

“INSPECTIONS” Contingency

Please be advised that this brochure is not a contract, does not replace the contractual provisions and is not a legal interpretation of the contractual provisions. No representations are made by this brochure as to the legal or practical effect of any contractual provision. If you have questions about your legal rights and liabilities under this or any other provision of the contract, you should consult your own attorney.

This brochure is a brief explanation of the Inspection Contingency, Paragraph 10 of the joint St. Louis Association of REALTORS® and Bar Association of Metropolitan St. Louis approved Residential Sale Contract dated 8/07. It will remain applicable to subsequent versions of the contract until a revision of the contract mandates its change.

WHY DO I NEED INSPECTIONS?

The “Inspections” contingency offers the Buyer the opportunity to discover information about the property beyond the Buyer’s visual observations, the “Sellers Disclosure Statement” and any marketing materials that may be available. Further investigations may expose one or more “unacceptable conditions.”

Some unacceptable conditions may be learned through an “independent qualified inspector”, however, some conditions may be discovered by the Buyer’s further investigation of a wide variety of issues which may be important to the Buyer. An “independent qualified inspector” commonly examines household systems such as the roof, electrical, plumbing, heating, cooling, structure and foundation of the property. The Buyer should utilize local law enforcement resources if crime statistics or the proximity of sexual offenders to the home would be an unacceptable condition. A Buyer may wish to verify the school district where the property is located, the subdivision restrictions and covenants of a subdivision, a proposed road improvement in the area, code compliance for prior improvements or other factors that might affect the property.

Additional inspections may be obtained for specialized systems or conditions such as: pools, hot tubs, saunas, alarms, sprinklers, drain lines, septic systems, and wells. Inspections for wood destroying insects, testing for lead based paint, asbestos, radon, mold, the presence of methamphetamine and other environmental pollutants usually require a qualified specialist to inspect the property.

The inspections suggested above are not intended to be an exclusive list of the type or kind of inspections a Buyer may wish to perform or purchase. They are examples that demonstrate the Buyer’s options under this contingency.

THE CONTINGENCY PROCESS

The process begins by allowing the Buyer a specific period of time to obtain written property inspection reports from any independent qualified inspector. If the Buyer is satisfied with the inspection results, he so notifies the Seller and the contingency is resolved.

If the Buyer is not satisfied with the inspection results or is simply not satisfied for any reason regardless of the inspection results, he must furnish a written Inspection Notice and all written inspection reports to the Seller or listing broker within the time specified in the contract. The Notice can either inform the Seller that the contract is terminated or it can identify certain requirements that, if agreed to by the Seller, would satisfy the Buyer. These requirements could be that the Seller corrects certain unacceptable conditions or provide a monetary adjustment at closing.

If the Buyer has an inspection, the buyer has the unilateral right to terminate the contract unless he submits a request for remedy. If he elects not to terminate but instead, chooses to request that the Seller satisfy his identified requirements or conditions, he should proceed in good faith in attempting to accomplish a resolution of the contingency.

If the Buyer provides a timely Inspection Notice, the process then provides the parties with a specified period of time in which to reach an agreement (the resolution period) or the contract terminates. During this resolution period, a written commitment by the Seller to meet the requirements originally submitted by the Buyer in the Inspection Notice or a written commitment by the Buyer to accept the property without satisfaction of such requirements, shall constitute an agreement for the purpose of this contingency.

CALENDAR						
MON	TUES	WED	THURS	FRI	SAT	SUN
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21

Days are 24 hour time periods including Saturdays, Sundays and Holidays

Inspection Deadline: 15th

Acceptance Deadline: 5th

The calendar shown here is provided to help understand the inspection time frames. It assumes a 10 day inspection period which is the contract time period unless otherwise specified. If the "Acceptance Deadline" date is the 5th of the month, day one is the 6th and the Inspection Notice must be in the hands of the Seller or listing broker by 11:59 p.m. on the 15th of the month. The resolution period works the same way. Day one is the day after the Inspection Notice, accompanied by a complete copy of written inspection reports, is received by the Seller or listing broker.

IT IS VERY IMPORTANT TO REMEMBER THAT ALL REQUESTS AND NOTICES DESCRIBED ABOVE MUST BE TIMELY AND MUST BE IN WRITING.

THE INSPECTION REPORT

The Buyer may have the property inspected by any independent qualified inspector. It is recommended that the inspector be a member of a professional association. If the Buyer chooses to use a member of the American Society of Home Inspectors (ASHI), the Buyer may expect an inspection and report as indicated below. When reading an inspection report, it is important to understand that most home inspectors include suggestions for future improvements and general maintenance. This really isn't the intended purpose of the contingency but it is typically very useful information for the new homeowner to understand how to maintain his investment.

BUILDING INSPECTIONS BY ASHI MEMBERS

The building inspection is a VISUAL inspection of the major structural and mechanical components of the dwelling unit. The inspection is performed in accordance with the standards of practice established by the American Society of Home Inspectors (ASHI) and is not meant to be a code compliance inspection. All utilities should be turned on for a complete inspection to be performed. Note that the inspector can only inspect exposed and accessible systems and their components. Any wiring/ plumbing lines/ vents/ structural components, etc. that are concealed behind walls or are underground cannot be inspected. The following general areas are inspected.

- A. Electrical System – Identify the type/ manufacturer of the main panel and sub-panel(s) and the existence of ground cable; compatibility of overload protection with conductor size; spot check electrical switches and receptacles and look for exposed wiring.
- B. Interior Plumbing - Water supply; hot water source; interior plumbing lines; existence of vent pipe system; water pressure (functional flow); fixtures and faucets; proper drainage and piping.
- C. Roofing – Type and condition of roofing; guttering; venting; attic insulation.
- D. Walls, ceilings, floors, stairs and railings are inspected for major structural problems. Doors and windows are tested for proper operation.
- E. Exterior – Exterior wall coverings; flashing; trim; attached decks; balconies; stoops; steps; retaining walls and grading/surface drainage as they apply to the structure.
- F. Foundations – Basements; type of structure; materials; exposed areas of foundation (footings and piers cannot be inspected); evidence of water penetration. Note that an inspector cannot predict future settlement of a structure.
- G. Central Heating System (space heating not included) – Energy source; heating equipment; heating distribution; presence of heating source in each habitable room. The inspector will operate the system using normal manual controls. The inspector will not light the pilot.
- H. Cooling System (window units not included) – Energy source; cooling equipment; cooling distribution; presence of central cooling source in each habitable room. The inspector will operate the system using normal manual controls.

ASHI does not require individual inspectors to predict life expectancies of components such as roofs, air conditioners, heating systems, water heaters or appliances. Buyers should be aware that mechanical components can randomly or unexpectedly fail and that the inspector cannot predict such phenomenon. The inspection and written report present the inspector's opinion of the conditions visible at the time of the inspection and is not a warranty or guarantee of the continued future performance of the home's components. Note that home warranties can be purchased by home buyers which insure future performance/repair of many components of a home.

Private or specialized systems are excluded from ASHI inspections: examples include pools, hot tubs, saunas, alarm, sprinkler, septic systems, wells, etc. Inspections for wood destroying insects, and testing for lead paint, asbestos, radon, mold and other environmental pollutants are excluded from ASHI standard inspections. Private inspections from qualified or licensed specialists should be obtained for these specialty items.

As members of the National Association of REALTORS®, REALTORS® are actively engaged in the real estate business; bound by a Code of Ethics to provide good advice and honest treatment; and are committed to continuing education for updating their knowledge and skills.