



# Reality Check

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## "As-is" Properties and Home Inspections

There is a huge misnomer out there that “as-is” properties don’t need to be inspected. The Seller or bank has placed the property on the market “as-is” claiming they will not perform any further repairs. That’s great! But what about protecting the Buyer and making sure they are fully aware of the major issues?

“As-is” properties scream disrepair. They should raise huge red-flags to any buyer that there most likely are problems and the seller doesn’t want to deal with them. Most “as-is” properties on the market being sold by the homeowner or relative find the seller to be in a financial situation where they don’t have any funds available to fix anything.

“As-is” properties that are foreclosed or bank owned are the latest trend for banks to dump their properties in hopes of avoiding the extra negotiating steps that result when issues are found from a good home inspection. Because they never lived in the properties, their disclosure statements are “don’t know” all the way down the forms. Buying a bank owned “as-is” property without a home inspection can be very risky!

For a Buyer, it’s extremely important to know what true condition that “as-is” property is in before proceeding with the purchase. Buyers don’t want to move in and find out they inherited a money pit. Most people don’t have an extra \$3,000 kicking around to pay for the new sewer line that needs to be put in because the existing one is full of tree roots or another \$2,500+ to pay for a new furnace because the existing one has a cracked heat exchanger, etc.

As a Home Inspector, the fact that the property is listed “as-is” doesn’t change the fact that I have to perform a thorough inspection, I have to document all of the issues, and I have to present those findings to the client. My liability is still on the line whether it’s “as-is” or not. Usually, “as-is” properties mean the property is in disrepair and it’s going to take me longer to perform the inspection. There are more issues to document, more time is needed to explain the true condition to the client at the walk-thru, and more follow up calls after the inspection from the agents involved to try to work through the issues.

Another huge misnomer is that “as-is” properties have to be purchased with no repairs at the agreed upon offer. **WRONG!!!** If the purchase contract is contingent upon a home inspection and the home inspection finds \$20,000 in problems, the Buyer has a right to cancel the contract. They can walk away or turn around and submit a new offer to account for those problems. It’s then up to the listing side to accept or refuse the new offer. Too often in the Omaha market, I’ve conducted inspections on “as-is” properties and the Buyer’s Agent or Dual-Agent involved fails to explain this.

*Greg Wayman is a Certified Inspector of The American Society of Home Inspectors, Inc., has been inspecting full-time for over 9 years, and has personally inspected over 2,300 properties. Greg is Heat Exchanger Experts Certified and is a NE Radon Measurement Specialist. He is a past member of the GO-ASHI Chapter in Omaha. He is the past Nebraska Chapter of NAHI President from '03-'07, past Board member of NAHI from '07-'08, and past national Secretary/Treasurer of NAHI '08.*

