

Not All Fixers Are Alike



By Kathy Proff

Buying a place that needs some work is a great way to make a living or build a portfolio. But not all fixer-uppers are alike. So how can you tell a potential moneymaker from a money pit?

Most fixer properties generally fall into one of three categories: a cosmetic fixer-upper, an ugly fixer, or a teardown. You need to know which one you're considering. Here's how to find a fixer-upper that's right for you.

The Cosmetic Fixer-Upper

A cosmetic fixer is a house that just needs some TLC. The sellers may not have wanted to invest any more time or money in the house prior to listing, and the listing price probably reflects that. New paint, carpet, countertops, lighting, landscaping, and a few new appliances will give a cosmetic fixer the face-lift it needs.

The Ugly “Dog” Fixer

It may be ugly, but it's beautiful to you! This house has all the right things wrong with it and usually the most upside potential. It's the fixer that needs more extensive repair and remodeling work than the cosmetic fixer, but structurally, the home is in decent shape. If you can see its hidden beauty and are willing to commit to the work, you'll get the deal that others overlook. Look for these hallmarks of a downright ugly fixer.

- **No curb appeal.** The landscaping is overgrown or the paint is peeling, but curb appeal can easily be welcomed back with a new or painted front door, new house numbers, a new mailbox, flowering plants, and fresh landscaping.

- **Great bones in bad shape.** The home's quality construction and architectural lines have fallen into disrepair or been covered up with unfortunate updates. While it may take a keen eye to spot the underlying beauty, it's generally not too difficult to restore a home's original character.
- **Dark interiors cloaked in unattractive decor.** Ugly decor is a huge turnoff to most buyers. But remember: This issue disappears as soon as the moving vans pull away with the seller's possessions, and a coat of paint or new window treatments can do wonders for a dark interior.
- **Outdated kitchens.** Upgrading your kitchen will be one of your biggest remodeling expenses. However, it also gives you the biggest return on your dollar.
- **Outdated bathrooms.** There are lots of great options for bathroom upgrades at your local home improvement store. While you may need to bring in skilled professionals for more nuanced plumbing projects, this can definitely be worth the effort.
- **Bad smells.** Whether from pets, cigarette smoke, or some other source, a smelly home will turn off the average buyer. Replacing carpets and window treatments and adding a fresh coat of paint will usually resolve this issue. Bad smells are the smell of money to the investor!
- **Leaks in the roof or a water-stained ceiling.** These can really turn away potential buyers — but homes in this condition typically need a new roof, so eliminates the source of the problem.
- **Small rooms or a choppy layout.** Look for potential to remove a non-load-bearing wall that could open up a kitchen to a living room or den, providing a desirable open floor plan.

Teardown?

Some properties will never work out well. These homes have the wrong things wrong with them, even for the most motivated investor. A teardown house likely has myriad issues and the potential to become a money pit.

If a house has major structural, geological, or severe foundation or environmental problems, you don't want it!!! Do your homework. Even if you purchase the house on the cheap, some problems are impossible to fix, no matter how much money you invest. This is a Pandora's box you do not want to open, because you will never see a return on your investment. Walk away, walk away, walk away!

My rule of thumb is always " When in doubt, don't." There will always be another good deal waiting around the corner. You just need to find it.

About the Author

Kathy Proff is a Member and Educator at REIA, the Real Investors Association of Washington, and a Real Estate Broker at **The Cascade Team**. Kathy Proff represents buyers and sellers in the greater Puget Sound area, specializing in Eastside properties. Kathy has over 30 years of experience as a real estate investor, thinks creatively and has strong negotiation skills. No property is too large or too small for her

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