

Pre-Listing Inspections: Is There a Benefit to the Seller?

When I entered Real Estate I was taught that sellers in PA need to *disclose* “**known**” **material defects and environmental hazards** in writing and that buyers had to “*satisfy themselves*” as far as inspecting properties. “Buyer beware” does not apply *nor* does playing “I’ve Got a Secret” but what does the *average* seller really know? How confident should a buyer be when reviewing a seller’s disclosure? Some buyers *wave* property inspections to make their offer *more* attractive. That can be a problem.

Agents are bound by six *fiduciary duties*. One, **confidentiality**, requires them to keep their client’s “business” confidential. *Known* or *obvious* material defects are **not** covered by confidentiality and they are not required to search for *latent* (hidden) defects. Some agents and their seller-clients have difficulty discussing *how* to handle a property inspection report after a sale has been terminated. Is it *opinion* or *fact*? It depends. The seller’s disclosure obligation is one of the major items that a listing agent should discuss with their client upfront so that later discussions will be a *reminder* and not new as the property disclosure statement *remains* relevant even after a property has settled.

Then I heard about “**pre-listing inspections**” where a seller has *their own property* inspected to identify potential issues before marketing their home. I was initially opposed to this due to the often “*subjective*” nature of some inspection reports *and* being concerned that such an inspection might open a “can of worms”. In my opinion, some inspectors seemed inclined to *justify* their fee by providing buyers leverage as far as their requesting repairs and/ or credits to keep a sale going. I saw some who acted as if they were the buyer instead of working in the buyer’s best interests. Let them report and have the buyer decide! Bad inspections should not be used by a property inspector to generate “repeat business” although I do want honesty. Some sales will end as a direct result of inspections. Losing a sale over emotions, rather than facts, is horrible and can affect efforts to sell a property going forward.

While *most* sellers will not want to inspect their own property, the fact is that *any* house, even “new construction”, may have issues that might concern a prospective buyer. I like to be proactive. I would rather have a seller learn about something, especially if it poses a danger to them, sooner *rather than* later as it gives them additional time to address the issue(s). What could be worse than learning about something serious while a house is “under contract”, especially if it results in the buyer’s terminating a sale? Once a house is placed under contract, time is a factor and emotion is more likely to be involved. The seller, in addition to disclosing the report(s) and perhaps amending their disclosure statement, has to decide whether to address any issues or not. Then the buyer and lender get to react.

Two final points. First, PA has a home inspection law that was not in effect when I started. There is a range of talent in the inspection field (as in any field) and I generally trust and respect most inspectors I see today. I suggest that sellers and buyers ask their agent for a recommendation rather than going with the cheapest or the one most prominently advertised online. Hiring inspectors is a **BIG decision** with potentially long-term consequences. How long will the typical buyer remain in their house?

Second, always hire a REALTOR®. The advice we give is *very* important, specifically as it relates to handling inspection-related issues. Good agents are experienced, trained and educated, bringing **knowledge** and **insight** to the process. I will not work with a seller who refuses to be honest with their disclosure statement or the results of an inspection. As a buyer agent, I have saved clients time and money by insisting on receiving inspection reports not made available to others. Buyers need to know about issues a seller has failed to disclose and/ or refuses to fix. Article 1 of our Code of Ethics talks about honesty. Whether through the disclosure statement or an inspection report, buyers need to know.

There is no time for inexperience, empty promises *or* false expectations!

HIRE WISELY: We are not “*all the same*”!