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Nadeska Alexis:

Hey, I'm Nadeska, and you're tuned in to Season two of Beginner to Buyer. Beginner to Buyer is powered by Chase Home Lending and you can get helpful tools and resources to buy your first home by visiting beginnertobuyer.com. On our last episode, we had Dan Hoffeker explain home equity and he also showed us how to tap into that for repairs and upgrades. Creating a space that suits your needs and matches your style shouldn't have to bust the budget. Of course, some projects you can DIY and others you'll need to call in the pros. So the Scott brothers are going to be here on this episode to share their expertise later on. But first I chat with Lindsay DeAlba, who saves money by thrifting home decor for her fixer upper home in Northern California.

Lindsay DeAlba:

I live in Rescue California and I live on five acres with my husband, Matt, my daughter, Skyla, and my son, Dylan. I'm an avid thrift store shopper, antique hunter, junk sifter. I like everything that's old.

Nadeska Alexis:

That's really cool. Lindsay, five acres is definitely a lot of space for activities. So tell me now that you're in a new home, first of all, congratulations, but what was your living situation before your family bought this home?

Lindsay DeAlba:

So we were raising our son, Dylan, in, I think, a 400 square foot apartment. And then when we decided we wanted to have more children, we knew that we had to leave that area and we wanted a bit more space. And so now our mortgage is actually less than our apartment, our one bedroom apartment in the Bay Area.

Nadeska Alexis:

Yes, that's what I love to hear. Look, that small apartment lifestyle, we're completely used to that in New York, but 400 square feet with a child, very, very impressive. So I have to say hats off to you both.

Lindsay DeAlba:

Thank you.

Nadeska Alexis:

So tell me, once you started looking for this home then, tell me about the list of must-haves for your home or some of the things that you were maybe willing to compromise on.

Lindsay DeAlba:

My husband and I both come from construction backgrounds, so we kind of had a different look when we were looking at listings. We knew that we could get into something that was more on the fixer upper scale and it didn't have to be turnkey and it fit our budget better.

Nadeska Alexis:

I mean, that definitely saves you a lot in budget and I think a lot of first-time buyers are a little bit scared of taking on homes with renovations. They think it might be a bit too overwhelming for them. So tell me, in terms of planning financially, how much did being open to buying a fixer upper actually save you guys?

Lindsay DeAlba:

It actually saved us a lot of money. My style tends to be leaning towards older homes and so when we were looking, there were homes that were more of in the nineties style, stucco, cookie cutter, and it wasn't our vibe. And those homes were actually out of our price range. So when we did start looking for houses, the older houses we were more attracted to and they actually were in our price range.

Nadeska Alexis:

Wow, okay. So that actually worked out really well. So what would you say is your favorite feature of the home so far?

Lindsay DeAlba:

So my favorite feature of this home right now, I would say the open space, but also this particular home is modeled after a Frank Lloyd Wright style. It's one of his students. So Frank Lloyd Wright is all about having the outside in. So we have huge vaulted windows, we have deep setted windows, and it's really about being able to see [inaudible 00:04:09].

Nadeska Alexis:

That sounds so beautiful. It sounds like the opposite of my life in Brooklyn right now. So tell me then about the list of projects that you and your husband are working on so far. How long is the list? What have you started? What are you prioritizing?

Lindsay DeAlba:

The list is long. Each square foot of this home needs to be renovated. And when we initially walked in, turned that key and it was ours, we realized the number one priority would be to rip the 1974 carpet out because I was allergic to it.

Nadeska Alexis:

Oh, okay. That's important. And it must have smelled amazing as well, I'm sure.

Lindsay DeAlba:

It definitely smelled like your grandmother's house. And now we just kind of have a list going. We wanted a little bit of a family space because the house was more of an architectural dream and less of a family space. So our number one priority was trying to figure out where's the couch going to go, where's the TV going to go to make a little spot for our rascals? So we blew out a few walls, immediately started demoing, and now I'm kind of in that space right now.

Nadeska Alexis:

Demoing always looks like a lot of fun on TV. Is that accurate?

Lindsay DeAlba:

It is really fun. And I've watched so many home improvement shows. It's a little bit trickier than you would think because when you are demoing you have to worry about electricity. Is there plumbing in this wall? And you have to be a bit more careful than it looks like on TV.

Nadeska Alexis:

That's a really good point. So tell me then, what things did you and your husband actually decide to take on on your own, and where did you feel like you really needed to call in professional help?

Lindsay DeAlba:

That's a good question. We definitely like to do the demoing. We try to do as much as we can until it gets a little bit dicey with electricity or plumbing and then we will hire in specific things, especially things that could be a danger. I'm sure my husband would like to try the electrical, but being in an older home, I think it's really important to hire professionals for those specific jobs.

Nadeska Alexis:

You're absolutely right. And I think one of the issues that I've run into in the past couple years is sometimes finding the right professional and also having them be available because so many people were doing work in the past couple years. So was it easy for you guys to find the right licensed people to come work on your home?

Lindsay DeAlba:

Yeah, we've really kind of leaned into the community bulletin boards called Nextdoor. And I feel like word of mouth and talking to people in your community is the best way to find reliable sources to come into your home and to do work for a lot of different reasons. Because most of the time I'm home alone, my husband's a firefighter, so it's really important for me to vet the people that we have coming into our home for safety reasons.

Nadeska Alexis:

That makes a lot of sense. I love that, leaning into the community board. So tell me a little bit about the community. Was that something that was important to you as you were looking for your home?

Lindsay DeAlba:

Yeah, definitely. We actually just went to a community barbecue last Friday to try to meet our neighbors because we're so spread out. Everyone's kind of on 5, 10, 15 acres. So we wanted to go to the little barbecue and introduce ourselves and kind of meet people, and it was just really sweet.

Nadeska Alexis:

That sounds really nice. What would you say that home ownership means to you and your husband now that you've had a few months to really start settling into your home?

Lindsay DeAlba:

Well, I mean, I could get really emotional about that. Living in a 400 square foot apartment with our little baby. Both of us had just finished our master's coursework. So I was teaching and my husband was in paramedic school to become a firefighter. We both remember this moment very clearly. We were help doing that fitted sheet in our bedroom and we were down to our last \$20 in our bank account. So for us to be on five acres now, it's just a testament to hard work, but it's also a testament to our family members and the people that helped us, because there's no way we would be able to be here without any of them and without help. So it's emotional.

Nadeska Alexis:

Yeah, it is. And that's why I think it's important, and I'm happy that you took the time to share your story because I think there are a lot of people listening who start to feel discouraged for whatever few reasons during the process. It could be a financial issue, it could be just putting in offers and things not getting accepted. So can you tell me maybe just a little bit about some of the challenges that you and your husband faced once you started seriously trying to buy and how you guys were able to overcome that together?

Lindsay DeAlba:

Yeah, I think once we got down to our last \$20 and we kind of decided we weren't going to give up, we paid down all of our credit cards. We made sure that our credit was impeccable. We kind of went down the laundry list of the things that you needed to do. We started saving that little nest egg. We were smarter with our finances and what we needed to do. And then honestly, there's so many different ways to be able to get into a home and we weren't really even aware of that. I'd love to credit my mom, who was a single mom my whole life, for pushing us to do it because she bought a house I think, I don't know, in '96 all by herself. And so she's always been the one that says, "You can do it. There's so many different ways that you can get a loan. There's so many different programs, don't feel discouraged. You don't need \$500,000 to put down. You need very little."

Nadeska Alexis:

So it's nice to hear that your family was really supportive during this process for you as well. And so now that you're in the home and you're working through your list of renovations, you mentioned budgeting before and I think again, it's really important to talk about this. Once people move in, then you want to go shopping and fill the space with brand new furniture and those things can add up. But I've heard that you're actually a really avid thrifter. And tell me how that's come in handy in your new home.

Lindsay DeAlba:

Kind of going back to my upbringing and my family life, my mom was always a single mom, didn't have a lot of money and supported my brother and I, I think, all the way up until high school, till we went to college. And so we didn't have a lot of money, a lot of spare coins around. So being a teenager, I wanted to have the cool clothes. I wanted to have the things that were on trend and in style. So my mom would always take me to thrift stores. Stuff goes to thrift stores not to die, but it goes to wait to be reborn again. And thinking about that with clothing, it's the same way with home decor.

Nadeska Alexis:

At this point where you're still doing some upgrades and still decorating a bit, I'm sure, do you have any lingering concerns or just what are you and your husband thinking about now in terms of the house in the next few weeks or a couple of months?

Lindsay DeAlba:

So we both have different perspectives on house renovations. We have our budget set aside in our account and it's kind of ready to go. And I think my husband likes looking at that money in the account thinking it's going to stay there. But my perspective is it's there for a reason. Let's get things going. What is better? To knock everything out really quickly or to slow'

... to knock everything out really quickly or to slowly do the projects and put the money in the bank? I know how I would answer it, but I'm always curious to hear what professionals think.

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Nadeska Alexis:

I think that's a great question because on one hand, it's really important to budget and have your rainy day fund, but on the other hand, you want to improve the space and make it enjoyable for you while you live there. So congrats on the home, I love this dark colored wall behind you and I hope you find some amazing more things while you're thrifting over the next few months to decorate.

Lindsay DeAlba:

Thank you.

Nadeska Alexis:

Thrifting some home decor can definitely help to save you money, and it sounds like Lindsay and her husband are also willing to do a lot of the renovations on their new home themselves. That will certainly save even more money, but it's really important to know when to call in professional help and there are no better professionals to call than my next guest. Joining me again on Beginner to Buyer are Drew and Jonathan Scott. Since we spoke on the first season, you've both been extremely busy renovating some houses.

Jonathan Scott:

We've done a couple houses since then.

Drew Scott:

Nadeska hasn't called us to renovate her house though, that's my only issue.

Jonathan Scott:

I was a little surprised by that.

Drew Scott:

Yeah, a little surprised by that. But it's fine. I mean, we're here whenever you need us, we're ready.

Jonathan Scott:

And it's impressive too, because we had so many people reach out on social media who had heard it before and they had so many more questions, so I love that we're talking again, because we could literally talk for hours.

Drew Scott:

And we do.

Nadeska Alexis:

Of course. Let's jump into some of the really big questions that our listeners have. Especially in the current market, a lot of people are always trying to find ways to save money. Buying a home is a huge purchase, so some people may consider a fixer upper. What advice would you give to a buyer who's trying to decide between getting a fixer upper or moving into turnkey home?

Drew Scott:

Yeah, the first thing that we always try to get them to figure out is what's most important to you within the home? Are you looking for three bedrooms because you want to have one for your baby and you want to have one as an office? Is that the location? Once you narrow in on those necessities, then you can start to judge whether the new home is a better fit, whether you want less hassles of things to fix. A lot of times with an older home, you might get a slightly wider lot, you might get slightly bigger bedrooms, it just might be a little rundown.

Jonathan Scott:

Depends as well. If you have zero skills when it comes to fixing up the house or doing anything, you may not want to take on a fixer upper unless you have the budget to actually renovate. But generally, you can get more house if you're willing to renovate than if you're going turnkey.

Drew Scott:

Here's one other thing I'm going to say. A lot of people feel if they get a brand new home, that there are no headaches. It's new, it's fine, you're getting into it without headaches. You should always do an inspection on a new home as well, because a lot of new homes actually have more problems than old homes. Just keep in mind.

Jonathan Scott:

And think about what is going to make your life easier. The whole point of having a home is that it makes life easier because it gives you a safe shelter over your head, it gives you a place to huddle with family and friends. What is it that would make your life easier? And anytime we have ever had a client who said, "I know I'm going to need a little bit bigger yard, I'll do it in a few years, or maybe I need a home office, but we can always get that in another house." The problem is every time you sell your home, you're paying transfer taxes, legal fees, real estate commissions, all of these things, that really digs into your pocket.

So you want to have the mindset of this being an investment and that's what I love about Chase. They work with you about any scenario and I love the idea that, whenever I've worked with any of them, they've said, "Here are the things we want to make sure that the client's thinking about." Grow into your home. It's an investment, but it's also something that you're better off if you can find a product that can

allow you that little extra buffer to get that little extra space, it saves you having to sell and pay all those transfer taxes.

Drew Scott:

Saves a lot of headache.

Nadeska Alexis:

A lot of headache and definitely a lot of money, to your point as well. Well, tell me in your experience, what are some of the most common projects that a first time home buyer might run into when working on their home?

Drew Scott:

One thing that I find-

Jonathan Scott:

We need more time.

Drew Scott:

Yeah, yeah, long list. One thing, and this is just up my alley, is organization, closet organization systems. I find a lot of people, when they get their first home, they totally forget about storage in the home. They just see maybe a pretty kitchen or nice bathroom. They're like, "This is the house for me." And then they move in and realize they have nowhere to put all their stuff, so they start trying to do some built-ins or some multi-functioning furniture pieces, or they'll look at adding more storage to the closets. Maybe think ahead, try and find a place that already has that built in, consider those elements. It might not necessarily add a lot of extra value to the home, but when you realize how much it helps you when you're living in the home, that's valuable.

Jonathan Scott:

Because whenever you walk through a house, when you're looking at houses, keep in mind they have no stuff in them usually. As soon as you bring all your stuff, it might feel a lot more congested. But a project I always do, the very, very first thing I always do anytime I bought a house, moved into a house, is swap all the light bulbs to LED. Instantly bringing down your consumption of power, it's better for the environment, but it's also change fewer bulbs. Incandescent bulbs last for around 1,000 to 2,000 hours. LED bulbs on average last 25,000 to 50,000 hours. Something like that I think, is a real easy thing to tackle as soon as you get it.

Drew Scott:

Home automation is another great thing and it's so easy now to automate your home. Some houses, they'll have a weird thing, if it's a room heading down to a basement and the light switch is in the basement, so you have to go down a dark hallway, well, now you can get remote light switches, you can just stick it on the wall wherever you want and it'll operate the light. You can get light bulbs that, literally, the bulb itself operates from an app on your phone. Finding simple things or video doorbells that you can add just to make sure you're adding some safety and security to your home too, is so easy.

Jonathan Scott:

I wish it was that easy to be smart when I was in high school.

Drew Scott:

I know, he's still working on it.

Nadeska Alexis:

Well, those are some really great small and easy fixes like you mentioned, that just make your everyday life easier, which is really important after you just buy your first home and you're dealing with so many other issues. And in terms of scaling for those bigger projects, there are some things you can do when you're already living in the home, like working on that closet system, for example, but what are some projects that you should absolutely every single time, get done before you think of moving in?

Jonathan Scott:

Anything that's going to create a dusty, unhealthy environment. And we did this as well when we were younger. We would live in our renovations because we were too cheap to rent a separate place, but it's just not fun to wake up with a scratchy sore throat because of the dust from, whether it's drywall or sanding or woodwork, or whatever it is. Anytime you're doing that kind of work, you want to be out of the house. Not to mention when you're painting and whatnot, it's not good to breathe in all of those VOCs.

Drew Scott:

Well, I think for other things too, maybe if you're looking at protecting yourself, like home security, look at changing your locks right away, that's a given. Upgrading your CO2 detectors, your fire smoke detectors as well. Considering fire extinguishers are actually something every house should have that most people don't have.

Jonathan Scott:

Fortunately, you don't need to move out of your house to change your fire extinguisher, so you'll be good.

Nadeska Alexis:

As we get into some of the bigger remodeling projects, there's always something to consider, and of course, it depends on your situation. If you're buying in a co-op, for example, you might have to worry about things like HOA rules, everyone has to worry about budgeting. And something new I'm learning when you're renovating, especially in places like New York City, you need permits for some of the bigger overhauls. Can you take us through some of these things, how important it is to consider all of these factors ahead of a remodel?

Jonathan Scott:

Yes, very important. Something most people don't realize, permits are required to do most work, especially if it's anything that's electrical, gas, structural, you need permits. Some regions, you literally need a permit to do something really small, even change a light fixture, which I think is kind of crazy. But yes, so check your local area, what's required. And also keep in mind that if you ever go to sell your house, pretty much every real estate contract has something in there that says it is a latent defect if you have not disclosed un-permitted work.

Which means if you finished your basement and you did not get a permit for all of the electrical work and everything that you did, and 20 years down the road that house burns down because of faulty electrical, you are still responsible because you did not disclose to the buyers that you had un-permitted work in the basement, which inevitably caused fire. So it is very, very important to get permits. If for some reason it turns out you hired a sub, they didn't get permits and you thought they did, it's fine, you can go back retroactively to the city and get the permits. They want to make sure everything's safe.

You might have to open the walls back up, but that's why the very first thing you want to do is make sure you're aware of what permits are required and make sure that your contractor is getting them. We've had three projects recently for our shows for Property Brothers, and it turns out that the homeowners had un-permitted work at the house. And so when we went to start our permitted work, the city required us to undo all of the un-permitted work and redo it properly before they would close the permit on the new work that we were doing. Keep in mind, as soon as you want to do a major project, as soon as you open permits, they're going to come and they're going to look and make sure there's nothing else illegal.

Drew Scott:

There's that can, there are the worms, look out.

Nadeska Alexis:

Yeah, permits are probably the least exciting part of the process. But as you pointed out, one of the most important if you want to avoid any headaches down the line. And another one is your HOA rules. Thankfully, hopefully a little bit less stressful than getting a permit, right?

Jonathan Scott:

I don't know, Drew, do you know anything about rules, like historical commission rules and things like that?

Drew Scott:

No, I mean, this is the thing. HOA regulations, rules, it's there for a reason, but it also can be a nightmare, especially if there's certain improvements. We've had it, for example, where you're not allowed, there were some regulations about flooring that have been in this one condo we were renovating, and it's been there for 30 years, the rule was you cannot have hardwood. Well, from 30 years ago until now, there are products like a hardwood or even a luxury vinyl or something that you can actually add a sound dampening layer underneath and it sounds fine, it's the same as if you had a carpet or something. But because those products weren't there years ago, it's not the rules. So sometimes it's really hard to try and convince people to change something that was there from a long time ago. You just have to work with your HOA and hopefully they can understand the value of what you're doing.

Jonathan Scott:

Not that HOA ever have people on there that are just bitter.

Drew Scott:

No, no, no. Wink, wink. Hopefully yours doesn't.

Jonathan Scott:

Yeah, we're pretty fortunate with our shows. Pretty much all of the HOAs we've had to deal with on any of the shows, Celebrity IOU, Brother Versus Brother, they've been pretty darn good, very supportive of what we're doing. But we also know building science and technology has improved over the last several decades, and so there are products now to solve pretty much any issue you could encounter.

Drew Scott:

Just be careful if you are looking to buy a condo, that there's some sort of an assessment and there's money being owed, because you could be getting into a real nightmare if you have a property that hasn't been properly managed and they don't have the funds to support what needs to be done.

Jonathan Scott:

Well, that's always the big debate for someone, whether they want to own a single family home or whether they want to own a condo. Because with a single family home, you call the shots, you make the decisions, and there can be restrictions in communities, whatnot. But generally, you call the shots, but you are also on the line for all of the expenses with that single family detached home. With a condo, the great thing is shared expenses, especially for common areas. So you split that expense across everyone in the neighborhood, brings the cost down for everybody. Downside, you have HOA fees and sometimes decisions are made that you may not want for your community, but because everybody gets to vote, you get voted out.

Drew Scott:

I actually have a friend right now who's dealing with, they got into a condo, similar to what you said earlier where they had no children at the time, then they had one child and now they have their second coming. And the problem is it was way too small, even for them and the one baby. So now they have to move again to a new place, but they thought, "Maybe we'll rent it out." And then the HOA has rental restrictions. Then they realized that when they rented out, they wouldn't make enough money to- ... then they realized that when they rented out, they wouldn't make enough money to cover the HOA fees, insurance, tax and everything else that they had to worry about. So at the end of the day, they're going to lose money if they try to keep it so know what you're getting into.

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Jonathan Scott:

Once proving kids, ruin everything.

Drew Scott:

No.

Nadeska Alexis:

No, I mean, as someone currently a living and working from home with a baby in a one bedroom apartment, I completely understand. Hopefully they've figured out a good solve to that issue.

Jonathan Scott:

Should we be talking like this so we don't want to wake anyone?

Nadeska Alexis:

Don't worry. She's in another room with grandma right now, so she's okay. So we spoke about permits and HOA rules, all important things to consider. And finally budget. This is always the big one. Of course, your budget is going to depend if you're buying a condo or a co-op, it's going to be less work than buying a single family house for example. But how should you approach this aspect? When should you maybe have a contractor come in and give you an estimate? How do you really know what you're walking into?

Jonathan Scott:

Well, the big thing is numbers never lie. And I think the hardest thing for first time buyers is to take the emotion out of it because this is a really big emotional step for anybody, buying your first home, take the emotion out of it, approach it like a business decision. And part of that is if you're buying a house that you know you're going to need to do a major remodel on or maybe even just redo the whole kitchen, have it as a part of your purchase, you want to have someone come in and quote on that work as a condition so that if for some reason it turns out that the numbers are all thrown out of whack, the kitchen's going to cost three times what you thought it would then that you can walk away. And this is in the house for you. But it's very important.

We usually say get three quotes from three reliable contractors, but don't find yourself in a position where you've committed to this house, you've bought this house, and all of a sudden, ah, I didn't quote or I didn't get advanced quotes on the work and now I don't know how I'm going to pay for it.

Drew Scott:

I find one thing that's really fascinating to me because we've dealt with so many homeowners over the years that you'll find homeowners that think that they can handle the entire project on their own, but they've never done a construction project before. You would never go into court and try and be your own lawyer. If you needed a lawyer, I would always want to have my home lending expert helping me with my mortgage. I wouldn't be trying to handle that side of it on my own. So why would you not have a contractor or a designer come in and help you prep yourself for success?

Jonathan Scott:

And sometimes I find people, they kick the tires more of a kettle that they're buying at the store as opposed to a house. This is your biggest investment. Get into this house. Look in the mechanical room, do an inspection. If it's a house that has very specific issues or the community's known to have very specific issues like termites or something like that, also bring in a termite expert or an engineer if there's some sort of structural issue. Do this before you actually buy the house because otherwise, we've seen it. One of our episodes of Property Brothers, they knew that there was some kind of issue. It was on a hill, the house was on a bit of a hill in the back and there was some moisture damage and whatnot. It turned out, because they didn't inspect it, it was an \$80,000 expense to restructure that whole back wall and put in all the steel supports and everything that obliterated their budget to renovate. And so it was real hard. Figure these things out before you buy.

Nadeska Alexis:

Okay, and as you mentioned, some people take on projects, DIY projects, or at least what they think are DIY only to find out that it's not. So can you tell me quickly just a couple of projects that really are fine for the average human. You can look on YouTube, learn some things that you can take on without causing too much damage.

Drew Scott:

Yeah, I mean paint is the easiest thing because you can just paint over it again if you don't like it. We also have, even with our Scott Levin collection, we have peel and stick wallpaper. Wallpaper doesn't have to be the mess that it used to be and this peel and stick, it will stay. It's not like it's just going to slough off the wall. We use this for ceilings and walls as well. And so that's something you could put it up and if you don't quite like it or if you're not really good at install and it takes you a few times, you can line it up better and it's not making a mess of the space.

Jonathan Scott:

Yeah, you can remove it without damaging the wall.

Drew Scott:

Yeah, put on bookshelves as well, in the back of a bookshelf.

Jonathan Scott:

Even flooring, there are videos from professionals. Don't just get videos from some influencer online. Get videos online from professionals teaching you how to lay floors, how to do baseboard casing, trim work, things like that. All of this you can handle if you've got the time, make it a fun weekend project. Do one space at a time.

Nadeska Alexis:

And now if you do start a project and you realize that you are in over your head, sometimes our ego gets in the way. How do you force yourself to just hang it up and call a professional instead of digging yourself further into that hole?

Drew Scott:

We have a lot of our homeowners when we're talking to couples and you can see the moment we start to walk through and you see the handyman work that the husband had been trying to do and the wife just rolls her eyes. And it's one of those things like obviously good try, but if it's electrical or roofing or whatever else it might be, plumbing that you should just leave to a professional, just take a breath and realize that dry walling is a prime example. Our dad loved to do dry walling, but it would take him a week to do what a professional could do in a day and a half. And so just understand the value of your time. A lot of people don't understand the value of their time.

Jonathan Scott:

And I can give you a cheat sheet. If you're dealing with major electrical, major plumbing, or any structural, do not do it yourself. That has to be done by a professional and you need a permit. But I know a lot of people who try and take on something, and I keep referencing our shows, but we've done over 575 episodes of our shows. We've helped a ton of families and there was one house we went into in Texas and they decided to do a bunch of their own work because in their laundry room it was taking forever for their clothes to dry and all the ducting from the dryer, the vent went up into the attic and then around to the back of the house. The pipe was too long, it was too slow. So he just decided to remove the pipe from the dryer. Turns out their furnace was also in the attic and when we went up there, all the dryer lint from the dryer had coated their furnace in a giant flammable blanket of lint.

Extremely dangerous. So any time you're dealing with something that's electrical, plumbing, structure, anything that could be dangerous, fire hazard, you have to use a professional.

Nadeska Alexis:

I don't think you could say that enough times. And even if you budgeted for a project, you got quotes from three reliable contractors like you mentioned, it happens especially in older homes, that once you start doing some structural work, you might run into some issues that you didn't necessarily expect. So in addition to just the actual budget that you got from your contractor, how much did you have in your back of your mind as sort of an emergency fund during your renovation?

Jonathan Scott:

Contingency.

Drew Scott:

Yeah, your contingency, it really does depend. If you have a house that looks like it's a lot older or has a lot more problems potentially that you can see as you walk through, you want to make that contingency more, maybe a 10 to 20% or more if you think you have to. But the main thing is every house can have something. If you're doing a major renovation, you will come across problems. So don't, don't be somebody who is banking on the, nothing goes wrong. Think of a bit of a worst case scenario, and then at the end of the day, if you've planned for it and you have the budget for it and then it doesn't happen, then you can sigh a relief and go on a vacation with the extra money.

Jonathan Scott:

I think that's the thing. A lot of people are like, "Oh, I've got this contingency. It's perfect for buying a big screen TV." No, that's not what your contingency is for. Your contingency should never be less than 10%. We've even gone as high as 30, 35% if it was a really problematic looking house but-

Drew Scott:

Your house?

Jonathan Scott:

Yeah, old houses, we came across a lot of stuff. Or if you want to upgrade for eco-friendly stuff, I think it's so important to look at something that will reduce your water consumption. Maybe a gray water recycling or solar or storage, any of that kind of stuff. But yeah, I think it's important to be realistic because the other thing to consider too, when you're doing major renovation work, you are always, and you can ask any contractor, you will always come across something unexpected. That's why you have to have the contingency. Sometimes it's a little thing, sometimes it's a big thing. But when you're also jiggling the house around with all the things that you're doing, inevitably it will break another system.

Drew Scott:

Another thing to keep in mind, and this is something that will become more and more efficient as we have more innovation with new technology, but decarbonizing your home is something that's becoming very, very important. Getting gas out of the home. A lot of people over the years, this is something that a lot of people may not realize, we have all been brainwashed to think that cooking over gas makes you the best cook in the world. That's how the professionals do it and it's actually not the most efficient.

Induction is far more efficient, boil a pot of water in a fraction of the time. There are so many things that are more efficient, especially where we are in California, we don't need gas anymore. We have efficiencies to be able to heat our water and cook in the kitchen and do all the things we want to do without gas. So keep in mind, new innovation is always getting cheaper and cheaper as it becomes more and more popular.

Jonathan Scott:

Well, that's why I always thought it was so interesting because why is it you think we don't have campfires inside? Why is that? Because the fumes are toxic, they'll kill you. What happens when you're cooking over a gas flame?

Drew Scott:

Or an old fireplace.

Jonathan Scott:

The reason most people don't turn on their vent hood, that's the whole point. Turn on the vent hood, get those fumes out. Most people don't. So the indoor air quality can be really bad. So you see a real push toward air quality, water quality, all of these things. And even on the decarbonizing side of what Drew was saying, a lot of these technologies, they're going to make it so much easier to maintain your home too, which I love. We've been dealing with these smart panels, smart electrical panels, and they basically have an AI that monitors your whole house and it can tell you when your fridge is about to go.

It can tell you if there's a problem with one of the electrical systems. In fact, you could even go if there was an emergency and you had an electric vehicle, if your power goes out, you could go away, charge up your electric vehicle, come back, power your house off of your vehicle. That's where we're headed with the home. So trying to find ways to make sure that we don't have to be the ones who are always responsible for thinking of all these things because you just want to enjoy your home. Most people don't think about the big ticket items until they fail and then all of a sudden they scramble, oh my gosh, what do we do? We don't have air conditioning and it's going to be 100° today. So I love that the houses are actually getting smarter so they can help us with that maintenance.

Nadeska Alexis:

We talked about the contingency fund for when you're doing a big remodeling project, but in general, say you finally settle in, you've done all your major projects, you still need to consider having an emergency fund and a maintenance fund. So can you tell us the difference between those for buyers who are still trying to understand that?

Jonathan Scott:

Yeah, so one of the best ways, because a lot of people, for them their home is their retirement plan. So you want to make sure that you're taking care of your investment. It costs a lot less to maintain a property than it does to neglect a property, wait for something to fail and have to go and replace it at that time. So there are a few different things that we recommend. One is you definitely have to have a fund set aside in case your air conditioner fails, or something fails. I personally like having a home warranty plan on the house. You can go at any time and implement a home warranty plan and that it can be anywhere from 350 to 650 depending on the size of the house. And I had it in the past where my

air conditioner went out. It was replaced completely covered by that, whereas that would've been a \$6,000 bill.

And so for an annual fee of, I think I paid \$450 for my plan, it covers a lot of those things that could break down appliances, whatever. But it's good to have that money set aside so that if there is an uh oh moment, you've got the cash to cover it. Because say we had one homeowner who a tree fell, hit the roof, they didn't have insurance on the house, and all of a sudden they had a gaping hole and the next day it rained. Think of that. These are problems where they didn't have the cash to go and fix the problem right away, you have to have that money set aside.

Drew Scott:

Yeah, that's the whole thing. Emergency fund is for the unexpected. A maintenance fund is for the things you're expecting and you're planning ahead, being proactive.

Nadeska Alexis:

Where should you actually keep the emergency fund? I think that's something people wonder about. Should it be in my savings account, my checking and a CD and bonds and-

Should it be in my savings account? My checking? In a CD? In bonds? In stocks? What would your advice be?

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Jonathan Scott:

Needs to be somewhere where you have access to it without penalty. So depending if you put it into a bond or something, sometimes you can take a penalty if you pull it out. Keep it away from the person in your household who is a shopping addict because that's a terrible place to put it.

Drew Scott:

Yeah, don't put it there. I think the main thing is you need to talk to your professionals the same way you would come to talk to us for construction, or design, or real estate buying and selling. Talk to Chase. I mean, talk to your lending expert. Talk to them about what your options are. And again, that's what I love with our relationship that we have with Chase. Everything that we could consider that we would need, you're bringing options to us. Whereas I've found in the past, sometimes it's like pulling teeth trying to know what my best options are. Chase always brings forward the absolute best options for you because they actually care about your family.

Jonathan Scott:

It's a long-term relationship. They want to grow with you as you grow with your home. And another thing too, actually to add on is I think it's so important. Anytime I moved into a new house, I've got two dogs, the first thing I do is research where's the closest vet, where's the closest dog hospital, all of those sorts of things. Do the same thing with your house. You should have a list of a handy person who can help things out, a plumber, electrician. Have a list of helpful people that can come in the event of an emergency. Then you're not scrambling for somebody last minute if you need it. But it's nice to have that planning done in advance because then if an emergency happens, it's not quite so chaotic.

Drew Scott:

Wait, there's dog hospitals and vets?

Jonathan Scott:

Yeah.

Drew Scott:

Those are two different things? I didn't even know that.

Nadeska Alexis:

Didn't know that either. All right. Learning some unexpected things today. Appreciate you both taking the time. I have a couple more quick questions, and then I will let you go. I think that when you're remodeling your home, you're going to do different projects depending on what's important to you and your family at that time. Like you said, you want to find a way to grow into your home instead of always having to move to make changes. But universally speaking, what are some of the improvements that will always add value to your home?

Jonathan Scott:

Lighting I think is a big thing. Anytime a home has statement lighting, but also an abundance of light, it makes a space feel brighter, bigger. It makes a space feel much more inviting, so that's something we've always said. If you're going to look at something that's adding value, lighting is a very important thing to look at.

Drew Scott:

I mean, one that's an obvious though is also function in the kitchen. I mean, function in the whole home's important, but also function in the kitchen because usually for most families, that's the center of the home. So making sure that you're creating enough prep space, surface space, if you like to entertain whatever. Whether it's just the family or entertaining, you have the room to maneuver and actually have people in the space with you.

Jonathan Scott:

And sometimes thinking, we call it the ick factor. If you're going to sell, the more times a buyer looks at something and goes, "Ugh, ooh," the worse it is. So even if you're living in the house, you're staying in the house, if you're going to add something, do a renovation, if it's something that's so particular to your specific needs that it probably wouldn't really appeal to other people, you're probably not adding value. In fact, you're probably taking value away. So always think of the projects you want to take on. And is this something unbiasedly that a broad spectrum of people would enjoy? And if so, you're adding value.

Drew Scott:

I think one other thing I would point out is home safety, security, and automation is an important thing. That will add value to the home. When somebody feels safe in their home, they see more value there.

Jonathan Scott:

There's no science to how you're selling your real estate. There are really very few things that affect whether a house will sell, and one of those... We always say it's one of three things. There's a problem with the neighborhood; very rarely is that the case. There's a problem with the house; sometimes it can

be something that needs to be renovated. Or there's a problem with the price. Every single house will sell if the price is right.

So if you list your house and have no activity, or maybe you have some people look and then nobody comes back, nobody looks, and after a couple weeks you realize no responses, that is a clear indication that there's a problem with the price. So that's why we always say, look at the math. Take the emotion out of it. The numbers don't lie. And fingers crossed, there's some things you renovate that add value and you can get more money when you sell, and there are other things you do that might make it sell faster or look cool, but you're not going to get any more money for it.

Drew Scott:

And this is where it comes back to if you own the house or if you're a first time home buyer, you can get emotional. You're emotionally connected to this, the new house, and the whole situation. That's why you work with professionals. Whether it's your home lending expert, whether it's your contractor, your designer, whoever it might be, we are here as non-biased third party to come in and try to make this process easier, and then use our judgment from our experience to be able to make this an easier process for you.

Nadeska Alexis:

Absolutely. And as the experts, here's my last question for you. Say you've lived in your home for some time now. You really planned, you budgeted, you did all the renovations and remodeling that made sense for your family, but things still aren't working or you're not comfortable or happy. How do you know when it's time to just move on to your next home?

Jonathan Scott:

Have a really great real estate professional that you know and trust who can run the numbers for you and tell you what you would likely sell the house for right now, run the numbers for you and let you know what the house would be worth with certain additional improvements to it, and have a contractor quote on what the cost of those are. Again, the numbers don't lie. Some people, they love the history of a home or they love the story of a home, but if they really, really wanted to be honest and they wanted to bring it up to the standards of what they need for it to function for their family, it would be a bad investment. And there are a lot of times, it's not even 50/50, there are a lot of times where we hear someone say, "Oh, I want to do this. I want to do this. I want to do this." That's great. You'll never get that money back out of it, even if you put in a pool, for example.

If you were to put a pool in today to pretty much any house and have to sell it tomorrow, you would not get that money back. You'd probably get half of that money back. It has to be something that you're confident that you're going to get a lot of use out of. You're going to use it for years and that's great. But you got to look at these things and say, "Is this a good investment?" And if it's not, it answers it for you. You might have to look at another property.

Drew Scott:

It really does come back to one of your first questions as well as what to look for. And if you go back to that list that you made that are the top priorities for you, whether it's neighborhood or number of bedrooms, whatever it is, and then you look again at your home, and if you're not checking off or re-imagining the layout of your home, if you can't check off those things, time to move.

Jonathan Scott:

In the wise words of our friends, David and Hillary, you have to decide, are you going to love it or are you going to list it?

Nadeska Alexis:

I love those two. Drew and Jonathan, thank you again so much. It's great to have you back on season two, and just look out for me reaching out to ask you for advice. I'm just learning how expensive it is to fix aging plaster and skim coat walls, so I might have a lot more questions for you still.

Drew Scott:

Good luck. All right, thanks so much.

Jonathan Scott:

Thank you.

Nadeska Alexis:

As usual, Drew and Jonathan Scott gave us a lot to think about. I'm definitely going to check and make sure I have a functioning fire extinguisher accessible somewhere in my home, and you should too. Next time on Beginner to Buyer, we'll learn what an ADU is and how your home can be an additional source of income. Until then, you can learn more by visiting beginnertobuyer.com and consider checking out season one of the podcast as well. Beginner To Buyer was created by Magnet Media and Chase Home Lending. Our executive producers are Ashley Bobo and Akash Vaswani. Our lead producer is Pamela Lawrence and our media editor is Matthew Dipietro.

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