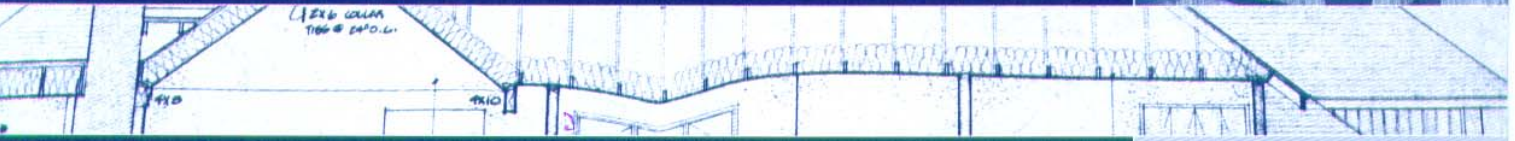


MASTERING THE BUDGET FOR YOUR HOME REMODEL



If you're thinking about remodeling your house, your first task will be to create a realistic budget.

But that involves some careful pre-planning. Go through the guidelines here, then use the worksheet to create your remodeling budget.

CALCULATING YOUR REMODEL BUDGET

Construction Labor Including subcontractors. Multiply wages by estimated hours for each worker. Remember payroll taxes and workers' compensation insurance if you do the hiring.	\$
Contractor Fees Fees charged by contractors and subcontractors, such as electricians.	\$
Construction Materials Lumber, nails, paint, wallpaper, insulation, flooring, tiles, plumbing fixtures, cabinets, countertops, heating & ventilation.	\$
Tools & Equipment All tools purchased and rented for the project, from hammers to post-hole diggers. Also includes safety equipment such as goggles, hard hats, ear muffs, etc.	\$
Permit Fees Contact the city planning department. Contractors may handle this for you.	\$
Decorative Add-ons Window treatments, light fixtures, cabinet hardware, etc.	\$
Repairs Due to Remodeling Repairs needed resulting from the remodeling, such as patching the wall after plumbing vents are moved or replanting lawn where equipment had been kept.	\$
Cleanup Trash bin rental, hauling fees, dumping fees, removal service.	\$
SUBTOTAL	\$
Contingencies Includes cost overruns as well as upgrades, changes, supply shortages, weather delays, miscommunication, etc. Budget up to 30% of subtotal.	\$
Add Contingencies to Subtotal for TOTAL	\$

BEFORE YOU BUDGET

- **Imagine** the new space and make sketches. It's easier to plan something you can see.
- **Explore.** Talk to people who have done a similar renovation. Read books, magazines and Web sites, get onto renovation listservs, watch instructional videos. Take notes!
- **Think ahead.** Is the renovation intended to add value when you sell next year? Then pay special attention to assessing the value of the house and neighborhood. Add comfort or pleasure? Accommodate a growing or shrinking household? If you plan to stay for at least 10 years, almost any renovation will be worth its cost.

THE BUDGET PROCESS

- ☐ Figure out how much money you have to spend on a remodel without straining other budgets.
- ☐ Figure your debt-to-income ratio. If you're planning to borrow, you need to know whether you can handle the extra debt.

If you're working with an architect, designer or contractor:

- ☐ Bring your drawings, budget and other figures to them for help with cost breakdowns.

If you're going at it alone, the following will be your responsibility:

- ☐ Estimate project costs for materials, labor, permit fees, and so on.
- ☐ Create a timeline to help contractors plan the project and help you budget efficiently.