

FROM THE RAFTERS

Volume 1, Number 1 • Spring 2007 A Newsletter for Realtors from A-Pro Home Inspectors

A Note to Our Realtor Partners



From Greg Mangiaracina
President, A-Pro Home Inspectors

As Realtors, you are partners with home inspectors in making sure that the sale of your listings is completed professionally - and, most important, is completed to the ultimate satisfaction and even delight of your clients.

Whether you're representing buyers or sellers, a qualified and attentive home inspector can be a tremendous ally in helping you reach your goals in every transaction, including pleasing your client.

Here at A-Pro, we take seriously our relationships with Realtors in each of the metro areas served by our franchisees. Many of you, in fact, already have forged a strategic partnership with an A-Pro owner; many others of you may be considering how to do that.

From the Rafters is an outreach by A-Pro to help build those relationships, a publication that we plan to produce regularly. In it, we present an inspector's-eye view of the business that we think will be helpful to you - and that you won't find anywhere else.

Let us know if you agree -- and how we can make From the Rafters more valuable to you.

Greg



“Gotcha!”:

The Dozen Biggest Surprise Threats to Completing a Sale

You've seen it happen more often than you want to remember: A sale looks all buttoned up, with a satisfied buyer and seller and two happy Realtors, until the home inspector discovers some nasty little defect that surprises the buyer, worries the seller, and threatens to scotch the whole deal.

Help you and your clients avoid such a contingency by anticipating, checking for, and dealing with the biggest “gotchas” in selling a home. Here, courtesy of our A-Pro owners, and in no particular order, is a list of our Dirty Dozen:

Water in the basement or crawl space: It's unusual for a seller not to know if he's got a problem with water seeping into the basement from somewhere. In homes with crawl spaces and no basements, water pooling in the crawl space is more often undetected, but it can also cause problems that are discovered upon inspection.

Many homeowners, of course, try a patchwork approach to dealing with water invading a basement. Sometimes that's because they may believe the cost of dealing with it once and for all will range into the thousands of dollars. But competent home inspectors will be able to tell if a buyer is attempting to hide a water problem. And many times, the most effective solution can simply be dealing with poor grading outside. “One of the biggest problems we find is ground sloping toward the house, or not making sure that gutters and downspouts are clearing water away from the edges of

the foundation,” says Todd Tuvell, an A-Pro owner in Newcastle, Delaware. “Usually that stuff is easily fixable.”

Foundation settling: The foundation of a home is the most important element of its stability and integrity, which is why it may surprise you that some inspection services don't survey its condition at all. Make sure that your home inspector includes a foundation-level survey to check for unusual settling problems that later could cost thousands of dollars to repair.

Termite damage: Depending on where you live, they can do nasty things to a home that the sellers might never even be aware of. “Termites are very creative in keeping very well camouflaged unless you know what to look for,” says Christos Hantis, an A-Pro owner on Long Island, New York. “You can prevent that or deal with it easily if you know it's happening.”



Using Home Inspections To Gain a Competitive Edge

These days, home inspections are about as common in the sale of residential real estate as mortgage insurance and refrigerator-magnet business cards. Depending on where you are in the country, as many as 90% of your deals will involve a home inspection.



But as a Realtor, have you figured out how to make the most out of home inspections? If you do, you can easily take them beyond the realm of an inconvenience, or a mere inevitability, and turn home inspections into a tool for building client satisfaction with your own practice.

Here, gathered from the experiences and insights of our A-Pro business owners around the country, are some tips for honing home inspections into a competitive tool:

Differentiate between home inspections and warranty evaluations. Many “home inspectors” don't really perform a complete inspection at all, but rather what's known as a “warranty evaluation.” But the latter only involves basic items covered by the home warranty, including mechanical systems - it doesn't cover all pre-existing conditions, even if they're visible, that might exist throughout the home.

A real home inspection consists of a full evaluation of hundreds of points, covering virtually every component of the home, including major appliances and overall structural conditions. And in the case of A-Pro, a home inspection also includes a limited No Pre-Existing Condition warranty that protects both the buyer and the seller against inspection oversights.

Make sure the inspector is credentialed. Is your inspector fully licensed and insured under the laws of your state, if there are some that apply to home inspection? What kind of training certification do they have?

The best inspection services not only are certified by the International Society of Home Inspectors, but they also carry liability-insurance coverage known as E&O (Errors and Omissions), backed by comprehensive system-component coverage. And PHI (Professional Home Inspector) and CHI (Certified Home Inspector) titles ensure that the inspector is backed by a warranty company and participates in advanced, ongoing training.

One illustration of how many unqualified inspectors are working in your industry is provided by Casey McAnally, an A-Pro owner in Chattanooga, Tennessee. Two years ago, in the local Yellow Pages, there were 43 listings under “Home Inspectors,” he says. Last year, however, Tennessee finally began licensing home inspectors and requiring every inspector to carry \$1 million in E&O coverage. And in the current Yellow Pages listings, McAnally reports, suddenly there are only 12 Home Inspectors in the entire metro area!

Consider a pre-listing inspection. In today's tough real estate market, more savvy Realtors are actually encouraging sellers to contract for a home inspection before they put the listing on the market.

This move gives the seller a more immediately saleable property, with one important step already cleared out of the way. And it gives the buyer and her Realtor an extra measure of confidence that they aren't looking at a pig in a poke.

For just this purpose, A-Pro offers something called a Certified Pre-Owned™ home program. Now, listed homes that are inspected, certified and warranted by A-Pro can carry the designation, which tells a potential buyer that the home has undergone a comprehensive, detailed home inspection with a home warranty guaranteeing the work and covering the most common problems. It also tells potential buyers the home was inspected by an A-Pro Certified Inspector, who is bonded by comprehensive home warranty protection.

When A-Pro performs the home inspection for the seller, the seller is provided with a free, limited 120-day home warranty, which boosts the marketability of the property. Statistics show that homes under warranty sell 50% faster than homes that are not.

Such a step also can help put a floor under the sale price because it allows a Realtor and your selling client, in effect, to take the house's unknown “defects” out of the pricing equation. “It's telling everyone that you're not going to be negotiated down because there aren't problems to be discovered in a home inspection later,” says Paul Steinberg, an A-Pro owner in Coral Springs, Florida. “You can go to the buyer and say, 'We've already had the house inspected, and you won't run into any major improvement expenses. They're already reflected in the selling price.’”

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GinaMarie Mazur: Listening to Clients Is The Key to Her Success

Name: GinaMarie Mazur
Agency: Weichert Realtors
Market: Hamilton Square, New Jersey



GinaMarie Mazur has her success formula as a Realtor boiled down to one simple word, one powerful concept: “Listen.”

The mother of two became a Realtor just two years ago and already has ascended to the Silver Level in the Circle of Excellence. Her debut as a Realtor followed six years as a stay-at-home mother, raising her two sons - a hiatus that came only after she already had put in a decade as the assistant to a top Realtor and a regional vice president of a realty agency.

“I got into selling because I didn't want to have to commit to being somewhere every day at the same time, and I wanted to stay actively involved with my two boys,” GinaMarie says. “And I didn't want to go work some job at a store every night making \$8 an hour.”

Still, GinaMarie's quick success as a Realtor has surprised even herself. “A different personality came out of me,” she says. “I was ready to do it. Back in school, my teachers used to call me a social butterfly; I was always interested in meeting new people. I guess it's paid off.”

But she has only succeeded, she says, because she learned the importance of listening. “I listen to what people say they want in a home and go find it for them - I'm not trying to 'sell' them a home,” GinaMarie says. “You can't 'sell' anybody a house. But a lot of agents are just so hepped up on finding out where that next check is coming from, and on how quickly they can close, that they're not paying attention to what their clients really want.”

Of course, merely listening isn't a panacea. GinaMarie has special difficulty, she says, with clients who blame her for the fact that they aren't able to list a home at, or to obtain, the price they want. “People don't get the concept that you don't set the prices as a Realtor - you're just the information-giver,” she says.

And GinaMarie is high on the value of home inspections in the sales process. “I tell buyers,” she says, “that it's the best education you'll ever get about your house.”

In each issue of From the Rafters, we'll profile a top-notch Realtor who has been nominated by one of our A-Pro owners. GinaMarie Mazur was nominated by A-Pro owner Michael Elko, in Yardville, New Jersey.

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Competitive Tool

Refresh a stale listing with an inspection. If you're looking for something to revive a listing that has languished in a slumping market, consider proposing to your client that he have the home inspected by A-Pro and enter the Certified Pre-Owned™ program. The results of an inspection, if some problems are discovered, also might be able to help you coax a seller into agreeing to a more reasonable price for the property.

And if your contract is nearing its expiration, the Certified Pre-Owned™ program can present a way for you to ask your client for an extension of the listing and more time to sell the home. If you can keep the listing - and enhance it - with the Certified Pre-Owned™ program, it probably would be worth the few hundred dollars that you might have to spend in paying for the inspection yourself.

Use an inspector as an educational resource. Many home inspectors, including A-Pro owners, are more than willing to spend time educating you and the fellow Realtors in your office about what they know that can help you. For these inspectors, of course, such appearances are an effective marketing tool.

Michael Elko, for instance, an A-Pro owner in Yardville, New Jersey, makes regular appearances with his Power Point presentations at a handful of Realtors' offices in his area. He speaks on home inspections in general, on radon or mold hazards, and other topics. Sometimes, Realtors make him part of a panel at a seminar for new-home buyers that also can include a real estate lawyer and a mortgage banker.

The Suggestion Box

If you're sold on the professional value of home inspections, here's one way you can share your conviction with other Realtors in your office: Invite an A-Pro Inspector to provide a Guided Home Inspection Tour. All you would need to supply is a vacant home and a handful of fellow agents.

Just as Realtors do when you take group tours of new listings, you and your fellow agents can gather at the house, where the A-Pro owner will demonstrate his services. The inspector can lead you through a shorter, streamlined version of his full inspection - but you and your colleagues certainly will gain a thorough understanding of what's involved in the inspection process, and of the value of a home inspection to you and your clients.

The A-Pro Inspector also will be willing to supply you with a Sample Report to demonstrate how he translates his findings into the valuable, actionable document that A-Pro supplies to every inspection customer.

“Gotcha!” The Dirty Dozen

Mold: Lots of news-media attention over the last several years means that both buyers and sellers are far more aware of this problem than a decade ago. And many banks require a mold inspection before granting a mortgage. It can cost thousands of dollars to correct, but you and your clients will want to avoid the messiness and potential litigation if an angry buyer comes back to you later and accuses you of having hidden the problem.

And watch out for clients who may have “painted over” mold in the hopes of taking care of, or at least hiding, it. The mold will come back!

Roof leaks: Many sellers may be unaware of problems with their roofs because leaks may only manifest themselves in certain, unusual conditions - such as when snow reaches a particular height on a roof and causes ice damming - or because it can take a roof leak a long time to show up, when water has to seep through, say, a foot of insulation in the ceiling. And it's difficult for buyers to catch roof problems early, because how often does a homeowner go up on his roof?

Creaky air-conditioning equipment: Depending on where you live, a seller might only rarely turn on her air-conditioning system. So she might not even notice that it's not cooling the house very well. Then a buyer's home inspector puts the house's air-conditioning system through its paces and may discover an unrecognized problem.

Faulty heat exchanger: The heating exchange is the single most important functioning part of a gas heat system. An aging or ill-kept exchange system can release deadly carbon monoxide into a home, with tragic consequences. Your home inspector should offer a complete inspection of this system.

Radon: Again depending on your domicile, this can be a huge issue. Most Realtors, buyers and sellers are aware of this potential problem, especially if it's common where they live. And because

they may have heard something about radon being a “silent killer” as it seeps into basements and fatally affects more than 2,900 Americans each year, sellers may be tempted to simply ignore the possibility that their home is infused with radon.

They shouldn't. Any competent home inspector will be able to detect high levels of radon. “And it really isn't that big a deal to install a mitigation system, because it costs only \$1,000 or \$1,200,” notes Jeff Lyons, an A-Pro owner in Longmont, Colorado, where radon is prevalent.

Underground oil tanks: Many times a homeowner might be the third or fourth party to own a house and be completely unaware that a heating-oil tank is buried somewhere in the yard, having supplied the home's original or earlier owners. Once a previous owner switched to some other energy source, of course, the oil tank no longer was used - but that doesn't mean it was properly decommissioned. Good inspectors will find these tanks.

“If it has started to leak and has gotten into the groundwater, the repair and cleanup can be over \$60,000,” notes Michael Elko, an A-Pro owner in Yardville, New Jersey, where such tanks are common. “But there's no way you can ignore it. If you don't find it or deal with it and it becomes a problem, a lawyer will be knocking on your door.”

Asbestos insulation on pipes: This is only a problem in older homes, where pipes were wrapped before we all got wise to the carcinogenic properties of asbestos. But asbestos that wraps boiler pipelines or duct work is still an issue in many houses that go on the market each year. “If it's friable - crumbly - most buyers would want it removed,” Elko says.

Turned-off utilities: With more and more homes across the U.S. going into foreclosure, there is a growing problem in trying to inspect houses to which banks have had utility services turned off. This

can be a “gotcha” simply because it makes it difficult for an inspection even to be performed, much less for an inspector to discover what actually might be wrong with a house.

Stealthy sellers: Buyers will try to hide all manner of things from Realtors and home inspectors, but they don't usually get away with too much. And if they're caught, such deception can really sour a buyer.

Recently, for example, Casey McAnally, an A-Pro owner in Chattanooga, Tennessee, discovered that a seller was hiding a severely cracked toilet-tank lid by piling a Kleenex box, a large doily and some other things on top of it. “I snapped a picture of it and put it in the report for my buyer - and then covered it back up the way she had it,” McAnally says. “It wasn't my job to confront her; she wasn't my client. I wanted her to think she'd gotten away with it until the buyer mentioned it. Of course there's a little cat-and-mouse game going on.”

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