

### Making a Big Impact with Small Touches

*Customers today want the very most and the very best for the very least amount of money, and on the best terms. Only the individuals and companies that provide absolutely excellent products and services at absolutely excellent prices will survive.*

*Brian Tracy*

Some of the most common mistakes I see are the ones investors make *after* they buy a house. Most of us know not to do anything too radical to our homes, but there are still lots of investors making serious mistakes that translate into much higher holding costs. This month, I'll give you some techniques for making sure your house sells fast and at a profit.

Let's start with two overriding principles:

**Buyers couldn't care less how much money you put into your house.** They may love those terrazzo floors, but they're still only going to pay market price. So market price is what you had better be prepared to accept!

**Your house should be just a little nicer than any other house in the neighborhood, but it shouldn't have the highest price.** It may sound counterintuitive, but it works. If your house is nicer than the one down the street and it costs less, guess which one will sell first?

"But wait a minute," you're saying. "How am I supposed to get the nicest house on the block without putting in a lot of money? I'm not prepared to give the house away!" Of course you're not. But you can make your house "pop" – that's what you're after – for a lot less money than you'd think. Here are six tips that will get you there.

**Be prepared to do certain repairs in every single house you buy.** Don't be an "under-fixer." In other words, don't assume that your buyers have the same great imagination you have when they look at homes.

The paint job may be pretty good. It may be very good. But if it's not perfect – no furniture marks on the walls, no sticky fingers on the light switches, no nail holes – then you need to paint all over again.

The same goes for carpet. While you're at it, replace all the hardware – door knobs, cabinet knobs, hinges, and window latches. Light fixtures and fans, too. And for heaven's sake, replace the toilet

seats! Your buyers will notice, although they may not be quite aware of what it is they're noticing. What you're looking for here is *new*.

***Eliminate the temptation to “over-fix” by using the same basic upgrade methods and materials most of the time.*** Don't be an “over-fixer.” You don't need to create a palace. You just need to make the house nice. If the buyer wants to glaze the walls, fine. That doesn't mean you need to, even if you think the living room screams for it.

Make some basic choices that you'll use for almost all your houses: neutral colors for the walls, decent-looking and inexpensive light fixtures, and nice, durable builder-grade carpet. Obviously, you'll use different materials for more expensive homes, but you should still have a pre-selected set of upgrades that you use for just about every house in that price range.

***Be willing to do the unusual if it will help you beat the competition.*** Notice that I said you should choose the same materials for *almost* all your houses. There are going to be exceptions, so don't be a “mono-fixer.” The mono-fixer does the same darned thing to every house he buys without giving it a moment's thought. Same fixtures, same colors, same floors, same hardware, same everything. Now, 80% of the time, that's just the right approach. But there are exceptions.

Why would a house need different treatment? It could be the type of home, or its age, or the neighborhood demographics. Let's take an example: a home in a historic neighborhood.

Now, putting aside my thoughts on whether it's wise to invest in older homes (it can be, but it can also be a disaster), if you're going to buy one, be prepared to do things differently than you would for a 10-year-old house.

People looking at historic homes don't want new. They want old, but in really good shape, or they want new that looks old. Ripping out the claw-footed bathtub and huge antique pedestal sink to put in a basic vanity with a one-piece fake marble top would be a serious mistake. And unfortunately, it's a mistake that's made all the time! The same goes for replacing the porcelain doorknobs with new brass sets.

And don't assume that only 100-year-old houses need special treatment. Maybe you've got a 1953 home with a hideous black and pink tile bathroom. Ripping out that tile, or re-glazing it all in white, could very well be a mistake if it turns out buyers in that neighborhood like funky authenticity (and these days, many do).

Even neighborhoods with newer houses can have their own unique flavor. There are some neighborhoods where bright colors, or dark, rich colors, are the preference. In a neighborhood like that, using good old stand-by beige could cost you money.

So how do you know when a house needs different treatment from your usual upgrade package? Well, that brings me to my next tip:

***Make it your business to see every house for sale in the neighborhood.*** Get a good, close look at your competition! Make this a priority, because it's the only way you'll know just what sort of upgrades you need to do.

What are the other houses like? Do they have laminate countertops? Crown molding? Tile floors? Hardwoods? Fans in every room? How are they painted? One neutral color per room? Darker, more luxurious colors? Do bathrooms tend to be trendy?

Now go back and look at your house. What can you do to make it just a touch above the competition, while keeping the list price low?

If you've gotten a good look at the houses, you'll know just how to do it. If everyone has laminate counter tops, install something that's just one step above. If some people have wood floors, don't put in vinyl!

There's no substitute for this important research. It's the only way you'll know how to rise just one step above your competition so you can still afford to keep your price just a bit low.

**Cut costs without compromising quality.** Look for ways to cut costs that still allow you to make the house "pop." Want to replace that skinny ceiling molding with nice, wide crown molding? Instead of replacing it, add a small strip of molding a few inches below the ceiling, and then use semigloss paint to create the illusion of crown molding.

Are the kitchen cabinets dreary? Don't put in new custom cabinets. Instead, hire a good painter to paint them, inside and out, with an oil-based paint (there's a trick to this, so get someone who knows what they're doing). If you absolutely must get new cabinets, go for prefab instead of custom. Remember, the buyer may love those custom cabinets, but that doesn't mean he's willing to pay you more for the house.

**Upgrade a few choice items that will provide buyers with small touches of luxury.** Not everything you put in has to be the cheapest possible. If you invest in a few luxury items, you can give the place a whole new feeling.

The best places to splurge are the bathrooms, kitchen, and laundry room. For example, most investors buy the same really cheap bathroom faucets that you find in apartments and hotels (yes, you know the ones I mean!). Skip those! Instead of spending \$25 on each bathroom, spend \$100 and get low-end designer faucets. Put in a really great showerhead. Look for deals on ceramic tile flooring instead of using vinyl.

In the kitchen, install a more expensive faucet with a nice sprayer or even a hot water dispenser. Think about a tile backsplash. If there's a sink in the laundry room, put in a new faucet (no need for anything fancy here) and perhaps some wire shelving. Yes, you'll add a few hundred dollars more to your cost, but that will translate soon into thousands extra in your pocket.

If you've made smart upgrade decisions, you won't care whether a buyer sees the other houses in the neighborhood first, last, or somewhere in the middle. Yours is the one they'll remember, and yours is the one they'll buy.

*Don DeRosa was recognized as one of the nation's top 21 real estate investors in the New York Times bestseller The Millionaire Real Estate Investor. Don, who is a full-time investor, trainer, and mentor, offers a complete system to build and run a thriving real estate business. For more information on Building Wealth with Real Estate, visit [www.donderosa.com](http://www.donderosa.com).*

**Synopsis:** To get the most out of a rehab project, make your house the nicest in the neighborhood, but not the most expensive. Remember, buyers don't care how much money you've spent to fix it up. Be prepared to do some repairs in every house, like new paint and carpet. Choose some basic upgrades that work for almost all your houses, but be prepared to change your usual upgrades to fit buyer preferences. Look at every single house for sale in the neighborhood so you'll know your competition. Finally, provide some cost-effective luxury touches to help your house really stand out.