

# SOME ARE DEAL-BREAKERS, AND SOME ARE NO BIG DEAL.

By Eloise DeHaan, Special to The Morning Call

**W**hen Treffingers moved to the Lehigh Valley, they found a home in Bethlehem that they liked.

"On first impression, it was like walking through a new house. The walls had been replaced and it was freshly painted," says Dan Treffinger. "There were new floors – ceramic, hardwood and tile."

But the home inspection turned up defects. Most were minor, Treffinger says, and he was willing to overlook them. "I don't like to be picky. It was not a brand new house, and the guy's not a builder."

But there was a big item: Radon gas was building up in the basement. Radon is an odorless, colorless gas that seeps up from the ground and can cause lung cancer. It is prevalent in the Lehigh Valley.

Treffinger wanted the seller to remediate the problem by installing a fan system but the seller refused.

"That was a deal-breaker, as far as I was concerned," says Treffinger, an energy-plant manager who moved from Kansas with his wife and two children.

The seller asked for a copy of the inspector's report and that proved to be a turning point. He saw that the inspector had, indeed, noted a radon problem, and also that Treffinger was not insisting that the minor items – things such as an electrical wire that wasn't properly secured – be repaired.

The seller relented and installed a radon remediation system, at a cost of about \$800.

And to the seller's credit "most of the other things in the report he corrected on his own," Treffinger says. "He is a standup individual."

The deal went through.

The Treffingers'

experience is an example of weighing the importance of flaws in a home that's for sale and deciding which are significant enough to cause a buyer to walk away from a deal or to renegotiate the price, and which can be overlooked.

"I always recommend getting a qualified home inspection by someone who

is a member of National Association of Home Inspectors or the American Society of Home Inspectors," says Glenn Mathiesen, broker/owner of Success! Realty of Hellertown, who was the Treffingers' agent. "They can turn up defects." Mathiesen says to pay strict attention to anything that compromises health or

safety:

- **Structural defects** such as a termite infestation that has weakened supporting beams are a major problem. "Let's say you have wood infestation problem such as termites, carpenter ants or powder-post beetles. Most homeowners don't know it's a problem until support posts are eaten almost away," says Mathiesen. "A well-trained, well-qualified inspector will see the signs."

- **Lead in paint** in homes built before 1978, when the additive was banned from paint formulas, is such a drawback that buyers must sign acknowledgments in three places in the documentation of buying a home, Mathiesen says.

- **Flowers blooming** along a home's exterior look lovely, but they can be a giveaway that water is not draining away from the foundation. "People look at the flowers and see

how nice they look, but large trees and plants too close the foundation can damage the basement," says Karen Quick, owner/inspector of Allegiant Home Inspections of Easton, and a member of the National Society of Home Inspectors and the International Association of Certified Home Inspectors. "They draw water to the foundation, and tree roots can damage the structure."

- **Weatherization** can be either insufficient or overdone. Not enough caulking and issues of drafts and heating cost arise. But sealing too tight can cause unwanted moisture to build up in a home, Quick says.

- **Inspectors gauge the expected lifespan** of a home's roof, and also look at how many layers of roofing are present. Tearing off and carting away old roofing adds to the cost of replacing a roof, but too many leftovers – three, four or more layers – place a great

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Photos by Sarah Evans

**THIS HOME IN EASTON** (top photo) was recently inspected for a sales transaction by Karen Quick (above). Some issues can be chalked up to 'aesthetics,' but those that present a safety risk need to be reported, she says.

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weight on the exterior of the building, Quick says.

- **Electrical wiring must meet standards.** "Often-times in older resales, we'll find aluminum electrical wiring," says Dale Susan Wallace, a Realtor and owner of Keller Williams Real Estate's Allentown office. "It's a fire hazard."

- **Finally, a well-appointed workshop is a sign** to look for improper fixes or renovations made by enthusiastic but amateur workers. A defect often cited by realty agents and home inspectors is an electric wall socket that looks as if it is grounded but, in fact, has only two wires. "Do-it-yourselfers have every right to do work in the home, but repairs can be questionable when selling," Quick says.

"If I knew in advance from seller's disclosure that a problem like [one of these] existed, I certainly would make my offer based on the fact that I would have to make repairs," Wallace says. "If I found out later from a building inspection, I would try to renegotiate with the seller to have them fix it."

On the other side of defects in a home that's for sale are worn carpets, bold paint schemes, outdated fixtures and funky décor. They are superficial obstacles, but often turn off buyers who, with plenty of

homes available in today's market, simply move on to other offerings.

"Little things turn in to big things. When I bought my first house everybody was expected to do their own repairs," says Mathiesen, who has been in the business for 27 years. "Today, buyers are reluctant to do any repairs. It's harder to get buyers to commit."

After all, a lot of money is on the line. And buyers don't want to add the work of making updates to a home after the hassles of moving, Quick says.

Realty agents suggest having a relative or friend who has gone through the process of buying a home look over a prospective purchase property, especially with first-time buyers. The second opinion can help put things in perspective.

Still, deals can go through even with major repairs on the to-do list.

"I had a client who was buying a home and it failed every inspection," says Wallace. "It failed the building inspection. It failed radon, failed water and failed septic system."

It's an example that anything can be negotiated.

"My clients had deep pockets and they wanted the home," Wallace says. "It was just what they were looking for."

FHA 203(k)  
IS HERE TO  
HELP

**A** house that needs work is a turn-off to buyers. That often means sellers will drop the price to attract buyers, making a bargain price possible.

But how do you finance repairs? Most lenders want renovations to be complete before they issue a 30-year or 15-year mortgage loan. Buyers must take out a short-term bridge loan and a separate note to fund repairs.

A federal program has changed

that scenario. The Federal Housing Administration's FHA 203(k) program allows borrowers to take one loan for both purchase and renovation costs.

"You can borrow for the acquisition and rehab of a property," says Glenn Mathiesen, broker/owner of Success! Realty of Hellertown. "It helps move rundown properties."

The loans are made by approved lenders and insured against failure by the FHA, allowing the lender to take on

the greater risk. It takes a little more time to get the loan approved, and the interest rate is about a quarter-point higher than other FHA loans, Mathiesen says.

In 2009, the Philadelphia office of the U.S. Housing and Urban Development backed nearly 346 of the 203(k) loans valued at nearly \$53 million, in Pennsylvania from the Delaware River as far west as Harrisburg and Gettysburg.

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Karen Quick  
Allegiant Home Inspections LLC  
610 450-4240  
[www.allegiantinspections.com](http://www.allegiantinspections.com)