

Should I Renovate My Home or Move?

Is your family outgrowing your current home? Do you still love the area and not wish to leave the neighborhood? Then you may want to consider renovating or adding to your current home rather than moving. Take a close look at both options, so you can make the best decision for your needs.

Decide exactly what you're looking for.

First, compile a list of features, separating your needs from your "wants," and rank them in order of importance. Next, estimate the total cost of adding the features you desire and compare it to the cost of purchasing a home that already has them.

Consider the value of the other homes in your neighborhood.

You should take surrounding home values into account when you decide whether to make improvements, especially if you think you may sell your home within the next few years. Renovating your home to the point where its value approximates the values of other homes in your neighborhood can be a wise investment. However, "over-improving" your home relative to others in the area may make it more difficult for you to recover your improvement costs when you sell. You may want to speak with a real estate agent to determine your home's current market value and to help you project what the value could be once you renovate. Your home's market value is driven largely by the market value of surrounding properties, and even an improved home is unlikely to generate a sales price significantly higher than the value of the other homes in the area. To get a general idea of the financial risks and rewards of renovation, complete the following steps:

1. Contact a real estate agent to get recent sales price data for comparable homes in your area.
2. Add your projected improvement costs to the current market value of your home (you may want to consult a real estate agent to get accurate figures, and compare that total dollar amount to the average sales price of homes in your neighborhood.
3. If the cost of your renovation project plus the current value of your home comes to less than what other homes are selling for, there is a good chance you can recover the cost of your improvements when you sell. Conversely, if neighborhood homes are selling for significantly less than what you've projected as your home's value after improvement, then recovering your renovation expense is less likely.

Home improvement can offer great rewards, as long as you take all these factors into consideration. Not everyone wants to renovate for the same reasons, so let your priorities as a homeowner point you toward the option that's best for you.

Consider the cost of selling and moving.

If you bought your home for \$200,000, and it sells for \$300,000, you've made a \$100,000 profit, right? Well, not necessarily. Sometimes you have to spend money to make money.

Below are some of the expenses you might incur when you sell your home. (Your situation may vary depending on where your home is located and other factors.)

- *Repairs and improvements* - Before you put your home up for sale, you might decide to spend some money to make repairs and improvements to help increase your sale price or even decrease the taxes you pay on the profit you make.
- *Real estate agent* - Your real estate agent's sales commission will vary depending on where you live and the sale price of the property.
- *Professional inspection* - Buyers will usually have their own inspection done, but it's useful for you to have one done before you put your house on the market.

And, once your house is sold, you will have added **moving expenses**, such as:

- *Moving* - Professional movers, moving insurance, moving/packing supplies, food and drinks for movers and helpers.
- *Utilities* - Deposits, phones, alarms (if applicable).
- *Travel* - Air fares, pet transportation, car/truck rental, meals, hotels/motels.

Consider the commitment.

Compare the time, effort, and inconvenience involved in buying a new home to that of renovating your current one. You've been through the home buying process before. How much time and effort did it take? Think about the current housing market and the availability of homes in the area where you'd like to live. Also consider your financing options and how they fit into your current financial situation.

Whether you decide to renovate your current home or buy a new one, you can get the financing you need through the **NEA Home Financing Program**[®]. Call **1-800-NEA-4-YOU** (1-800-632-4968) to speak to one of Wells Fargo Home Mortgage's experienced home mortgage consultants. They are available from Monday through Friday, 8 a.m. to midnight, and Saturday, 9 a.m. to 5:30 p.m. (Eastern Time). (Deaf/hard of hearing individuals may call 1-800-842-3548 TTY; Spanish-speakers may call 1-800-544-3482.)

Be sure to ask about the current member bonus offer. If you prefer, stop by your local Wells Fargo branch and be sure to identify yourself as a member of NEA. Or visit us online at www.neamb.com/loans/hmfpge.jsp.

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