

Truth About Real Estate Agent Referred Home Inspectors

[Good Morning America home inspector warning:](#)
[Go outside of real estate office for your home inspector](#)

What's Wrong With A Real Estate Agent Recommending A Particular Home Inspector To A Prospective Home Buyer? Most real estate agencies work on an average commission of 6% paid by the seller of the property. On a house selling for \$350,000 there is a potential commission of \$21,000. Sometimes a selling agent will recommend particular **home inspectors** to a prospective buyer, sometimes a list of three is given out. Who are these recommended inspectors? How did they "qualify" to get on the "approved" list of the agent? Is the agent recommending a thorough non-bias inspector or is the agent recommending someone who will help protect the potential \$21,000 commission? Unfortunately, some real estate agents view a thorough and non-bias home inspection as a threat to their sales commission.

Shouldn't a prospective homebuyer have the right to use an inspector of their own choosing? If a real estate agent tells you that you cannot use an inspector of your choosing, or insists that you use one of their "recommended" or "approved" inspectors, you should contact your attorney. (You should also wonder why they don't want you using an independent inspector of your choosing.) A real estate broker or sales agent who tries to get you to use an inspector of the agent's choice is trying to control the home inspector selection process. Prospective home buyers must keep in mind that real estate agents who receive a commission from the property seller, are working in the best interest of their client, (the seller.) As the prospective home buyer, shouldn't the home inspector you're paying for, be working in your best interest?

What Is A "Deal Killer"? The derogatory phrase "deal killer" is often used by real estate agents to describe independent home inspectors who give buyers objective information in an inspection report, which may lead the buyer to renegotiate or to look at other properties. Many real estate agents view independent home inspectors as a challenge to their ability to generate income. They view these "deal killers" as foes and will use a number of tactics to control the inspector selection process to make sure that the prospective buyers do not retain independent home inspectors.

How Does A Real Estate Agent Control The Inspector Selection Process? There are many tactics used, some subtle and some not so

subtle. The agent may discourage the potential buyer from using a certain inspector by making comments like: "That inspector is a deal killer", or "that inspector takes too long" or "we've had trouble with that inspector" or "we don't allow that inspector to inspect any of our listed properties" or "that inspector is too expensive." A twist on the fee tactic is to advise the prospective buyer that they should expect a home inspector to charge around \$150 or \$200. By advising homebuyers to expect these low (unrealistic) fees, agents are trying to steer homebuyers to certain inspectors, because the prospective homebuyers might limit their search to the arbitrary price range set by the real estate agent.

The tactics used to encourage a prospective buyer to use a particular inspector include: "We've had good luck with this inspector" or "this inspector has the lowest fee" or "we use this inspector all the time" or "this inspector can schedule an inspection on a day's notice" or "this inspector only takes an hour and he gives you a report right on the spot." For instance, in the first stage of discussion about having the home inspected, the real estate agent may recommend to the buyer a "good" home inspector with whom they have worked with for several years. Some agents may have a list of three inspectors who have been carefully screened not to be deal killers. The list, however, will be long enough to protect the agent from any referral liability should the buyer want to blame the agent for any inspection mistakes. This gives the agent the perfect combination of: A) No liability for the referral; B) The buyer "chooses" an inspector the agent prefers; and C) The buyer's choice is limited to home inspectors who will not hurt the sale.

If There Is A Potential Conflict Of Interest With Sales Agents Recommending Home Inspectors, Why Doesn't The Government Do Something About It? A home inspector licensing law has been passed in Massachusetts and became effective May, 2001. This law, to some degree, does address the potential conflict of interest of real estate agents referring home inspectors. The new law amends [Chapter 112 section 87YY](#) of the MA Real Estate Broker and Salesperson Licensing Law. It prohibits real estate brokers and salespersons from directly recommending a specific home inspection company or home inspector. Instead, upon request, the agents must provide a complete list of licensed home inspectors prepared by the Board of Home Inspectors. (So far, MA is the only state which has this provision.) The prohibition does not apply if there is a written agreement between the buyer and real estate broker that the broker is acting exclusively for the buyer as a buyer's broker. Potential buyers must still be aware that regardless of who the real estate agent claims to be working for, his or her commission is still coming from the successful closing of the sales transaction.

Why Don't I Read About This Conflict Of Interest Situation In The Newspaper? Very simple answer, money! Look at the real estate section of any local or regional newspaper, lots of houses being advertised by real estate agents. Those newspapers don't run those ads for free. How many home inspector advertisements do you see in the newspapers? Almost none. Do you think a newspaper is going to bite the hand that helps feed it?

Why Don't Home Inspectors Organize And Change The Current Control Real Estate Agents Have Over The Inspector Selection Process? You would think inspectors would want consumers to have a free choice when it comes to selecting a home inspector. Unfortunately many inspectors rely upon real estate agents to steer clients their way. This is especially true for large multi inspector firms. There are some home inspector web sites that have over 3,000 inspectors listed. Less than 2% of all home inspectors claim that they do not solicit real estate agents for client leads. In a free marketplace, companies that offer a poor product or provide a poor service eventually go out of business. In the world of home inspection, there is an artificial marketplace controlled by real estate agents. This allows some "agent friendly" inspectors to stay in business, regardless of their inspection abilities.

What Can Be Done To Prevent This Potential Conflict Of Interest?. Do not ask the real estate agent for the name of an inspector. Do not accept any short list or recommendations from the agent. If the state you're buying in requires home inspectors to be licensed, obtain the list of licensed inspectors. Do a little research and choose your own inspector. The best source for referrals will come from people who do not have a vested interest in the sale, this includes your attorney and past clients of the inspector. Remember, it's your money and your potential future home. Choose your home inspector wisely!

Steven from Detailed Home Inspections is looking out for the buyer's best interest as his clients come to him from the yellow pages and word of mouth referrals. You'll rarely hear his name from a real estate agent (unless they attended one of his inspections and learned from the mini-seminar he usually provides to his clients).

Give him a call and pick his brain. Ask a lot of questions. Always interview your potential inspector and never trust logos, licensed and bonded, 87 years experience, etc on a card or brochure. Have your potential inspector walk you through their typical inspection over the phone so you have an idea how thorough or not they are. Ask them the difference between organizations that mean everything or nothing at all to a potential buyer. In Georgia, there is no licensing requirement

for home inspectors, so call and he'll explain certain criteria that you can use to determine an inspector's **INSPECTION** experience.

www.DetailedInspections.com

Steven Udelle

770-572-3869

1-877-388-3508