



Everyone knows that home ownership is the American Dream. That dream can quickly become a nightmare, however, for uninformed buyers. Even newly constructed homes can harbor costly mistakes — mistakes that may not be visible to the untrained eye.

Many homebuyers assume that they do not need a home inspection. They simply rely on their eye and their intuition to check a property's quality and safety. That can be a costly, and dangerous, mistake. An inspection by a qualified home inspector can save potential homebuyers time, money, and heartache. Inspections generally cost a few hundred dollars—a relatively small price to pay to protect such a large investment.

Before You Begin

When you put in an offer on a house, make sure to leave room for a home inspection. In some areas this will be called an “option period.” Others will simply call it a contingency. Whatever name is used, there needs to be a clause in the real estate contract allowing the potential homebuyers to either back out or renegotiate in case of uncovered problems.

What Does an Inspection Cover?

A home inspector provides a visual, non-invasive inspection of various structures of a property. They do not drill into walls, move structures, or in any way damage the property to perform tests. The purpose of the inspection is to determine if the components are in working order at the time of the inspection. A typical home inspection includes a visual inspection and operational check of the following:

- Structural Systems—foundations, floors, walls, etc.
- Electrical Systems—wiring, main service panels, conductors, switches, receptacles, etc.
- Air Conditioning Systems—cooling and air handling equipment, controls, and ducting.
- Heating Systems—equipment, safety controls, distribution systems, chimneys, etc.
- Plumbing Systems—piping, fixtures, faucets, water heating, fuel storage system, etc.
- Ventilation and Insulation—attics, basements, walls, floors, foundations, kitchen, bathrooms, etc.
- Roofing—coverings, flashings, chimneys, etc.
- Exterior—siding, windows, decks, garage doors, drainage, retaining walls, etc.
- Interior—partitions, ceilings, floors, doors, windows, built-in appliances, etc.

These optional structures are also checked, though sometimes at an additional charge:

- Hot Tubs
- Lawn Sprinklers
- Outdoor Cooking Equipment
- Security Systems
- Swimming Pools



After the inspection, the inspector will provide a comprehensive report explaining his findings. Sometimes he will suggest further evaluation by a specialist, such as a mold inspector or structural engineer.

What Doesn't an Inspection Cover?

Value — A home inspector is not a home appraiser, and he can not appraise the value of the property.

Guarantees for the future — An inspector checks the function of the home at the time of the inspection only. Though he may try to report any potential problem areas, there are no guarantees either expressed or implied for future performance. A separate home warranty can be purchased to protect against some future malfunctions, but be sure to read the fine print. Consult with the real estate agent or broker for more information about home warranties.

I Have My Inspection Report — Now What?

The inspection report should be carefully analyzed. The information it contains is an important tool for the homebuyer, as it can be used in a variety of ways:

Renegotiate — If the inspection uncovers needed repairs, the potential homebuyers can use it to renegotiate the contract terms. They can either ask the sellers to make the needed repairs or they can ask for money back at closing. Sometimes sellers will simply reduce the selling price to accommodate needed repairs.

Retract — In the case of major problems, such as mold or structural damage, a buyer may choose to terminate the contract. Under these circumstances, the homebuyer has avoided a potentially costly and dangerous situation.

Planning — Sometimes an inspection report will uncover minor issues that could eventually become major problems. This enables a buyer to make informed decisions about the long-term investment.

Further Evaluation — At times, an inspector will find an issue beyond the scope of his expertise and will recommend further evaluations. For example, if he sees signs of mold he might suggest that a qualified mold inspector be called upon to assess the damage (Some home inspectors do conduct additional inspections, such as mold, radon, etc. This will need to be checked on an individual basis).



The Inspector Found a Problem — Is it a Deal-Breaker?

At first glance, many inspection reports can be a bit overwhelming. Some are so detailed that it may appear the property will soon be falling down! Fortunately, though, in most cases the issues uncovered by the inspector are minor. On the other hand, major problems are sometimes discovered. Here is a rundown of some common issues... and some potential deal breakers:

Minor problems

Cosmetic Issues — Chipped or peeling vinyl flooring, chipped paint, paint splatters, small holes in sheetrock, etc. are cosmetic and are usually inexpensive to repair.

Foundation “settling” — Hairline cracks in the ceiling or concrete are usually a sign of normal settling or shrinkage, and not a sign of structural damage. In desired, this can usually be fixed with putty or paint.

Potential Red Flags

- Water damage—Improperly treated water damage can cause the growth of mold and mildew.
- Radon—This odorless gas, found mostly in rocky areas, can cause cancer.
- Mold—Toxic mold can cause serious health problems, or even death, especially to infants and those with weak immune systems.
- Termites and Carpenter Ants—These insects weaken the structure of a home over time.
- Defective Roofing—This can be a costly problem to repair.
- Aluminum Wiring—Found in some homes built in the mid 1960’s to the early 1970’s, this is a potential fire hazard.
- Major Foundation Problems
- Missing or Inoperable GFCI-- The ground fault circuit interrupter (GFCI) switches off electric power to a circuit when it senses any loss of current. A missing or malfunctioning GFCI can lead to electrocution, electric shock, and electric burns. Luckily, these can be installed by an electrician fairly inexpensively.
- Mixed Plumbing
- Undersized electrical system—Found mainly in older homes, this can result in a shortage of household circuits and outlets.
- Lead-based paint—Houses built before 1978 should be checked for lead based paint as this can cause lead poisoning, particularly in children and pregnant women.

Even these red flag items are not always deal-breakers. If these items are found in the property, contact the appropriate specialists. Find out if the issues can be resolved, and at what price. Weigh out the overall cost, in both time and money, to find out if it is a worthwhile investment.



How Do I Choose a Home Inspector?

As with most things, referrals from family and friends are invaluable in the search for a home inspector. In addition to recommendations, though, here are some things to look for in an inspector:

No conflict of interest — Under no circumstance should you use an inspector who stands to gain from the sale of the property. This would include an inspector who is also the real estate agent or a family member or friend of the real estate agent. It is also a good idea to be careful of taking recommendations from your own real estate agent, whose commission relies on the purchase of the house. You should also be leery of an inspector who will gain from the suggested repairs.

Certification or Licensing — Requirements for home inspectors vary from state to state, but make sure the inspector chosen meets the criteria for his area. In Texas, for example, home inspectors are licensed through the Texas Real Estate Commission (TREC). Their license numbers should appear on websites, business cards, and other correspondence.

Professional organizations — Numerous professional organizations exist that dictate the proper conduct for home inspectors. Find out if the potential inspector belongs to any. Here is a partial list of national home inspector organizations:

- The National Association of Certified Home Inspectors (NACHI)
- Independent Home Inspectors of North America (IHINA)
- American Society of Home Inspectors (ASHI)
- National Association of Home Inspectors, Inc. (NAHI)

In addition to these national associations, there are also many state and local home inspector organizations. These groups usually have stringent guidelines for membership. Most also have directories of member home inspectors. In the absence of trusted friend or family referrals, these associations are excellent sources for references.

Armed with a bit of knowledge, potential homebuyers can make their American Dream a reality. An inspection from a reliable, trusted home inspector can mean the difference between a true dream home and a nightmarish money pit -- or worse.