

# What You Need to Know About the Inspection Process When Selling Your Home

By JIM SMITH, Realtor®

Getting your home under contract is just the beginning of the long and complicated process of successfully reaching the closing table. Of the many hurdles that lie between contract and closing, one that typically comes early in the process, and that can require deft negotiation, is that of the home inspection.

From the buyer's perspective, the cost of a professional home inspection is definitely money well spent. A good professional inspector will identify hidden defects that the layperson is likely to miss. With an inspection report in hand, the buyer can then, with sound advice from their agent, determine which issues they believe the seller needs to address (by repair or monetary consideration). The buyer's agent will then prepare an "Inspection Objection" document and present it to the seller (through his agent), who then decides which issues, if any, he is willing to address. These are expressed in an "Inspection Resolution" document which, once signed by both parties, gets the parties past inspection. If they don't reach agreement and the buyer doesn't withdraw the "Inspection Objection," the contract terminates at midnight on the resolution deadline.

From the seller's perspective, he doesn't *have* to fix "a damn thing." It's all a matter of negotiation, and this is when the seller benefits from having an agent with good negotiating skills on his or her side.

When contracts fall, it's usually because of inspection issues, so it's important to get the inspection done as quickly as possible after going under contract, ideally within 7 days. In addition to a general home inspection, buyers should consider a sewer scope and a radon inspection. Each costs about \$100, but given that sewer line repairs are typically multi-thousand dollar affairs, a buyer would include a sewer line repair among his inspection demands and reasonably expect the seller to cover the cost of such repairs. Radon mitigation systems typically cost \$1,000 or so and are called for about 50% of the time, in my experience.

Sellers should always seek a reasonable settlement to a buyer's demands; first because the objective is to get to the closing table, and, second, because if the contract falls, all defects revealed by the first buyer's inspection have become known to the seller, who is then obligated to disclose them to the next buyer. A skilled listing agent can often negotiate downward many of the demands made of his seller. I'm proud of my own track record on both sides of these negotiations.

A seller can create a stronger position by accepting a back-up contract for the same price, which can often be achieved when multiple bidders are involved. The listing agent can share the buyer's Inspection Objection, plus the full inspection report, with a back-up buyer, asking for a waiver of inspection in the event the current buyer terminates. If the back-up buyer agrees, the seller is now able to refuse to make *any* repairs. This creates a no-lose situation for the seller because if the current buyer opts to terminate there's another one waiting in the wings who has waived inspection.

## This 6th Ave. West Home Has It All, Even a Man Cave

This lovely bi-level home at 14317 W. 4th Place is located in walking distance of the light rail station serving 6th Avenue West and Red Rocks Community College. It has been beautifully updated with hardwood floors, maple cabinets, granite counters, vaulted ceiling and updated appliances. A heated and finished bonus room (or "man cave") is located behind the 2-car garage. The home sits on a large cul-de-sac lot adjoining Flora Way. The fenced yard includes a dog run with dog house and large wood deck. Top-rated Kyffin Elementary, which has a Gifted & Talented program, and the community swimming pool are a few blocks away, as is a vest-pocket park for the neighborhood hidden from street view. There are 4 bedrooms, 2 upstairs and 2 more downstairs, with 3 baths. You'll love the master bathroom! Watch a narrated video tour at [www.6thAveWestHome.com](http://www.6thAveWestHome.com). Open this Saturday, 1-3 pm.



## Just Listed: Accessible Brick Ranch in Arvada

This large updated ranch-style home at 6482 Owens Street is on a quiet Arvada street with 5 bedrooms, 3 bathrooms, and a fully finished basement. It is 2 blocks from Campbell Elementary School and 7 blocks from Arvada West High School. In addition to the oversized 2-car garage (which is heated, cooled and has 220-Volt power), there is an RV parking space on the south side of the house. This home has a new roof, new siding and new windows. The updated kitchen has granite counter tops, new cabinets and new appliances, all included. You'll like the hardwood floors, cedar paneling, and updated bathrooms. The home has several accessible features, including ramps, a large 3/4 bathroom with roll-in shower, and extra wide doors. The patio has a gazebo with a hot tub. The backyard has an 8'x11' shed and 8'x8' greenhouse that stay with the home. See the video at [www.ArvidaHome.info](http://www.ArvidaHome.info), then call your own agent or listing agent Jim Swanson at 303-929-2727 for a private showing.



## Just Listed: Buildable 20-Acre Lot North of Golden



This lot at 22801 Indian Head Road is 2½ miles west of Highway 93 at the very end of Indian Head Road, behind a hogback but high enough to see over

the hogback, with 180-degree views from Golden to the right, Boulder to the left, and to Denver, DIA and the plains beyond. There's an improved gravel driveway with switchback from the property line up to the home site. Well and electrical service are in place at a cleared homesite. Indian Head Road is across from Leyden Road on Hwy 93. The lot adjoins the White Ranch Open Space Park on its south and west sides. It's so quiet here that the loudest noise you're likely to hear is the breeze in the trees or an airplane 20,000 feet overhead. Visit [www.GoldenAreaLand.info](http://www.GoldenAreaLand.info) for more pictures and to view a narrated video tour from Hwy 93 up to the homesite and back, then call me at 303-525-1851 for a showing.

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# Research Shows That 3 to 4 Days on Market Yields Sellers the Highest Price

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I have written many times — and told my clients — that in a seller's market like we are currently experiencing, you're likely to leave money on the table if you accept the first offer, and that you should wait 3 to 4 days before deciding among competing offers.

While this "rule of thumb" was based on my personal experience, I hadn't done the research to support it — until now.

Using data from REcolorado (the Denver MLS), I studied MLS sales for the last 180 days to create the chart at right.

The chart shows that the highest number of listings went under contract on their fourth day on the MLS, and that 62.9% of those homes sold for over their asking price — the highest percentage on the chart. Generally speaking, homes that went under contract on days 1 through 6 (after which there is a significant drop off) performed similarly well. Still, the analysis

bore out my long-held belief that the highest numbers typically fall on days 3 and 4.

Take a good look at the numbers for homes that went under contract with zero days on market. Zero days on market ("DOM") means that the listing agent put the home on the MLS only *after* it had already gone under contract. Not surprisingly, only 17.5% of zero DOM

listings sold for more than their asking price — a lower figure than for listings that were on the MLS for anything under 10 days. Also not surprising is that 18.6% of zero DOM listings sold for *less* than their asking price — a higher percentage than for homes that were on the MLS for 1 to 5 days. The numbers seem clear: by denying other buyers the opportunity to even submit an offer, agents who employ this tactic are more likely to leave money on the table (specifically, their *Seller's* money) because they effectively take the market right out of "seller's market."

Not shown on the chart is whether or not the buyers of these listings employed an agent with whom the

listing agent had to share his commission. When a listing agent doesn't share his commission, he doubles his or her earnings on that transaction. We refer to this as "double-ending" a transaction. An analysis of the 1,523 transactions that sold with zero days on the MLS, reveals that over 50% of the listings under \$200,000 were double-ended by the listing agent, while the percentage was 40% or lower on higher priced homes, and for homes priced at \$1 million or higher, the percentage fell to under 10%. The number of double-ended transactions for homes that were on the MLS 1 day was about 10%, and it dropped to 5% or less for homes that sold in 2 days or longer.

Days on Market	% of Sales	Sold Listings	# Under Full Price	% Under Full Price	# Over Full Price	% Over Full Price
0	4.2%	1523	283	18.6%	266	17.5%
1	2.9%	1075	135	12.6%	616	57.3%
2	6.0%	2191	275	12.6%	1326	60.5%
3	8.6%	3141	395	12.6%	1948	62.0%
4	9.9%	3621	504	13.9%	2278	62.9%
5	8.7%	3192	526	16.5%	1826	57.2%
6	6.1%	2231	521	23.4%	1113	49.9%
7	3.8%	1392	525	37.7%	375	26.9%
8	3.0%	1110	430	38.7%	336	30.3%
9	2.3%	858	369	43.0%	221	25.8%
10-15	11.0%	4022	2328	57.9%	651	16.2%
16-20	5.8%	2128	1537	72.2%	172	8.1%
21-30	7.6%	2785	2253	80.9%	180	6.5%
31-60	10.9%	3983	3470	87.1%	184	4.6%



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