

The Handyman

Buying a new home is smart, but make sure investment is sound

By Glenn Haege / Special to The Detroit News

Interest rates are so enticing that many of us will be in the market for another home for ourselves or as an investment property. The old saw is that when shopping for a house the three most important things are location, location, location. That's true, but remember, once you buy a house, it does not matter how convenient it is to everything, you are still going to have to live in it.

There are many advantages to buying a used home. The landscaping is in. You know what the neighborhood will look like. The basics have been paid for. Unlike cars that depreciate in value drastically, homes usually appreciate as long as they are in good condition.

There are many types of used houses: "first homes," "fixer-uppers," "rentals," "mid-range homes," "almost new homes" and "luxury homes." You should look at each a little differently.

First homes are usually smaller and more affordable, but you can grow out of them fast. Fixer-uppers are priced right, but need a lot of work. You have to have the necessary skills and enjoy investing sweat equity. If the work is not fun, a fixer-upper can be a costly mistake.

Rentals are often bargain real estate. They have to be in good enough condition to let the landlord rent out the unit and make enough to pay taxes, mortgage payments, repairs and a small profit. If you aren't cut out to keep up the necessary repairs, they can start costing you money big time.

A house is also not a bargain if it is not in a location where people want to live. Some very successful people make money being what are called "slum lords."

I do not recommend buying rental property located in a part of town you would not feel safe going to visit late at night. As a general rule, things break down at all the wrong times and tenants do not give a darn about your schedule. Rental property also should be close enough to your house to keep an eye on easily.

Midrange homes are for the second time home buyer who wants more room, but doesn't want the hassle of buying new.

Almost new homes are my favorites. They are just a few years old, so they have most of the latest amenities. They are completely decorated and fully landscaped. And, best of all, enough time has elapsed so that all the builder call backs have already been made. The flip side of this is that they can also be lemons the original owners bailed out on because they could no longer handle the aggravation.

Luxury homes have everything: size, location, and costly accoutrements. They also usually have a hefty price tag. If the selling price is easy on the eyes, you either got very lucky or should be very suspicious.

No matter what type of used home you are looking at, the first thing you need is a good home inspection. Not all home inspectors are created equal, so make certain that the person you hire comes well recommended and is accredited by one of the national associations such as the National Association of Home Inspectors, (800) 448-3942.

Know what the charges are going to be before you give the inspection go-ahead. You can think the bill will be for a few hundred dollars and it can wind up being in the thousands.

Remember, a home inspector is not expected to be an expert at heating and cooling equipment, electrical, water proofing, insulation or structural engineering. If the furnace goes out 10 minutes after you move in, it's not the inspector's fault. He is a generalist. He will check on a few things, but there are hundreds of things that can go wrong that he will not and is not required to know anything about.

Remember, you are the buyer. You are paying the inspector X-amount of money to look at the house, but you can't shift your responsibility to him.

This does not mean you shouldn't get a home inspector. It just means you should not invest him with super human powers.

If you or the inspector are suspicious about anything, get the opinion of a specialist. Be sure to find out the specialist's inspection cost before you give the go-ahead. You may be able to get the seller to pay the bill, but don't count on it.

If you like the house and the inspector gives you the go ahead, go for it. There has never been a better time to buy your piece of the American dream.

The Detroit News is joining WXDX-AM (1310), WDFN-AM (1130) and the other Clear Channel radio stations and co-sponsoring the first home show of the year today and Sunday. The 2003 Original Glenn Haeger Home Show is at the Ford Community and Performing Arts Center, 15801 Michigan Ave., about 3/4 of a mile east of the Southfield Freeway in Dearborn. Top local experts will be displaying problem solvers I recommend throughout the year. Larry DuMouchelle will be doing antique appraisals today from 1 to 4 p.m. I will be broadcasting from there today and tomorrow and available to answer your questions. Show hours are 10 a.m. to 6 p.m. Saturday and 10 a.m. to 4 p.m. Sunday. There are no admission or parking fees.