

Buyer's market demands extra care from sellers

Things have changed in the past year. In 2005 buyers and their real estate agents groaned at the discovery of each defect. They seemed to have an attitude of being resigned to accepting responsibility for fixing problems. This year buyers and their agents seem almost excited by each new defect discovered. They feel certain that they will get concessions from sellers, and each defect is grounds for further reductions.

Last year, real estate agents would hustle to find a back up property to show when inspections revealed more problems than the buyers were willing to deal with. There was a feeling of anxiety at finding another comparable property. Now agents have ready back ups. When new defects are discovered, buyers and agents remain relaxed while discussing the potential of other properties they are considering.

There is no doubt that it is a buyer's market. There are plenty of houses on the market to choose from and many more coming onto the market through foreclosure. Buyer's can afford to be picky. Houses sell in all markets. Right now sellers need to try harder to have their property picked over all the others.

Home prices have been inflated in recent years in the hot markets by speculators who have taken large profits from imaginary equity. They have squeezed all the profit possible through hype and greed. The bubble in these markets appear to be bursting and dragging down the rest of the country's home values.

Readjustments of the market happen when perceived value gets too far from real value. Markets where homes are valued too low will rise, sometimes very quickly. Markets where homes are over valued will at times decline.

Denver area home prices have not been as over inflated as many parts of the country. Investors from California, Texas, Maryland and Virginia have hired me to inspect bargain properties here. Investors from the cooling markets are finding Colorado a safer market to invest in now. They are counting on sharp equity increases as the home prices here rise when the inventory of houses falls. They are also counting on price decreases to be relatively small and the price rebound to be relatively quick as the area gains in new jobs with new families looking for homes. As jobs rise the inventory of houses will fall and prices will rise.

A year ago, the majority of houses I inspected were occupied. This year I inspect over 10 vacant houses for each one that's occupied. Many of the properties are bank owned. With the exception of out of state investors, my clients have been looking at properties with few defects.

Regular homebuyers are looking at the best properties and seem to have many to choose from. Sellers need to take more care to receive top sales price. I recently inspected a home without a single defect, with the exception of an abandoned wasp nest in the second story eave. This was my only inspection this year where the buyers were gleefully offering

full price. The house was occupied, but extremely clean, with fresh paint and carpets. All the details were attended to.

One of the biggest concerns this year is mold. If there is even a hint of mold, or condition that can create mold, buyers run away. Mold is a complex subject that has received a lot of misinformation from the media that has caused some hysteria. For the homeowner, mold can be simple. If there is no source of moisture for mold, it can't survive. The same is true for insects and rodents.

The most destructive force I see in houses in the Denver area is water that is allowed to damage foundations and structure components. This is also the most common source of moisture to grow mold. Our dry climate makes it harder for mold to grow. Our dry climate also leaves many homeowners ignorant of precautions that are taken in climates where the same conditions would destroy a house in a few years instead of a few decades here.

One of the most important things for sellers now is to stop all water intrusion, or uncontrolled water inside. In most cases, this is easy. Gutters and downspouts must work properly. Their function is to collect all the water that collects on your roof from rain or snow and move it a safe distance from your house.

Runoff from an average roof can be hundreds of gallons in a short period of time. If this water is allowed to run behind, or over the gutters, it will eventually penetrate the interior walls. If that saturation lasts for 48 hours, mold will likely begin to grow. Drying inside walls can require tearing out the walls. The easy fix here, excluding design problems or builders mistakes, is make certain all the water from your roof goes into the gutters and runs down to secure downspouts. If your gutter system is not properly designed or installed, or your roof has been improperly installed, the fix may be complex. If the system has no inherent problems, it takes only regular cleaning and maintenance.

Once the water is off the roof it can cause severe problems if not directed away from the house. If the water flows to the foundation, penetration will eventually happen. As the moisture level increases, clays in the soil absorb the water and may swell to 8 times its size dry. The weight of a house is no match for the expanding clay. The foundation typically cracks, as well as possibly distorting or breaking all that is built on top of it.

Water flows through concrete dissolving salts. When the water reaches the inside of the foundation, the salt deposits on the walls. This is spalling. Spalling tells you that water has flowed all the way through your concrete. In its journey it rusts the rebar inside the concrete that keeps it from crumbling.

If you have spalling, you need to check your landscaping. The first thing to check is the downspouts. Make sure the downspouts are firm, not clogged or leaking and that they direct the water at least 3 feet from the foundation. Six to ten feet is even better. After the water leaves the downspouts, notice if it drains back toward your foundation. If it does, re-grade the soil so water runs away from your foundation all the way around the house.

One house I recently inspected was nearly perfect. It had some concrete movement, but the foundation was designed for expansive soil. The foundation was undamaged. When I crawled under the engineered floor, I found very wet soil and signs of a lot of water moving through the foundation. The buyers backed out from fear of mold growth. The sellers were unaware that the crawlspace under their floor existed. A presale inspection would have revealed the problem. The sellers, who worked hard to prepare the house for sale, would have corrected the problem and everyone would have been happy.

High-end houses are not immune from gutter and downspout problems. A 10,000+ sq ft house in Greenwood village, I inspected for moisture problems, had one downspout that dumped water next to the foundation. It seems the builder overlooked the extension. Water had migrated through the basement wall. A 10,000+ Sq ft Aspen home I inspected for moisture problems had beautiful, custom made, copper gutters that were installed with no slope. The water simple collected in the gutters until it ran over the sides.

It is common to find exterior walls and foundations damaged by sprinklers. One house I inspected had water stains down the siding from about 10 feet up. It cascaded over a picture window frame and on down to the ground. The foundation under this part of the house had broken and moved about 3 inches. The carpet was water damaged. The window frame and siding were rotted. This condition was created by several years of watering the lawn with an oscillating sprinkler that swept against the house with every cycle.

I often find sprinkler heads that spray too close to the house, or leaking hose bibs that drip thousands of gallons of water next to the foundation. The damage that can be caused by just a small drip of water can be great.

In Colorado, these simple precautions will solve most water intrusion from the outside not associated with roof or exterior wall defects, or ice damming.

Ice damming is a very common problem in the mountains. Snow melts from the warmth of the sun. The water runs down to lower parts of the roof where its colder. The water freezes at the edge of the roof. Icicles may form. The ice is slowly melted and drawn under the shingles where it can wick its way to the highest point of the ceiling inside. The most common cause of water damage from ice damming is no gutters. Heat tape along the edge of the roof may also help. In many cases, the problem is caused by ventilation or insulation problems in the attic or by roof defects. This will probably require the help of an expert.

Inside water problems can be hidden. Plumbing leaks in walls, or roof runoff that finds its way into the interior of walls can be tricky to find. The repairs can be as simple as sealing flashing or as extensive as tearing out walls. These repairs are best left to professionals.

Most inside water problems are easily fixed and should be considered regular maintenance. If you have dripping faucets, leaking drains or loose toilets, fix them

immediately. If the shutoffs for sinks and toilets have visible corrosion, replace them before they begin to leak.

Fix all water stains. The evidence of old leaks, that have been repaired and are no longer an issue, make buyers suspicious. Attend to all the details.

Windows, doors, kitchen appliances, heating and cooling systems and other improvements that yield higher energy savings than the cost of financing the improvements are covered by many mortgage programs these days. There are short term sellers programs as well that provide financing for these upgrades until the property sells. This link will take you to some information and helpful links: <http://inspection-perfection.com/main/pages/energy%20efficiency.htm>.

The houses I see with the happiest buyers are neat, clean and bright. Real estate sells in all market, but adjustments must sometimes be made to satisfy the needs of the present market. From my inspector's perspective, that appears to mean putting in the extra effort to make your property perfect.

This is a link to a do-it-yourself home inspection: <http://www.inspection-perfection.com/main/pages/self%20inspect.htm> This is not meant to replace a professional inspection, but to provide you with a guideline to understand the extent of what a home inspection should cover. You can't attend to details you are unaware of. Get the best information you can. Get a professional inspection. It will save you money and headache.

Here is a list of online referral databases of contractors of all kinds. We do not recommend these sources specifically. This list is meant only as a resource to help you find potential contractors and other help. Some lists are pay for inclusion, like: www.tommartino.com. Some lists include only those contractors that have had a report posted on their work by a member, such as: www.angieslist.com. These lists may have only one reporting party. There is no guarantee the reporting party is not connected with the company. There is no verification of bad reports. In all cases, double check companies before you hire them. Get references. Check the BBB.

www.angieslist.com
www.bestcontractors.com
www.callbestinclass.com
www.onestopwizard.com
www.servicemagic.com
www.tommartino.com