

# The Massachusetts Homeownership Collaborative

## HOMEBUYER COUNSELING CORE CURRICULUM

### SECTION VI: HOME INSPECTION

#### Section Objectives:

- To emphasize the importance of a home inspection before purchasing a house
- To instruct participants on how to find a good home inspector
- To provide participants with information on how to use a home inspection report

A. IMPORTANCE OF A HOME INSPECTION	VI-2
B. HOW TO FIND A GOOD HOME INSPECTOR	VI-3
C. WHAT A BASIC HOME INSPECTION INCLUDES	VI-4
D. INSPECTION REPORT	VI-5
E. OTHER INSPECTIONS	VI-5

## SECTION VI: HOME INSPECTION

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### A. IMPORTANCE OF A HOME INSPECTION

Purchasing a property comes with certain inherent risks. The home inspection is limited in its scope and depth, but it can reduce some of those risks by providing you with information on your potential new home. Buying a piece of property involves a leap of faith, but a good home inspection will help you decide whether or not to make that leap.

A seller (and his/her real estate agent) must disclose any problems with a house that they are aware of and they must truthfully answer any questions you have about the condition of the home. However, just like you wouldn't buy a used car without a mechanic evaluating its condition, you should not buy a used house without a home inspector doing the same.

As noted earlier, one of the contingencies in your Offer to Purchase should be that you obtain a satisfactory building inspection report. It is critical that the inspection be performed by the dates stipulated in the Offer. This will allow you to withdraw from the transaction or perhaps renegotiate the sales price if the inspection is not satisfactory.

Knowing more about the condition of the house you want to buy can help you make an informed decision about the home's value and can save thousands of dollars in unexpected repairs.

#### Seller's Description of Property

The Seller's Description of Property is a form developed by the Massachusetts Association of Realtors. The broker may ask the seller to complete the Seller's Description of Property at the time the property is listed, but not all do.

The Seller's Description of Property asks the seller to respond to questions about the condition and repair history of the property. Buyers like the form because it tells them up-front about the condition of the property. Some sellers like disclosing this information because they feel it protects them from buyers discovering problems during the inspection and then attempting to renegotiate the sales price or make repairs. Not all do.

You have the right to ask the broker for a copy of the Seller's Description of Property. The broker is under no obligation to provide it. You may need to be persistent but it can usually be worked out. You would typically ask to

## SECTION VI: HOME INSPECTION

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see a copy of the Seller's Description of Property after your Offer to Purchase has been accepted. The Seller's Description of Property can be a useful tool for the inspector to have at the time of the inspection.

It is sometimes recommended that the Seller's Description of Property be made a part of the Purchase and Sales Agreement. The standard Purchase and Sale Agreement says that the property is being sold "as is" with no representations other than what is written into the agreement and that you are depending on your own inspection of the property to determine its condition. By including the Seller's Description of Property in the P&S, you gain a degree of protection and some recourse for negotiation should a problem be discovered with the property at a later point during or after the closing. **The Seller's Description of Property does not take the place of a home inspection.**

In a large condo building, you could also ask to see the latest engineering survey as well as copies of the association's meeting minutes from the last year. This can give you more information on the condition of the entire property and the potential risk of having an upcoming special assessment.

### B. HOW TO FIND A GOOD HOME INSPECTOR

#### Finding a Qualified Home Inspector

- Get a referral from friends, business associates or others who have had satisfactory home inspections.
- Call 1-800-743-ASHI for a membership list of inspectors in your area that belong to the American Society of Home Inspectors (ASHI). While home inspectors are not required to be licensed, ASHI sets standards for home inspection services.
- Ask about their training (e.g. builders' license, contractors license, engineering degree), how long they have been in business and how many inspections they perform in a week. Make sure they are a licensed home inspector and have liability insurance.
- Ask for and check references of three recent clients.
- Look through the Yellow Pages under "Building Inspection Services"

## SECTION VI: HOME INSPECTION

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- Use trusted internet resources, such as Angie’s List. This can be a great way to find home inspectors, but make sure you interview them first.
- In Massachusetts, the seller’s agent cannot recommend a particular home inspector. You may receive a referral from your buyer’s agent, but be cautious using this reference – the agent has a financial stake in the sale going through.
- If you are considering a short sale or foreclosure, beware you will likely be buying the property “as is.” Also, the heat, water, and electricity may be shut off, so the inspector may not be able to test these systems. You may be able to turn some or all of them on for the inspection, but you will need to pay for that service to be provided. It is important to get a home inspection on a foreclosure or short sale, but make sure to budget more for your reserves, as the information you get from the inspection may be limited.

### C. WHAT A BASIC HOME INSPECTION INCLUDES

The home inspection is not the same as an appraisal. The home inspection is meant to evaluate the structural and mechanical condition (not the market value) of the property. The inspector’s findings will be based on the physical condition of the systems and components which are readily accessible and observable. The inspector will not normally guarantee or warrant the condition of the home, or determine whether a house is in compliance with local building codes.

You should plan to accompany the inspector on his/her rounds. The length of the inspection will vary depending on the size of the home and its condition, and will generally take at least two hours. During the inspection, you can pick up some valuable maintenance tips, get a chance to ask questions (e.g. about how systems work) and learn more about the extent of possible problems. You will also be in a better position to understand the written report.

Verify with the real estate agent that you will have access to all of the appropriate spaces for the type of property you are buying at the time of the inspection. For single-family homes, you will want to make sure you have access to the living space, basement, attic, roof, and garage. For condos, you will additionally want to have access to the mechanical rooms, common areas, and parking garage. If you are buying a multi-family home, make sure all units will be available to be inspected.

Every inspection should include an evaluation of the following:

- Structural condition of the property

## SECTION VI: HOME INSPECTION

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- Mechanical condition of the property
- Foundation
- Doors and windows
- Roof
- Plumbing and electrical systems
- Heating and cooling systems
- Ceilings, walls and floors
- Insulation
- Ventilation
- Septic tanks, wells or sewer lines
- Common areas (in the case of a condominium or cooperative)
- General exterior conditions (siding, the grading, walkways, decks, patios, porches, retaining walls and landscaping)

A home inspection will typically cost \$ \_\_\_\_\_ (*Instructor should indicate the typical dollar amount for the local market*) for a single-family home; \$ \_\_\_\_\_ for a two-family home and \$ \_\_\_\_\_ for a three-four family home.

### D. INSPECTION REPORT

The inspector's report will not include a recommendation as to whether or not you should buy the house, nor will it evaluate the purchase price. If major flaws are uncovered, you may want to get a contractor to give you an estimate for the cost of repairs. A reputable home inspector will never offer to give you an estimate or perform needed repairs, but can refer you to a contractor as long as they have no financial relationship with that firm.

An inspection report can serve the following purposes:

- To identify problems before you purchase a home to minimize unpleasant surprises later
- To enable you to get out of a purchase agreement (and get your deposit refunded) if serious problems are identified
- To help you negotiate an adjustment in the purchase price if you want to buy the house in spite of the problem
- To get the seller to agree to pay for needed repairs prior to closing

## SECTION VI: HOME INSPECTION

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- To help you feel confident about your decision to either move forward with the purchase or to back out of the deal.
- To provide you with the information you need to budget and prioritize repairs, e.g. the age of the heating system, last repair, etc. You can ask your home inspector for this information or ask him/her how you can get cost estimates.

Remember that the home inspector is hired by you and works for you. You can share the home inspection report with your attorney and/or your buyer's agent. You are not obligated to share the report with anyone else. If, as a result of the home inspection, you terminate your Offer, the home inspection report should be included as part of the termination of contract. Keep a copy of your home inspection report for your own files.

### E. OTHER INSPECTIONS

When you have a home inspected, it is highly recommended you also have your prospective home inspected for termites, radon, lead paint and asbestos. If you are buying a home not connected to a sewer service, you will also need a Title V inspection. You may need to find a separate home inspector qualified to perform these tests.