



House Sleuthing

Help buyers make an informed choice about inspections

By Barbara Ballinger

Anticipation of the home-inspection report is one of the more nerve-racking elements of a real estate sale. "Inspections make both sides hold their breath to see if something's serious enough to make the buyer withdraw," says Chobee Hoy of Chobee Hoy Associates, R.E. Inc., in Brookline, Mass.

In many markets, inspections are de rigueur. But with so many foreclosures on the market (in various states of repair) and lenders requiring higher down payments, buyers may go into the inspection looking for confirmation that they're getting a good value. You can help by making sure your buyer clients are realistic about what an inspector will—and won't—do.

Inspector or Engineer?

Home inspections are great for uncovering red flags. They can help allay buyers' fears of an ominous, costly surprise—leaky roof, misfiring furnace, or rotting beams—but they generally can't guarantee structural soundness. For that, buyers may want to consider consulting with a general contractor or structural engineer.

Typically, inspectors focus on detecting common, visible problems in a home's structure and systems. How long the inspection takes—and what it costs—depends on the size, condition, and systems within the property. Expect to pay more for extras, such as testing for lead paint or mold.

New Homes Need it

Yes, even new construction should be inspected. "It's wrong to think only old homes have problems," says Robert Clein, a certified home inspector who's also a structural engineer and president of Georgia Engineering Associates in Atlanta. "It's even more important with a new home, since nobody has lived there."

Tips for Working with an inspector

Study the report with your buyer clients. Sit down with the report and reconcile it with the sellers' disclosure statement. If necessary, suggest a second opinion.

Be ready to recommend specialists. When an inspector finds a red flag, the buyers may need to bring in another expert, such as an HVAC contractor, plumber, or structural or civil engineer. Buyers should get estimates for needed repairs, and—before they make an offer—decide what they'd like the sellers to fix or offer as credit.

Discourage seller participation. Inspectors may not feel comfortable pointing out problems when the sellers are in the room.

Shadow the inspector. Thorough inspections cover major systems—electrical, plumbing, roofing, HVAC, and more. "Inspectors look for things that represent significant deficiencies but are in view. We won't pull up carpet or look for hidden defects in walls," says Columbus, Ohio, inspector David Tamny. Chobee Hoy, a Brookline, Mass. practitioner, notes that buyers can seek sellers' permission to remove carpet or paneling if something seems suspect. Besides exposing problems, inspectors will point out systems and provide buyers with guidance on how to maintain them.

Understand options if the inspector misses a major visible defect. "Many inspectors carry errors-and-omissions insurance, but their contracts often limit their liability to a refund of the fee," says Kornilowicz. "They rarely will pay for needed repairs, unless the defect is so blatant that they might be deemed grossly negligent [for having missed it] or have engaged in willful misconduct."