

# business

around town

## **Home Inspections: Wise, or A Waste of Money?**

When shopping for a home, buyers are diligent in looking for the home that's right for them. Today's educated consumers will choose a home in the neighborhood they want, and select from the floor plans available in their price range. Most have the assistance of a Realtor (smart!) to help them select and analyze the choices. Whether looking at high-rise condominiums, townhomes, or single family properties, buyers are serious and well informed. They look closely and make calculated decisions. Why then are Home Inspections selected by the great majority of buyers? Here are some questions that reflect the concerns of akamai home buyers and sellers about home inspections:



**Q: I looked at the property carefully several times prior to making my offer, flushed each toilet, and even looked under the house and everything looked fine. Why should I spend the \$ 250 - \$ 500 for a home inspector?**

A: A home inspector will do a more systematic and detailed check than most homebuyers are capable of doing. A written and detailed written report will help you later after you buy, to take care of small items that you might not notice even in living in the home. Examples might be electrical outlets or wiring that is not up to date, but appears to function normally. A typical home inspection report for a home in good condition will note perhaps 10 or 20 items of possible concern for the home buyer. Many of these are items also unknown to the seller.

**Q: What items can I expect the home**

**inspector to check?**

A: Most home inspections will cover the major systems of a home such as roof, foundation, plumbing, electrical, and drainage. Other areas to inspect are the exterior portions of the home such as siding, decks, lanais, and garage as well as concrete walkways, & driveways. The interior items include doors, windows, walls, and flooring. Inspectors will identify and check the utility connections such as water, sewer, and air conditioning. Details on electrical system such as location, size, and condition of main electric panel are provided. Type of wiring and any noted hazards are included such as open junction boxes in the attic. Additionally, the appliances included in the sale are checked for condition and normal operation. Recommendations are made for future comfort and safety.

**Q: Who pays for the home inspection?**

A: The buyer normally selects the inspector and pays the cost directly to the inspector at the time of the inspection. Sellers occasionally order and purchase a home inspection just prior to putting their home on the market. This helps establish the condition of the property and assists them in the State-required disclosures.

**Q: How much time to I have to get the home inspection completed?**

A: The home inspection is normally a contingency in the home purchase. This means that you have a specific time frame as specified in term C-51 in the standard purchase contract ("DROA"). So your home inspection is actually a time period, not just a one-time event. This is the number of days you have to decide about the home inspection results, starting when you have an accepted offer. You need to complete any and all inspections as well as make a final decision on proceeding or not. If you are requesting repairs or a cash discount from the seller, all parties must agree to this in writing before the inspection period is over.

**Q: My brother-in-law is a contractor and knows everything about construction. Is it a good idea to have him do my home inspection for me?**

A: The short answer is No. He is probably not accustomed to the detailed and systematic inspection that a professional home inspection would provide, nor is he prepared to put it into a manageable written format. If he finds problems, the seller is less likely to take his findings seriously, since he has a relationship with you. And if he misses something important, your recourse will be limited and could cause family problems! However, if you are determined to save a few hundred dollars, however, any inspection is

better than none.

**Q: I am buying a fixer-upper home "as-is", so the seller has already stated that he will not fix anything. How does this affect my need for a home inspection?**

A: Remember that the purpose of the inspection is to get details on the condition of the property. You may need one more than ever, since you already know the home needs lots of work. You can use the inspection to determine what repairs will be needed. If you are planning to tear down the home, then you may not want to hire an inspector but you will need the inspection period to meet with contractors, architects, etc. and check on the zoning and building issues relating to the property.

**Q: What happens if the home inspection reveals problems with the property?**

A: Because there are no perfect homes, all home inspections note problems and concerns! The purpose of the home inspection is to give the buyer as much information about the property as can possibly be obtained prior to the purchase. The inspector will probably look at the home in greater detail than has ever been done before. It is inevitable that some items of concern will be shown. Perhaps there are a few loose shingles on the roof. Maybe some of the shut-off valves under the sinks are frozen (true in most homes). There could be a stem leak in the shower. The possibilities are endless. What the home inspection will do is help avoid a lot of surprises after the buyer moves in.

**Q: Does the seller have to fix problems shown by the home inspection?**

A: NO! The inspection is not a "punch list" of items for the seller to repair. The seller has absolutely no obligation to repair anything that shows up on the report. However, the buyer is not obligated to continue with the purchase if the problems are greater than expected. Sometimes a home seller will agree to do repairs in order to keep the buyer motivated to continue with the purchase.

**Q: Help! My home inspection period ends tonight, and I have hesitations about whether to proceed since the seller has not agreed to my repair requests. What are my options?**

A: Once the inspection period is over, the purchase contract specifies that the contingency is waived unless you elect to cancel your purchase in writing prior to midnight on the last day. If the seller signs an extension you may obtain a few more days to satisfy your concerns. Some sellers do agree to make repairs at the buyers request, but remember that all agreements must be in writing and signed by buyers and sellers in order to be binding.

**Q: Why won't the seller agree to repair the items on the inspection report?**

A: Good question. Many sellers hesitate to do repairs for the buyer, in case

they go to the effort and the buyer is still not satisfied. Sometimes the seller is not occupying the property, and it is easier to get an agreement for "closing credit" towards repairs than to actually have the seller arrange for the repairs to be done. If agreed on, credited funds are deducted from the down payment the buyer brings to the closing, so it is as good as cash. Sellers sometimes do make repairs out of pride of ownership and sense of fairness, even when they are not required to do so.

**Q: What else can I do during my home inspection contingency to be sure I am fully informed about my purchase?**

A: The home inspection period is also designed to allow you to research and review all available information about the home. This could include investigations of building permit history of the property, zoning regulations, schools, and is used to discover the neighborhood features as well. Some buyers bring in an architect or contractor for future remodeling plans. If you need room to put in a pool, you can get an estimate at this time. I often recommend that buyers take the time to meet the neighbors as well. If you want an outside opinion on the "feng shui" properties of the home, or any other intangible qualities, this is your time!

**Q: Should I have a brand new home inspected?**

A: Most buyers do not have a new home independently inspected, especially if they are purchasing from a large developer who is offering a warranty and has a good reputation. If you are purchasing from a small builder it is very wise to have the home inspected. Brand new homes may have deficiencies and you have far more leverage with the builder prior to the sale than you will afterwards, if corrections are needed.

**Q: Is a termite inspection a part of the Home Inspection?**

A: No. A termite inspection is also a normal purchase requirement, but it is a completely different event. It is required by most mortgage companies, and even cash buyers will want one. The termite inspection is performed by a licensed pest control company, and normally paid by the seller. The sole purpose is to determine if there is any evidence of live termites in the home, and the report often shows prior wood damage by termites also. In a typical home purchase, the termite inspection takes place later than the Home Inspection, about two weeks before the close of the sale.

If a home buyer suspects termite problems, it is a good idea to get the termite inspection and accompanying report ("TIR") as soon as possible, but this is not the normal schedule.

**Q: Can the home inspector inspect the pool for me?**

A: It is a very good idea to have a pool inspected before you purchase, as pool repairs can be very expensive and problems may not be obvious. I suggest that a pool specialist be hired for this type of inspection, which may cost \$ 100 - \$ 200. The condition of the pool surface, decking, the water chemistry, and the type and quality of the pump and filter system will be detailed for you. A leak test may also be performed.

**Q: What else is not covered by a basic home inspection?**

A: Many home inspectors will charge extra to test the sprinkler system. They will not be able to inspect areas that are inaccessible, such as outlets behind heavy furniture or garages piled high with junk. All home inspections have exclusions and limitations of liability, so be sure to read the inspection agreement. Your home inspector may suggest that you get an opinion from another expert such as an engineer, plumber, or electrician. Remember that a home inspector is usually not licensed in these areas. You might also need to have a roofer, soils engineer, or architect give you a more detailed opinion on their areas of expertise.

**Q: I am a seller, and my home has obviously been well cared for. Why should I allow the buyer to bring in an inspector?**

A: Homebuyers want the detailed information from an outside source on the property they are about to buy. In a typical Hawaii purchase contract, the buyer has the right to obtain such an inspection as a contingency of the sale. If you do not permit the inspection, the buyer may suspect that you have something to hide and cancel their purchase. Even if a few problems are shown on the home inspection report, most buyers decide to proceed with the sale anyway. If serious questions about your home are revealed you will have a chance to disclose and try to work them out with the buyer, and you will avoid the liability of undisclosed problems.

**Q: I have decided not to get an inspection. What's the worst that can happen!**

A: After you move in, you will probably find numerous small items that you missed in your own investigations but would have been revealed by any competent home inspector. You may have lost an opportunity to negotiate with the seller on repairs or credits. There might be major problems that would have left clues for the inspector, which you now have to face yourself. You waived the inspection so you have little recourse now. Hopefully you got a great price and know a good contractor. Good luck!

**Q: How do I select a good home inspector?**

A: Home Inspectors are not licensed in Hawaii. Anybody off the street can get a magnetic sign for his pick-up and start inspecting, so choose wisely! There are several professional organizations for home inspectors, such as the National Association of Home Inspectors (NAHI), the National Institute of Building Inspectors (NIBI), and the American Society of Home Inspectors (ASHI). Some are part of a national franchise, some independent, and some are licensed contractors or architects.

Inspections vary from detailed to superficial, and a good condo inspector may not be the best choice for a hillside home. Decide what sort of inspector you need for the property in question. Examine the brochures, and look at their qualifications. Call them up and ask questions. Get a copy of a sample report. You do tend to get what you pay for. Remember that the most qualified experienced home inspectors are booked at least a week in advance so think ahead. Most Realtors have experience with many inspectors and can guide you. 

