



Negotiating After The Home Inspection

A simple guide to what is normally requested by our clients.

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What is a Home Inspection?

A home inspection is a limited, non-invasive examination of the condition of a home, often in connection with the sale of that home. Home inspections are usually conducted by a home inspector who has the training and certifications to perform such inspections. The inspector prepares and delivers to the client a written report of findings. The client then uses the knowledge gained to make informed decisions about their pending real estate purchase. The home inspector describes the condition of the home at the time of inspection but does not guarantee future condition, efficiency, or life expectancy of systems or components.

A home inspector is sometimes confused with a real estate appraiser. A home inspector determines the condition of a structure, whereas an appraiser determines the value of a property. In Illinois, the IDFPR regulates home inspectors. A professional home inspection is an examination of the current condition of a house. It is not an inspection to verify compliance with appropriate codes; building inspection is a term often used for building code compliance inspections in the United States.

Issues that come up during a home inspection may be negotiable, but there are no hard and fast rules about repairs that sellers need to complete as a result of a home inspection. Here in Illinois, the real estate sales contract would indicate what would, or would not be allowed to be negotiated. But no matter what the law says, you will always have the freedom of choice. And your choices after the inspection are quite simple.



1. **Proceed with the purchase with the house as is.**
2. **Cancel the purchase agreement.**
3. **Negotiate to have repairs performed or compensation so you can have repairs performed.**

Your Three Choices

Proceed with the purchase with the house as is

No home is perfect. As will be repeated in this eBook multiple times, the choice is ultimately yours if you wish to purchase the home as is. When buying a used home, buyers shouldn't expect everything to be perfect, because they never are. Home inspectors will have a list on every inspection performed. Putting the issues in a proper perspective is an important part of the process. If you choose to accept the home "as is", then do it.

Cancel the purchase agreement

This typically happens when the buyer decides there are too many issues, or some issues are too expensive to mitigate. It also happens when buyers and sellers cannot come to an agreement. If the issues are too much for you, then don't proceed.

Negotiate to have repairs performed or compensation so you can have repairs performed

This option is what happens after just about every inspection. In the negotiation process there are two basic request. These are discussed on the next page.

Your Three Options

1. Proceed with the purchase with the house as is.
2. Cancel the purchase agreement.
3. Negotiate to have repairs performed or compensation so you can have repairs performed.



In the negotiation process there are two basic requests.

- Ask the seller to perform repairs
- Renegotiate the price

Ask the seller to perform repairs

When asking a seller to perform repairs, it is important to be specific. Say exactly what should be done, by whom, permits pulled, inspected and approved, when the work should be completed by, and documentation provided to the buyer by a certain date. I personally am not a big fan of this option because the sellers don't always get good quality work performed. And when a repair is done poorly, it doesn't sit well with the buyer.

Renegotiate the price

With this option, the buyer can hire their own professionals to do the work, and they can oversee the whole project after they own the house. This is a common approach, but it isn't always a practical approach because it doesn't leave the new home buyers with any cash for repairs.



It's Your Choice

I am a firm believer of freedom of choice. If you want to perform any of these choices, it's ok. I just want you to know that every action has a reaction. There are chances that you will accept items that are more than what you expected. There is also a chance that you will "kill the deal" and have to start over. Please make these decisions carefully and make sure everyone involved is professional and accurate. We strive to be thorough, accurate, and professional with every home inspection we perform.

Issues That Shouldn't Be Negotiated

ALLIN Home Inspections, Inc., or any of its staff are not real estate agents or attorneys. This is not real estate advice or legal advice, it is just our opinion. We do not share these opinions about negotiations during home inspections, and we absolutely do not share these opinions in our home inspection reports. This is completely outside the realm of a home inspection and outside the realm of our area of expertise. Let me be absolutely clear, **THE CHOICE OF WHAT SHOULD, OR SHOULDN'T, BE NEGOTIATED IS ULTIMATELY YOURS!** Since we get asked our opinion, I think it is only fair that I share our opinion.

Known Conditions

If a condition is readily visible or apparent and you knew about it prior to the inspection, you should take that into consideration during your first negotiation for price. It is the job of the home inspector to inform you of items that you weren't aware existed. A short list of known conditions include:

- Peeling paint
- Damaged walls
- Damaged ceilings
- Damaged floor coverings
- Damaged driveways
- Damaged walkways

Any condition listed in the Seller's Property Disclosure Statement



Issues That Shouldn't Be Negotiated, Cont.

Old items

We often hear discussions of older components and systems. Items that are near or at the end of their expected life span. The expected life span is just an average, a rough guide, and an opinion of the home inspector. Any item can fail prior to that expected life span and they can also last well beyond the expected life span. This is a list of items that have expected life spans. Life spans vary from the quality of the appliance:

- Windows: 30 to 50 years
- Furnace: 15 - 20 years
- Air conditioner: 15 - 20 years
- Water Heater: 10 - 12 years
- Appliances: 15 years
- Garage door opener: 15 years
- Roof: 20 - 30 years (depending on the type of material)

We have been on inspections where the listing stated the furnace was replaced last year and the unit was 15 years old. This is completely a different story. If the buyer is expecting an appliance to be new and we tell you something different, then you should ask for compensation. You originally negotiated based on thinking the furnace is new. If the buyer discovers numerous items are at the end of their life-expectancy and they know they won't be able to afford replacement soon, they might decide that this home isn't the right one for them unless the seller would like to help out. It is not unreasonable to renegotiate at this point.

Note: A price negotiation typically won't help a buyer in this case. The buyer won't have any more cash to deal with the repairs or replacements.

Minor Defects

As stated earlier, houses aren't perfect. Part of being a homeowner means spending time and money on the house. Home buyers must accept and plan for this reality. Here are some things we feel home buyers shouldn't ask sellers to address:

- Missing cover plates at outlets, switches, and junction boxes.
- Missing caulk
- Dirty furnace filter
- Dirty AC condenser
- Damaged insect screens.

Issues That Shouldn't Be Negotiated, Cont.

Code Changes – Safety Upgrades – Energy Upgrades

While a home inspection is NOT a code compliance inspection, home inspectors often recommend safety upgrades due to changes in building codes. We also use the codes to base our opinions on what is safe and unsafe. Homes, however, are not required to be upgraded every time a new codebook is printed. This does not mean that these safety and energy upgrades are not important, but we believe they make for somewhat petty negotiation items. The short list includes:

- Lack of AFCI devices
- Lack of GFCI devices
- Lack of safety glazing in hazardous locations
- Anything related to stairway safety, including wide spacing on stairway balusters
- Protection of the municipal water supply against backflow
- Minimal attic insulation

Of course there are always exceptions. If recent work was performed, it should be installed to today's standards. The items above would only relate to home built 50 or more years ago with no upgrades completed. If you are going to do it, do it right.

In closing, if a home seller is already upset because they are selling their house for less than they wanted, they won't be happy to receive a list of small chores from a home buyer in the form of a purchase agreement amendments. This has been known to be the straw that breaks the camel's back leading to the deal falling apart. We hate to see this happen, because items that cost hundreds of dollars to fix should never hold up the sale of the property that costs hundreds of thousands of dollars. Our advice to home buyers is to not put yourself in that position. Treat the home purchase like a relationship; do you want to be right, or do you want to be happy?

Let the little stuff go.

Reasonable Negotiation Items

In this eBook on negotiating after the home inspection, we've discussed the options that a home buyer has after getting a home inspection in the first section, and gave a list of what we consider to be unreasonable negotiation items in the section. For this section, we are making a list of some common home inspection findings that are frequently negotiated. We are not saying these items should be negotiated, but that these are common items which are negotiated, and we don't feel that any of these things are unreasonable.

What all of these items have in common is that they're usually expensive, not obvious, or take special knowledge and equipment to recognize.

Big Roof Problems

- Leaking roof
- Defective shingles that could allow for leaks
- Improper roof installations that could allow for shingles to come loose.
- Roof coverings at the end of their life span
- Why do we mention roof coverings at the end of their life as a reasonable negotiation item, but excluded old appliances in part 2? Because appliances can be replaced after they fail. Roof coverings should be replaced before they fail.

Big Electrical Items

- FPE Stab-Lok Panels
- Overloaded electrical panels
- Aluminum branch circuit wiring
- Unsafe knob & tube wiring
- Pervasive electrical hazards
 - Open air splices(not in junction boxes)
 - Unprotected wires
 - Improperly wired outlets
 - Exposed live wires protruding from walls
 - New, improper electrical wiring where the extent of the defects are unknown

Reasonable Negotiation Items, Cont.

Big Exterior Problems

- Masonry chimneys in need of more than just minor repairs
- Windows in need of replacement
- Rotting / Water intrusion at the walls
- Siding in need of major repair / replacement
- Unsafe decks, porches, balconies, and stairs

Big Plumbing Items

- Galvanized water distribution pipes that do not supply adequate water flow
- Galvanized steel drains in need of replacement
- Active leaks – water piping, gas piping, drains, vents, etc.
- Clogged drains

Big HVAC Items

- Equipment that is not functional
 - Furnace
 - Boiler
 - Air Conditioner
 - HRV (Air Exchange Systems)
- Unsafe fuel burning appliances due to combustion or venting problems
- A cracked heat exchanger in the furnace
- A boiler that leaks exhaust gas
- A back drafting water heater

Other Things People Freak Out About

- Wet basement issues
- Moisture, or frost in the attic, and / or major ice dam issues
 - The fix for both of these is to address attic air leaks, insulation, and sometimes attic ventilation. While adding insulation is generally considered an upgrade, if insufficient insulation and attic air leaks are leading to water problems, we consider this to be a repair, not an upgrade.
- Foundation problems
- Major structural deficiencies
- Damaged sewer lines (this can only be found by scoping the sewer)
- Environmental items, such as:
 - Buried oil tanks
 - High levels of Radon (separate testing from home inspection)
 - Asbestos that is loose or friable
 - Mold
 - Termites or other wood boring insects
 - Lead dust, paint, and water

The above sewer and environmental issues are not included with our standard home inspection. Radon tests can be arranged for an additional cost.

There are many other possible items, but this list makes up most of the “big” items that get identified during the home inspection. **As stated in the beginning of this book, THE CHOICE IS ULTIMATELY YOURS!** If you are going to negotiate, usually your real estate agent or your attorney will do the negotiating on your behalf.

Important Information

99% of real estate agents and attorneys (and home inspectors) are upstanding and honest people. They will work on your behalf on all parts of the real estate transaction. If you feel that your agent or attorney is not working in your best interest, please be careful what you share with them.

Always write honest reviews at the end of the process. Nobody can control reviews on sites such as Google and Yelp. It will keep the honest ones motivated and discourage the dishonest ones from continuing in this business.

Prepare for the Negotiations – Most Important

Organize your list of issues. Take all the issues and put them into three columns.

Column 1 – Deal Killers

These are the items that you are willing to walk away from purchasing this house if they are not corrected or if you are not compensated for them.

Column 2 – I Got This

These are the smaller items that are in the home inspection report that are inexpensive or you may just accept as they are. The idea here is to let the home sellers know that you are not being unreasonable. That you know homes are not perfect and you are going to accept some of the problems. The longer this list is, the more reasonable you become and you will give your attorney and real estate agent more leverage in negotiating on your behalf.

Column 3 – Everything Else

These items are important to you. You are going to ask your attorney or real estate agent to be your advocate, be your hero, get you compensated for as much of these items on this list as possible. You are also going to let them know that you will still buy this home even if none of these items are compensated or repaired.

Discuss your list of issues with your real estate agent. There are factors that change with every transaction that increase, or reduce, your leveraging power. Your real estate agent will be in tuned to the current market and can help you with your list. The factors that increase, or decrease your leveraging power include:

- **How hot the market is**
If there are buyers behind you ready to purchase the home should the deal fall through, then the seller may not care if you purchase it or not. It sounds harsh, but this is a business transaction. On the other hand, if the market is slow and you are the only offer in three months, that will give you more negotiating power.
- **The price you paid**
Your real estate agent will have access to comparable properties. He or she will be able to see how much similar houses sold for recently. If you are above those prices, it will increase your leveraging power. If you are under those prices, your leveraging power will be decreased.
- **How much you love this home**
Emotions do get involved. Try to keep them out of it. There are plenty of homes out there and there is an old saying: desperate people do desperate things.
- **How badly do the sellers want to sell**
This one will be difficult to know. If you are able to get some inside information that the sellers are a bit desperate, that increases your power.

Thank you for taking time to read this and I hope this helps you in your decision making process. If you have any questions, feel free to contact me at the information below.

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Our goal is to consistently exceed our clients expectations by being the most thorough, accurate, and professional home inspection company we can be.