

The #1 thing you should ask yourself before you buy a home

This week we meet a 38-year-old father based in Queens, New York, who has spent tens of thousands of dollars on home repairs and renovations over the past two years. Frustrated by all the time and money he's spent on a place that isn't his family's forever home, our listener asks: Should we sell and move elsewhere, even though we've only lived in our place for two years? Host Stefanie O'Connell Rodriguez turns to full-time real estate investor, J Scott, for answers.

Jane: It was a brand new house, but the roof was leaking. Then also, the pipes burst in the winter and the guy that came to patch it wasn't good. And every weekend there's something to do to maintain this house, and it is a year old.

Stefanie O'Connell Rodriguez: This is Money Confidential, a podcast from Real Simple about our money stories, struggles and secrets. I'm your host, Stefanie O'Connell Rodriguez. And today our guest is a 38-year-old living in Queens, New York who we're calling Jordan—not his real name.

Jordan: I owned my first condo at the age of 24. I probably would have loved to continue living there if I had just maybe one more room to see how we could manage, but the time was ready for us to move.

Stefanie O'Connell Rodriguez: When Jordan and his wife found out they were going to have a baby, they decided it was time to sell the one-bedroom condo and look for a home with more space to accommodate their growing family.

Jordan: We were in a bit of a bind because the baby was coming. And so I said to my wife one night, maybe we should look for a two-family home. Make some income from having a secondary home be rented out, and have the house and the investment sort of work for us while we live in it.

I had no idea really what I was getting myself into. So long story short, we ended up finding a two-family home that we ended up really falling in love with.

Stefanie O'Connell Rodriguez: So, when you moved to the new location, what were some of the surprises when you were actually living there?

Jordan: Oh, wow. A lot of things. For the most part, the inspection went off fine. But there was one huge issue that I think trickled into a lot of other issues. The major issue is that they had a boiler in the house that for some reason or another, and this was literally the inspector's comment was, "There's low levels of carbon monoxide spilling into the area." And I said, "Well,

that's not good. We certainly can't have that." Especially with a newborn and all that other stuff.

So we called the other real estate agent who represented the seller and we said, "Hey. This is what the inspector said. Is there any way we can fix it?" And we came to realize that the seller was a developer. So they bought this house, flipped it, and didn't do the best work when it came to flipping it. Probably trying to find cheap labor and cheap materials to get things done.

So we were like, all right. Well, maybe we'll swap that out. We'll put in tankless water heater and no worries about gas. But as that unfolded, we wanted to get the schematics of the blueprints of the house because we were wondering like, well, why was that built there to begin with? So, we started to have all these red flags before we even closed. Ultimately, we decided to continue pressing forward. We negotiated things, we got to a place we thought that the biggest issue was really going to be that water tank, and that was it.

Literally, the first week that we were there, we had people working on the water tank and taking care of all that. We had another guy come in to patch up the job after the plumbers and everybody did what they had to do. So as they're there my wife is in the shower and I hear water dripping. And I said, "Oh-oh." I'm like, "Where is that coming from?" And now there's this huge hole in my living room.

In my brand new house that was supposedly completely renovated to the nines and all that. And so we were like, "Well, what the hell is this? And why is this happening?" We realized it's obviously coming from the shower because the way they built it, they didn't put a waterproof sealant underneath and they just put cement and tile on top of cement to get that done. It took us two tries to figure out what the problem was. That was probably one of the biggest headaches.

Stefanie O'Connell Rodriguez: In addition to those major repairs to the water tank and primary bathroom, Jordan and his wife quickly found themselves dealing with a host of other major repairs in their supposedly newly renovated home—including a total replacement of their heating and cooling systems, as well as pipes that had started to leak into the part of the house they'd converted into a rental unit.

Jordan: To be completely transparent, between the new piping, the French drain, and new heating units, we in two months' time had a bill of over \$45,000. We were just completely, like, shell shocked. This couldn't come at a worst time. It's the holidays. It's literally the most stressful time of the year with everything going on in the world and we now have to shell out \$45,000 to get all of this done because we had to get it done.

And everybody says, these are just the joys and pains of owning a home. It was a bit of a struggle the first year with a lot of unexpected things coming up. When you buy a house that you expect it to be brand-new renovated, nobody has lived here in this condition before. And it has now turned me off from ever buying a house or any type of thing that is considered brand new, under construction.

A lot of what we've spent money on is not seen. It's very much foundational work. We're very much getting the house functioning. I wish I could say that we spend our money on building a new kitchen or a brand new room or something I can visually see and be like, "Oh, this is amazing."

Stefanie O'Connell Rodriguez: So how did you deal with financing all of these huge costs?

Jordan: A lot of them had payment options. A lot of zero interest, five-year plans, obviously negotiating to kind of make things work. It's not like I want to shell out \$45,000, but we did very fortunately have this money in our bank if we really had no other option.

As much as all the headaches that we've gone through, and trust me, there's been more headaches than I'd like to talk about. The house did what we were looking for it to do, from an investment perspective. But in hindsight, I probably would have looked at life a little bit more, 80 percent fatherhood, better scenario for the child, and us living in a peaceful scenario, 20 percent investment versus what probably was more 90 percent investment, 10 percent, "everyone just live here and let's make it work" kind of scenario.

I think I was checking off boxes to convince myself my lifestyle choices were still okay. But as I've been in here, I had to come to look in the mirror and say, "You really were only looking at it from a financial perspective, you know, and not really looking at this completely through."

Stefanie O'Connell Rodriguez: It's been about two years since Jordan and his wife bought their current home, and while they hadn't initially planned to sell for at least five years, the realities of living there, plus of all the renovations and repairs they've had to undertake, combined with COVID lockdowns during that time, have them reconsidering.

Jordan: When we bought this house, we knew that this wasn't going to be what they typically call a forever home.

But as I started to see all of the investment we've already put into the house, I was getting nervous that we weren't going to get the return that we were really hoping for.

But at this point in our life, I think that peace of mind in a place where you live is better than all that other stuff. We will look for a house that we can manage financially, but I certainly don't want to be a landlord again. I certainly don't want to buy from a new developer or any type of new construction. I want to know that someone lived there and whatever growing pains they had living in there, is something that I'm willing to take on.

I was fortunate that we had the reserves to be able to take care of all of these unexpected things. We know that if we buy another house, the chances are, it's not going to come as "pretty" as this brand new renovation. So we're probably going to have to do some renovations now—the things that you can visually see, that are a little bit more appealing and hopefully over time will help from an investment standpoint, make its money back once you sell it.

I am worried about all of the money we've already put into this property in such a short amount of time, knowing that this was never going to be something we were going to stay for the long tenure. We also have a little one to think about.

She's going to be going to school soon. So we still have to put a lot of that money of reserves towards the schooling and education first, before any other luxury items.

Stefanie O'Connell Rodriguez: With all the lessons learned from buying, renovating, and repairing his current home these last two years, Jordan and his wife are thinking really carefully about how to move forward with a potential move, and what to look for in a new property—especially when it comes to potential repairs and renovations. So after the break, we'll talk to a real estate investor for answers.

J Scott: My name is J Scott. And I have spent the last 12 years as a full-time real estate investor.

Stefanie O'Connell Rodriguez: I wonder if you have a way of helping people figure out what is the right kind of property for you given, like, the stage of your life, for how long you want to live there, or your starter home—and how can you kind of think about those questions?

J Scott: So I'm a big fan of knowing the end goal. And so we all have to ask ourselves, what is the purpose?

What are we planning to do with this particular house or this particular home or property? And while we certainly can be thinking about it as a place to raise our kids and live with our spouse, and we can think about it in emotional terms, we should also be thinking about it in financial terms.

And so starting with the end goal in mind. Is this going to be a property that I plan to hold for the next 30 years as a rental property? Am I planning to have kids in the next year but I'm going to buy a condo because it's inexpensive? Think about why you're purchasing. Think about where you're going to be in the next year or two or five, and think about what you plan to do with the property once you're done living there.

And the big reason for this is that we don't know if in a year from now home values might drop. Or two years from now or five years from now home values might drop. This isn't a big deal if we're planning to live in the house for the next two or three or five years. Eventually house prices are going to return.

But if you need to be able to sell in a year or two years, you should approach the purchase a lot differently than if this is someplace that you are willing to live in for the next five or 10 years. So always go in with the lens of—what's the worst thing that could happen? What are my plans for the property? And then act accordingly.

Stefanie O'Connell Rodriguez: Our listener this week was living in a one-bedroom condo that he owned when his wife got pregnant and he had this idea that he's going to look for a two-family home, so they could rent out the other space while they're living in the other space. What are those considerations that somebody needs to make when they're going through that kind of decision-making?

J Scott: As far as I'm concerned, the biggest one is, is your spouse on board? From what I've seen the biggest source of stress is when the two partners are not on the same page. When one is thinking, well this is where I want to live, and this is where I'm gonna have my family and raise my kids.

And the other one's thinking, well, let's rent out a room and, and start making income from it and start saving up for another house. And if both sides aren't on the same page, you're gonna introduce a lot of stress.

Owning your own home is going to require some additional level of time investment than being a renter.

You may have to cut your lawn. You may have to repair your own stuff or calling a handyman to repair your own stuff. You're gonna have to deal with eventually replacing the roof and

replacing the air conditioning system, all the stuff that typically a landlord would handle. And so then you go to the next level, if you want to become an investor.

Well, there are different levels of time investment for investing. So maybe you're going to rent out a home that you used to live in. Maybe you're going to hire a property manager to manage it for you so you don't have to take phone calls in the middle of the night.

Maybe you're going to do a big renovation. You're going to buy a house that was built in the late 1800s and do a \$200,000 renovation and then rent it out and manage it yourself then.

A project like that—well, you're going to spend a lot of time. You're going to spend a lot of money. There's going to be a lot of risk. And at the end of the day, you're going to be managing it yourself. And you're going to spend a lot of time there. So really it's up to you to kind of determine what is the time commitment, what is the money commitment, what is the risk tolerance you're willing to take, and then choose the solution from that, as opposed to going the other way and say this is going to be my living situation or my investing situation and just hoping that the time commitment and the money commitment and the risk tolerance suits whatever you happen to pick.

Whenever you're looking at a house—whether you're buying it for yourself, you're buying it as an investment, you're planning to buy it and sell it—there are two types of repairs that you're going to encounter.

One of those functional things, those are the things that an inspector is going to find. You hire a good qualified inspector for 300, \$400, and they're going to come in and they're going to say, okay, the roof has a leak.

The HVAC system is almost end of life. The hot water heater is rusted through at the bottom. The stove doesn't seem to work on this setting. They're going to find all those functional things for you but that's only half the battle.

The other half is the stuff that the inspector, it's not his or her job to find, that's the aesthetic stuff. So maybe there is old outdated countertops. If they're functional, the inspector's not going to say, yeah, you really need to get upgraded granite countertops. But if you look around at all the other houses that are similar to yours in your area, and your goal is to bring the value of your house up to the other ones, or maybe just get the value out of your house down the road when you decide to resell, all these aesthetic things or things that you're gonna have to take into account.

Maybe you have a good eye and you know what you need to do or maybe you don't and you have to bring in somebody that can help you, maybe a real estate agent, or maybe a designer who can come in and say, if you want to get your house in sale condition, assuming you care about this from a resale perspective.

Look at all the other things that are in the market and figure out what to do. But at the end of the day anytime you're buying a property, you should be thinking about what are the functional things I need to address. And those are going to be the safety concerns. Those are going to be the things that impact your day-to-day living, and what are the aesthetic things you need to address? And that's going to impact your resale value. It's also going to impact the quality of your life in that property. You're going to be a lot happier cooking on a nice stove or having stone countertops versus old plastic laminate countertops. But at the end of the day, it's the functional and it's the aesthetic.

Stefanie O'Connell Rodriguez: In this listener's story, something did come up during the inspection and they negotiated upon closing, but then all of these other functional issues started to happen and big issues. And I think sometimes there's this assumption that just because something is newly built, then it's, you're not going to have a lot of that major maintenance come up immediately. Is, is that a safe assumption?

J Scott: A lot of times when we have a property that's been fully renovated, or maybe even almost knocked down and rebuilt, there are certain warranties that come along with the sale of that property. So in many states if you're going to sell something that is considered new construction, you're required to provide at least a 10-year labor warranty on all the workmanship that was done on the house. So if it turns out the HVAC system doesn't work for some period of time, depending on if it's labor or materials that are broken, the seller may need to have to fix that.

So it's really important to understand any time you buy a property—one, does it come with any type of warranty two, if it's new construction, look into the legalities around it and say, should it come with a warranty?

Talk to a good real estate attorney and say, I'm buying this property. It's basically new construction. It's fully renovated or it was mostly torn down. Legally, do they have to provide me a warranty and deal with that up front? Now, assuming that they didn't deal with that upfront, well, then it boils down to, is the seller going to do the right thing?

Oftentimes, you can go back to the seller or the builder. And you can say, "Hey look, there was some shoddy workmanship or something broke I wasn't expecting it to break." A lot of times there's going to be warranties that were provided to the builder or to the seller from the contractors, either for the labor or the materials.

Unfortunately, if it's not new construction and there's no legal requirement for a warranty in the real estate world, typically things are buyer beware. And so that's why it's so important to bring in a really good inspector up front and do a thorough inspection before you close on the house and take possession.

Stefanie O'Connell Rodriguez: How do you suggest new homeowners budget for maintenance and repairs when they're going through that purchase?

J Scott: So there are these big things on any property called the capital expenses, and these are the big ticket items that any homeowner's going to have to deal with whether it's now or 20 years down the road. And these are things like a roof, a new HVAC system, a new hot water heater. Updating electrical and plumbing and repairing siding all of these things that you may not think about today.

You may not even think about them 10 years from now, but if you still own that house in 20 or 25 years, there's a good chance that you're going to have to replace the roof. If you own that house in 30 years, there's a good chance you're going to have to do some electrical work or some plumbing work. And so what I like to tell people is, think about all of these big ticket items and think about them in terms of on average, how much you'd be spending per year to replace those things even if the expense is far down the road. Let's take a roof for example, let's say you have a house that you buy and you think the roof is good. The inspector tells you that the roof is good for the next 20 years. A lot of us just wouldn't even think about it.

But if you're smart, what you're going to think is, okay, this roof is going to last me 20 years, in 20 years I'm going to have to pay some amount of money to replace the roof. Do some investigation. You find that, okay, replacing that roof would cost about \$10,000. So instead of thinking, I'm going to pay \$10,000 in 20 years.

Think of it in terms of I'm paying \$500 per year or you can even say I'm spending \$40 per month. To replace this roof. And you can do that with each of the major components. You can do that with an HVAC system that will typically last about 20 years and the hot water heater that will typically last 10 years.

And what you'll find is you're probably spending somewhere around a hundred dollars a month to deal with all of these things.

So in terms of what you should budget, if you don't have a good reserve for the biggest ticket it's typically the roof or the HVAC system. If you don't have enough money to cover that at any point in time, then my suggestion is start saving a hundred dollars a month today, so that as those items come due, as those repairs needed to be made, you have a reserve account that you can use to pay for those things.

Stefanie O'Connell Rodriguez: Any suggestions on what someone can do when one of those big expenses hits in year one or two?

J Scott: So hopefully you're prepared for it. the reason why I tell people, even if it's 20 years from now that you're going to have to replace the roof and you're thinking, well, I'm going to sell the house in 10 years so I don't need to start saving money, even if you're not going to pay for that roof in 20 years. If, when you go to sell the house in 10 years, the house is now 10 years closer to needing a new roof. The new buyer is going to discount their purchase price. So even if you're not spending that money, you're going to lose it when you sell the house because the house is going to sell for less.

You need to be aware when you're buying the house, which of these items are near being needed. And factor that into your purchase. So if you have an inspection and the inspector says, yeah, this roof only has two years left. Well, maybe that's time to, if you don't have the cash reserves, maybe before you close, you need to negotiate with the seller and say, hey, I want you to take \$10,000. I want you to put it in escrow. I want you to basically pay for the new roof. You don't have to pay before I move in, because I don't expect you to put the money out, but let's put it in the contract that I'm going to maybe pay you \$10,000 more, or we're going to subtract \$10,000 off the purchase price. And we're going to take \$10,000 and we're going to put that into escrow so that when the roof needs to be replaced in two years, I can use that money to pay for it.

And so the key isn't necessarily to avoid those costs, the key isn't to save up all the money really quickly. The key is to anticipate it and have a plan.

Stefanie O'Connell Rodriguez: Hiring the right people seems like a real challenge. So is there some kind of process for finding the right plumber, electrician, contractor, a series of questions or things that you should be on the lookout for?

J Scott: It's very difficult and as somebody that has renovated hundreds of houses I still struggle with that. Everybody struggles with finding good contractors. Here is the secret. Good contractors only associate with other good contractors. A good contractor is not going to risk their reputation by saying, Hey, go work with Joe, if he knows Joe isn't good, because if Joe

does a bad job, that now reflects poorly on him, and so good contractors will only recommend other good contractors.

So the key for you as a homeowner or as an investor is to find one good contractor. If you can find one good contractor, then you ask that contractor who else that you've worked with, that you would recommend. Do you have a plumber that you've ever worked with? Do you have an electrician that you've worked with, a roofer that you've worked with and let them recommend one or two people.

Then you ask those people who have you worked with and they'll recommend good people. And from there, you're building up a network of contractors that are all likely to be very good.

What I would say is make sure that you're doing things to what we call to code.

So if in your area it's required that you pull a permit to replace a water heater. A lot of people think, oh, that's just a water heater. Why do I really need a permit? Pulling a permit is a good way to ensure that the contractor that you use is at least licensed and insured, because in most jurisdictions, contractors aren't going to be able to pull permits if they're not both licensed and insured. And while that doesn't guarantee that they're going to do a good job, it certainly does give them some incentive to do a good job because if they rip you off. If they do something incorrect potentially they're putting their license and their livelihood at risk.

Stefanie O'Connell Rodriguez: Now for somebody who was like our listener this week, who's just pouring more and more money into this house that they don't even plan to live in forever. Is there a tipping point? Is there a tipping point where you're just like, all right, let's cut our losses and move.

J Scott: So again, this goes to the functional versus aesthetic. In the aesthetic side renovations don't return what they cost and it's a good rule of thumb that typically whatever you pay for a cosmetic renovation, it's going to be hard to get that money back out. Now there's some exceptions, people talk about kitchens and bathrooms, and that's a good place to put money, but even in kitchens and bathrooms, it can be difficult if all you're doing is purely cosmetic work, but sometimes the cosmetic work makes the difference between being able to sell your house for what it's worth and not being able to sell it at all.

Here's the problem with not doing the work legally speaking, if you're selling a residential home, a home that you live in you're legally required to disclose any what are called adverse conditions about the house.

So if you know, there's a roof leak, or if you know, the HVAC doesn't work every other Saturday or if you know that there's a wiring problem with the electrical. You legally need to disclose that when you go to sell the house. Now for aesthetic stuff, not a big deal. Okay. I see that the paint peeling and the cabinets are old, but with the functional stuff, a lot of times, if a buyer comes in to buy it, let's say the roof is leaking.

It's not necessarily up to the buyer to say, well, I don't care that the roof's leaking. I'll pay money to fix that. A lot of times the buyer isn't going to be able to get a loan on the property if there are these big functional issues. So literally fixing these things can make the difference between your ability to sell the house or not sell the house.

So you at least need to get the property in good enough shape that it is what's called FHA financeable. And what that means is it's at least as good a shape as necessary for FHA, which

is a common first-time home buyer lender to be willing to finance it. And if you ask a local real estate agent or a local mortgage lender or mortgage broker, a lot of times they can tell you what the requirements are for a house to be FHA financeable. And that should be the absolute minimum condition that you get the house up to because if it's not in at least that condition, you may find that it's near impossible to sell.

Stefanie O'Connell Rodriguez: Well, this listener has done all of the repairs, that said they still are looking to sell it. And now their question becomes do they take all the profit from selling this house to potentially putting more toward a down payment to offset a mortgage on a new place? Should they keep more in reserve based on what they've just been through? Should they just put it in an emergency fund?

J Scott: Yeah. And this is a problem that a lot of people are struggling with these days. A lot of us have equity in our houses. We can sell our house for as much as we bought it for, maybe a whole lot more than we bought it for, which seems like a great thing, except that the entire market has gone up. So if we do sell our house today, we have to find someplace else to live. And if somebody is willing to overpay for our house today that means we're likely going to have to pay a whole lot for another house if we move.

So I would ask that person, are you sure you want to move or are you moving for the right reasons? And if the answer is just, I'm so frustrated with all the repairs, but now they're done with the repairs. Well, maybe they just need to take a month or two to enjoy the house now that the repairs are done, get past that emotional stress that they're feeling dealing with all those repairs, and maybe logically they'll realize, okay.

There's no reason to sell because if I sell now—one, I'm going to have to pay for another place that's probably overpriced, and two, I'm going to incur all the transaction costs associated with both selling and buying. There's going to be closing costs. There's going to be inspections. There's going to be more appraisals.

There's going to be more loan costs. So even if they just sell this place and buy another place, that's exactly like it for the same price. And it doesn't have any of the issues that have already been fixed anyway, they may find that that's an expensive proposition just to trade for another place that's similar.

I know a lot of people say buying a house is a great investment. Well, as a full-time real estate investor, I would argue that buying a house isn't a great investment. We could argue all day whether buying or renting is better. And I could probably provide 20 studies and I could do really detailed spreadsheets to argue one or the other, but it's close enough that I would never tell somebody rent for financial reasons or buy for financial reasons. So at the end of the day, the single best reason to buy is because that supports something in your life where buying is important. So good schools, living close to your job, living close to your family. Those are good reasons to buy. Don't buy because it's a good financial decision.

Now if you need to buy the question often becomes, well, should I buy now? Or if the market's so hot, should I wait a year? And I'm a big fan of saying it's impossible to time the market. I know a lot of people who wanted to get into real estate investing back in 2015 and said, I'm just going to wait for prices to drop. And 2016, they were saying in 2017, they were saying it, and they're still sitting there saying I'm waiting for prices to drop. And they wish they would've just bought back in 2015. So I'm not saying prices are going to keep going up. I don't think any of us knows.

But at the end of the day, don't try and time the market. If buying is the right thing for you, buy. If buying's not the right thing for you, don't buy. And if you're going to buy, my suggestion is typically plan to live in the property for at least five years, or at least hold the property if you don't live in it for five years, because there are a lot of costs associated with buying and selling that we don't think about.

We don't realize that you're going to pay five or six percent in commissions depending on what state you live in, you might pay a percent or two on the purchase and the sale in taxes, transfer taxes. Again, you're going to have appraisals and you're going to have inspections and you're gonna have all the closing costs.

Even if the value of your property goes up 10 percent over a couple years, you can lose money having to sell in that time period. So again, it goes back to buy for the right reasons. And financial is generally not the right reason to buy.

If you're buying something as an investment, you're going to look at it through a much different lens than if you're buying it as something that you want to have so that you and your family and your friends can use because at the end of the day, the numbers could look very, very different.

And you need to know what your financial position is and situation is to know that you can support whatever it is. I know a lot of people who are saying these days, I want to buy a vacation rental someplace I can stay in for a few weeks a year my friends and my family can stay there but then I want to actually have it pay for itself by renting it out. It's great to want both of those things, but you can't optimize for both of those things.

If your thought is I'm going to buy a vacation rental. And I'll be able to use it for part of the year and it'll pay for itself the rest of the year. Well, what happens when the laws has change and now suddenly it doesn't pay for itself. And now suddenly you're a landlord who's losing money every month.

Or what if you decide, okay, I'm going to move someplace. I'm gonna rent out my old house. Well, now you have the question of who's going to manage it If you hire a property manager, are you willing to pay that 10 percent of gross rent every month, plus some additional fees to have somebody else manage it.

So knowing upfront, is this something that I'm buying as an investment, or is this something that I'm buying for my personal use will allow you to think about, do the numbers need to work, or if I make a little bit of money, I'm happy, but if I don't make any money on it, I would still buy it.

Stefanie O'Connell Rodriguez: One of the themes that I feel like came up a lot in our discussion was the idea that optimizing for your home as a lifestyle decision is different from optimizing your home as an investment decision.

J Scott: Sure. And I think a lot of it boils down to our own personalities. My wife and I are very different in the sense that I think about any property I buy, whether it's going to be my personal residence or an investment, I think about it from a financial standpoint. I want my personal residence to have equity and know I can sell it tomorrow and make money.

My wife is very different. From her perspective, when it comes to the house you're living in it's not about the money at all. It's about having a place for your kids to grow up and being in a

good location. And if we're throwing away money and overpaying for the house we're going to live in, that's okay because it's more than just an investment.

So I think each person needs to stop and ask themselves what is the long-term goal? And if you're buying a house because you want a place for your kids to grow up and love and be able to go to good schools and be close to their grandparents—you don't need to apologize for that. You don't need to justify that by saying, well, it's also a good investment. It might not be a good investment, but if you can afford the house, don't apologize.

But if you're the type that wants your house to be an investment you can also do that and you can make good decisions when it comes to buying and renovating and living in your house, such that when you go to sell it, or when you go to move out, maybe you're going to rent it—you can make money off of it.

And so you need to ask yourself again, what is my ultimate goal by buying this house and be true to whatever that is.

Stefanie O'Connell Rodriguez: For Jordan, and anyone else in the process of purchasing or maintaining a home—especially with the expectation or experience of undertaking major renovations and repairs in the process—remember J's golden rule. Get clear about the end goal first—remembering to ask yourself questions about the financial commitments, the time commitments, the lifestyle commitments, and the risk you're willing to take along the way to better inform and optimize your decisions, instead of the other way around. Remembering that even when a home purchase or renovation isn't necessarily a great investment, if it aligns with all of your values and the financial, time, and lifestyle commitments you're willing to make, it can still be a valuable and worthwhile expense.

This has been Money Confidential from Real Simple. If, like Jordan, you have a money story or question to share, you can send me an email at [money dot confidential at real simple dot com](mailto:money_dot_confidential@real_simple_dot_com). You can also leave us a voicemail at (929) 352-4106.

Come back next week when we'll be talking about how managing our money can get complicated when we're struggling with our mental health.

In the meantime, be sure to follow Money Confidential on Apple Podcasts, Spotify or wherever you listen so you don't miss an episode. And we'd love your feedback. If you're enjoying the show leave us a review, we'd really appreciate it. You can also find us online at realsimple.com.