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

In most residential Real Estate sales buyers use "*due diligence*" inspections 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 the buyer wants to make the house *their* home. Regardless of what happens between their making an offer and negotiating the details, the signed contract is *merely* a starting point. Then the process gets real!

The days connecting the accepted offer to the buyer's taking physical possession of a property involve two primary tasks for the buyer. One is their remaining *committed* to their moving forward; the other, unless it is a cash purchase, is their obtaining *financing* for the purchase. Lender financing includes getting an appraisal of the market value of the property and getting a mortgage approval for the buyer.

The sales contract provides the buyer and seller with "opportunities" or "*contingencies*" to exercise "due diligence". They can select options and then utilize *or* waive them. These options provide specific rights *including* requesting repairs and/ or credits and terminating the sale. Failure to comply with the terms of the contract may have legal ramifications including the loss of deposit money.

Once you have a fully executed contract, *various* time frames start ticking. They are "the *essence*" of the agreement and they are "**binding**" meaning that they are meant to be adhered to. The property inspection contingency is typically the first one and it may include an inspection of the whole property as well as specific tests or 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 and the seller's financial ability to address concerns. Many municipalities require an inspection as well.

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 should they have been expected? What was *disclosed*? Inspections are meant to focus on "*material* defects" but emotions can blur how a buyer perceives the importance of an inspector's findings. Are they facts *or* opinions? 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 in its present condition, to *request* repairs and/ or credits (depending on what a lender allows) or to *terminate* the sale. This is a pivotal time in the process.

I believe that once a purchase agreement has been signed by both parties, one party is likely *happier* than the other. Those feelings may have an impact 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 inspection results may well depend on how the parties felt at the beginning of the process and provide an opportunity to "*re-balance*" their feelings.

As different inspection results are revealed, the emotions for both parties are *cumulative,* meaning they "add up", for better or worse. It can be like riding a roller coaster. This is a point where *both* sides may wish to "adjust" the sale terms to *realign* what they have learned with their original expectations.

Experienced, trained, educated and knowledgeable agents understand that there is more to negotiating inspection results than reviewing 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. What a way to start a sale!

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

HIRE WISELY: We are not "*all the same*"!