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## Current Issue



Cover Story  
Appraisers Fighting Back

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**Editor's Note:** With the national housing market trying to absorb the high inventory of homes for sale, agents are looking for unique ways to get listings to the closing table. Pre-listing inspections performed for the seller are becoming the first step to fast-tracking the sale; for the inspector, it is an opportunity to create a niche and market it to agents.

## Pre-Listing Payoff

By Dan Schuerman

In today's saturated market, it is not just a lack of buyers causing difficulties but also the resistance of sellers to aggressively position their homes to sell quickly and for the maximum price possible. Most homes sold throughout the U.S. will have a home inspection completed by the buyer prior to closing. For years the home inspection process has been positioned at the end of the real estate cycle. A home is listed, an offer made, a contract written and *then*, just before closing, the home inspection is ordered- leaving sellers, buyers and agents feverishly trying to fix, replace or get estimates for problems uncovered in the inspection.

Due to the current market situation, some real estate agents are figuring out how to use the home inspection as a fast-track selling tool. These agents are instructing their sellers to have a pre-listing (or pre-sale) inspection performed. A pre-listing inspection, paid for by the seller or listing agent, provides a written report as to the pre-sale condition of the property and may uncover concerns which might compromise a sale.

By moving the inspection to the beginning of the sales cycle, these agents are able to shorten the process by removing obstacles before they can interfere with a potential sale. Pre-listing inspections are nothing new. They have been a part of the inspection business for a number of years but are rarely performed during strong sales markets.

*(story continues below)*

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During strong markets, buyers purchase a home inspection to make sure there aren't any surprise defects and to substantiate the purchase price. In an up market, sellers often have backup offers to fall back on if negotiations break down with a prospective buyer. Sellers forego a pre-listing inspection knowing buyers are not likely to walk away from a deal. They will have an inspection performed as a part of the contract.

In weaker markets, when there are more properties available and/or fewer buyers, the seller is at a disadvantage. The buyer will sometimes use the home inspection to verify condition and to negotiate a lower price to cover repair and improvement costs. It is when there is a higher-than-normal level of homes for sale that the seller can attract buyers by pre-inspecting their home prior to placing the "for sale" sign in the yard.

Pre-listing inspections benefit all parties involved and they are gaining in popularity. Selling agents gain time to help the seller improve the appeal of the home. They help the agent set the seller's price expectation too and can be used to substantiate a higher asking price. Agents will have fewer issues to negotiate at the 11<sup>th</sup> hour and buyers may even waive their inspection.

Sellers can choose who they want to perform the inspection and assist in providing details of equipment maintenance, supply dates of improvements and explanations for current conditions. They will gain more time to make repairs and compare bids on work to be done and can truly provide full disclosure to their potential buyers.

The buyer benefits by receiving a third-party review of the home's condition

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before making an offer. Pre-inspections also can assist in procuring financing. The inspection can remove doubt regarding initial concerns and may reduce the stress associated with purchasing a home.

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A pre-listing home inspection report does not differ in form or content from the typical report that most inspectors are familiar with. It is very important to stay neutral in this business. I may end up doing an inspection for both the seller (pre-list) and the buyer (under contract), and it would be difficult to justify differences within the same property reporting. The real difference is that the seller can provide additional facts to support conditions, etc. that are not available when performing a buyers inspection. An example might be paperwork to support the age of the roof, or certificates stating the septic system passed a recent county inspection.

Pre-listing inspections may eventually become the more common type of home inspection and slower market conditions may be the catalyst for that change. Either way, the importance of having a home inspection as part of the sales process cannot be overstated. It protects all parties involved by providing invaluable information to those involved so that educated decisions can be made.

### **About the Author**

Daniel Schuerman is the owner of Schuerman Inspections, LLC, a Cincinnati, Ohio based home inspection firm, which conducts pre-sale and pre-purchase inspections of new and existing homes. Schuerman is a certified ASHI (The American Society of Home Inspectors) home inspector since 1997 and has conducted thousands of inspections over the past 11 years.

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