

# Beyond Cosmetic Rehabs



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## Beyond Cosmetic

- ✔ When It Makes Sense
- ✔ Biggest Pitfalls
- ✔ Hidden Expenses
- ✔ Contractors
- ✔ Materials
- ✔ Before and After Pics

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## When It Makes Sense

- ✔ Huge upside and very few homerun deals coming along
- ✔ Good contractors in place
- ✔ More than enough funds available
- ✔ Prior experience or within your wheelhouse.




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## Biggest Pitfalls

- Cost Overruns (*Captain Obvious*)
- Knocking Out Walls, Floor Plan Rearrangement or Additions
  - "...We won't know until we get in there..."
  - The proverbial "Opening a can of worms"
- Permits or HOA Rules or Both
  - Massive Cost Increases
  - Not Pulling Can Come Back to Bite



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## FACT: We are Tenants to the Government

- We don't own real estate; we rent it from the government.
- If we don't pay property taxes, they foreclosure
- The Gov't dictates what you can and can't do and charges you fees to improve their property.



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## Permits

- Only licensed contractors can pull permits (*unless it is your primary residence*)
- Some types of permits require architects renderings, civil engineering plans, etc. (*enormous addition expenses*)
- Filing Fees, Impact Fees, etc



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## Permits

- ✔ “Innocent” Strategy – Read nothing on the subject so therefore you can claim complete ignorance on a Disclosure
- ✔ “Loophole” Strategy – Read every letter of the rules to find loopholes
- ✔ “Real World” Strategy – Learn from contractors in the field



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## Permit Required

- ✔ Replacing or Installing New HVAC
- ✔ Electrical (Panel Replacement, New Room)
- ✔ Plumbing for a New Bathroom or Kitchen
- ✔ Creating a New Bedroom
- ✔ Changing the Original Building Envelope
- ✔ Roof



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**PERMIT  
REQUIRED**

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## Depends on Area

- ✔ Removing a non-load bearing wall
- ✔ Turning Foam Tile Ceiling into Drywall
- ✔ Replacing Paneling with Drywall
- ✔ New Garage Door
- ✔ New Kitchen Cabinets, Countertops, Sink
- ✔ Anything Outside (windows)



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## Public Records Test

- Whatever the Public Records show are typically details you would need permits for in order to change.
- Example:
  - Volusia County Tax Assessor



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## Hidden Expenses

- Ever Increasing Work (when something is updated, it makes another thing stick out)
- Demo / Junk Removal
- Final Punchlist "little things" that take up tons of time at the end



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## Contractors

- Ideal contractors for beyond cosmetic rehabs
- Ask Lowes or Home Depot Pro Desk who they really like / comes in a lot (or simply hang out there for a day helping in the Pro Desk line)
- Drive around and talk to those who are already on a job
- Need to be legal and licensed and insured

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## Materials

- ✔ Spend the time to shop around (Use Home Depot / Lowes as benchmark)
- ✔ Get a Pro Account with Lowes / Home Depot too
- ✔ You can pick out styles and colors but have the Contractor do the measuring, determining the quantity and have them pick it up. (you can pay for materials or reimburse the contractor from receipts)



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## Materials

- ✔ Paint: Sherwin Williams / Porter Paints / Benjamin Moore
- ✔ Flooring: Lumber Liquidators, or equivalent
- ✔ Cabinets, Countertops: Local Kitchen / Bath
- ✔ Faucets: Local Ferguson Showroom?
- ✔ Landscaping: Local Nursery?
- ✔ Appliances: Local appliance shop?



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