

# How Do I Clear The Inspection Hurdle? For Use with Alternative 1(a)

The following are basic guidelines and helpful suggestions on when and how to handle the inspection process **if you are using NCAR's Offer to Purchase and Contract, ALTERNATIVE 1(a)**. For a more detailed listing of the items mentioned in this brochure, agents should read the sections pertaining to inspections in the "Offer to Purchase and Contract," and the full text of the "Standards of Practice for North Carolina Licensed Home Inspectors."

## 1. When can inspections be performed?

- a. The seller can get an inspection prior to listing the property. This way the seller is aware of any major problems before setting the listing price. Depending on how this is handled, the buyer may decide not to have a separate inspection. If the seller declines to have the inspection performed prior to listing, it is a good time to go over paragraph 13 in the "Offer to Purchase and Contract," and explain repair negotiations and the buyer's and seller's rights and options regarding inspection results.
- b. The buyer can get an inspection prior to making an offer, but runs the risk that someone else will put the home under contract while the inspection is scheduled and performed.
- c. If the inspections are being performed after the contract has been negotiated, then schedule inspections as soon as possible to allow time for repairs to be agreed upon and performed.

## 2. With respect to paragraph 13, Alternative 1(a) of the "Offer to Purchase and Contract" what items will be inspected and what items might not be inspected?

- a. Under the "Standards of Practice for NC Licensed Home Inspectors," all items in paragraph 13, ALTERNATIVE 1(a), will be inspected **except**:
  - Public **water** systems outside the home's foundation wall.
  - Private **water** (well) systems.
  - Public or private **sewer** systems outside the home's foundation wall.
  - Friable asbestos.
  - Environmental contamination.
  - Storm doors and windows.
  - Detached structures, such as garages or storage buildings.
  - Operation of air conditioning systems if it might cause damage (such as when temperatures are under 60 degrees).

As a Realtor®, you will need to make specific arrangements if the buyer wants these items inspected. You will better serve your buyers and sellers by becoming familiar with the "Standards of Practice for NC Licensed Home Inspectors." Contact any home inspector or CRRRA for a copy.

- b. The "Standards of Practice for NC Licensed Home Inspectors" require home inspectors to inspect many things affecting the home that are **not** included in paragraph 13, ALTERNATIVE 1(a), of the "Offer to Purchase and Contract." Therefore, the inspection report **will contain comments on these items**, even though they are not part of paragraph 12, ALTERNATIVE 1(a). Consult the "Standards of Practice" for a complete list. Some examples are:
- Areaways, vegetation, driveway, patios, walkways.
  - Retaining walls, with respect to their effect on the building.
  - Interior fuel storage, sumps, verifying a heat source in each room.
  - Counters, cabinets, garage door openers, skylights.
  - Insulation, vapor retarders.

**3. Does the "Offer to Purchase and Contract" cover all my inspection needs?**

- a. NO. In most cases there are other systems or components that are not specifically addressed in the "Offer to Purchase and Contract" or "NC Licensed Home Inspector Standards of Practice," which may affect the buyer's concerns about the property. These can be addressed using an addendum with the home inspection company, or by making inspection arrangements with a company that specializes in that area. These include:
- Shutters, awning, fences, spas, hot tubs, pools, underground storage tanks.
  - Solar equipment, antennae, satellite dishes, lightning rods.
  - Water softeners or filters, irrigation systems.
  - Low voltage electrical systems, security systems, heat or carbon monoxide detectors, telephone equipment, TV equipment, intercom systems, speakers systems, built-in vacuum systems, garage remote controls.
  - Humidifiers, air cleaners, wall or window air conditioners, interiors of chimney flues, fireplace insert flue connections.
  - Wallpaper, paint, draperies, blinds, carpeting.
  - Clocks, timers, self-cleaning oven functions, over thermostats, refrigerators (whether built-in or not), any kitchen appliance which is not built in.

NOTE: If you are using ALTERNATIVE 2(a), it provides every single part of the house and property is open to repair requests and negotiation during the inspection period.

You may want to make a list or "Menu of Inspection Services" to review with the client. **Use addenda to the contract to cover any items the buyer may want.**

4. **Suggestions of how inspection repairs are handled.**

- a. When the written report is received, review it with the buyer. Discuss which items the buyer wants the seller to address or repair. You need to verify that any items you ask the seller to repair are eligible items and fall within the buyer's rights under paragraph 13 **ALTERNATIVE 1(a)**. Too many buyers assume that the entire list should automatically be addressed. The buyer's willingness to accept a few minor or maintenance type items may be helpful in getting the sellers to address the more significant issues. Buyers who ask for everything may be perceived as overly demanding.
- b. On the **NCAR Repair Agreement form**, mark the items the buyers want addressed and have them sign the marked-up report. Make a copy for the buyers, and promptly send a copy to the listing agent. Ask the listing agent to have the sellers initial the accepted repair items. If the sellers decline to repair an item, they should not initial it. The report can be verbally negotiated like a contract until agreement is reached. Once agreement is reached, ask the listing agent to return the **repair agreement** signed and initialed within the time frame indicated on the contract.

Obtain receipts from individuals who performed the repairs for the seller. If the seller performed the repairs themselves or used unlicensed contractors, you may want to consider scheduling a reinspection with the original home inspector, to verify that proper repairs have been made.

**"CRRA recognizes that Realtors® and inspectors have their own established procedures. CRRA is not mandating that the items set forth herein are the only procedures to use. What works best may vary from one Realtor® to another or from one buyer to another. These are suggestions only."**