could help us now, sum some of

this up pretty nicely. So what are the biggest pieces of advice that you'd give to first-time homebuyers once they're ready to start looking at properties?

Drew Scott: [00:31:46] Be organized and have all your information together before you even speak to any professionals. So have a home lending advisor, have a contractor that you talked to, or a couple if you know you're going to be doing a renovation. Know your credit history, have all your income earning documents together. And on the renovation side, have that list so you know what's important to you and to your family so that you can grow into a home that's going to be the perfect fit.

Jonathan Scott: [00:32:11] And then when we're talking about the houses, when you're going out there to look at homes, make sure that you are focused on a list of your non-negotiables, you have that with you to remind you. Location is very important because most people can't move a house. And also keeping in mind that you need to focus on the things you can't change, like the layout of a home. Don't focus on pretty things like a big screen TV that's at the house that you really want or decor pieces.

Drew Scott: [00:32:35] And then once you get into your home and you get in that routine of, you know, making your payments and your organized financially, then start to look at ways that you can not only improve the home so it's worth more, put that equity in your pocket, but also if you can get your finances in line and you can start to make extra payments, or you can do biweekly payments, things like that, you'll pay off your mortgage even faster. It puts you in a really, really great financial situation. You set yourself up for success.

Jonathan Scott: [00:33:01] Also, one of the things I would say when you're talking about where you're looking for the house, know what amenities are in the area, and what's important to you. If you need to be close to a certain school district, if you need to be close to your church or whatever else is important, transit, making sure that that is within the vicinity of the home you're looking for.

Nadeska Alexis: [00:33:17] Amazing. Thank you so much. I think Drew and Jonathan made this whole process seem so much more accessible just because of how they broke down all of the steps and especially the importance of taking the time to understand your finances and think carefully about that list of must-haves. That preparation helps you to figure out what you can afford and enjoy now, and it also helps you to plan for the long term, whether that's buying a home you can grow into or being able to renovate. So, what happens once you find that perfect, or close to perfect, home? On the next episode of Beginner to Buyer, we'll talk about the next big step: how to put in an offer. Until then you can learn more on BeginnertoBuyer.com and you can leave us a rating or review wherever you listen to podcasts.

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