



News

Dear new homeowner,

You get an owner's manual when you buy a new car. Wouldn't it be great if you got one for your new home?

HomeWorks News has been created to be just that. You get an issue each season with maintenance tips and financial management information for coming months.

Each issue includes a home care checklist so you'll know what to do, backed by articles that tell you how.

You'll also find tips on such things as property taxes, escrow accounts, home equity loans and emergency funds.

We hope *HomeWorks News* helps you enjoy your new home and cope with the challenges of home ownership.

HomeWorks News is produced by University of Wisconsin-Extension Cooperative Extension with the support of housing specialists from the Cooperative Extension Services of Kansas, Minnesota, Missouri and Nebraska.

Spring tips for home care

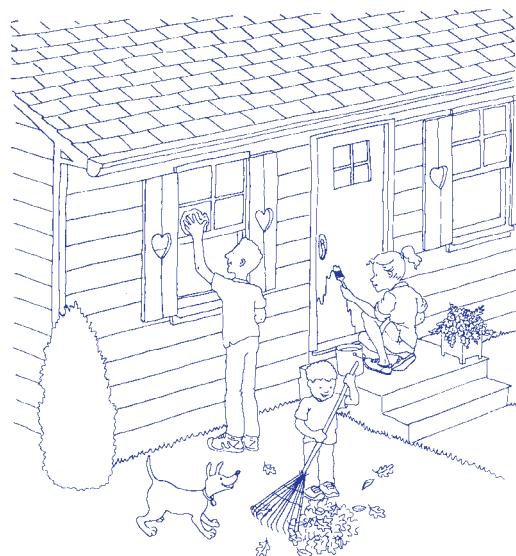
Outdoors/yard & garden

- Clean gutters and downspouts.**
- Check grading around the foundation.** If the ground does not clearly slope away from the house, add black dirt. By creating a slope, rainwater flows away from the foundation. Most basement water problems come from rainwater pooling against the foundation.
- Clear vegetation from around the air conditioning compressor.** Use a hose to remove leaves and debris. Check your owner's manual or ask a technician to check the system and show you how to clean it.
- Remove dead leaves and plants from your yard** — especially from window wells.
- Plant gardens.** Garden centers and extension offices have publications on what to plant where, when and how.
- Reseed bare spots in the lawn.** Avoid seed labeled annual ryegrass, VNS (variety not stated), or with germination test dates more than 12 months old.
- Prune established shrubs that flower in summer or fall** in early spring before they set buds. **Prune spring flowering shrubs such as lilacs** right after they bloom.
- Fertilize the lawn in late spring.**
- Check exteriors to see if repainting, caulking or other care is needed.**

- Wash window screens and check for holes and other damage before reinstalling.** Clean screens will help your windows stay clean.

Indoors

- Check furnace and air conditioning filters, and clean or replace if dirty.** If you haven't used the system before, have it checked and get instructions for preventive maintenance.



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Predatory lending — Case study

Ms. J, who is 71 years old, testified that she received a phone call from a mortgage broker who promised her that he would refinance her two existing mortgages, provide her \$5,000 in cash, and lower her monthly payments.

The broker visited her home and gained her trust. She could not read the documents carefully because of limited vision. She received a mortgage with a 14.8 percent interest rate and a large balloon payment in 15 years at the end of the loan. She paid a 10 percent broker's fee.

However, her payments did not decrease. Instead, they increased to 80 percent of her income. And she did **not** receive any cash at closing.

— Testimony of a witness at HUD/ Treasury Task Force regional forum, April 2000



Home equity loans— Not for everyone

Chances are that as soon as you moved into your new home, you began receiving offers for easy-to-get, low-cost loans in the mail and by phone. Such loans are called **home equity** or **homeowner loans** or lines of credit.

Your **equity** is the difference between the current value of your house and how much you owe on your mortgage.

Home equity lenders can offer lower interest rates than most other types of loans. In addition, the money you pay in interest on such loans is generally tax deductible.

There is a down side to home equity loans. You must pledge your home as security for the loan. This means you risk losing your home if you cannot make your monthly loan payments.

Beware of predatory lenders

While initial interest rates may be low, they may rise over time. In some cases, you can make minimum payments as you would with a credit card. These minimum payments may not be large enough to cover the interest due. When this happens, your unpaid balance grows — even though you are not using the line of credit.

While most home equity lenders operate ethically, some use predatory practices. If you accept a loan from such a lender, there is a good chance you will lose your home.

Some **predatory practices** include:

- **Charging exceptionally high closing costs and allowing you to finance them.** This means you may not notice the fees at first, but will be paying interest on them over the life of the loan.

- **Loaning you more than your home is worth.**
- **Giving you a short-term, interest-only loan with a large balloon payment at the end.**
- **Hooking you with low initial interest rates that rise after you are committed, resulting in loan payments you cannot afford.**

If you are considering refinancing or taking out a home equity loan, decide whether you need the money enough to risk losing your home. If you do, check with your local lenders and your first mortgage holder before you go to a lender who solicits your business by mail, phone, the Internet or television. —JM

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Carpet care



Chances are, most of the floors in your home are carpeted. Good quality carpeting will last many years if you follow some simple care steps.

First — Keep dirt off.

Dirt tracked in from outside is a major enemy of carpets. It can make them look bad and cause them to wear faster. Door mats or scatter rugs at entrances can trap dirt before it reaches the carpet. Clean mats frequently by vacuuming, sweeping or shaking outside to be sure dirt is not tracked from them onto the carpeting.

Second — Vacuum carpets regularly.

Sweeping the surface is not enough. Concentrate on heavy traffic areas, and other areas that collect dirt such as under the dining table.

You cannot vacuum too often. A vacuum with a rotating beater bar and strong suction is essential to removing dirt from the carpet base.

Third — Remove spills immediately.

Different spills and stains require different cleaning procedures. Carpet manufacturers provide detailed spot removal information. You can usually pick up a free copy at a carpet dealer, or contact the manufacturer for one.

Here are some hints for cleaning basic food spills:

- For **liquids**, blot with a paper towel, clean light-colored cloth or sponge. Blot toward the center of the spill so the spot won't spread. **Do not** rub; this will force the spill deeper into the carpet.
- For **gooey** spills like jam or gum, scrape up as much as possible with a pancake turner or dull knife. Use ice in a plastic bag to stiffen and remove gum.

Cleaning carpets

Before using a cleaning product on new carpeting, check the manufacturer's guide for restrictions. Most new carpeting has a stain-resistant surface. Ask the carpet dealer what type of cleaner to use. Follow the instructions on the cleaner container.

Hot water ("steam") extraction is the most common and effective way to clean carpets. You can hire professionals — or do this yourself. Easy directions come with rental equipment. A hot water and detergent mix is forced into the rug to flush out dirt, and immediately vacuumed up. This method is effective at removing dirt deep in the carpet.

Note: Mold will develop unless **all the water** is carefully removed. Opening windows and running exhaust fans will speed drying. —JM

Adapted with permission from Caring for Your Carpet NCR Publication 462 (Columbia, Mo.) 1993.



Test your knowledge — Contractors

1. An advertisement in the "home improvement" section of the Yellow Pages® is your assurance that a contractor is reputable.

- a. True b. False

2. All home repair and improvement contractors must be licensed.

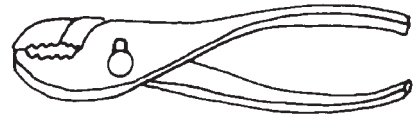
- a. True b. False

3. Danger signs of unscrupulous contractors include:

- a. Solicits door-to-door
- b. Offers you discounts for finding other customers
- c. Just happens to have material left over from a previous job
- d. Is unavailable by phone except for an answering machine
- e. All of the above

See answers, page 7.

Hiring a contractor



Problems between home repair contractors and homeowners are a leading cause of consumer complaints. Here are some tips to help you avoid problems.

Select contractors with care

Start by asking friends and neighbors for recommendations. Hardware stores, lumber yards, insurance agents and lending institutions may also be able to recommend contractors.

Be cautious with contractors who come to your door or call you on the phone to offer services. This is often the way home repair fraud is initiated. You may receive inferior products or service — or nothing at all — for your money.

For large jobs, get estimates from at least three potential contractors. You can compare prices and get different opinions about how the work should be done.

If someone you know hasn't referred you to the contractor, do some more checking:

- Is the contractor really in business? Look for letterhead, a brochure, business card and a telephone number.
- For plumbers and electricians, ask to see their state license.
- Ask the contractor for proof of current insurance coverage.

Contractors should have **liability insurance** and **workers' compensation insurance**, or you may be liable for accidents on your property.

- Ask for names and phone numbers of previous customers. Call at least two of these. Some questions you might ask are:
 - Was the work completed for the price stated in the contract?
 - Was the work completed on time?
 - Are you happy with the finished product?
 - Would you hire this contractor again?
 - Ask to see the work, and inspect the quality.

Construction contracts

Written contracts are required by law whenever you are obligated to pay money before the job is completed.

Never sign a blank contract, or one with blank spaces. You are entitled to an exact copy of your contract at the time you sign it. If you don't understand parts of the contract, have someone go over it with you.

Do not pay the full amount contracted "up front." Arrange payments in stages as the work is finished.

You could pay twice

For larger repair or remodeling jobs, contractors may hire other contractors to do some of the work. The contractor is responsible for paying these subcontractors.

A **lien waiver** is a kind of receipt the contractor should give you in exchange for your first payment on the contract. If the contractor fails to pay subcontractors, this lien waiver protects you from having to pay subcontractors.

Canceling a contract

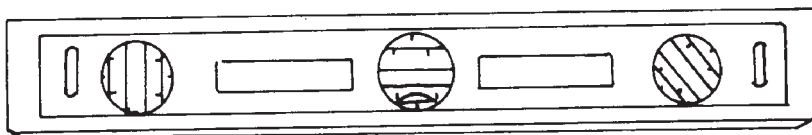
Federal law allows a three-day cancellation period for contracts:

- signed away from the contractor's office and
- in amounts of \$25 to \$25,000.

You must be informed of your cancellation rights orally and in writing, and two sets of forms for canceling must be provided for you to use. You have until midnight of the third business day to cancel a contract. Do this by registered mail, and keep one copy. You may also send a telegram.

If problems do arise

- **Try to resolve problems with the contractor directly.** Do this in writing, with both of you receiving a copy.
- **Contact the contractor's trade association.** The association may act as an intermediary, or arrange arbitration.
- **If you cannot resolve your problems,** contact your state consumer protection agency.



—JM

Do you really save money doing your own repairs?

Labor is the major cost for many jobs. So with professionals charging \$30 an hour or more, it may seem obvious that you will save money by doing repairs yourself. But there are other costs to consider.

Do you have the time?

Figure that a job you are doing for the first time will take you **two to three times** longer than you plan.

Making repairs during evenings and on weekends means that you spend much of your time setting up, cleaning up, and figuring out where you left off.

These factors also add to the time a new job takes:

- Learning as you go
- Correcting mistakes
- Not having the professional equipment contractors use
- Making extra trips to buy materials you didn't know you needed

What will the supplies and tools cost?

For many jobs, having the right tools is essential. And good tools cost money, even if you rent them. You may have to buy more materials than you need, such as a roll of tape when you need just a few inches. And if you make mistakes measuring or cutting, you may have to buy them again.

The bottom line: Even with your time valued at minimum wage, doing repairs isn't the bargain it first appears. But there are other reasons for doing work yourself that can make it worthwhile:

- You learn new skills.
- You learn about your house and are better able to deal with future problems.

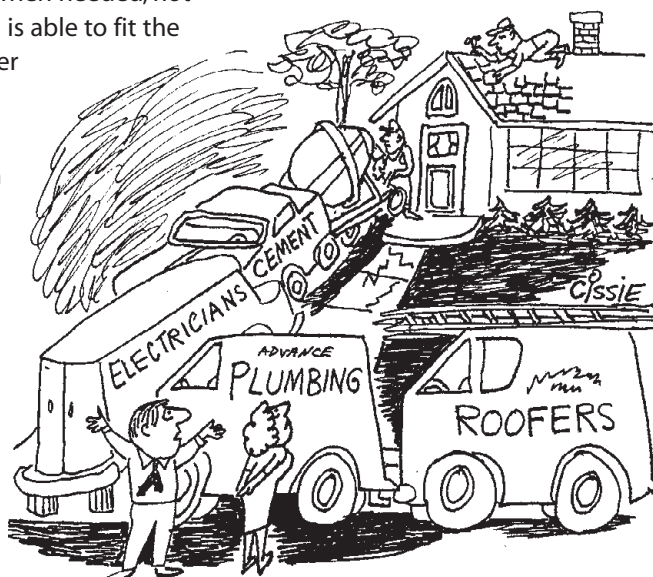
Comparing the costs: Contractor versus doing your own repairs

Example — Replacing a light fixture

| Item | Contractor (\$30 per hour) | Do it yourself (\$5.50 per hour) |
|---|-------------------------------|-------------------------------------|
| Labor/per hour | \$30.00 (1 hr.) | \$13.75 (2.5 hr.) |
| Parts | \$70.00 | \$60.00 |
| Supplies | .00 | \$7.00 |
| Tools | .00 | \$18.00 |
| Travel to buy supplies/parts | .00 | \$3.00 |
| Travel to buy more supplies/parts | .00 | \$3.00 |
| Planning | .00 | \$5.50 |
| Waste | .00 | \$5.00 |
| Total time and materials | \$100.00 | \$115.25 |
| Backup help when you run into problems | .00 | \$45.00 |
| Disruption to family life | | |
| Effect on property value if you don't do the job properly | | |
| Other things you could have done with your time | | |

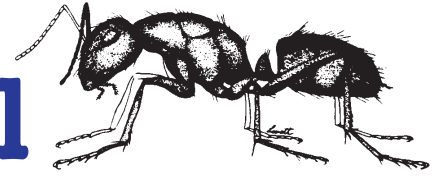
- You can do repairs when needed, not when a professional is able to fit the project into his or her schedule.
- You can feel a real sense of satisfaction that is hard to put a price tag on.

—JM



"WHAT WE NEED IS A MAJOR MEDICAL POLICY FOR THE HOUSE!"

Carpenter ant control



What are carpenter ants?

If you see large black ants in your home, they are probably carpenter ants.

Carpenter ants **do not** eat wood, but feed on live or dead insects. Indoors, they are attracted to meat, honey, sugar, jelly, grease and fats. If nesting indoors, they may be found in water-damaged or decaying wood, foam insulation, or cavities such as hollow core doors, behind walls, or even in curtain rods.

Outdoors, carpenter ants nest in dead or rotting trees and stumps, in landscape timbers, or in logs and boards lying on or buried in the ground.

How to identify carpenter ants

Carpenter ants are usually black and range from $\frac{3}{8}$ to $\frac{1}{2}$ inch long. Some carpenter ants have wings, though most members of the nest do not.

Carpenter ants have a rounded thorax, while other ants have an uneven thorax. You can tell winged carpenter ants from termites, because ants have waists and termites don't (see illustration).

When are carpenter ants a problem?

It is common to see a few carpenter ants in the home during the spring. However, you may have a nest in your home if you see any of the following:

- **Carpenter ants inside from November to early March.**
- **Many winged carpenter ants inside.** The swarm may help you locate the nest.
- **Coarse sawdust mixed with insect parts** (called frass) falling from ceilings, cabinets or other wood.
- **Many workers** — 15 to 20 per day — in places other than the kitchen.

How to find the nest

To find an indoor nest, look for the most ant activity. Carpenter ants are most active between 8 p.m. and 4 a.m.

If you don't see a pattern in their activity, consider placing food such as honey or canned cat food (on a plate). Once the workers find the food, they should show you a pattern as they bring it back to the nest.

Indoor ant colonies are often under tubs, around sinks and toilets, in poorly ventilated attics, in leaky roofs or in rotting window sills or door frames.

Getting rid of carpenter ants

Indoor treatment

Once you find the nest, solving the moisture problem and removing damaged wood often removes the ants.

If you decide to use a pesticide, use it only in suspected nesting areas. Using foggers or treating exposed surfaces where you see ants will not solve the problem.

Outdoor treatment

You can spot-treat indoor satellite colonies. But if the ants are a long-standing problem, a more permanent solution is to find and treat the parent colony. Check wooden porches, landscape timbers, and old stumps for the main colony.

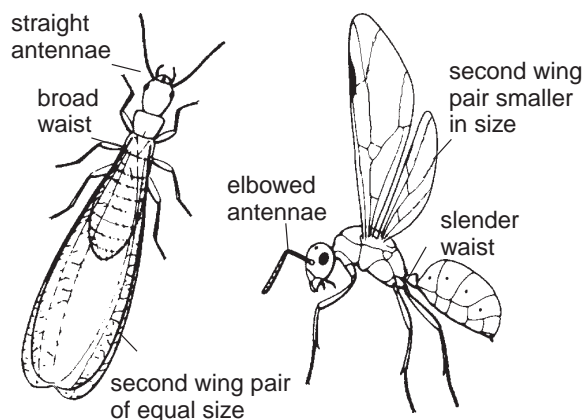
Do you need professional help?

If you decide you want professional help, contact two or three reputable firms. Ask them about their service. Compare cost, guarantees, and type of treatment. If done correctly, a single spot treatment of the nest should solve the problem.

—PP

Adapted with permission from Controlling Carpenter Ants A3641 (Madison, Wis.) 1995.

How to tell an ant (right) from a termite



Termites

Why worry about termites?

Termites wreak far more damage to buildings than any other insect species. Annual cost for prevention and replacement of destruction from termites is estimated to be close to \$1 billion nationally. Termites can be grouped into four categories:

- Subterranean
- Dry wood
- Damp wood
- Powder post

Subterranean termites are the most destructive and the type common in the Midwest. They enter structural wood through wood that touches the soil, cracks in concrete slabs, over the edge of slabs, through expansion joints, openings around plumbing and masonry or concrete-block footings.

Subterranean termites eat the softer interior parts of wood. Thus, there is often no visible trace of damage. Damage is not rapid. However, if left undisturbed for several years, termites destroy large areas of wood.

How to find out if you have a termite infestation

A sure sign of infestation is earthen “shelter tubes” on foundations, walls, bath traps and wood. To check for termites, probe any wood near the foundation or soil with an ice pick or sharp screwdriver.

Termite-damaged wood offers little resistance to the probe, and the pointed tool will sink easily into wood. Swarming termites indoors are a sure sign of infestation.

How to control termites

To prevent potential termite invasion...

1. Remove construction waste, tree stumps, grade stakes and other wood from the building site.
2. Repair structural defects that keep wood moist.
3. Create termite barriers — mechanical or chemical.

Pretreating the soil below the home before construction is relatively inexpensive and usually the preferred method.

There are two choices for **chemical treatments**. The most common method used during the last 40 years is to create a **pesticide barrier** around the foundation of the home. Specialized equipment, restricted chemicals and a good understanding of termite biology are needed for proper termiticide application, and should be done by a certified pest control operator.

A second choice is to use special **termite baits**. Termites will feed on these toxic materials and share with other members of the colony. Baiting systems use less toxic and much smaller amounts of chemicals. Baiting is slower and usually more expensive but less intrusive than chemical barriers. You should still seek professional help for this type of treatment.

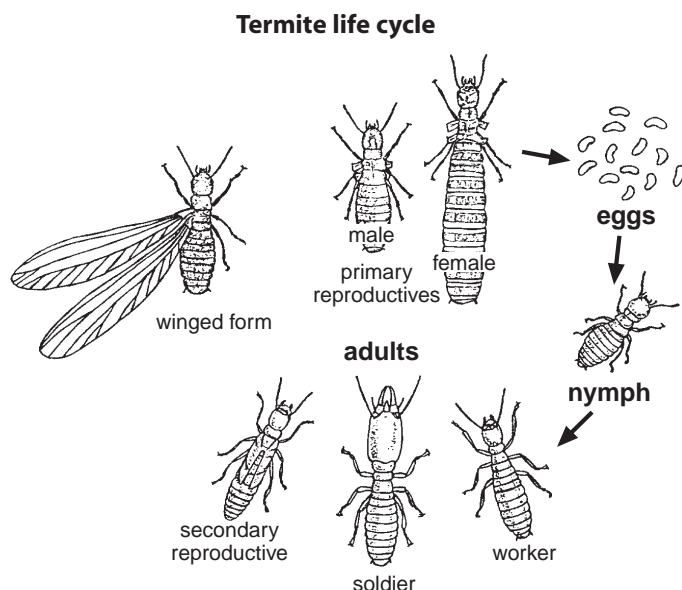
Termiticides are potentially toxic to people and other warm-blooded animals and must be handled with care. Keep children and pets away from termiticide preparation and application sites.

Do not treat soil beneath structures that contain cisterns or wells, or soil saturated with water or frozen.

Keep watch for termites

In terms of maintenance, make regular inspections. Keep water and vegetation away from buildings and do not disturb chemical ground treatments.

—AM



Answers to page 3

1. **False.** Anyone can advertise in the Yellow Pages®. Acceptance of ads by newspapers or phone books does not imply an endorsement.
2. **False.** Check with your local building inspection department or your state consumer protection office to determine if a particular type of contractor requires licensing.
3. **e. All of the above**

HOMEWORKS



News/spring