

# Home Buying After the Pandemic — Don't Skip the Inspection

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The pandemic has impacted the home buying process in numerous ways. Social distancing protocols and a super-hot home real estate market have created new challenges for residential buyers. Inspections have long been an important part of the home buying process, from both a safety and a money saving perspective. Helping clients understand the importance of the inspection process is another value-added service of the professional insurance agent.

Remote work and the ability to relocate is another trend brought on by COVID-19. For many, the switch from in office to remote work, and the desire for social distancing, has resulted in a decision to move out of the often high-priced apartments in the city. Cities like New York and San Francisco have seen a mass exodus according to a Fannie Mae report. There was a marked shift from multi-family zip codes (such as urban apartments) to single-family zip codes.

Locations that were traditionally vacation or seasonal properties are now being used year round. Buyers are looking for extra space to facilitate working and learning from home. According to a CNBC poll, existing home sales in 2020 were the highest in 14 years – exceeding 5.64 million. The number of listings is at an all-time low, and prices are at some of the highest levels on record as well.

The home buying process is an emotional one, and traditionally involves a lot of face-to-face interaction. Social distancing protocols enacted during the pandemic necessitated some major changes in the process. The purpose of the home inspection is to help prevent the buyer from being stuck with expensive repairs. Home inspections are typically paid for by the buyer, but the cost is small (usually around \$500) compared to potential repair expenses. Home inspections can save the

buyer a significant amount of money during the home buying process. Home inspections can also reveal potentially hazardous conditions – such as faulty wiring, structural issues, or problems with the heating or cooling systems.

Not only did open houses become virtual, but some home inspections did, as well. Many states banned in person inspections during the pandemic. A home inspection is especially important if the potential buyer has not been able to look at the house on site. Virtual tours are not enough to reveal potential issues. Choosing a licensed reputable home inspector is also crucial.

Potential buyers of a new home or a condominium are not off the hook when it comes to the necessity for home inspections. In a condo, quite often the individual unit owner is responsible for heating, cooling, and other appliances. Even a brand new home can have defects in the construction process that could lead to costly repairs.

In December 2020, a study showed that 30% of homebuyers waived the inspection. One reason is that, due to the hot market, some buyers were anxious to have their bids accepted, making them more amendable to waiving the inspection. Some home inspection companies had several weeks' wait times for appointments – but the sales contracts required the home inspection be completed within seven days. A buyer with plenty of money may be more anxious to secure the deal and not worry about extra expenses due to unforeseen issues, or buyer's remorse.



Waiving the inspection can make the potential buyer's offer more attractive to the seller. In addition to avoiding disclosure of potentially expensive issues that the seller might be asked to fix, it also speeds up the closing process. When there are multiple offers, the seller is more likely to choose the one with the less strings attached – cash offers with no inspection requirement.

If a buyer's offer is contingent upon an acceptable home inspection the sales contract should be worded accordingly. Otherwise, if they choose to back out due to a poor inspection, they could lose any deposit paid to the seller.

Home inspections can save the buyer money and headaches. From an agent or company standpoint, inspections can help protect your loss ratio by revealing issues that could lead to claims. Helping clients understand the importance of home inspections is another sign of the true insurance professional.

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