

**2021
EDITION**

Buyer's and Seller's
**Guide to
Inspections**



LAROCCA
INSPECTIONS

About this booklet.

- What is and is not included in a general physical inspection.
- Which property inspections should be done and when.
- Property reviews for best maintaining your property.
- How to better market your property for sale.
- Your own due diligence.

Keep this guide as a reference.



The buyer and seller have their own **due diligence** in a real estate transaction.

Attend your inspections

It is highly recommended that buyers and sellers attend their own inspections and address questions and concerns with the inspectors on site.

Perform your own visual inspection

The inspection contingency period affords buyers one of the only times available to be in and on the property. General physical inspections normally take 2-3 hours, other types of inspections vary. With this time, take the opportunity to perform your own visual inspection and note areas or items you want to discuss with the inspectors.



Due diligence

due: (adj.) satisfying or capable of satisfying a need, obligation or duty
– Merriam Webster

dil·i·gence: (n.) the attention and care legally expected or required of a person (such as a party to a contract)
– Merriam Webster



California Civil Code 2079.5

The buyer has *“the duty to exercise reasonable care to protect himself or herself, including those facts which are known to or within the diligent attention and observation of the buyer or prospective buyer”*.

Disclosures provide information on known issues with a property and other historical details.



Disclosure

dis-clos-ing (v.) the act of making something known. Something (such as information) that is made known or revealed.

– Merriam Webster

California requires a seller to disclose what they know about the past and present conditions of the property they are selling. A **Transfer Disclosure Statement** must be completed as soon as possible to follow the terms of the contract with the buyer. (Disclosing what is known will also help avoid legal disclosure issues after the close of escrow.)

Both the listing and the buyer’s real estate agents are required to conduct a reasonably competent and diligent visual inspection and disclose what they see.

Detailed disclosures greatly assist a buyer’s duty to exercise reasonable care to protect himself or herself. Conducting thorough investigations of the property both personally and with appropriate professionals. A buyer can ask questions of their inspectors if known or suspected issues are noted in the disclosures.



General physical inspections normally take 2-3 hours



With this time, take the opportunity to perform your own visual inspection



Schedule all inspections right away.

Our real estate market can move incredibly fast.

As a Buyer, decide who to hire and which inspections to have before your offer is accepted. Request the seller's disclosure package right away. Prepare questions of your inspectors, based on the disclosures and your own concerns. The fewer the answers from the seller, the more you should consider additional inspections.

As a Seller, pre-listing inspections allow time to make any service calls or repairs on your terms and price your listing well. Then disclose in full to reduce the need for renegotiations once the buyer has their own inspections. (Which can avoid an unnecessary cancellation over surprise issues.)

Refer to the C.A.R. Buyer's Inspection Elections form¹:

"If any professional recommends further inspections... you should contact qualified experts to conduct such additional inspections." "Buyer is responsible for choosing the provider and ordering the inspection." (There are three dozen inspection choices.)

1. C.A.R. is the California Association of Realtors®. Visit them at www.car.org

Choosing your general inspector.

Licensing does not exist for real estate inspectors in California. Anyone can say they are a general inspector.

So, here is a list of qualifications to compare when choosing.

- Association membership for real estate inspectors, such as CREIA or ASHI.
- Carries Errors and Omissions Insurance.
- General Liability Insurance is required on the buyer's behalf, check the contract.
- How many and how often has the company/inspector performed inspections?
- The reports should be thorough and comprehensive.
- Photographs should be included in the report.
- Will the inspector be available to answer any questions after the inspection report is delivered?

Tip: *If the property is an estate, on a hill side, is a mobile home, etc., ask for an inspector with that type of experience.*



Read the inspection report from cover to cover.

A **real estate inspection** is an examination and basic operation of the systems and components of the structure, which provides the client with information about the general condition of the dwelling.

An inspection is designed to discover and identify material defects and to communicate these issues clearly.

A **material defect** is a condition that significantly affects the value, desirability, habitability or safety of the dwelling.

An **inspection report** provides written documentation of material defects. The report details what the inspector found so that all involved parties can make informed decisions.

Because the general physical inspection report has important recommendations and useful information, the inspection report should be read from cover to cover and acted upon.



What the inspector inspects.

A general inspection focuses on the five major systems: the foundation, the roofing, the plumbing, the electrical and the heating & cooling systems. It also includes exteriors, interiors and the grounds immediately adjacent to the structure.



Foundation



Roof



Plumbing



Electrical



Heating & Air



Interiors



Exteriors



Adjacent Grounds

What the inspector reports.

The inspector focuses on three reportable categories throughout the inspection process:

Safety hazards: Things that pose a threat of bodily harm or serious injury if left unhandled, such as: smoke detectors not installed in the required areas, improperly installed electrical wiring that could be a fire hazard, missing carbon monoxide detectors, etc.

Items at the end of their useful lives: Things that have gone past the time they were made to last and are in need of replacement. An old water heater, dishwasher or furnace are some examples.

Items not functioning properly: Broken switches, leaking garbage disposals, noisy dishwashers, leaking faucets and similar repairable items fall under this category.

Invest in your investment for a fraction of the cost of the property itself.

Purchasing real estate is a major financial investment. Selling real estate is a sizable financial transaction. Therefore, the process of buying or selling comes with legal obligations.

Real estate inspections provide valuable information and peace of mind. Whether negotiations for repairs or credits are necessary or not, having the information is your return on the modest investment of an inspection. Plan to set aside money for the inspections you want performed.

Marketing your listing.

Sellers who are proactive can take control of their real estate sale by having their own pre-listing inspections done.

Pre-listing inspections are performed prior to listing to discover the existing condition of the home/property so a seller can:

- Discover issues the seller may not have known about before an offer is accepted
- Focus on what to repair, replace or leave as-is in the sale on the seller's terms
- Adjust the listing price to reflect the true "as is" condition of the listing
- Find the right buyer with disclosure of the inspections findings before accepting an offer
- Minimize further price negotiations and delays in escrow
- Diminish the risk of a buyer canceling escrow during the inspection contingency period
- Avoid having to go back on the market with an older listing
- The seller is obligated to disclose the previous buyer's inspection findings to the next buyer
- California real estate litigation often involves claimed failures to disclose by the seller

Sellers who are proactive can take control of their real estate sale by having their own pre-listing inspections.



General home and property inspections.

The general inspector does not look behind walls, under rugs or carpeting, behind furnishings or wall coverings. Belongings are not moved during the inspection. A general physical inspection is a visual inspection. The general inspector can only report on what is **safely** accessible and visible *at the time of inspection*.

Note: If an inspector determines a space is not safe to access, they should decline to access the area. If an issue cannot be seen, it will not be reported.

Additional professionals for specific or further evaluation of areas are routinely recommended in general inspection reports.

General physical inspections do not inspect or test for:

- Asbestos or radon
- Insects, termites, or pests
- Code compliance
- Lead-based paint
- Cosmetic issues
- Complete pool & spa
- Fungus and molds
- Property age (testing)
- Geological conditions

For the complete list of limitations, exceptions, and exclusions as well as the standards of practice for general home inspections, go to creia.org/creia-standards-of-practice



Specialty inspections avoid costly surprises.

Specialty inspections are scheduled along with the general inspection. Specialty inspectors focus on a specific aspect of the property and typically use specialized equipment.



Moisture & Mold Inspections

Moisture collecting in a property is the #1 issue found in California homes. This can cause damage to the foundation, the roofing, the HVAC, to flooring, and can cause molds to grow.

The mold section of the California Association of Realtors® Statewide Buyer and Seller Advisory states:

“Buyer and Seller are advised that the presence of certain kinds of mold... may adversely affect the Property and the health of individuals who live on or work at the Property...”

“If Buyer wants further information, Broker recommends that Buyer have the Property tested for Mold...”



Chimney Inspections

The National Fire Protection Association states in NFPA 211:

“A Level 2 inspection shall be conducted upon sale or transfer of the property.”²

A Level 2 is an in-depth video camera scope inspection to properly determine the safety and usage of the structure.



Sewer Line Inspections

It is rare that a homeowner or seller knows the condition of their sewer line. Buyers often do not discover the condition until a sudden and costly issue arises from underground. All properties should have this inspection because most will have an issue that needs immediate attention.

Tip: Avoid costs for repairs/replacements that run thousands to tens of thousands of dollars for bigger issues. The sooner an issue is discovered, the less costly it is to address.

Note: The private property owner is responsible for the entire length of the sewer line, including the portion that may be located under the public street.¹



Termite Inspections

The California Department of Pesticide Regulation Structural Pest Control Board determined “State law does not require a pest control inspection report before the sale of property. However, many mortgage lenders do, to protect their investment...”³

1. Refer to the City of Los Angeles (or your city) for more information: www.bss.lacity.org
2. For details, search “NFPA 211” online
3. www.cdpr.ca.gov

Your inspections.

When calling to schedule your general and specialty inspections:

- Have the correct property address available.
- Know the number of fireplaces.
- Mention a pool &/or spa.
- Mention any additional structures, such as a converted garage.
- Know if the home is vacant or occupied.

Note: Sellers must have the property available and the electricity, water & gas on through escrow, see your contract.

Tip: Utility companies can turn electricity, water, and gas on temporarily for this purpose.

Before inspection day:

- Ensure all keys, keypad codes, garage openers, etc. will be available.
- Make sure all areas of the property are made accessible.
- Confirm that any animals are safely secured.
- Prepare the questions you have for your inspectors.
- Reconfirm that all utilities are on.

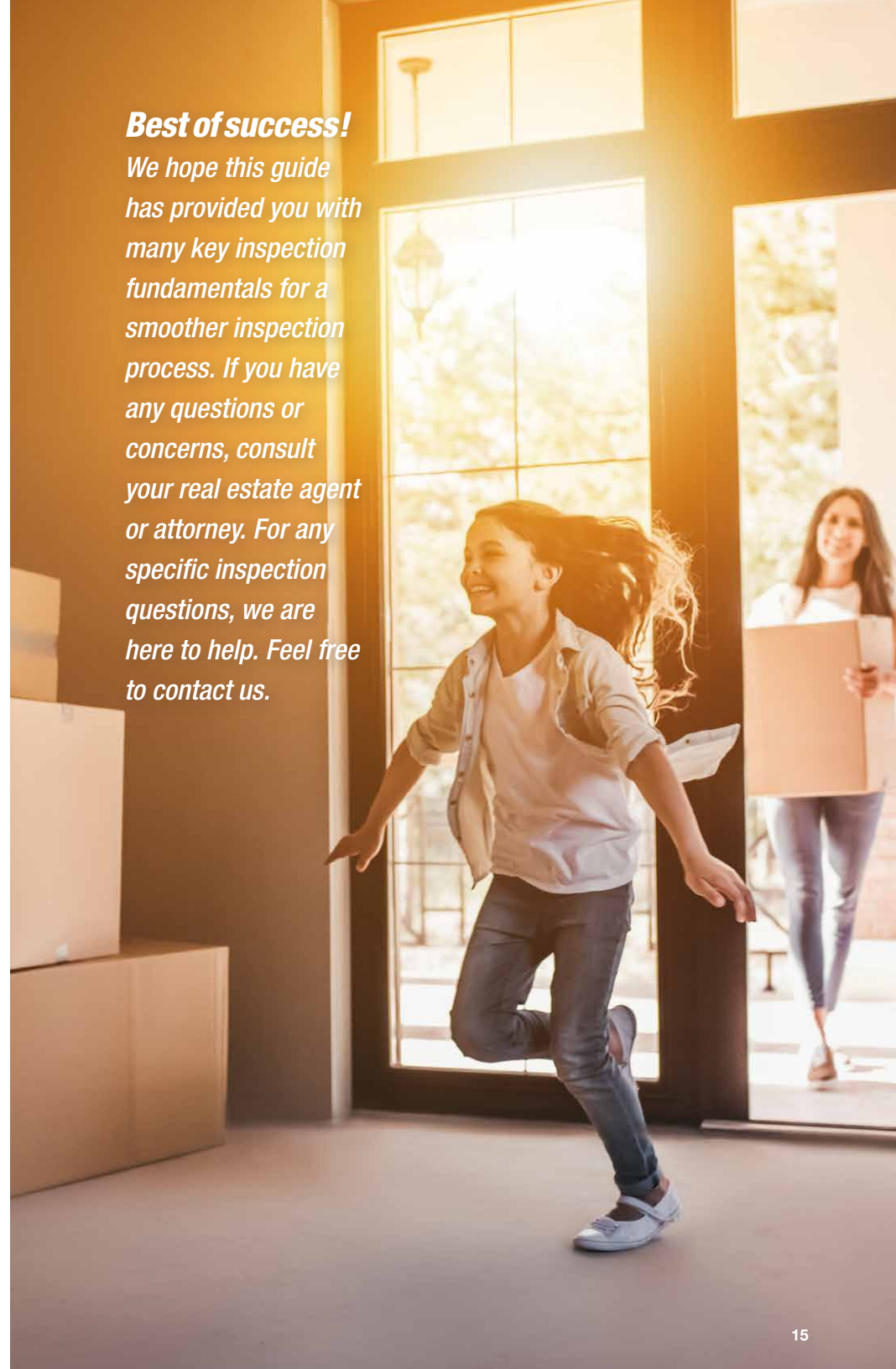
Maintaining your home or property:

Having (annual) property reviews is a must for homeowners and investors to save money and time.

Stay on top of maintenance and needed repairs due to age, weather, earthquakes, etc.

Best of success!

We hope this guide has provided you with many key inspection fundamentals for a smoother inspection process. If you have any questions or concerns, consult your real estate agent or attorney. For any specific inspection questions, we are here to help. Feel free to contact us.





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