

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

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B. HOW TO FIND A GOOD HOME INSPECTOR	VI-3
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Core Handouts:

Home Inspection Outline

Seller's Description of Property (standard form)

Sample Home Inspection Report (*Counseling Agency/Guest Speaker to provide*)

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A. IMPORTANCE OF A HOME INSPECTION

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. Keep in mind that if you are purchasing a foreclosed property, you may require additional time for the inspection.

Knowing the exact 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. The Seller's Description of Property has become more widely used in the last couple of years.

You would typically ask to 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

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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.

TIP:

At this point, it may be useful to participants to review where and how the home inspection fits in the homebuying process. Review the Homebuyers Roadmap, Chapter I.

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 that they have liability insurance.**
- **Ask for and check references of three recent clients.**
- **Look through the Yellow Pages under "Building Inspection Services"**
- **Be cautious using a referral from the real estate agent – the agent has a financial stake in the sale going through and, if he/she works for the seller, there may be a conflict of interest.**

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- If you are considering a short sale or foreclosure, you may want to hire a home inspector who has the technology to review the systems and structure in the home, such as thermal imaging, moisture meters, and tools to check the plumbing, electric, roof, etc.

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 observable, unconcealed structural conditions. 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. You can expect the inspection to take about two hours. During the inspection, you can pick up some valuable maintenance tips, get a chance to ask questions (e.g. about the cost of repairs) 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 following at the time of the inspection, especially if it is a tenanted multi-unit building. Be sure to inspect all units. If you are buying a foreclosed property, make sure all of the utilities have been turned on before the inspection.

Every inspection should include an evaluation of the following:

- **Structural condition of the property**
- **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)**

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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, it should give you some idea of what it will cost to repair or replace the problem. A reputable home inspector will never offer to perform needed repairs and should not refer you to a contractor to perform such repairs.

An inspection report can serve the following purposes:

- **To identify problems before you purchase a home to prevent 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**
- **To make you feel confident about going ahead with the purchase**
- **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 should 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. You should keep a copy of your home inspection report for your own files.

E. OTHER INSPECTIONS

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When you have a home inspected, it is highly recommended that you also have your prospective home inspected for termites, radon, lead paint and asbestos. If you are buying a home that is 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.