



DECISIONS DECISIONS!

Making Your Home Buying Decision

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You've been looking for home to buy for a year. You know what you want. The deals are great. Today you found your dream home. Or, at least you think so. What next?

Decisions. You think you've made the decision; but actually you're at the beginning of your buying process. How do you know what you're getting? How do you conduct your "due diligence" on repairs that are necessary? How do you weigh the pros and cons of the repairs versus your love for the house?

Buying a home is a very big decision. You may have spent a lot of time looking at home after home after home . . . your real estate professional has been patient and helpful and now you really think this is the one. You've signed the purchase contract and you've scheduled your home inspection.

Hello. I'm your home inspector! I need to explain what will happen after I give you your home inspection report. Right now you are basking in that new house glow. You are relieved and nothing can keep you from your dream.

But wait! When you get your home inspection report, you may have an emotional reaction. When you went through the house and said "this is it", you may not have realized that it was not PERFECT. It may have looked PERFECT to you, however, so if you get a list of "problems" in the inspection report, what will you do? You may be surprised; you may be upset, or you may be relieved. I do know that few homes come out of a thorough inspection without something – however small it might be – that needs adjusting, fixing, or replacing.

I wrote this so that you feel better about your inspection and what comes out of the inspection, and how to balance the information you now have about your prospective home

with your purchase decision. Large and important decisions should be made with information – and this is what your report will give you.

We also know that emotion plays a role in our decision making process; sometimes producing what we call irrational decisions. The path that I'm going to lay out here for you will take that into account and help you make the right decision based on what you feel is important.

First, know this about your home – it is not perfect. All houses have some degree of issues, problems, or unusual maintenance characteristics due to the natural complexity of the systems – from plumbing to roofing to electrical to heating and cooling – which work together to make your home livable and enjoyable. Homes are not static, but rather display almost a living quality of needing regular attention to stay well. Vacant homes decline very quickly when this attention and care is lost.

Only 2-3% of homes are what we'd call a "lost cause". These homes have so much wrong with them that it is impractical to spend the money and time to fix everything. If this is the case with a house you are looking at, you will know it before you hire me, and you'll move on. If you find a "fixer – upper" – (8-15% of homes) that is worth investing in, then my report will give you a punch list of repair items to get you started and confirm the extent of the problems you already knew were there.

The rest of the homes – 80 – 85% - are good to excellent. The truth is that most people do take good care of their homes and you will be moving into a home with a solid maintenance record. I'm assuming this is your situation. Let's use this "good house" scenario to demonstrate the decision making process. Here's how to use your inspection report.

Take a look at the Report Summary. I will tell you about the home in an overview format and highlight any major issues or problems. Only repair items or safety items are put in the summary. Improvement items, comments, observations, and items to monitor will only be in the main body of the report. For example, if I see a stain of some sort under a sink vanity cabinet, and I test it with a moisture meter and it tests dry, and I cannot produce any leaks by operating the faucets and running the water – then I will tell you to "monitor" this area – it looks like there was a leak at one time and that it was fixed – but I cannot be sure unless there are no leaks over time. An improvement example might be where the spacing on the deck pickets is wider than what is used nowadays – it was fine when it was constructed, but when you replace the pickets in the future you should use the newer spacing. It's not a repair, so it does not go in the summary. But it is something you should know, so it does go into the body of the report.

The Summary items are repeated in the main body of the report, so go there to see the photographs and understand the defects.

Use the Summary, or defect list, and determine what kind of contractor or handyperson you will need. Roof – roofer; grading – grader or landscape professional; broken downspout – handyperson; electrical miswire – electrician, and so on. Most of these people will not charge you for a quote. Work with your real estate professional and your home inspector to identify qualified people – we don't get kickbacks! What we care about is finding and referring honest, competent people. In some cases you may want to get more than one opinion or quote. A good example is HVAC (heating and cooling), and roofing – more than one quote gives you a comfortable range to work in.

You may also want to get quotes for the “Monitor” items. For example, if the water heater is working fine but it's 25 years old – about 14 years over its anticipated lifespan – you will want to know how much to budget for if it breaks suddenly.

Doing this research before your “due diligence” period on the home may be a tight squeeze – the contracts periods are getting shorter and shorter - but it's important unless there is so little wrong that you are not concerned, or the items are clearly a known quantity. If you need to extend the due diligence period to truly ascertain the cost of repairs, then do it – it will not be a pleasant task for your real estate professional – but you are the person purchasing the home. You will be smart to make your decision with all the information that you possibly can.

Now you have your repair quotes as well as your future maintenance budget and you're making your decision. Take a blank sheet of paper and draw a line down the center of it. On the left side top put a plus sign. On the right side put a minus sign.

Now answer the following questions, putting the positives on the left and the negatives on the right. Put a number in each column, from 1 to 10 on the strength of the emotion (or reality) – in any case, how you feel about it. Here is an example: LOCATION – PLUS SIDE - paved roads +8 (how good is it?); NEGATIVE SIDE - long drive to store + 2 (how bad is it?).

Use these categories, but feel free to make up your own!

LOCATION, LAND OR SITE BEAUTY, HOUSE LAYOUT, COST OF REPAIRS AND/OR IMPROVEMENTS, FUTURE MAINTENANCE BUDGET, PURCHASE PRICE, HIGH OR LOW MAINTENANCE MATERIALS (like siding), ENERGY EFFICIENCY, AGE OF SYSTEMS (REPAIRS BUDGET), WATER QUALITY, INTERNET AVAILABILITY, ROADS/ACCESS IN WINTER, YARD AND YARD MAINTENANCE, ETC.

Now add up the points on both sides. What do you have? If it's heavily weighted on the plus side in spite of the defects that your inspector has identified – and you have a clear idea of the costs going forward – then your decision is easier and clearer.

The reason I tell you to use your emotional self when assigning points is that your emotional “brain” – your heart – is actually pretty smart and uses logic, amazingly, to make decisions.* Have you ever made a decision that you thought was based completely on “logic”, or your brain power – and later found that it should have been made differently? So take your time – this is, after all, a big decision – and carefully consider all of the factors that you think are important.

I hope that your inspection report and some of these ideas – have helped you make your buying decision easier!

* Goleman, Daniel, Working with Emotional Intelligence, Bantam Books, 1998

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