

Inspection Report What it is and What it is Not

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So, you've hired a home inspector to make a complete repair list for the home you're buying or planning to sell. The inspector did a thorough job and disclosed some serious problems with the property. Maybe it was in the plumbing, or the electric wiring. Perhaps it was the roof.

What if you are the Buyer but the seller refuses to fix anything. Is the seller responsible to make these repairs? Were you under the impression that the sellers must repair the problems discovered by home inspectors?

What if you are the Seller and you had an inspection completed before you listed the property, are you required to fix everything the inspector came up with?

This can be all very confusing and disillusioning. For Buyers it is a common misunderstanding about the purpose of a home inspection. People often view an inspection report as a mandatory repair list for the seller. The fact is sellers are not required to produce a flawless house. They have no such obligation by law or by contract.

With a termite report, requirements are different: Real estate contracts usually obligate a seller to repair conditions classified as 'section one' in the termite inspector. Section one includes instances of active infestation -- termites, fungus, dry rot, etc. Other faulty conditions, such as earth to wood contact, generally do not require action on the part of the seller, unless infestation is found.

With a home inspection, most repairs are subject to negotiation between the parties of a sale. Typically, buyers will request that various conditions be repaired before the close of escrow, and sellers will usually acquiesce to some of these demands. But with most building defects, sellers make repairs as a matter of choice, not obligation; to foster good will or to facilitate consummation of the sale. There are, of course, those few rigid sellers who will flatly refuse to fix anything, even at the risk of losing the sale. Fortunately, this response is the exception, rather than the rule.

For the Seller it is advantageous to have the property inspected before listing, repair major items and have a copy of the inspection report available to Buyers after they make an offer. This is a great benefit to both Sellers and Buyers, this way there are no surprises for either party.

Sellers maintain the legal right to refuse repair demands, except where requirements are set forth by state law, local ordinance, or the real estate purchase contract. Legal obligations include earthquake straps for water heaters and smoke detectors in specified locations. Contracts usually stipulate that fixtures be in working condition at the close of escrow, that windows not be

broken, and that there be no existing leaks in the roof or plumbing.

Before you make any demands of the seller, try to evaluate the inspection report with an eye toward problems of greatest significance. Look for conditions which compromise health and safety or involve active leakage. Most sellers will address problems affecting sensitive areas such as the roof, fireplace, gas burning fixtures, or electrical wiring.

Routine maintenance items warrant a lesser degree of concern and should not be pressed upon the seller. If the house is not brand new, it is unreasonable to boldly insist upon correction of all defects. Such demands can alienate the seller and kill the sale. Your willingness to accept minor problems may persuade a seller to correct conditions of greater substance. Remember you are probably not buying a new home, you are buying a used home. Now, if you are buying a new construction home you do want to have an inspection, because in this type of sale you can ask for and expect to get all repairs made.

The purpose of a home inspection is not to corner the seller with a repair list. The primary objective is to know what you are buying before you buy it. All homes have defects; it's not possible to acquire one that is perfect. What you want is a working knowledge of significant defects before you close escrow

Home Inspection Limited To What Is Visible

ASHI (The American Society of Home Inspectors) has established accepted standards of practice and codes of ethics, which define the general scope of a home inspection. These guidelines have come to be the acknowledged standards by which qualified home inspectors perform their services.

HOWEVER, IOWA does not require a license or other credentials to become a home inspector. DO NOT hire the first one you call, ask questions, talk to your REALTOR® about recommending several and interview 2 or 3.

According to these criteria, a home inspection is limited to conditions that are visually discernible. Specifically excluded from an inspection are conditions which are concealed from view, such as items contained within walls, ceilings, and floors, or which are buried beneath the ground. According to ASHI standards, inspectors are not required to perform dismantling of construction or excavation of ground surfaces to discover conditions that are not normally visible.

For clarification of the standards by which your inspector performed his services, I recommend that you review the inspection report. Most inspectors are careful to define the scope and limitations of their inspections. These parameters are generally outlined in either the contract or the report or both. Nearly all home inspection contracts clearly specify that concealed items are outside the scope of the inspection. Additionally, most inspection reports specifically identify ASHI standards as the basis upon which the inspection is to be performed.

How To Negotiate After A Buyer's Home Inspection

The home you're buying is scheduled to be inspected. Be on site when the inspection is being done. Some REALTORS® require this, I do. When you are there when the property is being inspected you see what the inspector sees and you can ask questions. When you get the inspection report, how do you know which problems the seller should fix and which ones to accept as is? Are there some rules or guidelines to determine how this works?

In most cases, a residential sale is contingent upon the buyers' acceptance of the home inspector's report. This means that you, as buyer, have a specified number of days to accept or decline the property in "as is" condition. If you decline acceptance, you have four basic choices:

- 1) Ask the sellers to make a few repairs;
- 2) Ask the sellers to make many repairs;
- 3) Ask the sellers to reduce the sales price;
- 4) Decline to purchase the property.

If you request repairs or a price adjustment, based upon the home inspection report, the sellers also have choices. They can:

- 1) Agree to all of your requests;
- 2) Agree to some of your requests;
- 3) Agree to none of your requests;
- 4) Decline to sell you the property.

The sellers' only obligation is to address defects that are named in the purchase contract or required by state and local laws. If the contract specifies an "as is" sale, the sellers may refuse to make repairs of any kind or to adjust the price in any way. Lawful exceptions may include providing smoke alarms at specified locations. Aside from such requirements, completion of the sale hinges upon whatever is agreeable between you and the sellers.

If you have any questions concerning a property inspection please contact me directly at 712-574-5426 or E-mail Georgia@SLRealtyCheck.com or come by my office at 607 Lake Avenue or 113 Main St. in Alta.

