REAL ESTATE EDUCATION SERIES

RE/MAX Properties

Buying a Fixer-Upper in Colorado

What to check before you offer

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A dated kitchen can wait. A shifting foundation, active water leak, or failing sewer line can change the deal. Before you set a price, figure out what the home needs, what you can afford, and what your lender and insurer will accept.

1 Separate cosmetic updates from must-do repairs

Paint, flooring, and cabinets are easier to postpone than structural, moisture, electrical, or plumbing problems. Look for uneven floors, cracks, staining, and signs of past patching. These are clues, not diagnoses. Get a structural engineer or another qualified specialist involved when the condition warrants it.

2 Plan inspections around the property and the contract

Read available disclosures before you offer. If you go under contract, schedule an independent inspection promptly and leave time for follow-up bids. Consider a sewer scope or radon test where appropriate; for rural homes, ask about the well and septic system. An appraisal serves a different purpose and does not replace an inspection.

3 Check permit records before counting on finished space

Look up the address and verify permits and final inspections for additions, finished basements, and major system work. In the Colorado Springs area, start with Pikes Peak Regional Building Department where it serves the address. Confirm with the local authority what your planned work requires; ask separately about zoning or HOA restrictions if relevant.

4 Budget for hazards before demolition

If the home was built before 1978, plan for possible lead-based paint before sanding, cutting, or removing painted materials. The EPA recommends a lead-safe certified contractor for that work. Have suspected hazards evaluated before you disturb materials, and include any testing or specialized work in your bids.

Protect time for the checks you need

Before signing, review inspection, financing, appraisal, and insurance provisions and deadlines with your broker. Confirm that contractors can access the property in time. If you are buying as-is, clarify in writing what you can inspect, renegotiate, or terminate under the contract.

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Price the work, confirm financing, and set your limit

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Ask what it would cost to buy a similar home that is already in the condition you want. Then compare that with the purchase price, repair scope, time, and cash you would need for the fixer-upper.

5 Get written, comparable bids

Give contractors the same scope. Ask what is included for labor, materials, permits, disposal, and repairs needed to restore finishes after systems work. Check exclusions and lead times. Budget for temporary housing if you cannot safely live there. Keep a separate reserve sized to the risks you cannot price yet.

6 Confirm the property can be financed and insured

Tell your lender and insurance agent about condition issues early. A lender may require certain repairs before closing. Ask whether a renovation loan such as FHA 203(k) fits the property and scope, and what bids or approvals it requires. Get an insurance quote for the actual condition and ask about vacancy or renovation restrictions.

7 Compare all-in cost with renovated comparable sales

Add the purchase price, closing costs, repairs, reserve, and other project costs. Compare with recent sales of similar renovated homes. Renovation costs do not necessarily translate dollar for dollar into value. Leave room in your budget for a change in scope or a longer timeline.

8 Set a walk-away price before you negotiate

Start with what you can afford after accounting for the work and reserves. Decide which problems must be resolved before closing and which you will handle later. If new findings change the numbers, discuss a price adjustment, feasible repairs or credits, or your options under the contract.

Illustrative budget: $440,000 before ongoing ownership costs

$375,000 purchase + **$45,000** repair bids + **$12,000** reserve + **$8,000** closing and temporary housing = **$440,000**. If comparable move-in-ready homes sell for $435,000, the fixer is not clearly a bargain on cost alone.

Resources: PPRBD permit lookup | PPRBD permits | CFPB inspections | HUD FHA 203(k) | EPA lead-safe renovation
Educational guide. Confirm property-specific requirements with your lender, insurer, and local building authority.

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