

# ***SPECIAL REPORT:***

## HOW TO MAXIMIZE YOUR REAL ESTATE INVESTMENTS



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If you are not careful, the renovation and fix-up costs of your real estate investments can cut into your profits more than almost any other area. The key becomes knowing how to make your property attractive and desirable to tenants and potential buyers without sacrificing the bottom line.

In this special report, we will help you add value to your investments without getting carried away and losing precious profit to upgrades that do not justify the cost.

### Attend to the Little Things

Even if cash is not an issue, you still need to keep a tight rein on expenses in order to maximize your returns. By improving the “little things” on a property, you can make some meaningful upgrades to a property’s look and feel without breaking the bank and diminishing your profits.

#### Switch Plates

One of the cheapest “bang-for-your-buck” upgrades is new switch plates. Getting rid of old and ugly switch plates is a quick and inexpensive fix. More often than not when a room is repainted the old switch plates are reinstalled. For some houses, the switch plates are decades old! Prospective tenants/buyers will notice a clean, fresh switch plate as they turn the light on when walking into a room. From a .50¢ “cheapie” to a high-end brass switch plate, a replacement will provide a huge bang for your buck.

#### Trim

Even if the interior walls of your property do not need a new coat of paint, chances are the trim is a little worse for wear. Repainting or replacing the trim can add a nice finishing touch to a room. Moreover, if you decide to use a pre-painted trim, you can save yourself time too.

#### Doors and Door Handles

Changing doors and door handles is another inexpensive fix. Prehung interior doors will cost around \$50. Upgrade the doorknob to a door lever for another \$20 and you will create a great first impression as your prospects walk into every bedroom and bathroom in the house.

If you really want to make a good first impression, consider replacing the front entry door. A decorative doorknocker, new hardware, and a brass kickplate are all nice accessories to make the property more inviting.

#### Tile

As long as we are on the subject of the front entry, you may want to consider tiling the front entry. Most rental properties—and quite a few homes for sale have linoleum in their entry way. An attractive floor tile that covers a small 8'x 8' area can have a big impact.

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## Upgrade the Curb Appeal

Typically, if you invested in a distressed property, the curb appeal will need a lot of work. Even if the property is not distressed, some TLC out front can provide a great return on your investment.

It almost goes without saying, but if the exterior needs a fresh coat of paint, this is where you should start. A freshly painted exterior will make your potential tenant or buyer excited to see the interior. If the paint is still holding up, consider pressure washing to let the property's true colors shine.

When most people think about curb appeal, they think about landscaping. Landscaping makes a huge impression when someone first pulls up, but landscaping is also where investors can go over budget in a hurry if they are not careful. Mowing the lawn, cleaning out flowerbeds, and trimming back bushes are all quick fixes whose only cost is a little sweat equity. Once you have cleared the flowerbeds and trimmed the bushes, a few well-placed colorful flowers with some pine straw or wood chips will give a clean simple look.

If you decide to plant a tree, opt for one that will bloom brilliantly and look good year-round. Removing existing tree limbs that touch the house and/or roof is a good idea as they tend to scratch paint and in extreme cases cause damage to the roof. While the ladder is out, it might be wise to clean the rain gutters and check for any damage too.

Consider upgrading or replacing the mailbox if that makes sense. Also, repair, paint, or stain an existing fence if necessary.

## Rehab Kitchens & Bathrooms

You can easily get carried away rehabbing a property's kitchen and bathrooms. After all, these are some of the most important areas for a tenant or potential buyer when making a decision. And who doesn't like a beautiful, modern, updated kitchen and bath with top-of-the-line appliances and fixtures? Unless you are living there, you don't!

Do not let personal preferences, tastes, and wishes get in the way of making the most from your investment. For practical purposes, you can bring plenty of new life to a kitchen and bath for minimal cost by simply giving the cabinets a quick and easy facelift.

By following a three-step process of prep, prime, and paint, you can make a great impact.

You will want to start by properly prepping the cabinets. Otherwise, you will not get the return that you are after. Start by removing all hardware from the cabinets. Next, wipe down all the surfaces with white or distilled vinegar using a sponge or cheesecloth. This is very important for kitchen cabinets where years of cooking will have covered the cabinets with oil and grease.

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The second step is to prime. Using 200-grit sandpaper, lightly go over the surfaces. Your intent is not to remove the stain, but to take the gloss off. After sanding, you will need to wipe everything down to remove the dust. Once the sanding is complete, apply an oil-based primer in order to give your cabinets a good seal coat. If you skip this step, oils will seep through and ruin the cabinet's look.

Finally, you are ready to paint. A latex semi-gloss will provide a surface that is easy to clean. As far as color is concerned, ultimately, the choice is up to you, but white cabinets will look new and make the room feel larger.

## Add a Bedroom

Depending on the property, this next tip may cost a little more, but it can definitely create a huge payoff.

When looking at the floor plan, is there an existing area that can be converted into an additional bedroom? Typically, an attic or basement has the potential for turning existing space into an additional bedroom. By building a small closet in a spare room, you can gain an additional bedroom quickly.

A quick check of rental rates in your area will help you quantify the potential increase in rental rates of changing a two-bedroom home to a three-bedroom home. More than likely, you will find that the cost of adding the room is made up for in the increased rental revenue.

## Assemble a “Value-Add” Team

As you invest in more and more properties, you will want to expand your resources in order to help you add value to your purchases. Assembling a “value-add” team can be a great way to leverage the talents of specialists across a number of properties to help you be quick and nimble with your upgrades. Another benefit of creating a team is they can offer a reality check when upgrading a property. In other words, if you establish a budget, your team can tell you what is realistic for the price. This in turn helps you prioritize your list of upgrades.

An architect can help you creatively use the space you have and is essential for larger remodeling projects. When searching for an architect, be sure to check out his or her work. View examples of projects he or she has designed in order to get a sense of his or her style. Also, be sure to understand how the architect's fees are established. Is it a percentage of the construction costs or are you being charged by the number of hours worked?

An interior designer—especially if you consider yourself challenged in this area—can help create the look and feel for a space that makes people feel they **MUST** live in your property. Consider hiring a designer that will best meet your needs. Some designers specialize in renovations while others specialize in kitchens or bathrooms.

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A good landscape architect/designer can help fix problem areas while bringing an aesthetic quality to the outside of your property. From fixing a low spot in the yard where water pools after every storm to choosing the right landscaping materials, a landscape designer can help create a look that will be beautiful yet easy to maintain for years to come.

Finally, a general contractor can help arrange and keep track of the moving pieces so your projects come in on time and under budget. Starting out, you will probably want/need to fulfill this role, but as you add more and more properties to your portfolio, a general contractor will become a must.

### The Bottom Line

So there you have it. Five ways you can add value to your real estate investments. Each of these tips has the potential to help you maximize the return on your investment and satisfy your tenants and potential buyers.

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