

REMODELING REMARKS

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Burgin Construction would like to thank all of our customers (past, present, and future) for trusting in us to make your dream home a reality. We also want to wish each and every one of you a very Happy New Year and all the best for 2006!

Is Time Running Out?

In December, 2005 the Federal Reserve increased the targeted federal funds rate a quarter of a point to 4.25%. This is the highest rate since 2001 and is the 13th consecutive increase by the Fed.

What does this mean for the everyday homeowner? For many it will have no affect whatsoever, as many homeowners have already taken out a home equity loan or cash-out refinance over the last few years. For those who have been putting off the tedious loan process for home remodeling or repairs however, it is an important piece of information.

“Most forecasters expect the federal rate to reach the 5% to 5.5% mark before leveling off...”

If you are one of those fence sitting homeowners who is still putting off getting that home loan to remodel or make repairs to your home, now is the time to get moving. As expected, in the December meeting the Fed changed the policy language

which is generally seen as the gauge for future rate hikes. The statement made at that meeting: “some further measured policy firming is likely to be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance,” signals that an end or at least a pause in rate hikes is expected in the near future. However, it also sends the message that rates will continue to rise for a short time before reaching what they consider a “neutral” level. These continued increases mean more money out of your pocket as a consumer for home equity and refinance loans.



Most forecasters expect the federal rate to reach the 5% to 5.5% mark before leveling off, especially with the introduction of a new Federal Reserve Chairman in February, 2006. So, for anyone who is still undecided on whether or not to obtain a loan for home repairs or remodel, now is certainly the time to do it before interest rates rise again in the January Federal Reserve meeting.

Remodeling Made Simpler

With this year's boom in home remodeling many consumers have found themselves up to their ears in specialty contractors. They soon find that they are overwhelmed with the supervision and planning of their home improvements and have little time for anything else. A general building contractor like Burgin Construction can be the solution to the myriad of problems that homeowners face during their remodeling projects.

According to the California State Licensing Board:

“If the job requires more than two types of work on a building, then it is appropriate for a licensed general building contractor to contract for and oversee the entire project. For example, if your kitchen remodeling will involve the performance of plumbing, electrical and carpentry work under one contract, a licensed general building contractor should be hired. Under those circumstances, a general building contractor may perform all of the work on a building, or have specialty subcontractors do all or part of the scope of work for which the specialists are licensed.”

If you are planning a large home improvement project and don't have the time to devote to being your own project manager, a general contractor is the choice for you. Keep in mind when making the decision to hire a general contractor or several specialty contractors that there are many elements of the project that you will be responsible for with the latter including scheduling of each part of the project. If one contractor is running behind it can set your completion date back days, weeks, or even months depending on each contractor's schedule flexibility. Another aspect for which you will be responsible is keeping up with the various billing statements and invoices for each individual contractor. It can be quite a daunting task to sort through each of these and ensure that they are remaining within the agreed estimate range and that everyone is being paid on time.



With Burgin Construction our goal is to make the entire process as simple as possible while minimizing the time and effort you must put into your home improvement project. We can provide everything needed for any home remodeling project from roof to foundation. Each customer is assigned a personal project manager to oversee their entire job and handle any issue that may arise. This means less time spent worrying about how everything will get done and more time enjoying your beautiful “new” home.

Wake up to Elegance

BURGIN

CONSTRUCTION

Shop: 630 S Grand Ave #113
Mail: 2323 N Tustin Ave #122
Santa Ana, CA 92705

PHONE:
(714) 558-1094

FAX:
(714) 835-2101

E-MAIL:
info@burginconstructioninc.com

CA Contractors License #716244

New and Notable Products:

Silestone Leather –

The shine seems to have worn off for many consumers when choosing countertops. Gone are the days of high gloss finishes as Silestone introduces their new leather texture quartz surfaces. This luxurious new matte style finish offers a new option for counters with a richer and more natural look and feel.



Silestone Microban –

In 2005 Silestone took home the prestigious Platinum Awards For Design Excellence award for their innovative new Microban antimicrobial protection. This is the first quartz surface to offer this new technology which deters growth of bacteria that can cause stains, odors and product deterioration. While it doesn't replace regular cleaning and safety precautions, it does offer continuous protection against the growth of bacteria between cleanings. And unlike surface applied coatings, Silestone incorporates Microban protection into the molecular structure of the product during the manufacturing process so it won't wash off or wear out over time.

The Numbers Are In...

With its finger constantly on the pulse of the remodeling industry, Remodeling Magazine has released its 2005 Cost Vs. Value Report and the outlook is very good for most home remodeling projects. The report looks at 60 major housing markets in the United States and covers 20 different remodeling projects. The results show that, once again, home remodeling can greatly increase the value of your home. The findings also show that in many cases, you will recoup most, if not all, of the money invested in remodels. Below is a table of the 2005 National Averages as reported by Remodeling Magazine:

2005 National Averages

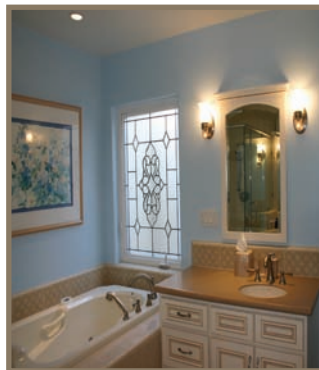
	Job Cost	Resale Value	Cost Recouped
Bathroom Remodel, Mid-Range	10,499	10,727	102.2%
Minor Kitchen Remodel, Mid-Range	14,913	14,691	98.5%
Two-Story Addition, Mid-Range	80,133	75,831	94.6%
Attic Bedroom, Mid-Range	39,188	36,649	93.5%
Bathroom Remodel, Upscale	26,052	24,286	93.2%
Major Kitchen Remodel, Mid-Range	43,862	39,920	91.0%
Window Replacement, Mid-Range	9,684	8,681	89.6%
Window Replacement, Upscale	16,096	14,259	88.6%
Bathroom Addition, Mid-Range	22,977	19,850	86.4%
Bathroom Addition, Upscale	47,212	40,488	85.8%
Major Kitchen Remodel, Upscale	81,552	69,194	84.8%
Family Room Addition, Mid-Range	54,773	45,458	83.0%
Master Suite Addition, Mid-Range	73,370	60,460	82.4%
Master Suite Addition, Upscale	137,891	110,512	80.1%
Home Office Remodel, Mid-Range	13,143	9,569	72.8%

As the study shows, home improvements can be an excellent investment. If you would like more information on any type home remodeling project or would like a no obligation, in-home consultation please feel free to call us at 714-558-1094. For the complete results of the 2005 Cost Vs. Value Report and a more in-depth explanation of the findings please visit www.remodeling.hw.net.

Congress Offers Credit For Energy Efficient Remodeling

During a session in October Congress passed The Energy Policy Act of 2005. This act offers a tax credit for homeowners who make energy efficient modifications to their homes in 2006. It provides for a tax credit of up to \$500 per homeowner for improvements which qualify as energy efficient; including:

- Exterior windows and skylights
- Exterior doors
- Insulation material or a system that is specifically designed to reduce heat loss or gain
- Metal roof having pigmented coating specifically designed to reduce heat



To put a bit more simply, upgrading your home to increase your savings on energy will not only save you money for years to come in heating and cooling costs, but can also save you a great deal when tax time rolls around in 2007. The best news...this is a tax credit, not a deduction. There is an important difference between a tax deduction and a tax credit. A tax deduction is subtracted from income before total tax liability is computed. On the other hand, a tax credit is subtracted directly from the total tax liability. This means that a deduction and a credit have very different values, with a credit being 3 or more times more advantageous to the taxpayer than a deduction. In short, you'll have more money in your pocket, all while improving your home and saving money on energy costs over time.

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