

THE “REAL” COST OF REAL ESTATE

Price conscious consumers in the home buying market should be in seventh heaven. Mortgage interest rates are at their lowest point in 20 years, and home prices have stabilized at affordable levels. First time buyers, and those hoping to move up, are expected to boost home sales by 5% this year, according to leading real estate experts.

This may be good economic news, but there are some who worry that consumers might become carried away with the notion of getting their share of the Canadian dream at bargain rates. Members of the Canadian Association of Home & Property Inspectors (CAHPI) say there might be some hidden costs lurking for consumers who try to save a few dollars by doing without the home inspection, or by selecting the lowest priced home inspector, or by hiring a home inspector without credentials.

“When it comes to home buying, and especially professional home inspections,” say CAHPI inspectors, “a penny saved is not necessarily a penny earned. A home is the largest purchase most families make in a lifetime, and to proceed without the benefit of an inspection is like buying with your eyes closed.”

Consumer experts agree that investing in a professional home inspection is one of the best ways to reduce one's chances of unexpected costly repairs after moving in. A home that sells for \$150,000, for example, but needs \$10,000 of repairs and new equipment, actually costs \$160,000. In addition to the increased purchase price, the additional and unforeseen \$10,000 expenditure can severely affect one's cash flow situation.

CAHPI suggests that home buyers learn as much as they can about a property in advance, and realize that the real cost of real estate should always include the expense of any necessary repairs as well as the fee for a professional home inspection.

CAHPI says consumers should also know that not all home inspectors are alike, and that choosing the one with the lowest price may end up costing more in the long run.

Home inspectors say that, just like other professionals, theirs is a personal service, not a standard product that can be price-shopped in supermarkets or department stores. They set fees based on their education, experience, and proven technical expertise. Some inspectors may charge less in order to compete for business, but it is the consumer who loses if the inspection fails to meet recognized standards.

Inspectors say that, though the most frequently asked question from both prospective clients and real estate agents is about the cost of the inspection, it is usually because they're not familiar with the subject and just don't know what else to ask.

The CAHPI recommends starting, instead, by asking inspectors about their professional qualifications and whether they are members of a professional home inspectors' association. If they are members of one of the provincial/regional associations of CAHPI, they will be performing the inspection in accordance with the professional CAHPI Standards of Practice and be bound by its Code of Ethics. Then ask the inspector about his technique and business procedure. Next, be sure they welcome clients along on the inspection to ask questions. Ask your home inspector to give you as many details as possible about the systems and the components of the house that will be inspected.

Consumers should also verify an inspector's professional objectivity by making sure he or she doesn't offer to make repairs on any of the problems discovered during the inspection, or even to recommend a contractor for repair work. CAHPI's Code of Ethics forbids its members from engaging in any activity which might be construed as a conflict of interest.

For further information on home inspections, or to obtain the names of qualified home inspectors in your area, visit: www.cahpi.ca - and link to the website applicable to your province.