

Homes are selling for less. Everyone's trying to cut back. Yet, many real estate agents think it's wise for sellers to provide presale inspections for buyers to review before they write offers. Is the cost, which could run from a few hundred to \$1,000 or more, worth the expense?

Last year, a home seller in the hills above Oakland, Calif., did a lot of work renovating a home before putting it on the market. Her agent recommended a home inspection, which involves a more comprehensive investigation of the property. A wood pest or termite report covers damage caused by wood-destroying organisms, and conditions that would be likely to lead to future infestation.

A complete home inspection usually covers the roof to the foundation and everything in between, although this differs from one inspector to another. The seller in the above example was financially exhausted after taking care of the fix-up work and decided against providing a presale home inspection.

The house was priced under market value and showed well. It brought in multiple offers and sold well over the asking price. However, the buyers' home inspection revealed that the foundation needed replacing. The deal stayed together, but only after a much lower price was negotiated.

Changing the price in the middle of a transaction can be a red flag to the lender, particularly if it's a significant price reduction. The lender could require the work be done by closing, which could delay the closing by months. If the buyer's loan commitment expires, the transaction could collapse.

HOUSE HUNTING TIP: One benefit of providing presale inspections on your home is that you have the opportunity to correct defects before marketing the property. This will make your home more salable and increase the odds of a smoother transaction.

Another benefit is that by providing as much information about the property as possible upfront, you decrease the risk of a transaction falling apart when buyers discover information about the property they weren't aware of when they made their offer.

One seller failed to provide a foundation report to the buyers before they made an offer. When the buyers were given the bad news, the transaction fell apart.

If you have reports on your home, make sure that the buyers receive copies of them before they decide whether or not to buy your home, especially if the reports reveal conditions about the property that could influence the buyers' decision to buy or what they would pay.

Sellers often see no good reason to pay for inspection reports upfront because the buyers will want to have their own inspectors investigate the property. Buyers should have the property inspected by their own inspectors.

The purpose of getting presale inspections is not to preclude the buyers from having inspections -- it is to educate the sellers and buyers about the property condition before they enter into a contract.

Sellers are in control of who inspects their home when they pay for presale inspections. Make sure to use inspectors who are well respected in the area. The buyers' comfort level with your presale reports will be higher if their agent can vouch for the inspectors.

Even though the buyers will probably do their own inspections, having presale inspections can cut down on negotiations that can occur after the buyers do their inspections. However, don't be surprised if the buyers ask for something as a concession for removing their inspection contingency.

Recently, buyers of a home in Oakland's Rockridge neighborhood asked the seller to have the garage roof replaced, even though they were given a roof report and replacement proposal before they made their offer. Their offer was based on taking the property in its present condition.

THE CLOSING: The seller said no and the buyers removed their contingency.

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