

Fixer-Uppers: Gems in the Rough

Is that fixer-upper home you've been eyeing a hidden value or a money pit waiting to drain your bank account? That's the quandary faced by those who choose to consider restoring a home to its former glory.

The enduring appeal of home-renovation TV shows points up the potential for savings and customization possibilities, but also the downside when cost overruns begin to add up. Here's some guidelines to consider when approaching investing in a fixer-upper.

'Worst House on the Best Block'

That's the gold standard of investing in a fixer-upper. Finding a home in need of restoration in your dream neighborhood may be all the motivation you need to go all-in. Of course, you should consider just how much of a fixer-upper you're willing to take on — and can afford. First, hire an inspector to reveal any potential hidden problems in wiring, plumbing, structural issues or other high-dollar deal-breakers. Because you may not live in Waco, Texas, with Joanna and Chip Gaines on your team, you'll want to make sure your dream home



renovations match your budget. Restorations can quickly get very expensive as the inevitable add-ons come into play.

Updating or Total Do-Over

Some fixer-uppers are simply in need of some TLC. And if you're an experienced do-it-yourselfer with the valuable skills necessary to restore a home at this lower-level of renovations, the appeal may be even more attractive. If the home requires extensive renovations, mixed with substantial design and

amenity upgrades, the appeal may not fade but your patience and budget may. Most renovations and upgrades can add instant value to a home; others, such as expensive but essential hidden repairs like beams and load-bearing walls, won't "wow" anyone.

To Live-In or Not

Most renovations are not just taxing financially but can also take a toll on your patience, especially when problems cause delays. Choosing whether to live in

and through a renovation is a decision that may or may not be one of choice. Some might find their expected ability to occupy another residence cut short and be forced to move in during a renovation or for at least part of it. Others might heartily dive in and believe they can weather the difficulties and that their on-site presence will help usher the project along. Still others have no choice. Be sure to consider the discomforts and gauge the extent of your obligations and responsibilities.

What Could Go Wrong?

For one fixer-upper who did everything right, things still went wrong. In a story in U.S. News & World Report, Laura Hedgecock relates that very tale. She and her husband "checked the builder's references, checked him out with the Better Business Bureau and looked at his projects. We went over the contract with a fine-tooth comb, kept all the sworn statements and refused to write checks without releases." But that didn't spare them the unexpected, expensive surprise that her contractor had run out of money and many of the materials used in her renovation had yet to be paid for.

While problems always crop up on "Fixer-Upper," they're always quickly resolved, mostly on-budget, and everyone's happy with the big reveal. That's not always the case in reality. There can be great job and pride associated with renovating your next home — and great pain and disappointment. Do your homework and make sure you're ready for all the trouble and potential extra expense before you decide to take on such a project.