

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." This brochure has been updated to reflect the paragraph changes of the July 2007 version of the NCAR Offer to Purchase and Contract.

WHEN CAN INSPECTIONS BE PERFORMED?

- 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 16 in the "Offer to Purchase and Contract," and explain repair negotiations and the buyer's and seller's rights and options regarding inspection results.

- 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.
- 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.

WITH RESPECT TO PARAGRAPH 16 OF THE OFFER TO PURCHASE AND CONTRACT, WHAT ITEMS WILL BE INSPECTED AND WHAT ITEMS MIGHT NOT BE INSPECTED?

Under the Standards of Practice for N.C. Licensed Home Inspectors, all items in paragraph 16 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 in building, soil, water or air
- 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 below 60 degrees)
- Hot tubs, pools, underground storage tanks
- Any underground items
- Solar equipment

- Water-conditioning systems, fire- or lawn-sprinkle systems
- Low-voltage electrical systems, security systems, heat or carbon monoxide detectors, intercom systems, speaker systems, built-in vacuum systems, waste disposal systems
- Humidifier or electronic air cleaner on furnace
- Heat exchanger
- Presence or absence of buried fuel storage tanks
- Fences
- Presence or absence of safety glazing in doors and windows

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

The Standards of Practice require home inspectors to inspect many things affecting the home that are not included in paragraph 16, 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 16. Consult the Standards of Practice for a complete list. Some examples are:

- Areaways, vegetation
- Identifying a heat source in each habitable area
- Insulation, vapor retarders in unfinished spaces
- Non built-in range
- Battery-operated smoke detectors
- Functionality or absence of automatic reverse function of garage door
- Plug-in sump pump

DOES THE OFFER TO PURCHASE AND CONTRACT COVER ALL MY INSPECTION NEEDS?

NO. In most cases there are other systems or components that are not specifically addressed in the Offer To Purchase and Contract

or the Home Inspector Standards of Practice that might 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 systems or components include:

- Shutters, awnings, hot tubs not plumbed or hardwired
- Uniformity or adequacy of heat/ac supply in rooms
- Antennae, satellite dishes, lightning rods
- Water softeners or filters not permanently installed.
- Freestanding carbon monoxide detectors*, telephone equipment, TV equipment, garage remote controls
- Venting equipment that is part of a household appliance
- Wall or window air conditioners, cleaning interior of chimney flues, fireplace insert flue connections
- Wallpaper, paint, draperies, blinds, carpeting
- Clocks, timers, self-cleaning oven functions, oven thermostats, refrigerators (whether built-in or not), any kitchen appliance which is not built-in, refrigeration units
- Caulking of tubs or windows
- On-site water supply quantity and quality
- Soil or geological conditions

*Exception: Mecklenburg County does require the installation and inspection of carbon monoxide detectors.

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

You might 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 might want.



SUGGESTIONS OF HOW INSPECTION REPAIRS ARE HANDLED.

- 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 16 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.
- 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.
- Once the repairs have been made, obtain receipts from individuals who performed the repairs for the seller. You may want to consider scheduling a reinspection with the original home inspector, to verify that proper repairs have been made.

“CRRRA recognizes that Realtors® and inspectors have their own established procedures. CRRRA is not mandating that the items set forth herein are the only procedures to use. What works best might vary from one Realtor® to another or from one buyer to another. The points in this brochure are suggestions only.



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HOW DO I CLEAR THE INSPECTION HURDLE?

For Use With Alternative 1 (a)

