

A bank evaluation is not a home inspection

Homebuyers should not confuse a bank's valuation of a property with a home inspection. Bank evaluations are performed to see whether there is sufficient value in the property to secure a home loan, and not to identify possible defects.

"In the US," says Gerhard Kotze, MD of the RealNet estate agency group, "evaluation and home inspection are combined in one process termed appraisal - and by law, all homes have to pass appraisal before a sale can proceed.

"However in SA the functions are separate, and the sale is usually not conditional on the home passing a professional inspection for faults or defects, unless the prospective buyer writes that into the sale agreement.

"The bank evaluator works for the bank, not the homebuyer, and in fact many evaluations are performed electronically these days, so the evaluator may not even visit the property."

The purpose of a home inspection, on the other hand, is to protect the potential buyer against the high cost of repairing unforeseen or unknown problems. And, he says, such inspections are especially recommended for elderly buyers living on fixed incomes, parents with young children, and first-time buyers with minimal experience of the property market.

"Inspection can also help buyers decide between newly-built or pre-owned homes, because the general quality of homes cannot be evaluated purely on age. With new homes, there is the advantage of having the builder's warranty, as well as the fact that new construction must comply with the National Building Regulations covering safety, structural stability and sustainability.

"With pre-owned homes, there are more variables. But in all eras of home construction, there have been those that reflect quality workmanship and others that do not. And all homes, new or old, harbour some defects not apparent to the untrained eye.

"It is only once these are identified by a professional inspector that buyers can make a properly informed decision about which home to buy."

Meanwhile, Kotze, says, buyers taking their a first look around a home they are interested in should keep an eye out for the following problems, which are the "Top Four" found on most home inspectors lists:

- ❖ Electrical hazards and deficiencies, including amateur wiring jobs, and old distribution boards. These problems should be attended to and the seller should obtain an Electrical Certificate of Compliance from an independent and accredited electrician before you sign an offer to purchase;
- ❖ Roof problems such as rust, loose or missing tiles, leaks and rotted timbers. Roofs can be very expensive to fix so once again you will want to make sure that these problems are attended to before you take transfer of the property - or get a professional estimate of what the repairs would cost and deduct this amount from your offer.
- ❖ Water leakage and damp from interior sources such as bath or toilet surrounds or pipe-joints in the walls. Once again, you may want to get an expert opinion on these problems before you proceed. The full extent of water damage or rising damp is often difficult for the layman to see, which is why a plumbing certificate is now required in addition to an electrical certificate in some provinces.

- ❖ Poor site drainage or clay conditions, which can cause foundations to swell or crack. If you have any suspicion that the foundations of a home are damaged, your first reaction should be to walk away. However, if you really like the property, you should insist on a professional inspection of the foundations, preferably by an engineer, before you make any offer to purchase.

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