

How Deferred Maintenance Can Rob You of Equity

It is so easy (and all-too-common) to delay fixing things in your home. Maybe the paint is peeling, or there's a cracked window you don't see any urgency in replacing. Maybe the window screens are sun-damaged. Such things are easy to let be if you have no plans on selling your house, but you let them pile up at your peril, because life has a way of surprising all of us. When that crisis requires you to sell quickly, you may not have the time or money to get them handled, and you'll get less for your home than you should.

For this article, I went to Ginger Pruitt, owner of a respected property management company, and offered her this space to write about this important topic. Here's what she sent me:

By GINGER PRUITT

As the owner of PMI Foothills, a professional property management company in the Denver area, I've seen my share of good, bad,

and ugly houses. Ugly houses, for the most part, were not always ugly. One day, perhaps long ago, these homes were brand new, glittering assets that spoke of someone's American dream come true. Whether they were purchased originally for a primary residence or as an income property, they were full of promise and green lawns.

Over time, without continued care and management, they sit neglected, growing weeds, with many things broken inside. The only renters they attract are ones with bad credit and low bank accounts.

Nothing is totally unsalvageable, though. The problem is, how much money will it take to bring these homes back to the glittering assets that they once were? Probably more money than if they were cared for in the first place.

House systems are related, and, when not taken care of, they snowball into large-scale problems over time.

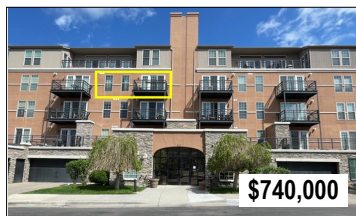
MAINTAINING YOUR HOME



By JIM SMITH
Realtor®

Condo on Clear Creek Listed by David Dlugasch

This 1-bedroom 1-bath condo at **640 11th Street #302** has it all. In addition to the main bedroom, there's a custom-built high-end cherrywood murphy bed in the office that's perfect for guests or to use as a second bedroom. The kitchen features granite countertops, stainless steel appliances, and a kitchen island. The living room has beautiful hardwood flooring and a ceiling fan. Enjoy the view of South Table Mountain on the balcony. This location is great, as this building backs to Clear Creek and it's one block from downtown Golden's Washington Avenue with its array of restaurants, stores, and shops. To top it off, there's a reserved parking space and a nice size storage cage in the secure heated garage. Come and see this very desirable unit in the heart of Golden. View a narrated video tour at www.GRElistings.com, then call **David Dlugasch** at **303-908-4835** to request a showing.



5-BR Home in Golden's Village at Mountain Ridge



Homes in this subdivision backing to the foothills come on the market rarely and sell quickly. This one at **165 Washington Street** is especially nice, with the most awesome chef's kitchen you've likely ever seen. Beautiful hardwood floors grace the main floor, with newer berber carpeting upstairs and in the walk-out basement. The Table Mountain views from every level, but especially from the primary suite, will take your breath away. If you're a soccer fan, the posters and awards in the main-floor study will inspire you! A video tour is at GRElistings.com. Or call me at **303-525-1851** to see it. I'm holding it **open Sunday, from 11 to 1.**

What many owners struggle with today is how avoid this by knowing where, when and how to invest money into maintenance so that their property continues to generate market rent and appreciate for when it is eventually sold in the future.

I frequently am asked what renovations a landlord should make before renting their property. My answer might surprise you — I usually say "none." I tell owners not to renovate their home if they have not done so already. There is a point where it becomes necessary to make updates that will garner higher rents, but the professional investor knows that their money should be saved for ongoing maintenance and upgrades, versus significant renovation, if they are forced to make a choice. Instant return can be found in new carpet, paint, and landscaping to enhance curb appeal. With a fresh, clean house and a well-tended front and backyard, renters will look past the old tile in the bathroom and the dated oak cabinets in the kitchen.

Savvy investors know that the key to growing equity in their home is by setting aside 8-10% of monthly income for routine maintenance. From that budget, what is left over is saved for long-term capital expenditures such as a roof, fencing, or HVAC replacement. How often do we think about cleaning gutters, fertilizing and seeding, inspecting and cleaning the furnace, and making those minor repairs on an investment home? The answer is not too often if it is not your primary job and you don't live close by. These routine maintenance items can be crucial to curb appeal, longevity, and property value. A professional property manager knows the right contractors who do a great job for a good price which can be the difference between cash flowing and

On June 7, This Ad Moves to Saturday's Real Estate Section

We have "owned" page 3 of YourHub since its beginning in the **Rocky Mountain News**, but with its discontinuance this week, we have been offered the bottom half of the first page of the Real Estate section on Saturdays. Look for us there beginning on June 7th.

breaking even.

Deferred maintenance creates problems that may not be immediately visible but could be catastrophic farther down the road. A small tile coming away from the shower wall, if left alone, can lead to vacating the unit for mold mitigation and renovation. With the constantly changing landlord/tenant laws in Colorado and the requirement to temporarily re-house a tenant in such a situation, a mold issue could set a property owner back an entire year in income.

Setting aside money for routine and general maintenance and repairs is not the full answer, though. An owner must know when and where the problems are coming from. They have to anticipate issues before they appear. At PMI Foothills, we perform thorough inspections every 6 months. We examine sinks, bathrooms, utilities, the roof, landscaping and everything in between with pictures, creating a PDF report that identifies issues before they become a 5-figure problem.

If the thought of all this work is intimidating and the time commitment is unthinkable, hire a professional property manager like me. After all, passive income should be passive.

Ginger Pruitt can be reached at 303-800-8282 or by email at Ginger.Pruitt@PMIfoothills.com.

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Give one of us a call at the cell numbers below for a free consult.

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