

Presale Inspections Can Give Sellers Advantage

By Dian Hymer
Distributed by Inman News
April 23, 2007

It's becoming more common for sellers to hire inspectors to inspect their property before it's put on the market. The reports are then made available to buyers to review before they make an offer.

From a seller's perspective, presale inspections accomplish two goals. One objective -- particularly in states such as California that have seller disclosure requirements -- is to make sure that property defects are disclosed to prospective buyers in a timely fashion. Sellers who order inspections often do so to ensure that defects they might not be aware of are disclosed before, not after, the sale closes.

However, presale inspection reports should not be viewed as a substitute for a seller's disclosure obligations. For example, if you are aware of a roof leak, you must disclose it, even if the inspector misses this defect.

Another benefit to sellers from presale inspections is that they tend to cut down on renegotiations that can occur after buyers complete their inspections. If the buyer is aware of a defect before an offer is made, it can be factored into the offer price. This way, the seller has a better idea of how much he is likely to net from the sale at the time the offer is accepted.

The more a buyer knows about the condition of a property before an offer is made, the better. If minimal information is available when the purchase contract is negotiated, and big surprises revealed are in the buyer's inspection reports, the transaction could collapse. In this case, the seller has to start over. And, the reports that were generated by the first buyers will probably need to be disclosed to future buyers.

Sellers who understand the wisdom of ordering presale inspection reports should use inspectors that are well known and respected in the local area. Your real estate agent should be able to recommend the best local inspectors to you.

Some sellers and listing agents mistakenly order reports from inspectors who are known for being less critical than others. This can defeat the seller's purpose and raise a suspicion in the buyer's mind if the inspector overlooks an important defect that the buyers uncover when their inspector examines the property.

The seller of a Crocker Highlands home in Oakland, Calif., recently hired a pest inspector who issued a benign report on the property. The inspector recommended no further inspections.

When the buyer's home inspector looked at the house, he saw evidence of dry rot under a bathroom. So, the buyers asked a second pest inspector to inspect the property.

The inspector recommended that test openings be done to determine if there was damage behind the finished walls. These further inspections revealed damage to the wood framing and a cost of more than \$5,000 to repair it. So this particular presale inspection did little to mitigate further price negotiations.

HOUSE HUNTING TIP

Before you rely on an inspection report that was ordered by the sellers, make sure that the inspector who prepared the report is well respected for thoroughness and impartiality in the local marketplace. If this is not the case, plan on having another inspector look at the property. If the report is out of date, ask the inspector to update the report before you sign off on it.

Read the report carefully. Call the inspector yourself for answers to any questions you might have about the report or the property. Schedule a meeting with the inspector at the property to do a walkthrough of the property with you so that he can explain the report and answer any questions you might have.

THE CLOSING

It's never a good idea to forego inspections just to save money.

Dian Hymer is author of "House Hunting, The Take-Along Workbook for Home Buyers" and "Starting Out, The Complete Home Buyer's Guide," Chronicle Books.

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