

## **Real Estate 101 (To be a smart buyer read all topics)**

### **Home Inspections**

Topic Objective: To inform the home buyer about the need for inspections

Why should a home buyer spend money to inspect what appears to be a good home? When buying a newly constructed home should a buyer have the home inspected? Should you depend on your agent to recommend the home inspector? My father knows an inspector. Is it a good idea to use his friend? These are all questions that you may get different answers on from whom ever you ask. They are important questions that need to be considered for everyone who purchases a home.

What appears to be a good home may have many unobservable problems. If the home is 25-30 years old and the original furnace is still operating can there be any problems? Many of these older furnaces may operate but still be a hazard in the home, as often the inspector will find cracked heat exchangers. This can cause carbon monoxide gases to escape and be a real safety hazard. Most of the time when these conditions are found the seller will replace the furnace because if the buyer backs out of the contract the seller will be obligated to disclose that the furnace has a cracked heat exchanger and thus no one would buy the home without expecting the furnace to be replaced. Another safety issue may be cracked flues in the fireplace chimney. Other common mechanical problems found include: electrical circuits doubled up on a circuit breaker, ungrounded electrical outlets, electrical junction boxes without metal covers, and power lines within reach over decks and patios,

When making a major investment of thousands of dollars don't hesitate to spend \$300 to \$500 to determine if the home is structurally sound and free of mechanical problems and safety hazards. For your protection you should have a structural and mechanical inspection. Most loan companies will require a termite inspection on resale homes. In many parts of the country you should secure a radon test. On older homes you may need lead paint and asbestos assessments

The structural integrity of a home is very important. When cracks are found in the foundation walls or in the sheetrock above doors it is a good indication that the footings are moving and most likely need piers to stabilize the structure. If you are using FHA or VA financing you will often need a licensed structural engineer for the inspection and repair acceptance. All roofs and siding should be inspected to determine if the installation was done according to the manufacturer standards. Improper installations may void the warranties.

You should secure an inspector that is certified by ASHI and covered by an appropriate amount of errors and omissions insurance. Many inspectors will want to limit their liability to no more than the amount of the inspection charge. Don't accept these conditions, look for the inspector with the proper insurance coverage. Be aware that having the home appraised does not replace doing an inspection. The appraiser is not an inspector, he/she only confirms that the value of the home is equal to the purchase price.

The need to inspect a new home which you are having built or buying as a spec home depends on what you know about the builder and the thoroughness of city/county inspectors. Most new homes will have a one year warranty which will give you time to ensure that all components of the home function as they should. What you need to be concerned with in regard to warranties is an assurance that the builder will stand behind the warranty and still be in the business for the duration of the warranty. If the decision is to use an inspector on a home you are having built it is a good idea to employ the inspector at the beginning of construction so that inspections can be made at the appropriate phases of construction.

Many real estate brokers will not permit their agents to recommend inspectors. That is because they don't want any liability if problems are experienced. A good exclusive buyer agent will not hesitate to recommend inspectors. Often they will give you a choice of two or three inspectors that they know are

dependable. While home buyers may want to use a friend of the family or someone recommended by a friend, it may not be wise to do so. The friend may not be dependable and if major problems are missed you may not feel you could demand that the problem be corrected by your friend.

#### Self Evaluation

1. When a home is appraised an inspection is not necessary.  True  False
2. All resale homes should be inspected with a minimum of a structural and mechanical inspection.  True  False
3. Some homes may need to be inspected for radon , lead paint and/or asbestos containing materials.  True  False
4. You should not ask your real estate agent to recommend the inspector.  
 True  False
5. New homes never need to be inspected.  True  False

Answers:        1. (F)    2. (T)    3. (T)    4. (F)    5. (F)