

# Frequently Asked Questions

## LEARN MORE ABOUT YOUR HOME IMPROVEMENT OPTIONS

### **Q. Which Home Improvement projects add the most value to my home? Will it be worth it?**

A. A Home Improvement project can add immensely to the enjoyment homeowners get from their home, and add appreciably to the value of the home. In a recent study done by the National Association of Realtors<sup>1</sup>(NAR), it was found that, after remodeling, 74 percent of owners have a greater desire to be in their home and 64 percent have increased enjoyment in their home. 75 percent feel a major sense of accomplishment resulting from their completed project.

While not every Home Improvement project is done purely to add value, home owners should be aware of the relative value of the work they're investing in, and how a particular project can pay off downstream. For example, a kitchen upgrade, or a complete kitchen renovation, has been found by NAR to be at the top of the list of projects that will likely add value to a home, followed by a bathroom renovation, new wood flooring, HVAC replacement, basement conversion to a living area and insulation upgrade. The NAR study showed that, in the case of the kitchen renovation, homeowners could expect to recover almost 70% of the cost of the renovation when they sell their home. A bathroom renovation returns about 52% of their investment, and so on.

(For more information on the highest and lowest returns on your home improvement investment, return to our Home Improvement webpage and click on the Tips of the Trade icon to go to [houselogic.com](http://houselogic.com)).

### **Q. Should I work with a contractor? What questions should I ask them?**

A. Homeowners that are skilled Do-It-Yourselfers, handy with tools and have the experience can save money by doing many jobs themselves. But unless you have most or all of the skills needed for complex tasks such as wiring, plumbing, installing heating and air conditioning systems, working with drywall, lumber and tile, you will likely need to rely on professionals for such work.

Start by soliciting at least three bids from each of three reputable contractors before awarding a home improvement project. Provide each contractor with the same project details, including plans, design details, specific types of materials, and so on. Your contractor will help you fill in the details. If you're new to projects of this type, it might seem

<sup>1</sup> National Association of Realtors Research Department. "2015 Remodeling Impact Report". Available from <http://www.nari.org/assets/1/6/2015-Remodeling-Impact-Report.pdf>

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like enough to just ask the obvious: How much will it cost? How long will it take? When can you start? But the National Association of the Remodeling Industry (NARI) suggests that to ensure the best possible results, homeowners should really ask a much more comprehensive list of questions. It's the best way to get off to a good start, and it makes for a more enjoyable, less stressful project. The NARI suggests asking:

- ✓ **How long have you been in business?** Look for a company with an established business history in your community. Surviving in any business in today's competitive marketplace is a difficult task. Most successful contractors are proud of their history in the industry.
- ✓ **What is your approach to a project of this scope?** This will give you an idea of how the contractor works and what to expect during the project. Listen carefully to the answer. This is one of the big indicators of the company's work ethic.
- ✓ **How do you operate?** In other words, how is your firm organized? Do you have employees or do you hire subcontractors? If you do have employees, what are their job descriptions? Do you use a project supervisor or lead carpenter to oversee the project?
- ✓ **Do you have design services available?** If you are considering a large or involved project, you will need design services. If the contractor does not have design/build capabilities, you should consider hiring an architect. Depending on the size and scope of the project, you may need an architect or structural engineer.
- ✓ **Does your company carry workers compensation and liability insurance?** Ask for copies of the insurance certificates to verify coverage. In addition, some states require licensing and registration. If your state does have construction licensing laws, ask for your contractor's registration and license, then confirm the license number and expiration date with your local jurisdiction.
- ✓ **Are any of your company's employees certified?** Trade certifications are good indicators of dedication, professionalism and knowledge of the industry.
- ✓ **May I have a list of references for projects you have completed which are similar to mine?** The contractor should be able to supply you with a minimum of three references, including names, telephone numbers and addresses. As a follow up to this question, ask how long ago the project was completed and if the contractor can arrange a visit to see the finished job.
- ✓ **How many projects like mine have you completed in the past 12 months?** This will help you determine the contractor's familiarity with your type of project. You should confirm that a good portion of those completed projects were similar to the type of project you are proposing.

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- ✓ **Will we need a permit for this project?** Most cities and towns require permits for building projects. Failure to obtain the necessary permits or to arrange obligatory inspections can be illegal. A qualified remodeling contractor will be conscious of the permit process, and ensure that all permits have been obtained before initiating any work.

Of the many questions you can ask during an interview, the most important question is one you must ask yourself: **"Do I trust and feel comfortable with the person I am about to hire?"**

### Q.What are my Home Improvement Loan options? Which one makes the most sense for my project?

A. Homeowners have a variety of financing options available to them today, including:

- **Using loans designed specifically for home improvements.** For some homeowners that haven't yet built the level of equity in their homes needed for a traditional Home Equity loan, an unsecured Home Improvement loan may offer the best source of home improvement financing.

- **Taking out a home equity loan based on the equity already in the home.** Home Equity loans give homeowners the flexibility to borrow against their home equity. These loans can give homeowners the funds they need as a non-revolving loan in one lump sum, or as a revolving line of credit based on a pre-established limit, also known as a Home Equity Line of Credit (HELOC).

- **Using funds that can be made available by refinancing and existing mortgage at a lower rate.** Refinancing a higher interest mortgage with a mortgage financed at today's historically low rates can enable a homeowner to access equity for a home improvement and/or lower their monthly mortgage payments.

Fortunately, Northwest Bank offers all of these loan types, and can provide the expertise you need to make the choice that's best for you and your Home Improvement project.

**Ready to take the next step?** Contact us! Our Lending Team will make it easy to explore your options.

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