

Waiving a Home Inspection

It is not uncommon for home Buyers to submit a purchase offer that's contingent on a satisfactory Home Inspection. These inspections aren't required for a mortgage loan, but highly recommended because they provide clues about the condition of a home. A house might look pretty on the outside, yet need serious, costly repairs on the inside. But while a Home Inspection makes sense when buying a home, you may get advice to waive your option to an inspection. In a Seller's market, some Buyers choose to forgo an inspection if they're competing with other bidders and wish to make their offer more attractive to Sellers. Buyers who offer less than the asking price sometimes waive the home inspection to get on a seller's good side. Also, Buyers when purchasing a newer home may choose to forego an inspection if they feel it is unnecessary given the property's young age. But regardless of whether you're purchasing a newer home or competing in a Seller's market, a home inspection serves everyone's advantage. Here are some reasons why no one should waive a Home Inspection contingency.

Avoid Costly Surprises

There's no way to know the true condition of a property until you get a Home inspection. These inspections are crucial for eliminating or minimizing surprise repairs after moving into a home. The Buyer is able to learn what's wrong with a property early, and after reviewing the inspection report, you can ask the Seller to make the needed repairs. A Seller doesn't have to fix everything on the home inspection report. They may only agree to fix major items, at which point you can agree to tackle the inexpensive repairs after closing and moving in. Either way, you know what you're getting into and you don't have to guess about the condition of the home. Inspections are also important because buying a new house involves many new expenses. It might take time to adjust a new mortgage payment and higher utility costs. The last thing the Buyer wants to do is spend a ton of money on repairs that were the responsibility of the Seller.

Opportunity to Walk Away

A Home Inspection also gives the Buyer an "out" if you feel that you're walking into a potential money pit. Depending on the extent of needed home repairs, the Seller may not have the resources to tackle major issues listed on the Home Inspection Report. If a purchase offer that was contingent on a satisfactory home inspection, the Buyer does not have to proceed with the purchase if the house has too many problems. In other words, if the Seller does not agree to certain repairs, the Buyer can walk away from the entire deal without losing your earnest money deposit. The Home Inspection Report is a legal document and is written by a licensed New York State Home Inspector. The Home Inspection report can be used in court to define the condition of the house or negotiate repairs with the Seller.

Does the disclosure form match reality

The Seller is required to fill out a property disclosure form. An Estate sale does not require a disclosure form. The Seller may not fully understand how to properly fill out the form, they may not remember unpermitted work, or may neglect to mention certain issues that may seem hidden. Regardless of the cause, most disclosure forms are worthless to the Buyer.

Your Real Estate Agent is not a Home Inspector

The Real Estate Seller's Agent has no responsibility to ID problems. Let the Inspector find it! Ignorance may be blessed. Some Agents are skilled and acting as the Buyer's Agent during the open house or a walkthrough do mention issues that may affect the Buyers decision to move forward with an offer. The

Home Inspector is not concerned if the Buyer buys the house based on the Home Inspection Report. The Home Inspector only concern is to explain cause and effect of issues in a house or property to the Client. The Home Buyer makes the final decision if the house is what they are looking for.

Insurance or Mortgage companies may not approve the house or property

A house may have certain Safety, Structural or Functional issues that if known by an Insurance or Mortgage Company might deny the Buyer a home insurance policy or a loan. Issues that can cause denial may be outdated electrical panels, a bad roof, unpermitted work, foundation cracks or water damage. Identifying an issue after closing or when making a future claim with an insurance company may cause financial hardship. The cost of high dollar repairs and family living expenses may cause a default on a loan.

The sum of repairs is not in the “Comp” on the house

The Seller’s Agent usually bases the house/property comparison (Comp) on existing homes in the neighborhood or similar homes that have recently sold. The Seller’s home price/value is based on the “Comp”. The Seller’s Agent will always try to get top dollar for the home (market value). Very few homes are “sold as is” and the value is based on the comp and needed identified repairs. Identified repairs may not include all repairs needed. The sum of the repairs will be identified in a written Home Inspection Report. Although the Home Inspection Report will not include repair costs, high dollar repairs may not fit the Buyer’s financial expectations.

Unpermitted additions and repairs.

One of the most common issues in a house is unpermitted work. Most counties require permits for numerous home upgrades. These upgrades may be installation of new gas appliances, pools, additions/ heated floor space, electrical upgrades, egress, roofs and many others. A qualified Home Inspector will identify unpermitted work and make recommendations to resolve issues prior to closing.

Appliances age/condition/installation

The Home Inspection Report will note the condition, age and functionality of all appliances (units) in the house. This includes the HVAC system, washer, dryer, and water heater. Some houses may have specialty units such as Radon mitigation systems, wells, septic tanks, fuel tanks that will be noted in the report. Some units may be in need of service, repair or replacement. All of these units may effect the value of the house.

Educates the Buyer, Seller, and Real Estate Agents

Every Home Inspection is a unique experience of all of the participants. Finding issues in a home is educational for the Client, the Seller and the Agents. The Client learns more about home buying and what to look for during open houses. The Agents learn about inspecting a house and what their Client is looking for and what they are willing to take on. The Seller learns what Buyers are looking for in houses and what repairs will make their home more marketable.

Avoid litigation for unpermitted work or non-disclosure

In this world of litigation, risk management is a must. Keeping all parties informed of possible issues that cause litigation will minimize the chances of future litigation. Buyer’s remorse or Sellers hiding issues that cause financial hardship can bring about a law suit. Even giving what may be considered bad advice is open to litigation. A Seller can provide full disclosure by getting a Pre-Home Inspection prior to listing

the house. The Pre-Home Inspection will also give the Agent the opportunity to advise the Seller to make repairs or prepare a real market value Comp of the house value.

Testing for Lead, Radon, Pests, Asbestos, or Hazmat

The time for additional testing is when the Home Inspector is on site. The Buyer's family may have health issues that require a clean environment. Some issues may be high dollar repairs that the Seller does not want to make. The Buyer may feel that the value of the house is diminished by mitigation or abatement costs and cause issues with selling the house in the future. Any way you look at it the issues should be satisfactorily resolved prior to closing.

Identification of fire, flooding, oil tanks, pet damage, flip house/foreclosure or drug use

The Home Inspector has skills, knowledge and experience in identifying hidden problems that may not be readily seen by others. Each of the above listed issues have additional cause and effect issues that will be brought to the attention of all parties.

The Home Inspector is crucial in making a purchase decision

The Home Inspector works for the Client only. There are some really good Home Inspectors in the area. Shop around on the Internet and always ask for a sample copy of their report. Ask what additional services they provide and the cost of the Inspection. Talk with your friends if they got an inspection and can recommend a Home Inspector. Note that the Home Inspector is the lowest paid person in a Real Estate transaction and the most trusted.

No recourse to address problems after buying the house

After a Buyer closes on the home they may find issues that need repairs or cause buyer's remorse. Without a Home Inspection, the Buyer is purchasing a house "as is". The Seller may move out of state or not have any assets for the Buyer to pursue litigation. The Buyer may not be able to afford a Lawyer for their case. The cost of litigation may be less than the repair. All things considered buying a house without a Home Inspection is like playing financial and emotional Russian Roulette.

This information is provided as a guide for Seller's, Buyers, and Real Estate Agents. If you have any questions or comments please call or text me at 585-362-2848 or email Hjetty@rochester.rr.com.

Hello Everyone,

In today's Real Estate market our main concern is taking care of our Client.

I have heard from Realtors that some Buyers are being advised to waive the inspection.

I sat down and wrote my thoughts about how I would advise anyone on getting a Home Inspection.

We have a vested interest in mutual success in business.

Please pass this info on as you see fit. I would be interested in any comments regarding the content of this paper.

Best to all, Hank

VHHS