



# Home Inspections – a Tutorial

February 24, 2016



# Home Inspections – a Tutorial

**Audio is available only by conference call.**

**Please call: (866) 233-3852**

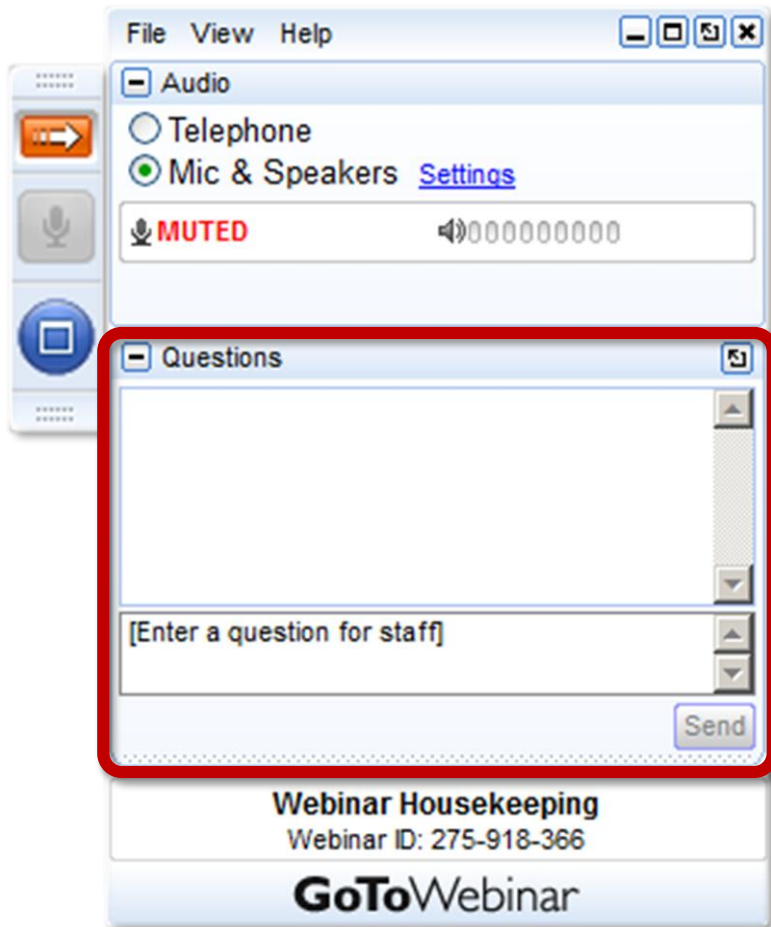
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**to join the conference call portion of the webinar**

# Webinar Logistics:

- Audio is being recorded. The playback number will be available along with the PowerPoint and a transcript on the HUD Exchange  
<https://www.hudexchange.info/programs/housing-counseling/webinars/>
- An OHC LISTSERV will be sent out when the Archives are posted.
- Attendee lines will muted during presentation.
- There may be Q&As. If so, The operator will give you instructions on how to make your comments.

# Other Ways to Ask Questions



## Your Participation

Please submit your text questions and comments using the Questions Panel. We will answer some of them during the webinar.

You can also send questions and comments to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov) with **webinar topic is subject line.**

# Please Mute Your Phones During Discussions

- During the discussions, all the phones may be unmuted by the operator.
- It is critical that you mute your phone during these discussions.
  - Most phones have a Mute function so use it.
  - \*6 will also mute and unmute your phone.
- Unmuted phones are a distraction to the discussion.
- Please be courteous.

# Certificate of Training

- If you logged into the webinar, you will receive a “thank you for attending” email from GoToWebinar within 48 hours.
- The email will say that it is your CERTIFICATE OF TRAINING. There is no attachment
- Print out and save that email for your records.

Thank you for attending our XX hour Webinar on XX. We hope you enjoyed our event. This is your CERTIFICATE OF TRAINING. Please print out and save this email for your records. Please send your questions, comments and feedback to:

[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov).



# Brief Survey

- Please complete the brief survey at the end of this session.
- Your responses will help OHC better plan and present our webinars.

**WELCOME**

**Lorraine Griscavage-Frisbee**

**Deputy Director**

**Office of Outreach and Capacity Building**

**Office of Housing Counseling**



# What are Tutorials?

- A new component of OHC's training program
- Short webinars on a narrow topic

# What is the Purpose of this Tutorial?

- To explain what a home inspection is
- To cover pre-purchase counseling requirements

# Today's Agenda

- Requirements for Home Inspections
- What is a Home Inspection?
- Why should your client have a home inspection?
- HUD Forms
  - “For Your Protection, Get a Home Inspection”, HUD-92564-CN
  - “10 questions to Ask Your Home Inspector
- Tips for your client
- Q&A

# Requirements for Home Inspections

- Pre-purchase counseling and education provided under a HUD grant must include information on home inspections.
- The Proposed Rule states that as part of the home purchase counseling process, participating agencies or HUD-approved housing counselors shall provide clients with such materials as HUD may require regarding the availability and importance of obtaining an independent home inspection.

**Virginia Holman**  
**Housing Specialist**  
**Office of Outreach and Capacity Building**  
**Office of Housing Counseling**

# WHAT IS A HOME INSPECTION?

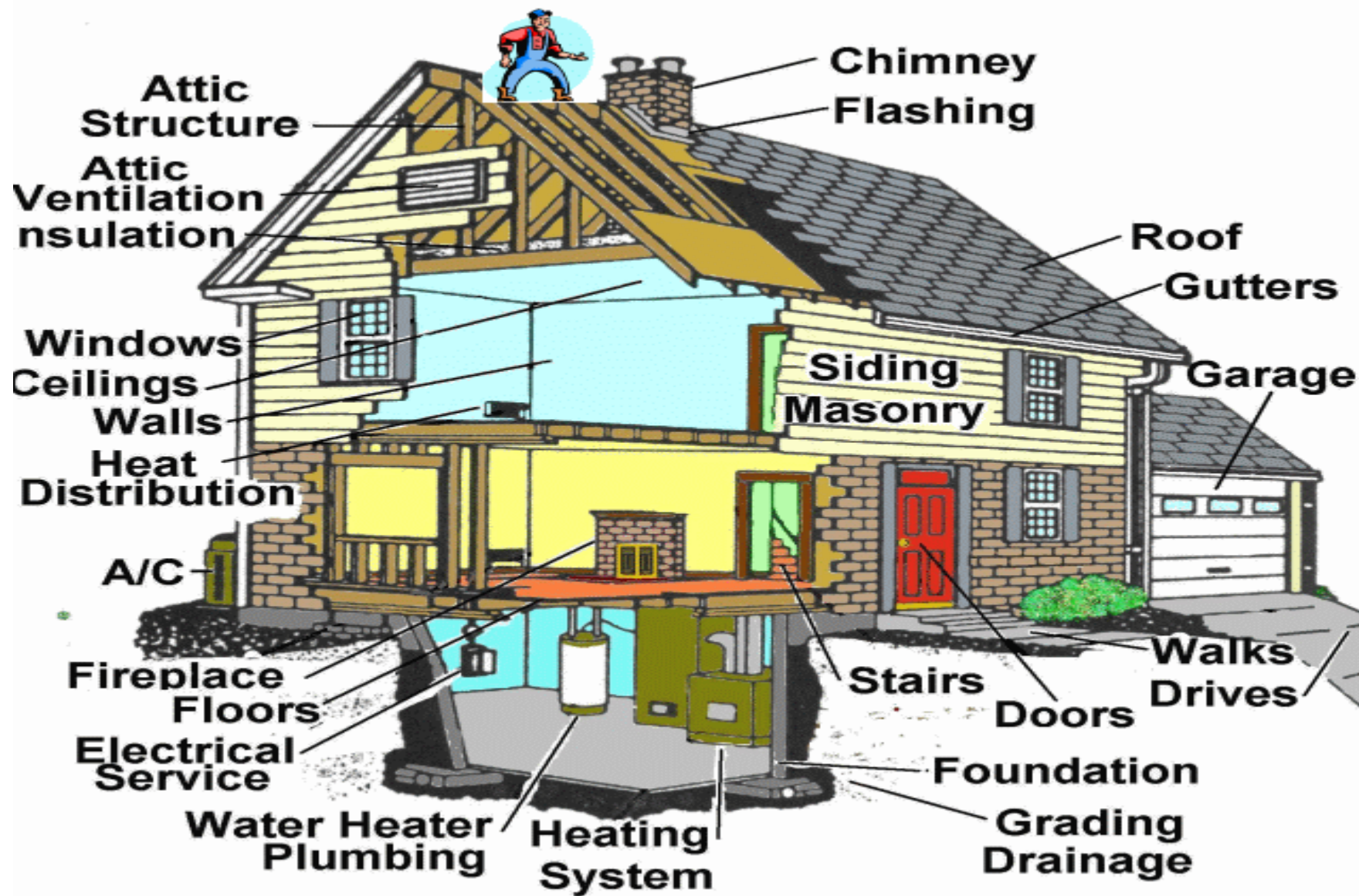


- A **home inspection** is a limited, non-invasive examination of the condition of a **home**, often in connection with the sale of that **home**.
- **Home inspections** are usually conducted by a **home** inspector who has the training and certifications to perform such **inspections**.

During a home inspection, a qualified inspector takes an in-depth and impartial look at the property you plan to buy. The inspector will:

- Evaluate the physical condition:
  - Structure
  - Construction
  - Mechanical systems.
- Identify items that should be repaired or replaced.
- Estimate the remaining useful life of the major systems (such as electrical, plumbing, heating, air conditioning), equipment, structure, and finishes.





# Home Inspection is NOT an Appraisal

- **Home inspections** are estimates of a home's condition based on an expert's inspection of the mechanical systems and structure of the house. They are for the buyer.
- **Home appraisals** are estimates of the market value of a home made by professionals. They are for the lender

# **WHY SHOULD YOUR CLIENT HAVE A HOME INSPECTION?**

- When your clients make a written offer on a home, they should insist that the contract state that the offer is contingent on a home inspection conducted by a qualified inspector.
- They will have to pay for the inspection but it could keep them from buying a house that will cost far more in repairs down the road.

- The home inspection will identify major problems with the house.
- Knowing these problems before the sale closes could:
  - Have the seller pay for repairs.
  - Reduce the purchase price.
  - Avoid major expenditures for repairs after the sale has closed.
  - Avoid major unexpected expenses which could lead to foreclosure.
- Not having a home inspection could cost your client if major repairs are needed.

# **HOME INSPECTION FORMS FOR PRE-PURCHASE CLIENTS**

# For Your Protection, Get a Home Inspection

- HUD-92564-CN
- This form can be found at <http://portal.hud.gov/hudportal/documents/huddoc?id=92564-cn.pdf>
- Required only if agency has a HUD grant
- A Best Practice is to give the form to all pre-purchase clients.
  - To document that you have given this form to your clients:
    - Have them sign the paper and keep a copy for your files, or
    - Make sure that your client notes reflect that you have given it.



# CAUTION

U.S. Department of  
Housing and Urban  
Development  
Federal Housing Administration (FHA)



OMB Approval No: 2502-  
0538 (exp. 04/30/2018)

## For Your Protection: Get a Home Inspection

### Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- Evaluate the physical condition: structure, construction, and mechanical systems; Identify items that need to be repaired or replaced; and
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes.

### You Must Ask for a Home Inspection

A home inspection will only occur if you arrange for one. FHA does not perform a home inspection.

Decide early. You may be able to make your contract contingent on the results of the inspection.





# Ten Important Questions to Ask Your Home Inspector

- You should give these “10 Questions” to your pre-purchase clients.
  - If your agency has a HUD grant, then you must give these out.
- These questions can be found at:
  - [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/insp/inspfaq](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/insp/inspfaq)
- You will have to print out the “10 Questions”.
- A Best Practice. To document that you have given these “10 Questions” to your client:
  - Have them sign the paper and keep a copy for your files, or
  - Make sure that your client notes show that you gave it.

JANUARY 10, 2016

# U.S. Department of Housing and Urban Development

## Castro



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A-Z Index

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[Contact Us](#) | [Single Family](#) | [Healthcare Programs](#) | [Multifamily](#) | [Housing Counseling](#) | [Online Systems](#) | [Risk Management](#)

[Home](#) > [Housing](#) > [Single Family](#) > [Inspectors](#) > [Ten Important Questions to Ask Your Home Inspector](#)

## Ten Important Questions to Ask Your Home Inspector

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ection cover?

nsure that their inspection and inspection report will meet all applicable  
state if applicable and will comply with a well-recognized standard of practice and  
ould be able to request and see a copy of these items ahead of time and ask any  
e. If there are any areas you want to make sure are inspected, be sure to identify

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# TIPS FOR YOUR CLIENTS

- ALWAYS get a home inspection. The cost of the home inspection should always be thought of as a necessary investment. It's extremely minimal, when comparing it to the cost of the home.
- Select an experienced inspector who is certified or licensed by a national organization, state organization or state government.
- Stay with the inspector during the entire process, even if it takes hours. This can be a very valuable time for learning.
- Don't bring your kids, relatives, friends, or neighbors.
- The Realtor does not need to accompany you through the home inspection process; this is your time to be with the inspector.
- DO NOT hire the inspector to repair any deficiencies.
  - Always get a second opinion of recommended/required repairs.

# Best Practice

- Excerpt from The Virginia Housing Development Authority's *Homebuyer Handbook*.



# Conclusion

For housing counseling program information, grant information, training and events, counselor resources and to sign up for our listserv.

[www.hud.gov/housingcounseling](http://www.hud.gov/housingcounseling)

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Questions or comments:

[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov)

**In subject line type:** home inspections