

Casa Grande Real Estate Reality

DON'T GET MAD AT THE INSPECTOR!

-Debbie Yost



Real estate inspectors have a tough job. If they do their job properly, and list everything that could be a problem with the property now or in the future, the seller gets insulted. If the inspector doesn't do a thorough job, the buyer could be surprised by an unexpected situation after escrow has closed. I think that being an inspector must be similar to being a dentist when you think you are just doing a simple exam and realize you have to perform a root canal.

When I first began selling real estate in this area in the early '80s the legal doctrine was "caveat emptor" which meant "let the buyer beware." While sellers have always had a legal and moral duty to disclose any material facts that could affect the buyer's decision to buy a property, or the price they were willing to pay, there was a difference of opinion in what was required to be disclosed. Frankly, back in the '80's most buyers bought properties with very little real understanding of the condition of the property.

Beginning in the '90's, buyers had an opportunity to have their Realtor act as a "buyer's agent". Inspections began to be commonplace, and just about anyone could claim they were a real estate inspector. There was very little regulation of inspections and consequently there was little consistency in the scope of depth of property inspections.

These days it's very rare to have a real estate transaction where the buyer doesn't hire a certified property inspector. Even when purchasing a new home many wise buyers hire a professional, certified home inspector. The standard purchase contract most Arizona Realtors use provides an opportunity for the buyer to have any number of inspections performed within ten days after buyer and seller agree to the contractual terms of the sale. The buyer has the option to cancel the contract based on the results of the inspection report, or to provide a list of items for the seller to repair. If the seller doesn't agree to repair these items the buyer may cancel the sale without forfeiting their earnest money deposit. Many times the seller will agree to repair some of the items and both parties compromise.

Since most homes in our area are newer in age than in many parts of the country, with the exception of major structural or system issues, most inspection issues are minor. I believe the majority of problems arise between a buyer and seller when the parties don't understand the purpose of the inspection and are unrealistic regarding their expectations of the other party.

The purpose of an inspection is for the buyer to thoroughly understand the condition of the property he/she is buying. Think of an inspection as going to the doctor for an annual physical. Through a series of examinations and tests we learn which parts of our body are functioning at peak efficiency, which are operating at normal levels based on our age and other factors, and what needs to have some attention now. Some of our body's systems, such as our circulatory, nervous and digestive systems are items that are critical for survival. Other conditions, such as diabetes or arthritis hamper our ability to live at optimum health, but can be managed. Other conditions, such as acne or baldness may be cosmetic, and while we aren't thrilled to have them, they are surface issues.

Most home inspectors provide a written report which provides a property "physical" and indicates whether these deficiencies are structural, system, or cosmetic items. Some reports provide labels such as "good, fair or poor." Other reports comment on items as "damaging, building code violation, monitor, or typical for age and construction." The buyer should review the inspection report with the inspector thoroughly so they have good knowledge of the condition of the property.

Last year, when we were experiencing an extreme seller's market, sellers made few or no repairs, and buyers were still thrilled to be able to purchase the property. Now that we've shifted back to a more "normal" market, and are even experiencing a buyer's market in certain property types and price ranges, buyers are making many more demands of sellers to repair items as a result of the inspection. Last year a buyer may have waived the inspection period, or accepted the property "as is". Now buyers are submitting repair lists of 20 to 30 items, and many of those could be considered cosmetic items.

The standard purchase agreement specifies that "systems" need to be functioning properly until close of escrow. Typically that means that the seller is expected to repair any deficiencies in the heating and cooling systems, plumbing, electrical, pool, appliances, and structural items (roofs, termites, septic systems.) Cosmetic items, such as painting or décor items are not typically expected to be repaired by the seller.

As property values have leveled out, inspectors (perhaps acting in a liability avoidance mode) seem to be even more vigilant in listing any deficiency at all, in an effort to notify the buyer of a future maintenance item. For example, if a home is 10 years old, the inspector may note that the water heater is the original one, and suggest that the buyer monitor its condition, as water heaters typically won't last too much longer. Based on that notation, a buyer may request that the seller replace the water heater, and this is where frustration occurs between buyer and seller. If the water heater is working fine, there isn't an obligation on the seller's part to replace it, just because it is nearing the end of its typical life span. Buyers may be under the mistaken impression that the seller is required to put the property in new home condition. Sellers may become insulted by these types of inspection requests and animosity grows between seller and buyer to the point where neither is reasonable about the inspection negotiations. Realtors become frustrated when the parties become rigid in their positions, and everybody points fingers at the inspector as the cause of a cancelled sale.

How can you avoid this heartache if you are planning to sell your property? Take a good look at your home to see where you may have neglected some normal maintenance. Call a heating and air conditioning company to have your system serviced if you haven't been doing this regularly. Call a plumber if your water heater has had a bit of a leak. Do the same with a pool repair company, an electrician or roofing contractor if you think there may be some issues that need attention. Tell them that you are going to be selling your home and don't want any surprises with the inspection. Ask them to provide a written invoice stating that they've checked the system and provided needed repairs and maintenance. A home inspector is like a general practitioner. They are a generalist and frequently recommend that a licensed contractor evaluate an issue more thoroughly than they are able to. Having a written invoice detailing that a licensed contractor has already done needed maintenance can resolve some of these grey areas and prevent a cancelled sale. Finally, when interviewing Realtors to represent you in the sale or purchase of a home, ask them to explain how they view the inspection process and how they recommend working through that part of the transaction. Knowing their attitude may give you a glimpse of how easy or painful that part of the sale or purchase may be in the future.

Debbie Yost, CLHMS, CRS, GRI is the broker/owner of RE/MAX of Casa Grande and can be reached at Debbie@YostHomes.com