

## APPENDIX B

# Common rehab mistakes.

*The issues that most often blow up rehab budgets or timelines. If you do nothing else, run this list before every project.*

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| <p><b>01 SKIPPING THE SEWER LINE SCOPE</b><br/>A \$250 to \$500 camera inspection prevents \$5,000 to \$20,000 repairs.</p>                    | <p><b>02 MISSING DANGEROUS WIRING</b><br/>Knob-and-tube, FPE/Zinsco panels, and aluminum branch are insurance disqualifiers.</p>                    |
| <p><b>03 PRE-1978 WITHOUT LEAD-SAFE BUDGETING</b><br/>EPA RRP Rule requires certified practices on painted surfaces. Federal penalty risk.</p> | <p><b>04 UNDERESTIMATING FOUNDATION &amp; WATERPROOFING</b><br/>Wet basements are the most expensive surprise in older Michigan homes.</p>          |
| <p><b>05 SKIPPING THE RADON TEST</b><br/>Mitigation runs \$1,000 to \$2,500. Lenders and buyers increasingly require results.</p>              | <p><b>06 OVERLOOKING ASBESTOS</b><br/>Pre-1980 popcorn, 9x9 tile, sheet flooring, pipe wrap, some siding. Test before demo.</p>                     |
| <p><b>07 PRICING FROM WALKTHROUGH</b><br/>Walk-through estimates are 30% to 50% low on average. Get three written bids.</p>                    | <p><b>08 COSMETIC-FIRST BUDGETING</b><br/>Paint and flooring before envelope and systems is the most common rookie mistake.</p>                     |
| <p><b>09 NO PERMITS PULLED</b><br/>Saves \$200 today, costs \$10,000 at resale or rental licensing inspection.</p>                             | <p><b>10 SKIPPING WELL &amp; SEPTIC ON RURAL</b><br/>Failed drainfields run \$8,000 to \$25,000. Water tests catch bacterial, nitrate, arsenic.</p> |
| <p><b>11 SKIPPING LEVEL 2 CHIMNEY</b><br/>Cracked liners are common. Using the fireplace first risks a chimney fire.</p>                       | <p><b>12 UNDER-RESERVING CONTINGENCY</b><br/>10% on cosmetic; 20% on pre-1950 or full guts. The number you skip is the number you spend.</p>        |
| <p><b>13 FORGETTING SOFT COSTS</b><br/>Utilities, financing fees, builders risk, dumpsters, holding adds 8% to 15% to total.</p>               | <p><b>14 CHOOSING TRENDY FINISHES</b><br/>A finish that dates the home in three years costs you on resale.</p>                                      |
| <p><b>15 DIY PAST LICENSED BOUNDARIES</b><br/>Electrical, plumbing, mechanical, structural require licensed pros in Michigan.</p>              | <p><b>16 NO FLOOD ZONE DETERMINATION</b><br/>FEMA maps shift. Insurance can run \$1,500 to \$4,000 per year if you miss this.</p>                   |
| <p><b>17 ARV BASED ON HOPE</b><br/>Pull three closed comparables, same neighborhood, last 6 months.</p>                                        | <p><b>18 UNLICENSED OR UNINSURED CONTRACTORS</b><br/>Save 15% today, lose six figures in liability tomorrow.</p>                                    |
| <p><b>19 NO WRITTEN CHANGE-ORDER PROCESS</b><br/>Verbal changes turn into invoice disputes. Every change in writing, signed before work.</p>   | <p><b>20 SKIPPING CHIMNEY, ATTIC, CRAWLSPACE</b><br/>Three places where deferred maintenance hides. Inspect every time.</p>                         |