

The Home Inspection Process

What is a Home Inspection?

A home inspection is a thorough and systematic evaluation of the condition of a residential property. It is a complete physical exam of the general integrity, functionality, and overall safety of a home and its various components. The purpose of this process is to ensure that home buyers know exactly what is being purchased, prior to completing the transaction.

In the course of a home inspection, the inspector will evaluate the foundation, framing, roofing, site drainage, attic, plumbing, heating, electrical system, fireplaces, chimneys, pavement, fences, stairs, decks, patios, doors, windows, walls, ceilings, floors, built-in appliances, and numerous other fixtures and components.

In all homes, even brand new ones, some building defects will inevitably be discovered during the inspection. All pertinent findings will be detailed in a written report for the buyer's reference and review, and the inspector will make a complete verbal presentation of these conditions for those who attend the inspection.

This information enables a home buyer to make educated decisions about a home purchase: whether to complete the transaction, whether to ask the seller to make repairs, or whether to buy the property as is. Buyers can also determine how much repair and renovation will be needed after taking possession, which problems are of major concern, which ones are minor, and what conditions compromise the safety of the premises.

A thorough inspection enables a home buyer to avoid costly surprises after the close of escrow. It is an indispensable component of a well-planned purchase.

How to Choose a Home Inspector

Home inspectors are not created equal. As with any profession, some practitioners inevitably outshine others. To aid in choosing a qualified home inspector, interview each prospect, using the following criteria:

Licensed Home Inspector:

In most states, the only home inspector standards are those enacted by professional associations such as the American Society of Home Inspectors (ASHI), the National Association of Home Inspectors (NAHI), and similar state organizations. Membership requires adherence to strict standards of practice and participation in ongoing education. When you choose a home inspector, specify membership in one of these recognized guilds. And beware of those who claim adherence to these standards without being members.

Inspection Experience:

Home inspectors are often perceived as general contractors who happen to inspect homes. This view underlies an essential misunderstanding of the home inspection process. Although building knowledge is essential to a home inspector, construction itself has little or no relation to the skills of forensic investigation. A home inspector is primarily a property detective - someone who observes and ascertains defects. In as much as a traffic patrolman is not a crime detective, home inspectors should be viewed as distinct from other contracting professionals. For contractors who disagree, I propose the House Detective Challenge: Call the nearest professional home inspector with at least three years of full time field experience, and conduct separate inspections of the same building. Then compare findings. That's where the consumer protection difference becomes apparent.

Ask for a Sample Report:

The proof is in the product: so request a copy of a previous report. The best format should be not only detailed and comprehensive, but easily interpreted, making a clear distinction between

defective building conditions and 'boiler plate' verbiage. Some reports are so encumbered with maintenance recommendations and liability disclaimers, that pertinent information about the property is obscured. A quality report lets defect disclosure stand out distinctly, in contrast with less pertinent data.

Let the Choice Be Yours:

When choosing a home inspector, don't rely on others. The final selection should be your own. New and inexperienced inspectors often obtain professional recommendations, regardless of competence or lack thereof. You want the most meticulous, detailed inspector available -- the one who will save you from costly surprises after the close of escrow. The best inspectors are often labeled as 'Deal Killers' or 'Deal Breakers.' Someone with this reputation is likely to provide comprehensive consumer protection.

Avoid Price Shopping:

Inspection fees vary widely. The price of a quality inspection is typically between \$300 and \$400 for an average size home. Lower fees should be regarded with suspicion, as they often identify those who are new to the business or who spend insufficient time performing the inspection. A home is the most expensive commodity you are likely to purchase in a lifetime. One defect missed by your inspector could cost 100 times what you save with a bargain inspection. The best method of price shopping is to shop for quality.

What's The Big Deal About Home Inspections?

Why does my Real Estate Agent harp on getting a home inspection? Do you think this is a needless expense? Think again.

Since the late 1980's, disclosure of property defects has become the primary focus of most residential real estate transactions after first emerging as a service during the mid-1970's. Gaining gradual recognition over the past decades, home inspectors attained prominent acceptance as a distinct and essential profession providing the service of inspecting and disclosing property defects.

To those who approach real estate with the old 'as-is' mind-set, the advantages of home inspection are not immediately apparent. But make no mistake; a thorough inspection can shield you from costly discoveries after the close of escrow. It's one of the best consumer protection services available.

Every home, regardless of age or quality, harbors a small, medium, or large list of defective conditions. Some are obvious, while others are only apparent to those who know how and where to look. When you hire an experienced, qualified home inspector, there is no question as to whether unknown defects will be found; but rather what, where, and how serious, dangerous, or expensive the defects will turn out to be.

Most homebuyers spend fifteen minutes to an hour walking through a home prior to making an offer. At best, this provides a general impression of the overall physical condition. But what about foundations and structural framing, attic construction, insulation, ventilation, and roof conditions? These are just a few of the hundreds of considerations included in a home inspection.

Above all, let's not forget building safety. An inspector can alert you to red flag issues involving the electrical wiring and fixtures, fireplaces and chimneys, gas fixtures such as furnaces, water heaters, cook tops, and ovens, railings at staircases and decks, tempered safety glass in required locations, and automatic reverse of garage door openers.

Furthermore, an inspector can forewarn you of problems involving faulty ground drainage, defective plumbing, substandard construction, firewall compliance, building settlement, leakage, general deterioration, inoperative fixtures, and so much more.

Clearly, your agent understands this process and the importance of equipping you to make an informed purchase decision. Be thankful that your agent is working to protect your financial interests. With a detailed home inspection, you will know what you are buying, before you buy it. And that could save you thousands of dollars and years of regret.

Do New Homes Need a Home Inspection?

The belief that a new home is flawless, simply because it is new, is an unfortunate piece of popular mythology. Since when is a brand new product exempt from possible defects? We often hear of brand new cars recalled by Detroit; experienced sailors can tell you of brand new boats that have leaked; and even brand new parachutes have been known to fail when the ripcord was pulled. As for new homes, anyone who has worked in building construction knows that contractors and trades people, as typical members of the human family, are prone to occasional, or not-so-occasional, errors and oversights.

Inspectors polled from across the US on new home defects unanimously agree that most, if not all, new homes are not totally free of defects. None have ever discovered a perfect specimen, regardless of the quality of construction or the integrity of the builder.

Even when the builder warrants the work for one full year, such guaranties are of no benefit unless inherent defects are discovered. Unfortunately, many types of building problems and safety violations do not become apparent for many years. A faulty wiring condition might not be revealed until it damages your computer or causes a fire. Other defects might only be discovered when you finally resell the property, and the buyer decides to hire a home inspector.

The list of faulty conditions that have been found in new homes is extensive and includes such items as, defective roof installation, improper fireplace construction, errors in electrical wiring, excessive water pressure, fire safety violations, unsafe venting of heater exhaust, leaking drains, faulty site drainage, hot water piping connected to the toilet (can you imagine a steaming bowl?), etc, etc. In one infamous case, a new home was built and approved on a concrete slab without a perimeter foundation. Obviously, we're not likely to find a major list like this in any particular new home, but every new structure contains a few undisclosed defects, sometimes minor, sometimes not. New homes are often presumed to be exempt from human error, and consequently many close escrow without the benefit of a final examination. For buyers preparing to make such a large investment, assumptions about quality of workmanship can be financially fatal.

Your best advice is to take nothing for granted. The cost of an inspection is incidental when compared to the price of a new home. A qualified home inspector will most assuredly find items that need repair. Better to discover them now than after the close of escrow.

The Inspection Report Is NOT A Repair List For The Seller!

So, you've hired a home inspector to make a complete repair list for the home you're buying. The inspector did a thorough job and disclosed some serious problems with the property. Maybe it was in the plumbing, or the electric wiring. Perhaps it was the roof. But the seller refuses to fix anything. Is the seller responsible to make these repairs? Were you under the impression that the sellers must repair the problems discovered by home inspectors?

This can be all very disillusioning. This is a common misunderstanding about the purpose of a home inspection. People often view an inspection report as a mandatory repair list for the seller. The fact is sellers are not required to produce a flawless house. They have no such obligation by law or by contract.

With a termite report, requirements are different: Real estate contracts usually obligate a seller to repair conditions classified as 'section one' in the termite inspector. Section one includes instances of active infestation -- termites, fungus, dryrot, etc. Other faulty conditions, such as earth to wood contact, generally do not require action on the part of the seller, unless infestation is found.

With a home inspection, most repairs are subject to negotiation between the parties of a sale. Typically, buyers will request that various conditions be repaired before the close of escrow, and sellers will usually acquiesce to some of these demands. But with most building defects, sellers make repairs as a matter of choice, not obligation; to foster good will or to facilitate consummation of the sale. There are, of course, those few rigid sellers who will flatly refuse to fix anything, even at the risk of losing the sale. Fortunately, this response is the exception, rather than the rule.

Sellers maintain the legal right to refuse repair demands, except where requirements are set forth by state law, local ordinance, or the real estate purchase contract. Legal obligations include earthquake straps for water heaters and smoke detectors in specified locations. Contracts usually stipulate that fixtures be in working condition at the close of escrow, that windows not be broken, and that there be no existing leaks in the roof or plumbing.

Before you make any demands of the seller, try to evaluate the inspection report with an eye toward problems of greatest significance. Look for conditions which compromise health and safety or involve active leakage. Most sellers will address problems affecting sensitive areas such as the roof, fireplace, gas burning fixtures, or electrical wiring.

Routine maintenance items warrant a lesser degree of concern and should not be pressed upon the seller. If the house is not brand new, it is unreasonable to boldly insist upon correction of all defects. Such demands can alienate the seller and kill the sale. Your willingness to accept minor problems may persuade a seller to correct conditions of greater substance.

The purpose of a home inspection is not to corner the seller with a repair list. The primary objective is to know what you are buying before you buy it. All homes have defects; it's not possible to acquire one that is perfect. What you want is a working knowledge of significant defects before you close escrow. As the old sea captain once told me: 'It doesn't matter if your boat has a leak, as long as you know it's leaking.'

The Home Inspection is Limited To What Is Visible

The NC Home Inspector's Licensure Board is responsible for testing and certification for home inspectors in North Carolina. They ensure compliance to the established accepted standards of practice and codes of ethics, which define the general scope of a home inspection. These guidelines have come to be the acknowledged standards by which qualified home inspectors perform their services.

According to these criteria, a home inspection is limited to conditions that are visually discernible. Specifically excluded from an inspection are conditions which are concealed from view, such as items contained within walls, ceilings, and floors, or which are buried beneath the ground. According to ASHI standards, inspectors are not required to perform dismantling of construction or excavation of ground surfaces to discover conditions that are not normally visible.

For clarification of the standards by which your inspector performed his services, I recommend that you review the inspection report. Most inspectors are careful to define the scope and limitations of their inspections. These parameters are generally outlined in either the contract or the report or both. Nearly all home inspection contracts clearly specify that concealed items are outside the scope of the inspection.

How to Negotiate After a Home Inspection

The home you're buying is scheduled to be inspected. When you get the inspection report, how do you know which problems the seller should fix and which ones to accept as is? Are there some rules or guidelines to determine how this works?

In most cases, a residential sale is contingent upon the buyers' acceptance of the home inspector's report. This means that you, as buyer, have a specified number of days to accept or decline the property in "as is" condition. If you decline acceptance, you have four basic choices:

1. Ask the sellers to make a few repairs
2. Ask the sellers to make many repairs
3. Ask the sellers to reduce the sales price
4. Decline to purchase the property

If you request repairs or a price adjustment, based upon the home inspection report, the sellers also have choices. They can:

1. Agree to all of your requests
2. Agree to some of your requests

3. Agree to none of your requests
4. Decline to sell you the property

The sellers' only obligation is to address defects that are named in the purchase contract or required by state and local laws. If the contract specifies an "as is" sale, the sellers may refuse to make repairs of any kind or to adjust the price in any way. Lawful exceptions may include strapping water heaters for earthquake safety, providing smoke alarms at specified locations. Aside from such requirements, completion of the sale hinges upon whatever is agreeable between you and the sellers.

Most Common Defects Found During a Home Inspection

Construction defects and safety violations are surprisingly common, but the majority of home inspection findings tend to be routine in nature. Some, in fact, rear their unsightly heads as often as the sun rises; not just in older homes, but often in brand new ones, even before the smell of new paint has waned. The following, therefore, is a list of common defects likely to appear in a typical home inspection report:

Roofing Defects

Problems with roofing material, either due to aging and wear or to improper installation, are likely to be found in a majority of homes. This does not mean that most roofs are in need of replacement, but rather that most are in need of some type of maintenance or repair.

Ceiling Stains, Indicating Past or Current Roof Leaks

The problem here is that you often can't tell if the roof still leaks, unless it is inspected on a rainy day. Some stains are merely the residual effects of leaks that have been repaired. There is also the possibility that ceiling stains were caused by a former plumbing leak in the attic.

Water Intrusion

Water intrusion into basements or crawlspaces due to ground water conditions can be pervasive, difficult to resolve, and often very damaging to buildings. Correction can be as simple as regrading the exterior grounds or adding roof gutters. Unfortunately, major drainage improvements are often the only practical solutions, requiring costly ground water systems such as French drains designed by experts such as geotechnical engineers.

Electrical Safety Hazards

Electrical safety hazards, especially (but not always) in older homes: Examples are ungrounded outlets, lack of ground fault interrupters (shock protection devices), faulty wiring conditions in electrical panels or elsewhere in a building, etc. Such problems may be the result of errors at the time of construction, but very often they are due to wiring that was added or altered by persons other than qualified electricians.

Rotten Wood

Rotted wood at building exteriors and at various plumbing fixtures: In places where wood stays wet for long periods, such as roof eaves, exterior trim, decks, around tubs and showers, or below loose toilets, fungus infection is very likely to occur, resulting in a condition commonly known as dry rot. If left unchecked, damage can become quite extensive.

Building Violations Where Additions and Alterations Were Constructed without Permits

Homeowners will often tell a home inspector, "We added the garage without a permit, but it was all done to code." This statement is a red flag to most home inspectors, because no one could possibly know the entire building code, and the average person without professional involvement with the code is likely to know very little of it. Whenever an owner offers code assurance, problems are likely to be found.

Unsafe Fireplace and Chimney Conditions

These can range from lack of maintenance, such as neglecting to hire a chimney sweep, to faulty installation of fixtures. Most common among these are the lack of spark arrestors and substandard placement of wood-burning stoves. Free-standing fireplaces are typically installed by home owners and handymen, people without an adequate knowledge of fire safety requirements. The most common violations in these cases involve insufficient clearance between hot metal surfaces and combustible materials within the building. Fire hazards of this kind are often concealed in attics, where they remain undiscovered until a roof fire occurs.

Faulty Installation of Water Heaters

In most localities, less than 5% of all water heaters are installed in full compliance with plumbing code requirements. Violations can include inadequate strapping, improperly installed overflow piping,

unsafe flue conditions, or faulty gas piping. It should also be remembered that today's water heaters are designed with a shorter lifespan. In fact, leaks can develop in units that are only five years old.

Hazardous Conditions Involving Gas Heaters

Most gas-fueled heaters are in need of some maintenance, if only the changing of an air filter or a long-overdue review by the gas company. In some cases, however, gas heaters contain life-threatening defects that can remain undiscovered until too late. These can range from fire safety violations to the venting of carbon monoxide into the building. A cracked firebox, for example, can remain undiscovered unless found by an expert or until tragic consequences occur.

Firewall Violations In Garages

Special fire-resistive construction is required for walls and doors that separate a garage from a dwelling. Violations are common, either due to faulty construction, damage or alterations to the garage interior, or changes in code requirements since the home was built. In older homes, where firewalls are not installed, sellers and agents will often say that the building predates the code. However, the fire separation requirement for residential garages dates back to 1927.

Minor plumbing defects

These are commonly found, including loose toilets, dripping faucets, slow drains, leaking drains, hot water at the right faucet, and so on.

Failed seals around windows

This condition is routinely found at dual pane windows, resulting in fogging. This is most common with windows manufactured during the 1980's.

An unabridged list of likely home inspection findings would probably fill a few volumes. For home buyers, this underscores the importance of a thorough evaluation prior to closing escrow. This is why your agent will strongly advise you to obtain a Home Inspection.
