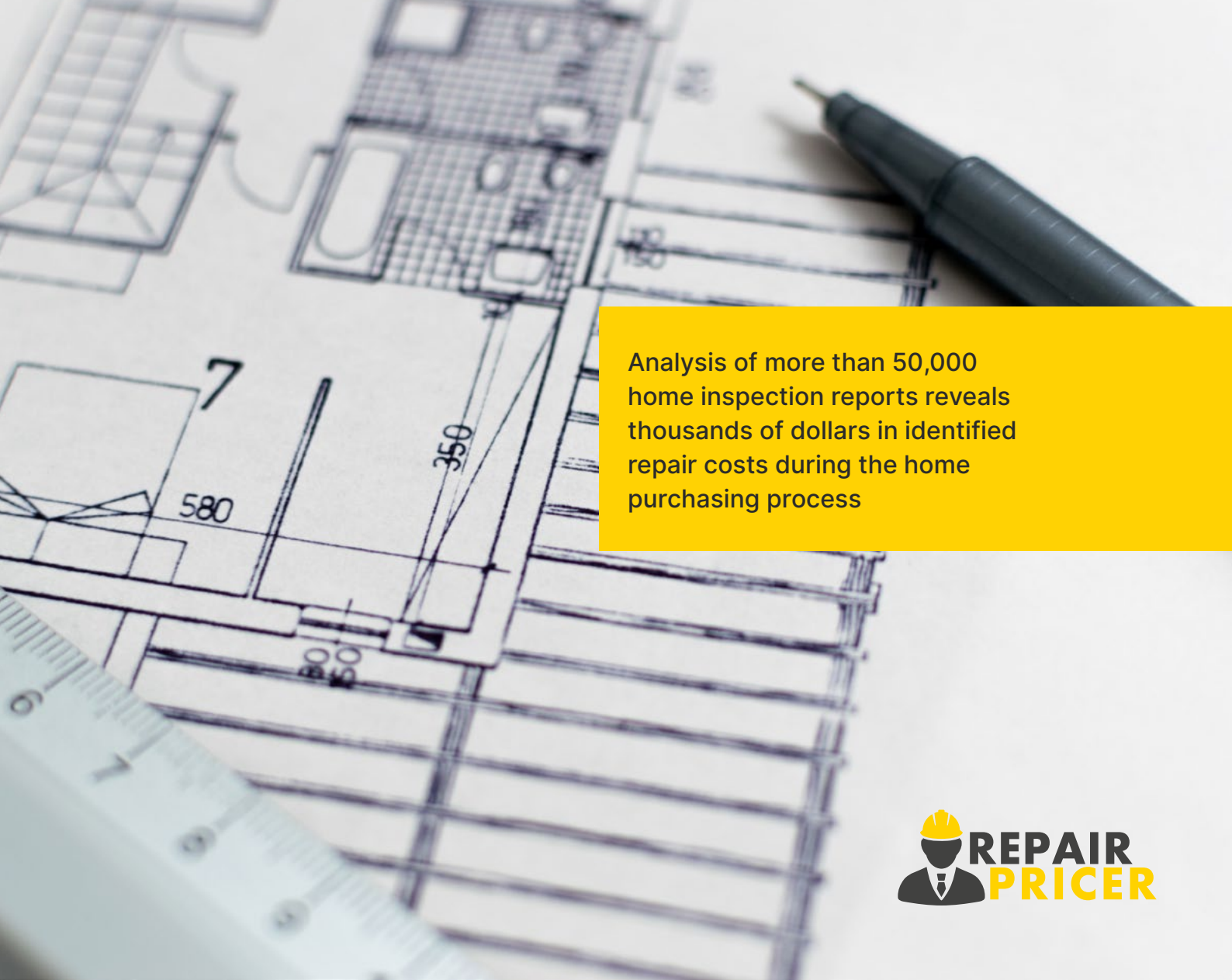


National Home
Inspection Study:

Common home deficiencies and what they're costing you

A close-up photograph of architectural blueprints. A black pen lies diagonally across the top right of the blueprints. A white ruler is visible in the bottom left corner. The blueprints show various lines, grids, and numbers such as 7, 580, 350, 150, and 300. A yellow text box is overlaid on the right side of the image.

Analysis of more than 50,000 home inspection reports reveals thousands of dollars in identified repair costs during the home purchasing process



Executive Summary

Repair Pricer—a pricing tool and service that translates home inspection reports into accurate repair estimates to help realtors and homebuyers make more informed decisions—conducted an analysis of 50,000 inspection reports of homes nationwide. The analysis identified the 100 most prevalent defects and the current and potential costs associated with fixing them.

The study found more than 1 million repairs were needed across 50,000 homes, while the average home required more than \$11,000 in repairs. Key findings include:

- More than half of houses studied contained doors that needed adjusting, a strong indicator of foundation issues.
- More than half of houses studied lacked exterior caulking and sealant, leaving them highly susceptible to extensive water damage.
- About 48 percent of homes lacked GFCI protection, leaving homeowners susceptible to electrocution, especially in water-prone areas like kitchens or bathrooms.
- The five most expensive home defects—ranging from slightly more than \$1,000 to just less than \$10,000 in repair cost—were identified in 9 to 20 percent of homes studied.

Full Report

Purchasing a home is one of the biggest, most transformational decisions of a person's life, a milestone moment for an individual or new or growing families. It's also one of the most complex and mentally and emotionally taxing. An August 2018 Homes.com survey of 2,000 Americans found that 40 percent of first-time homebuyers considered the home purchasing process "the most stressful event in modern life." Thirty-three percent were reduced to tears when attempting to buy their first home.

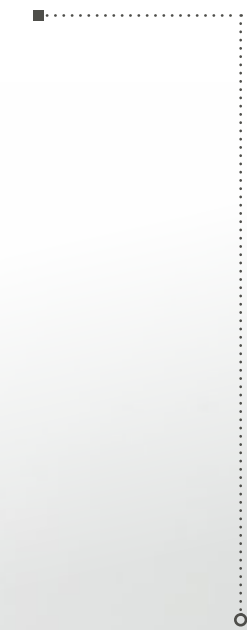
Saving for a down payment, tracking interest rates and property prices, deciding on a neighborhood, choosing the ideal time to buy and determining how much to spend are each challenging tasks in and of themselves and can quickly overwhelm even second- or third-time homebuyers. There can be tremendous pressure to make split-second, potentially uninformed decisions, especially in fast-paced and competitive housing markets in which sellers are frequently blessed with multiple offers while buyers and realtors regularly submit bids on several homes before entering into even one contract.

These scenarios are so widespread that many realtors now encourage their clients to include a personal note with their offer, a cover letter of sorts often meant to sell the seller on the hardships a homebuyer has suffered to even get to this point. This is simply to execute a contract on the home; the real fun doesn't start until a homebuyer enters into a contingency period.

What follows is a hopefully thorough home inspection, though even this step of the purchasing process lacks a nationwide standard. The entirely reasonable practice of ensuring a person's dream home isn't hiding a nightmare in fact holds its own set of unreasonable challenges. Buyers and their agents are routinely handed 50- to 80-page documents listing myriad potential defects, then given only a few days to make the decision to move ahead with a purchase that carries financial implications lasting decades.

In some areas, such as California, homebuyers are allowed up to 17 days to hire a home inspector, conduct an inspection and make a decision. Other areas, such as major cities in Texas where properties fly off the market, buyers may only be given three to five days for the entire inspection period, which includes scheduling. This means a purchaser may only have 24 hours or less to make a decision once an inspection is scheduled and completed, and it can often seem as if home inspections raise more questions than they answer.

Some homebuyers feel compelled to ask a seller for repairs, but this tactic can frequently backfire. Even if the seller agrees to take the time to address any defects, they're under no obligation to implement quality repairs and frequently execute the cheapest option or fix, potentially leaving the buyer with substandard work, no transferable warranty and no recourse.



“The entirely reasonable practice of ensuring a person’s dream home isn’t hiding a nightmare in fact holds its own set of unreasonable challenges.”



It may also instill buyers with a false sense of security, believing their agents have negotiated and built a home warranty into their contracts. Warranty providers, however, will not cover existing defects or anything else that needs to be repaired until 30 to 60 days after a home closes, leaving buyers with a laundry list of critical repairs but no remaining funds to address them.

The best option for homebuyers is to ask for a credit for repair items, providing flexibility to address defects in a more reasonable timeframe, using a preferred contractor who performs the work the way the buyer—not the seller—wants.

This method, however, assumes that buyers can assign dollar values to each repair item for which they intend to negotiate. Unless a buyer—or their agent—is knowledgeable about local building codes and construction, it's simply more difficult than it needs to be to estimate accurate, unbiased repair costs without requesting quotes from multiple contractors.

Even then, it could take days for those contractors to visit a property, let alone survey it and provide an estimate. Additionally, labor costs vary significantly across regions and seasonal demand and influx affect prices. Without an independent third party providing an unbiased, objective assessment and valuation, it's rare that buyer and seller can effectively negotiate repair costs.



The first industry standard for repair estimates

The lack of an industry standard or process for estimating repair costs has long been a detriment to realtors, homebuyers, sellers and inspectors during tight contingency windows or inspection periods and directly led to the founding of Repair Pricer. Repair Pricer is a service and tool that provides repair estimates with 98 percent accuracy for realtors, inspectors and their clients during the homebuying process.

To identify the national prevalence of defects in homes on the market, Repair Pricer conducted a study of 50,000 inspection reports of homes throughout the U.S.

Key findings

The analysis of inspection reports identified more than 1 million aggregated repair items across 50,000 homes nationwide.

The average home was found to have more than \$11,000 in repair costs.

Almost 55 percent of homes had doors that needed adjusting or servicing—a repair that is typically indicative of a larger foundation issue.

“More than 54 percent of homes were missing caulking and sealant, which can lead to slow and subtle water penetration that degrades wood, wiring, insulation and more. Water penetration and resulting damage are the silent killers of homes and are incredibly easy to prevent but expensive to repair. Missing caulking and sealant can also exacerbate larger defects, including mold.

Almost half of all homes were missing ground-fault circuit interrupter (GFCI) protection in wet areas. GFCI outlets with reset buttons should be present in the home wherever water is present.



Ten most common home defects nationally

Rank	Description	Instances	Percent Total	Defective Price
1	Doors need adjusting and servicing	30,218	54.9	\$254
2	Faucets and heads need servicing	30,159	54.8	\$273
3	Exterior caulking and sealant are missing	29,964	54.5	\$310
4	Outlets or switches with deficiencies	29,538	53.7	\$248
5	No GFCI protection	26,404	48.0	\$433
6	Absence of or defective smoke alarms	24,788	45.06	\$378
7	Cosmetic sheetrock cracks or nail pops	24,766	45.02	\$545
8	Fixtures and/or bulb deficiencies	22,250	40.5	\$209
9	Caulking, grout and sealer are missing interior	18,643	33.9	\$353
10	Service panel deficiencies	18,527	33.7	\$298



Five most expensive home defects

Rank	Description	Instances	Percent Total	Defective Price
98	Roof at the end of serviceable life	5,257	9.6	\$9,948
81	Coil and condenser at the end of serviceable life	5,903	10.7	\$5,818
89	Heating unit exceeded serviceable life	5,486	10	\$3,798
88	Water heater may need replacing	5,487	10	\$1,259
28	Window seals have failed or fogged	11,426	20.8	\$1,026

The analysis revealed that the average number of repairs per house equalled 20.67. With the average price per repair totaling \$542.82, homeowners could lose \$11,222.64 on average during the home negotiation process.

Given what we now know about the prevalence of individual defects in homes on the market as a result of Repair Pricer's study, there are a few best practices that homebuyers and their agents can use in negotiations during contingency periods.

Be clear on the realities of homebuying and selling

When a home is brand new and built from the ground up, the foundation should be completely intact. The plumbing should work flawlessly. The shingles on the roof shouldn't only look new, they should be new. If a home is put on the market after a few years, there should be certain expectations from each party on what items likely need a little touch up, significant repairs or even replacement. This is especially true after about a decade. Wear and tear will be evident, and no matter which side of the negotiating table a person sits at—the buyer's or the seller's—everyone should simply be reasonable about the items they should fight to replace (or not) and what a buyer or seller can take care of themselves.

Focus on the best outcome for your family or client

When a buyer receives a home inspection report, there may be 15 or more items that need repairing. Cracked bathroom tiles. A corner in the yard in need of sod replacement. A backyard fence broken in several sections. A leaking pipe in the basement. An HVAC system that needs an update. A pool that requires a bit of extra maintenance.

Realtors and their clients should decide how they will formally agree to repairs or credits. Which items on the list might be less costly? If you enjoy and are good at DIY projects, what can you handle on a warm, sunny Sunday afternoon in the spring? If you feel confident you can re-sod the yard, fix the fence and tidy up the pool, the only thing you may need to ask the seller is to update the HVAC system.

Ask, ask and ask again!

The purpose of a home inspection is to find major defects that could affect a home's performance or the occupants' safety. Electrical wiring, the roof or the foundation, for instance, are major systems that should always be evaluated. Buying a home doesn't need to involve extreme negotiations, or be as stressful as it is for far too many people.

If an inspection report does cite major issues that need to be addressed, the first thing a homebuyer or agent should do is simply ask what the sellers are willing to do. There's a good chance there's no deception or ulterior motive on the seller's behalf. He or she may be completely unaware of the issues and might be happy to work with a buyer to address them.

Never forget: Time is your most valuable commodity

After receiving a home inspection report, a buyer or agent should immediately—as in, the same hour they receive a report—start a conversation with the seller to raise any issues, begin discussing next steps or pricing or, if everything with the house is within acceptable conditions, to officially close.



Methodology

The report's insights are yielded from an analysis of 50,000 home inspection reports performed by inspectors on homes previously for sale throughout the United States in 2018. Repair Pricer's proprietary pricing software utilizes real-time quotes from contractors, rolling market surveys as well as regular feedback from more than 300 preferred partners, including realtors, inspectors, homebuyers and others to maintain 98 percent pricing accuracy.

About Repair Pricer

Repair Pricer is the industry standard for converting inspection reports into accurate repair estimates during the complex home purchasing process, enabling homebuyers and their realtors to act quickly and confidently during the critical home inspection period. Headquartered in Dallas, Repair Pricer saves time for both the buyer and seller when it matters most, reduces realtor and inspector liability and helps realtors and inspectors scale while providing the best homebuying experience for prospective homeowners. To learn more about Repair Pricer, visit www.repairpricer.com.

