

Managing the Home Inspection



Managing the Home Inspection

- ✓ Directing your clients to the best inspectors
- ✓ Equipping the buyer for the home inspection
- ✓ Advising the seller
- ✓ Benefit to the seller
- ✓ How the seller should prepare
- ✓ Should the seller be present
- ✓ Things the inspector will ask for
- ✓ Frequently asked questions





Directing Your Clients to the Best Inspectors

What is a Home Inspection?

A Home Inspection is an objective visual examination of the physical structure and systems of a home, from the roof to the foundation.

N.J.A.C. 13:40-15

Home Inspection Advisory Committee

New Jersey Code is based on:
ASHI Standards of Practice

The Home Inspection

Having a Home Inspection is like giving a home a physical check-up

- ✓ If problems or symptoms are discovered, the inspector may recommend repair, replacement or further evaluation by a specialist

The Home Inspection

- ✓ A Home Inspection is not a commodity item
- ✓ There may be vast differences in:
 - ✓ Knowledge
 - ✓ Customer service
 - ✓ Professionalism

Important questions for your home inspector:

- ✓ Has he/she been professionally trained and if so, where?
- ✓ How much experience does he/she have?
- ✓ How many years?
- ✓ How many inspections?
- ✓ Is property inspection their only business?
- ✓ Do they belong to any professional organizations (ASHI, NACHI, etc.)?
- ✓ Are they required to complete continuing education?

Is your Home Inspector Insured?

- ✓ Errors & Omissions coverage
- ✓ (Claims Made) or (Per Occurrence, better)
- ✓ General Liability (how much)
- ✓ Workers compensation

Home Inspection Companies

Questions to ask:

- ✓ Have they provided Certificates of Insurance?
- ✓ What is the structure of their company?
- ✓ Are they likely to be around 2 or 3 years from now?
- ✓ Were they around 2 or 3 years ago?

What to look for in an Inspection Company

The Realtor should look for the same qualities the Client is looking for:

- ✓ Ease of Scheduling
- ✓ Longevity/Stability
- ✓ Reports that are clear and understandable
- ✓ Professional Demeanor
- ✓ Comprehensive Insurance

Inspection Format

- ✓ What inspection format is used?
- ✓ What should the report contain?
- ✓ Items checked?
- ✓ Items not checked and why?
- ✓ Does the report contain items not functioning as designed?

Inspection Format (Continued)

The Required Report Content

- ✓ Disclose components present/absent
- ✓ Describe systems/components
- ✓ State Material Defects
- ✓ States the significance of the findings

Delivery of the Report

- ✓ When will the report be available?
- ✓ How will it be delivered?
- ✓ Will the inspector be readily accessible for questions about the property or the report after the inspection?

Cost of the Inspection

- ✓ What is the approximate cost of an inspection?
- ✓ Not all inspectors are created equal.
- ✓ Is cheaper better?



Equipping the Buyer for the Home Inspection

Setting the Expectations for the Buyer

- ✓ Inspection Agreement (sent within 24 hours)
- ✓ Standards of Practice
- ✓ Scope of Inspection
- ✓ Are outbuildings, pools/spas, in-law quarters, etc. inspected (what are the costs)?

What if the Inspector finds Problems or Concerns?

*They probably will. Expect it.
The perfect house does not exist.*

- ✓ Most inspectors will find concerns in any house, new or old, large or small from the bottom of the market to the top of the market.
- ✓ There is nothing that can't be either fixed or replaced.

“Buyer Freak-Out Syndrome”

- ✓ If the buyer chooses to move on, they will find a house with concerns they can live with and someone else will buy the first house. It is all a matter of a particular buyer's level of comfort.
- ✓ Conditions & People (Buyers and Sellers) “kill deals”.
- ✓ Set realistic expectations in the beginning to avoid “buyer freak-out syndrome”.

Attending the Inspection

- ✓ Should the buyer attend the inspection?
 - One on one communication between the client & the inspector is highly desirable.
- ✓ Does the client need to be present for the whole inspection?
 - Ask the inspector
- ✓ Who should the buyer bring to the inspection?
 - Buyers may desire other third party opinions and inspectors will respect that, however, too many guests may distract the inspector and the client.

Answering your Client's Questions

- ✓ Even the best inspectors do not know everything and a good one will admit it.
- ✓ The inspector should be able to point the client in the right direction to solve any mysteries.
- ✓ Good inspectors provide solutions or at least a path to the solution.

Buyer Advice

- ✓ Explain to the Buyer their options for dealing with conditions that the inspector may discover.
- ✓ Advise the Buyer who is responsible for any property damage caused during the home inspection.

Buyer Advice (Continued)

- ✓ Should the Seller have immediate access to the inspection report?
 - ✓ The Owner of the report has some discretion as to who gets what and when.

Buyer Advice (Continued)

- ✓ Advise the Buyer on the time span of the inspection (check with the inspector if you are unsure).
 - A Home Inspection typically takes two to four hours depending on the size, age & number of concerns. With the TEAM concept, a HomeTeam inspection takes 90 minutes.
- ✓ Explain to the Buyer that the summarization of the inspection report during the last half-hour of the inspection process is very important & they need to be present if possible.

Buyer Advice (Continued)

- ✓ Make arrangements for the inspection fee payment if the agent is the sole contact before the inspection.



Things the Inspector Will Ask For

Things the Inspector will ask for

- ✓ Contact information and property details
- ✓ “Inspection Agreement” signed prior to inspection
- ✓ Instructions regarding who the report can be released to and when
- ✓ Payment: Cash, Check, or Credit Card
- ✓ Access to the Property
- ✓ Utilities “ON”
- ✓ Pets removed



Advising the Seller

Inspector Responsibility to the Seller

- ✓ Respect the property.
- ✓ Do no damage.
- ✓ Leave the property as they found it.



How the Seller Should Prepare for a Home Inspection

Utilities

- ✓ Have all utilities on and pilots lit.
- ✓ What happens when areas or components are not accessible or are shut down?
 - They cannot be completely inspected, which will be noted in the report and may cause inconvenience for all parties and may require another inspection and fee.

Property Access

- ✓ The Seller should advise the Inspector, Buyer and Agent of any items or areas that should not be disturbed or entered.
- ✓ The Seller and Buyer should agree before the inspection on how to handle these matters.

Prepare the Property

Provide clear and unrestricted access to:

- ✓ Attics
- ✓ Crawlspace
- ✓ Electrical Panels
- ✓ Closets
- ✓ Garage
- ✓ Gates/Yard
- ✓ Furnaces
- ✓ Water Heaters

Prepare the Property (Continued)

Remove animals from the premises:

- Inspectors can't assume they are friendly.
- Doors and windows will be opened AND animals may escape.





How A Pre-Sale Inspection Benefits the Seller

Setting Expectations

- ✓ What is the inspector going to do or not do?
- ✓ Inspectors should always follow their Standards of Practice.

Report Delivery

- ✓ When will the Seller get a copy of the report?

Inspector's Findings

What are the potential ramifications of the inspector's findings?

- ✓ Conditions are disclosed
- ✓ Some findings may be negotiated between the buyer and seller
- ✓ Some conditions may be corrected
- ✓ May depend on what the seller and buyer have agreed to in the purchase agreement

How Does the Home Inspection Benefit the Seller?

- ✓ May eliminate surprises later
- ✓ May prevent Seller from downplaying significant conditions
- ✓ Good risk management

Pre-Listing Inspection

- ✓ Allow Seller time to shop for reasonable costs of repair.
- ✓ Allow Seller to replace broken items with less expensive components.
- ✓ Can shorten time needed between contract acceptance and closing.
- ✓ Increase chances of being able to sell “as is”.
- ✓ Increase prospective Buyer confidence and shorten time on the market.



Should the Seller be Present

Should the Seller be Present?

- ✓ From the Inspector's perspective, it doesn't really matter.
- ✓ There may be risks:
 - The Seller may be offended by comments made about the home.
 - The Seller may attempt to downplay observed conditions and increase his potential for a future lawsuit.

Should the Seller be Present? (Continued)

- ✓ The Seller can slow the inspection by tagging along or making repairs during the inspection.
- ✓ The Seller can make it difficult for the inspector to speak with the Buyer confidentially, thus slowing the inspection.

Should the Seller be Present? (Continued)

The Inspector may have questions for the seller:

- Dwelling history
- Repairs
- Renovations
- Unusual findings



Frequently Asked Questions

What about repairs?

- ✓ Most Inspectors do not prescribe *how* something should be repaired, but rather *what the end result should be*.
- ✓ Repairs vary widely in quality and price and often times, one bears no relation to the other.
- ✓ There may be several different acceptable repair methods that may vary widely in cost.
- ✓ Home Inspector cannot do repairs.

Is a Home Inspection a guarantee?

No, however, if a home inspector overlooks something, per the *Standards of Practice* he/she should be willing and able to satisfy the client.

Will a Home Inspector recommend whether or not to purchase the property?

- ✓ No.
- ✓ Individual tastes, values and abilities may vary.
- ✓ What may be an easy fix for one person may be impossible for another.



HomeTeam®
INSPECTION SERVICE

Thank You!



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