

# **Home Inspections Must be Totally Independent**

**You should know the difference between a general inspection contingency clause and a specific inspection contingency clause in your purchase contract.**

*By Benny L. Kass*

Whenever you purchase a house--especially an older one--it is imperative that you have the house inspected by a professional, independent home inspector.

You should have a general inspection contingency clause in your contract with the seller of the home. The real estate agent will often recommend an inspector, but you should keep in mind that the agent is trying to make a sale. The contingency recommended by the broker, specific inspection contingency, is more limited than general inspection contingency and should be avoided.

## **Specific Inspection Contingency Versus General Inspection Contingency**

There is a major difference between these two concepts, and it may cost you a considerable amount of money if you use the wrong one.

Although different contracts contain different variations, the thrust of a specific contingency clause is that if the potential buyer finds defects in the house, the seller has three days to agree to make the repairs. Once the seller responds, the buyer then has one or two additional days to decide whether to accept what the seller is prepared to do or to terminate the contract.

I believe specific inspection contingency is unfavorable to both buyers and sellers. From the buyer's point of view, if the house is structurally sound, but the roof, for

example, has a short life, the buyer may not want to complete the transaction faced with a large expenditure two or three years down the road. However, because there are currently no defects, the buyer cannot get out from under the contract.

The specific inspection contingency appears to favor the seller, because it does not permit the buyer to terminate the contract for any reason. However, my experience is that when a buyer wants out of the contract at an early stage, it is sometimes better to terminate the contract rather than have continuous hassles all the way through to settlement.

You should include a general inspection contingency clause in your sales contract. It should read something like this:

This contract is completely contingent upon purchaser obtaining, at purchaser's expense, a satisfactory home inspection, within \_\_\_ days from date of contract ratification. If purchaser is not satisfied, for any reason, and advises seller in writing within said \_\_\_ days, this contract shall be null and void and purchaser's deposit shall be immediately refunded to purchaser. If purchaser does not notify seller within said \_\_\_ days, this contingency shall automatically expire and the contract shall remain in full force and effect.

Basically, if the buyer does not like the results of the inspection, the buyer can terminate the contract with the seller and the earnest money deposit will be refunded to the buyer. Many buyers are adding language to their purchase and sales contracts to the effect that their deposit will not be cashed until after the inspection contingency has been removed.

#### **Why Permit the Buyer to Have the House Inspected?**

While sellers may think that an inspection is not in their best interests, it is advisable to let potential buyers have a short period of time in which to cancel their

contract. Clearly, sellers would rather have their buyer cancel the contract early in the process than wait until the very last minute and raise all sorts of problems on the day of settlement.

Of equal importance, if the buyer has obtained a satisfactory home inspection report, he will be hard pressed to raise issues about the house on the day of settlement. Often, I have heard sellers tell buyers, "You removed the inspection contingency, so if you have a problem with the house, look to your home inspector."