

Should I buy this house?

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Clients frequently ask during their home inspection if I would buy this house if I were in their position. My quick answer is that, all things being equal, I would buy any house if I were prepared to deal with all of the issues.

The more thoughtful answer is that there are many factors that should be considered when buying a property, with the information provided by the home inspection only one of the considerations. Buyers should answer YES to the following five questions.

1. Does the house/property meet my/our needs?
2. Can I/we afford it?
3. Do I/we like it?
4. Am I / we prepared to accept/deal with its shortcomings (current conditions, repair needs and upgrades)?
5. Am I / we prepared for the risks?

Let's first recognize that most Buyers consist of several individuals (usually a couple) buying together. They may have different points of view that need reconciling before answering YES to all questions, or both will be unhappy.

Now lets consider the specifics for each of these questions.

1. Does the house/property meet my/our needs?

The basic needs (present and future) are location, size, layout, habitability, amenities, lifestyle and aesthetic qualities. Other needs may include rental income, accommodation for vehicles or special needs of occupants or hobbies or workspace. If these needs are not currently met, the next question is can the house be easily changed or renovated. In most cases, the location, lot size and zoning regulations generally limit the maximum building size, and how the property can be used.

2. Can I/we afford it?

Buying a property is often the most significant and stressful financial decision most people make due to the financial commitment. The cost of buying a property includes the agreed price (paid by down payment and mortgage financing) plus: transaction costs, moving, initial occupancy costs such as painting and replacement of worn finishes and appliances. Other costs that should be considered are: taxes, utilities, insurance, planned necessary repairs or replacement such as old furnace and roof; discretionary upgrades, and provision for unforeseen repairs. Affording it also means having access to funds for unexpected costs.

3. Do I/we like it ?

If you don't like the property, you won't be happy. You won't commit to solving its shortcomings. You'll let minor problems bother you. First ask what you don't like and if it can easily be changed. Don't be fooled by the staging of the property, the furnishings or décor of the Seller that will vanish on the date of closing.

4. Are you prepared to deal with its shortcomings (current conditions, needed repairs and upgrades)?

All properties have shortcomings, which may affect your intended use, such as limited space, or repairs or upgrades that that you as the Buyer(s) must be prepared to undertake. In the case of repairs, everyone has an individual tolerance for the time, effort, disruption and cost of making it happen. The key is to be in control and be proactive rather than reactive in conducting repairs to best suit your busy schedule.

Always remember that you will some day be selling the house. Any upgrades you make should enhance the marketability, when compared with comparable properties. Any shortcomings that are not or cannot be corrected may affect your ability to sell the property in the future.

Guardian's home inspections can help you assess the current property conditions to identify needed repairs and provide insight into your upgrade plans.

5. Am I/we prepared for the risks?

The risks include unexpected repairs and conditions, as well as unexpected changes in the circumstances of the owners.

In the case of the property, some repairs are predictable while others are not. Insurance may cover damage from storms and falling trees, but not conditions that are related to hidden deterioration or expected wear and aging. The risk of unforeseen repairs increases with the age and features of the house or property.

Many Buyers forget that they will some day be selling the property, hopefully from a position of financial flexibility and in a favourable Seller's market. There is always the risk of a market downturn and other events that force owners to sell.

Buyers should thus choose properties within their risk toleration range, the same way they should choose investments based on risk. Guardian's home inspections can help assess the property's state of repair and its apparent risks. Our home inspections are thus an important risk assessment tool, but the buyer ultimately accepts the risks of ownership.

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