

The below is one chapter of a book on buying a home that, unfortunately, I've never had time to complete. But its good information, so I've put it on my web site. Feel free to pass this along to friends or associates who may be buying a home.

Choosing a Home Inspector

Avoiding home inspection blues (or how not to get shortchanged by your inspection company)

Choosing your home inspector is important. Getting an inspector who does an exceptional job over someone who does just a good - or worse, mediocre job - can sometimes save you a few hundred dollars, a few thousand dollars, or occasionally tens of thousands of dollars in repair costs (or lost value) over the period you own the home. The difference can also be getting an inspector who takes the time to give you a thorough education on the home and how you should maintain it, versus one who does just enough to rule out that the home has serious problems and gets out quickly so they can go to their next inspection. I've inspected numerous homes where the previous (usually low cost, 'in and out quickly') inspector failed to find or properly evaluate conditions that would cost the owner thousands and sometimes tens of thousands to remedy or would greatly reduce the value of the property.

Unfortunately, people all too commonly choose their home inspector based on all of the wrong reasons - and consequently get burnt in the process. The problem with choosing a home inspector comes down to two things: getting a referral from the wrong source or paying too cheap a price.

In terms of the first problem, one of the most common ways that people choose their inspector is to rely on their real estate agent either for a recommended inspector or a list of inspectors. The problem with this is that you have no way of knowing whether the agent has given you the name of an inspector who truly does a superior job or a company the agent likes- because they never 'kill the sale' or takes longer than an hour or two to do the inspection. (Referrals from buyer's brokers, however, *should be* different - see below). While, to be fair, I have seen lists with a number of well qualified inspectors on it, this isn't the norm for the country as a whole, so I you can't rely on a list or a broker referral unless: (1) you have an enormous trust in that broker (and not just that they are likable (most are) and that (2) you check out the inspector yourself. Also, don't rely on the selection of brochures in the real estate office as these may not always represent the best inspectors. Very often the more thorough and experienced inspectors don't even put out brochures as they will quickly find their way into the 'circular file' (trash barrel).

The unfortunate reality of the inspection business is that, while the majority of home inspectors are conscientious, knowledgeable professionals, the field is filled with individual inspectors and multi-inspector companies that do quick, non-critical, and non-informative inspections. Although not typically the case in my area (Massachusetts), where many brokers nowadays prefer a competent thorough inspection, 'quick and easy' inspections also serve the needs of real estate agents who want this type of evaluation. Short inspections also allow the inspector to get out of the home quickly so they can do three or more inspections a day. For the broker, time is money and spending several hours at an inspection is something many are not willing to do.

While I must admit that some inspectors from the large, marketing driven companies are qualified and knowledgeable, the unfortunate fact is that you don't always know who will get to do the inspection. It may be someone who just who was just trained. In all too many cases, whether the company is large or small, they do not have your interests at heart and the inspector will care more about future referrals from the real estate agent than your satisfaction with the inspection.

Inspection companies can be *service driven* and get their referrals based on the quality of work they do, or *marketing and price driven*. Marketing and price driven companies often get their referrals largely from real estate agencies or from brochure distribution. In my areas most of the marketing-driven companies are multi-inspector companies, some with thirty or more inspectors. Most would not be in business without the agent referrals and from having their brochure placed prominently in every real estate office, and from lots of advertising and broker 'massaging'.

Also, there are brokers who believe that inspections should never take over two hours to do. Although not so much a problem anymore, I've had instances in the past where the brokers were incredulous that I was going to be spending three or more hours at the property. The fact is that most single family properties in my region require at least two and one-half hours to inspect properly and a larger or older home, or a home in really poor condition may take 3 to 4+ hours. The low cost inspector isn't going to spend this amount of time. The more time the inspector spends (within reason), the more he will find - and the more you will know.

The fundamental contradiction of the home inspector/real estate agent relationship is this: home inspectors work for the buyer and, when they do their job properly, buyers will sometimes walk on the property or will renegotiate the price, based on the inspection findings. For the agent, if the sale falls through there are no commissions. Given the price of real estate, a lot of money is at stake, so it is in the interest of the real estate industry to avoid inspectors who may "kill the deal". The problem is that, while a few inspectors can be so alarmist they kill deals unnecessarily, other inspectors are avoided simply because they are too thorough or too honest. It's also important to realize that the real estate agents, when working as the "selling agent" (as opposed to the "listing" agent), are still sub-agents of the seller. Strictly interpreted, this would mean that, if they are looking out for the homeowner's interest, they are not obligated to provide the name of the best inspectors. For homes with serious or multiple problems, the deal will fall through unless they get an inspector who does a cursory and non-critical inspection. And yet, nationally, real estate brokers provide the bulk of the referrals for home inspection companies - so you can see the inherent problem.

Because the majority of referrals to inspectors nationally is provided real estate agents, because most new inspectors entering the field have to get referrals from real estate agents when starting out, and because there is an enormous amount of money at stake with each transaction, there is an inherent market for inspection companies that provide cursory, non-critical inspections.

Inspection companies that are franchises, in my opinion, may have a higher likelihood of doing generic, less intensive inspections. One of the principal benefits offered to franchisees is a marketing program to real estate agencies that can get them off of the

ground and successful within a reasonable time. This makes sense from a business perspective as most referrals are generated from real estate offices. Where these companies do an honest and uncompromised job, as many do, then I have no problem. They'll eventually lose the referrals of agents who want things done their way, and keep those who want an honest inspection. So, I would not automatically rule out a franchise company. But you have to be more careful. Many franchisee companies offer reports that have been called pure 'pabulum', and many are so indebted to real estate agents for business that they won't really look out for your interests. One large franchisor, in fact, was successfully sued as they specifically directed their franchisees to provide two different types of reports: one report, done for relocation companies, would be extremely critical of home (as this is what the large relocation companies want); and one, done for prospective buyers, with real estate agents involved, would be much more easy going in their approach.

To be fair, many real estate agents want their buyers to have a thorough, competent inspection and they make their referrals accordingly. In Massachusetts, where I do most of my work, the real estate agent community is fairly professional in terms of how they deal with home inspections. In many areas of the country, however, this isn't the norm. I've heard complaints that in some areas the real estate agents want nothing but a generic mediocre inspection. In many instances brokers want a (so called) 'good' inspection that doesn't take too long or isn't too critical – but not an inspection that is extremely thorough and appropriately critical. Their definition of 'good' is not what you want for your inspection.

Also, I have no inherent problem with inspectors who solicit real estate agents for business (although I don't). If the inspector does his or her inspections properly and diligently and look out for their clients interests, then why not? Virtually every home inspector out there got their start by promoting their services with real estate agents. This includes many inspectors who now disdain agent referrals. The fact of the matter is, however, that eventually, if the home inspector is doing his job right, (s)he is going to lose many (but not all) of his referrals from real estate agents. It is the inspectors who, consciously or unconsciously tailor their inspections to meet the needs of the real estate industry for quick and easy inspections that is the real problem.

In Massachusetts the state's home inspector law prohibits real estate brokers from making referrals for home inspection companies unless they are working as buyer's agents. Buyer's agents are legally contracted to work for the buyer and they owe their exclusive allegiance to the buyer. Buyer's agents are more likely to refer their clients to the better home inspectors and not the 'quick and easy' variety - but I have to admit, this is not universally the case.

The second pitfall buyers run into when choosing an inspector is to go with the lowest price. Part of the allure of the 'quick and easy' marketing driven companies is their lower price to do an inspection. Everyone loves a bargain. If you could get the same inspection for \$250 or \$300 that other inspectors charge \$425 to \$525 for, I'd recommend using their service. Unfortunately, the reason these companies can do inspections for so much less is that they are grinding out 3 inspections a day when busy, and they rarely spend more than two hours at an inspection (and often much less). Importantly, while they may spend three hours on site, forty five minutes of that time is spent writing the report. What you get from these companies is a 'bare bones'

inspection, with little more than a checklist report that is more protective of the home inspector than it is of your interests. Their reports are specifically designed, moreover, in my opinion to make it impossible or difficult to negotiate for deficient items that need repairs.

[*Inspection prices vary widely between different areas. It may be possible to get a qualified inspector and a great inspection for \$200 - \$300 in some areas of the country. In rural or in areas with less expensive real estate, this may be the norm. In the more affluent parts of the country inspection prices will obviously tend to run higher. In eastern Massachusetts, where I do most of my work, expect to pay \$395 to \$600 for a single family home. Also, in many areas the price competition is such that even good inspectors have to charge lower fees. Similarly, some inspectors will also reduce the fees for very small homes that are in 'good' condition. Condominiums always cost somewhat less.]

Unfortunately, cheap inspections can be very expensive. To give you just a couple of examples...

I did an inspection on an upscale contemporary home in 2001. It was a nice home and well built, in many respects. But these huge stone entryways were butted to the house without benefit of flashing along the seam. Major structural damage occurred to the framing behind these entryways. Repairs would require a removal of the stonework and extensive carpentry repairs. A number of other serious problems were also present. When these were disclosed to the listing agent, she questioned me, stating 'the seller had the home inspected just two years ago and none of this was found. Believe me, these conditions, were there to see. The repair costs I estimated, would run well over \$30,000.

In another home I inspected, the brick foundation was bowing inward and was in serious distress and potentially, at risk of failing. The roofs were covered with tar, the deck was cobbled together in an unsound manner, there was rot everywhere, the 'newer' and oversized garage had serious problems with the roof, siding, electrical, interior, drainage, etc. It turns out that none of this was revealed to the seller when they purchased the home just two years earlier. Their inspector was from the large, multi-inspector company. A construction expert brought in afterwards stated the unreported damages exceeded \$60,000. (Interestingly, the construction expert was brought in by the real estate company whose buyer's broker had screwed up two years earlier. Facing possible legal action from the homeowner (as they had recommended the incompetent home inspector who found everything o.k., they were looking to go after me for my report. Fortunately for me and unfortunately for them, their expert agreed with me). In any case, I have to ask, just what did that inspector do, and how low were his standards that all of these conditions could be reported as acceptable?

Although these are extreme examples, I routinely find and hear of similar experiences from homeowners and other inspectors. I've also seen cases where the inspectors who were in too simply did not take the time to inform the clients about the need for critical maintenance on the home. In many cases, prompt attention and maintenance could have helped the homeowner avoid thousands of dollars in repair costs later on.

Anyhow, you might ask, just how to you find a qualified inspector who will look out for your interests. The best advice I can provide is as follows:

#1 If you have a buyer's broker (see Chapter 5) ask them for a referral. As noted previously, buyer's brokers are supposed to be working for your interest only. If you sense they are not, don't pursue their lead further. Also, you may want to ask friends, fellow workers, or relations if they have the names of good inspectors they would enthusiastically recommend.

#2 Use someone who is a member of a local chapter of the American Society of Home Inspectors (ASHI). ASHI is the largest and most professional organization of home inspectors. To become a member one must have done a certain minimum number of inspections (although not nearly as many as in the past), pass an extremely rigorous exam, and must take courses or do other specific educational efforts each year, to maintain ones' membership. You can obtain a list of ASHI inspectors in any area of the country by accessing ASHI's web site at ashi.com, and clicking on "Looking for an Inspector". You can then call these inspectors to see who you want to hire. The best way to find a competent inspector, however, is to go to the web site for the local chapters of ASHI and get the inspectors from these sites. Few 'quick and easy' inspectors join the local chapters, from my experience, so doing this provides a better chance of getting a good inspector. (For Massachusetts and southern New Hampshire go to ashinewengland.org for a list of inspectors).

Unfortunately, ASHI membership should not be a sole criteria for choosing an inspector. At least some of the less diligent, low cost, and 'easier' inspectors are now members of ASHI. I also know of non-ASHI inspectors who are do superior inspections, so you need to ask a few more questions (see below).

#3 Ask how long the inspection will take. This is important. Moderate sized, newer homes in good condition and condominiums may, in fact, only take two to three hours - excluding report writing time. I think there are many parts of the country, especially those without basements or where the homes are modest in size, where most inspections could be done within this time frame. But in my area of New England, where many homes are older, large, or in distressed condition, you can't do quality inspections when they are limited to two or hours. (Again, this should not include the time to write the report on site). One never knows what one will run into. Like most of the good inspectors I know, I allot four hours for most single family homes - and more if the home is large, complex or contains other structures. If your find out that your chosen company allots only two to three hours for each inspection - and this includes the time spent writing the report - walk away. Ask if the inspector takes the time to answer your questions during the inspection and will take the time to review the maintenance needs of the home. If they balk at this, find another company.

#4 Ask what type of report you will get. I think a written report, emailed from the office after the inspection, is the best type of report. But on-site reports are prevalent in the industry, and there are good inspectors who do the report on site. I think that a good inspector can provide an on-site report that is informative and a quality product. But it is no sure thing.

Checklist type reports have a lot of limitations and problems. Many are very generic, and unless the inspector takes the time to clearly document in writing what the specific problem is, its ramifications, and what needs to be done, then you are left trying to decipher how bad it is and what you should do about it. Checklist type reports are much more difficult to use in negotiations as they do not always contain any explanation of why something is deficient. Many of the categories used, moreover, don't adequately describe what is actually going on. Many checklists tend to obscure and minimize problems. For instance, many checklists have a rating of "functional" or "acceptable" for components defined as a "performing their function as intended". The problem is, you can have a roof with shingles that are old and worn - but not worn out - with a huge replacement cost a couple of years down the road - but the roof surface is still 'functional' at the time of the inspection. These reports, then, don't really give you a true picture of the home. Other reports refer you to specialists for each and every component. These reports are designed to protect the inspector and not you.

For homes in distressed condition a checklist and minimal narrative report just can't provide the clear explanations needed to understand and properly document the condition of the home.

Another problem is that inspectors who provide on-site computer generated reports may spend more time writing the report than doing the inspection. I've seen these inspections done and, while you may end up with a fancy looking report, you won't learn anything about the home. Computer generated on-site reports can sometimes be more boilerplate 'mush' than a clear description of the problems and their likely consequences. To provide a quality on-site report on a distressed or complex property really would require that the inspector be at the property for six hours.

#5 Ask if the inspector will climb roofs or get in crawlspaces. I should note that most roofs can be examined from the ground with binoculars and the vast majority of inspectors don't climb roofs. I can perfectly sympathize with inspectors who don't climb, as I know of inspectors who have had serious injuries from falls. Most pitched roofs can be inspected from the ground and some roofs just shouldn't be walked on. I don't climb roofs unless I have to. That said, it is sometimes necessary to climb roofs. Low pitched roofs, even high ones, often need to be walked or viewed from up close to ascertain their condition. Crawlspaces, unless fully visible from an opening and 'low risk', need to be entered. An inspector who won't get in a crawlspace may miss important problems, to your detriment.

#6 Find out where they get their referrals from. When you call, ask for how many inspectors work for the company. In my area I know of a couple of companies that have three to six well qualified inspectors, but I don't know of any companies with more than six inspectors that will provide consistently high quality inspections. This may not be true in other parts of the country, where large, reputable firms may serve the market. Ask about the experience of the inspector you will get. Obviously, companies that depend on past clients for referrals are a better bet than a company that relies solely on agent referrals..

#7 Avoid getting steered in the wrong direction. Don't go for the low prices. Don't go for nice receptionist who states 'we do what the more expensive companies do only for less'. Don't assume that the only brochures in the real estate office represent the only

inspection companies out there. In many cases the steering will be subtle: a broker may say 'you can use any company but most people are happy with 'such and such' an inspector and they do the inspection for \$100 less than everyone else'. The consequence is that you get a second rate inspection.

#8 Don't assume you need an engineer to inspect a home... I know of several very good home inspectors who are also engineers. They are also honest enough to admit, however, that their engineering background was of little relevance when learning to become home inspectors. I also got into this business in the early 80's after seeing a report by an engineer that was woefully inadequate. I have no problem with engineers listing they are P.E's (professional engineers) on their advertising and anything to do with their business; I'd do the same if I were an engineer. But I do see P.E.'s and certain organizations of engineers as stating that only engineers should do home inspections. This is self-serving claptrap. The fact is, most the engineering disciplines have no courses or offer particular expertise in the knowledge base critical to home inspection. This knowledge base includes, as a partial list: identifying roof surface conditions, masonry problems, siding issues; identifying decay and damage on the structure; evaluating appliances, windows, doors, interior surfaces, heating systems, plumbing, electrical; a thorough knowledge of home maintenance, etc. In other words, home inspectors must have a broad based knowledge across a wide range of disciplines. This knowledge is specific to identifying suspected problems with the home and its major components. This is not an engineering discipline. Engineers are invaluable for offering expertise in their specific discipline. Structural engineers, for instance, can be invaluable in evaluating and devising solutions to structural type problems. Civil engineers may be needed to devise solutions to severe drainage problems.

So what do you do if you have the inspection done and, despite your best efforts to find a 'good' inspector, somehow you feel don't feel good about the inspection. Maybe the inspector wouldn't talk to you, maybe you feel that it went way to fast. My advice: bite the bullet and get another done. After all, you are only about to go on hook for what will probably be the largest investment you will ever make.

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