

The Property Inspection: What a Way to Start a Sale!

Most residential sales/ purchases involve a Buyer exercising “*due diligence*” to investigate or assess the structural and functional condition of the property they want to buy. The Buyer agreed to pay the seller an amount based on what they *thought* about the house (location, features and condition), the local market (“comparable” listings and sales), what the seller may have disclosed and how much they wanted to make the house their home. It is merely a starting point.

The days connecting the accepted offer to the Buyer’s taking physical possession of a property involve two primary tasks for a Buyer. One is their remaining convinced they want to move forward; the other is their proving they can finance the sale (lender financing includes getting a mortgage commitment and then finalizing the loan which involves an appraisal of the value).

The sales contract provides both principals “opportunities” or “*contingencies*” to exercise “due diligence”. They can select options and then utilize *or* waive them. These options provide specific rights including terminating the sale. Failure to comply with the terms of the contract may have legal ramifications including the loss of earnest monies on deposit.

Once we have a fully executed contract, various time frames start ticking (they are “the *essence*” of the agreement meaning that they are meant to be adhered to). The inspection contingency is typically the first one and it may include an inspection of the whole property as well as specific tests/ inspections for wood infestation/ termites, radon, lead paint, mold/ air quality, well, septic and other issues ultimately affecting the Buyer’s willingness to move forward or the seller’s financial ability to address concerns.

The inspection results are “relative”. Relative to what? **What did the Buyer see, think or know at the time of their offer?** Were any issues obvious or expected? The inspection results are a *prism* through which a Buyer will re-evaluate their offer. Once inspection results are known, the Buyer has the option to accept the house, to request repairs and/ or credits (depending on what a lender allows) or to terminate the sale.

I believe that once a purchase agreement is fully executed, one party is happier than the other. Those feelings may carry throughout the process. Did the Buyer pay more than they really wanted to pay or did they pay less than they expected to pay? Did the seller achieve more or less than they wanted or needed? Negotiating the inspection results will depend as much on how the parties felt at the beginning of the process as anything else. This is the point where both sides get to “adjust” the sale to *align* with their feelings. Experienced agents understand that there is more to doing this than what an inspector may have found. Reconciling how both parties feel can be a challenge but it will be critical if a sale is to move forward.