

## Home Inspection

Another year is coming to an end and we are all blessed being able to call Guam our home. As the year draws to a close, mortgage interest rates continue to reflect historical lows, making it a good time to consider buying that first home. There are many issues involved with buying a home, but today I'd like to discuss the benefits of getting a professional home inspection as part of the home buying process.

As a first-time buyer or even a seasoned investor, we all want to minimize risk when it comes to purchasing property. After all, it will be one of the largest investments we ever make. One way to accomplish this is through a home inspection conducted by a licensed home inspector. On Guam, there are several licensed professional home inspectors currently providing this service. On average, a home inspection should cost between \$450 - \$500 for a standard residential property (single-family home or condominium) and is normally paid for by the prospective buyer. A standard inspection may last from 2 to 4 hours depending on the age, size, and improvements of the property.

Some buyers look at this inspection fee as an added expense to an already expensive and time-consuming process. My question to you is this: Would you rather pay a few dollars upfront to determine any existing issues with the property before you complete the sale, or save a few dollars and take your chances that the property you are buying has no major material defects which could prove costly once you take ownership? If you are like most of us, you may not have the experience, training, or tools necessary to determine material defects when it comes to buying a property.

An experienced Realtor will recommend that their buyer hires a licensed home inspector and will include the inspection results as a contingency to their buyer's written offer. The primary benefit of an inspection is that it identifies any potential problems associated with a property before the buyer makes a substantial financial commitment to its purchase. With an inspection report in hand, the buyer will be better able to determine whether or not the problems or defects associated with the property can be addressed, as well as, the related expense involved in any required repairs. If the inspection is a contingency of the offer, the buyer has an opportunity to negotiate the scope of repairs needed and their related cost. This can take several forms. The buyer can opt to accept the property "as is" and make the needed repairs after closing; he or she may request that the seller make necessary repairs prior to closing; he or she may re-negotiate the purchase price to reflect anticipated costs to make the needed repairs; or opt out of the transaction. Having a professional inspection report completed by a reputable inspector however, will give the buyer added leverage in negotiating more favorable terms and conditions of the purchase.

What does a typical home inspection report cover? A standard report will contain comments on material defects identified by the inspector based on his or her visual inspection of all accessible areas within the property. The inspector will normally look at the property's air conditioning system, its plumbing system, its electrical system, and structural issues related to the floor and

foundation, walls, windows, doors, ceilings, and roof. It will also include an inspection of the interior as well as exterior of the structure, to include the grounds surrounding the home. All prospective buyers should participate in the inspection process so that they can see first-hand what the inspector is looking at, and obtain a verbal explanation regarding any noted defect. The more information you have as a buyer, the better decision you will make.

Most home inspection reports will have a varied array of defects, ranging from not serious to problematic. Working with a seasoned Realtor to determine what is meaningful and what is minor or cosmetic is critical in moving forward with any negotiations to purchase a property. Like any negotiation, there is give and take, so you need to understand what is major and what you can live with. Sometimes the defects will be too difficult to fix or too costly to repair and the buyer will opt to cancel the transaction and continue his property search. In this case, a \$500 inspection report is a good investment as it enables the buyer to avoid future problems associated with his or her investment.

Guam has no laws on the books regarding the home inspection process. As a result, buyers should ask inspectors for evidence of experience, education, and certifications to determine their competence. As a general rule, inspectors should not offer to 1) repair any defects, 2) provide quotes for repairs of any noted defects, and 3) provide contractor referrals. Their job is to objectively look at the property, identify visible defects, and provide a written report documenting their inspection.

The old saying “pay me now or pay me later” are words to live by when buying property. A well prepared and thorough property inspection report will help relieve the stress associated with purchasing property, help you make a better investment decision, and help you avoid “paying later”! Happy house hunting!