



## HOME BUDGETING AND IMPROVEMENT GUIDELINES

Proactive maintenance is essential to preserving the value of your home. Routine maintenance prevents neglected upkeep from turning into major repairs and slows the rate of depreciation. Furthermore, select cosmetic improvements will enhance your living enjoyment and increase your home's market appeal and value when you sell.

Various lending institutions, such as Directors Credit Union and LendingTree.com, place annual maintenance and improvement costs at 1% to 3% of the initial price of the home.

### **Try these tips for creating your home maintenance budget:**

- Build reserves. Set aside 1% to 3% of your home's purchase price each year in a separate savings account specifically for home maintenance and repairs.
- Assess your needs. Prioritize projects and work within your budget (you will increase your budget as needed for bigger projects).
- Use credit wisely. Avoid opening a new credit card or getting a home equity loan to fund remodeling projects. Cut expenses and save money first.

### **Try these tips for tackling your home maintenance and improvement projects:**

- Create and follow a maintenance schedule.
- Re-do one room per year.
- Conserve energy; use energy-efficient appliances and light bulbs.
- DIY (do it yourself) if you are comfortable with a hammer and drill and could do minor repairs yourself.
- Keep track of improvements you make in a notebook with receipts attached.

Every year, **Remodeling**, a magazine for the construction industry, publishes its annual Cost vs. Value report, which is widely referenced by the design and real estate industries. It compares the average cost of 21 remodeling projects in 149 markets with the value those projects retain at resale in 100 U.S. markets. In cities such as Chicago moderate kitchen and bath improvements command impressive returns both in comparable sales price achieved and time on the market.