

Inspection Issues Bring Second Round of Negotiation Between Buyer & Seller

Getting a home under contract is only the beginning of the negotiation process between buyer and seller. After the buyer has had the home professionally inspected, a whole new round of negotiations can begin.

Ideally, the seller will acknowledge the problems and agree to fix them, but often that is not the case.

Like most active real estate agents, I have been on both sides of this drama, and it really helps if the agent for the other party — whether buyer or seller — is also experienced at negotiating inspection issues. Why? Because the buyer and seller in any transaction need guidance on what is and is not a reasonable inspection demand.

Health and safety issues top the list of items that the seller should expect to address. Examples could be anything electrical; gas leaks; radon levels over 4 pCi/L; clogged

sewer lines; plumbing leaks; dirty or faulty forced air furnaces; hot water heaters that are obviously

beyond their rated life span; rotted or cracked trusses or joists (such as on a deck); or certain foundation issues.

The professional inspector, who charged the buyer \$300-400 for his report (plus \$100 for radon testing and another \$100 for a sewer scope when appropriate), wants the

buyer to think that this was the best money he has spent because of the value of the repairs that his report might produce for the buyer. The defects listed will be very long.

Only once have I seen a buyer's agent write in the inspection notice that "Seller shall correct all the items in the attached inspection report." That is simply not reasonable. The buyer's agent should work with the buyer to identify only those issues which are particularly

important and ignore the ones that the buyer can take care of after closing.

The seller, upon receiving the Notice to Correct, can do one of several things: 1) accept all demands; 2) accept some and refuse others; 3) offer a price reduction or monetary concession in lieu of making certain repairs; or 4) refuse the buyer's demands altogether. The last response could signal that the seller has a back-up offer and is trying to get the buyer to terminate the contract, which the seller cannot do. Choices 2,3 and 4 will be expressed in what's called a "Seller's Alternative Resolution." At this point, the buyer can accept seller's response or begin negotiation. If the two parties don't reach agreement, the contract terminates and the buyer gets his earnest money back. It is in this process that an agent's negotiating skills are put to the greatest test. Personally, I enjoy that part of my job.

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By **JIM SMITH,**
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This Week's Featured New Listing

Coming Soon: Updated Daniels Park Half-Duplex

Search the MLS and you learn very quickly that townhomes with a 2-car attached garage are few and far between. Indeed, as I write this there are only five with Golden addresses and all are priced much higher than this one. The updating of this unit with new carpeting, new tile and new paint is underway as I write, but should be ready for showings by early next week. With 3 bedrooms, 3.5 bathrooms and 2,384 total square feet, this home is quite a good deal — under \$78 per total sq. ft. And the location is excellent, on a quiet cul-de-sac just south of Daniels Park. It's a short walk to Welchester Elementary, and a mile to light rail.



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