

12 Red Flags That Should Raise Concern

According to HouseMaster, a major home inspection company with offices in more than 390 cities in the United States and Canada, at least forty percent of homes on the market have at least one major flaw. Kathleen Kuhn, CEO and president of HouseMaster says, "Virtually every 'used' home needs some repair or improvement, that's to be expected. But with today's high prices, you want to make sure that you are aware of any major problems in a house you are considering purchasing, and what it will take to remedy the situation."

Based on HomeMaster's findings from more than one million home inspections, here's a list of the most serious home defects to look out for:

- Aluminum wiring
- Cracked heater exchange
- Chimney settling or separation
- Defective roofing and/or flashings
- Environmental hazards including radon, water contamination, asbestos, lead paint, and underground storage tanks
- Horizontal foundation cracks
- Insect infestation -- termites or carpenter ants
- Major house settlement
- Mixed plumbing
- Moisture in the basement
- Undersized electrical system

Most of these defects can be repaired, says Kuhn. But it might cost you a lot, depending on the gravity of the damage, especially if it involves major systems. This is one of the factors you should consider in buying a house. For example, buying a new air conditioning compressor will cost you at least \$1,200. A basement with damaged plumbing can cost you about \$5,000 to fix. If you decide to start negotiations with a house you want to buy, there should be a provision for backing out in case the home inspector finds too many problems.

Eric Tyson and Ray Brown, authors of *Homebuying for Dummies* says, "If the property inspectors find that little or no corrective work is required, you have little or nothing to negotiate." "Suppose, however, that your inspectors discover the \$200,000 house you want to buy needs \$20,000 of corrective work for



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termite and dry-rot damage, foundation repairs, and a new roof. Big corrective work bills can be deal killers."

If, however, you really want to buy the house despite the needed repairs, there are several ways to proceed:

- Ask the seller to allot enough money in escrow to cover the expense for repairs and instruct the payroll officers to pay the contractors when the work is done.
- The lender may be able to withhold a portion or all of the loan amount in an account until the work is completed.
- The sellers may give a credit for the work. Lenders may disapprove of this last alternative because there aren't assurances that the repairs will be made.

Hire a qualified home inspector. Their fee usually ranges from \$250 and \$400. Look for home inspectors who are affiliated with organizations like the American Society of Home Inspectors or the American Association of Home Inspectors. These groups require their members to meet professional qualifications and adhere to specific business ethics. You can also ask your agent for referrals.

When you make an appointment with the home inspector, make sure you're present. The money and time you spend on this is a wise investment for the future. As he goes through the inspection, ask him about potential problems to expect and what warning signs to look out for. Learn how they work and how to properly maintain them. "A pre-purchase inspection is your best protection against buying a home based more on emotions, rather than as a sound investment," says Kuhn of HouseMasters.



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