

## **Who is looking out for you?**

Who stands to profit from the completion of the sale? Caveat Emptor! (Buyer Beware)

When buying a home there are many sharks in the water looking for unsuspecting buyers. As a home inspector I am called in when most of the damage has been done. The buyer has already signed the offer to purchase and contingency time clock has started. I see buyers frantically looking for affirmation that they just made a good decision. I unfortunately cannot help them determine the overall advisability of the sale. I wish I could but I am ethically bound to not give advice about price, location, or anything short of actual condition of property and safety hazards. For this reason I have been trying to educate the buying public before they enter into this fast paced series of events. There are lots of professionals that want to influence the buyer and get a chunk of the commission or get paid for services. I have put together this list from my experiences as potential pitfalls for buyers to avoid. There are ethical demands on these professions, but I find that some try to skirt them or don't adequately disclose their relationship to the transaction.

- **The seller**, this is obvious. They want you to buy the house. Many are honest and disclose all that they know about the property, others are not. You need to investigate. Ask for records and research past permits. Hire an independent home inspector to give you a true picture of the condition of the home. They will inform you of safety hazards and potential repair expenses that could blow your budget or render you uninsurable.
- **Your Real-estate agent**. Whether buyer's agent or seller's agent they only get paid if the deal goes thru. They are bound to ethical standards, but this is not been my experience with most. They all pressure the buyer to complete the sale. Often minimizing your concerns. 6% of \$200,000 is \$12,000. I think you may understand them not wanting you to back out of the deal.
- **Banks and Appraisers**. The bank wants your loan. They don't want you to default on it, but I often see them use an appraiser who will value the house at a price that will make the deal work. I have witnessed conversations where a loan officer tells the appraiser the magic number in order to get the mortgage note approved. The loan officers push to approve you for a price range that may not be affordable to you. Consult an independent financial advisor on how much you can afford.
- **The home inspector**. Yes, I know. Nothing but good things to say. Not true. Some inspectors cater to realtors, to keep in good favor for future referrals, by not finding too many problems or minimizing them. If the report is thorough and the inspector is competent and spends time answering your questions, they are on your side. And their fee is not based on the completion of the sale.
- **Real-estate attorney**. Yes, this is a case where a lawyer would help you with the details of the contract and mortgage requirements. This however only addresses legal and contract points, not the bigger picture.

- **Contractors** giving estimates. This is outside of sale to an extent, but they are obligated to complete the work to current standards and code. This is often expensive. They also want to limit liability. The contractor is well advised to do repairs to the extreme, were they fix more than necessary to eliminate call backs and liability of a cheaper patch or minimal repair.

**Ethics: research and question the ethics of all professionals you deal with**

If you see any conflict of interest or don't feel they are serving you best interest, ask them. This will put them on edge and remind them that every now and then, someone will keep an eye on them.

I always advise my friends and family to have a competent lawyer review their offer to purchase. The real-estate profession and ancillary professions are driven by the money that ultimately is in your control. Educate yourself and research the purchase. The buying experience is an emotional one and all too often buyers are filled with remorse and under so many strains. Take your time and relax. There are plenty of ethical and qualified professionals ready to help. You just have to beware.

Thank you and please view some of my other articles and tips on my website. Aaron Pfaff