

NAVIGATING THE INSPECTION PROCESS

A guide to getting maximum benefit from what may be the most important purchase of your life.

Brought to you by:



ALLIANCE
REAL ESTATE
INSPECTIONS

Professional Commercial & Residential Inspections

Serving Los Angeles
& adjacent cities

Also serving
Northern Nevada



TABLE OF CONTENTS

<u>Glossary of Terms</u>	Page 1
<u>About Alliance Real Estate Inspections</u>	Page 2
<u>What is a Property Inspection?</u>	Page 3
<u>What an Inspection Report Includes</u>	Page 4
<u>What an Inspection Report Excludes</u>	Page 5
<u>The Steps of the Inspection Process</u>	Page 8
<u>Common Mistakes and Misconceptions</u>	Page 11
<u>Other Things to Keep in Mind</u>	Page 13
<u>Sample Reports</u>	Page 14
<u>Areas We Service</u>	Page 15
<u>Contact Information</u>	Page 15

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GLOSSARY OF TERMS

ADA: Americans with Disabilities Act lays out the requirements for new construction and alterations to accommodate persons with disabilities. An ADA certification assures compliance. A Property Condition Assessment does not include an ADA certification, but the inspector will make note of any ADA measures in place (applies only to commercial structures).

ASHI: American Society of Home Inspectors is probably the most reputable nationwide inspection association with the highest standards.

ASTM: American Society for Testing and Materials is an organization that sets standards for a wide range of materials, products, systems, et cetera.

CREIA: California Real Estate Inspection Association is a highly respected inspector association in California with multiple member levels. CCI (Certified CREIA Inspector) means they have had a background check, passed the required tests, performed the required inspections and fulfilled all other requirements to be a full member. MCI (Master CREIA inspector) requires passing a more difficult exam as well as other more stringent requirements.

PCA: Property Condition Assessment is the term used for an inspection of a commercial structure.

PCR: Property Condition Report is the report based on the inspection of a commercial structure.

PHASE I OR PHASE II: These are specialty inspections dealing with environmental hazards, such as soil and subsurface substances.

ABOUT ALLIANCE REAL ESTATE INSPECTIONS

We require all of our inspectors to be a member of ASHI (American Society of Home Inspectors) to ensure they adhere to high nationwide standards. To learn more about any of our inspectors, please visit the [Our Team](#) page at AllianceREinspections.com to read their bios and watch our interview videos.



Robert Gaudreault, our lead inspector, has earned a reputation over the past decades for reliability and accuracy in his work on both residential and commercial inspections. He chooses our inspectors carefully for their extensive construction experience then personally trains them. All our inspectors are knowledgeable, professional and approachable. They take their time with clients so no one is alarmed unnecessarily.

We pride ourselves on detailed inspections and exceptional reporting, while providing unbiased service to all parties.

Robert Gaudreault's credentials:

- ASHI certified
- Level One Infrared certified
- CREIA certified since 1998
- CREIA's highest certification (MCI)
- Member of ASTM International
- Construction Management certificate degree from UCLA
- Former president of the SGV CREIA chapter
- Has worked exclusively in construction since 1972
- Inspecting commercial & residential properties since 1995
- CA State Contractors License #488726 & C29 in Masonry

WHAT IS A PROPERTY INSPECTION?

The inspection of a structure is commonly referred to as a “general inspection” or “physical inspection.” Both of these terms are accurate since the inspection will be a *general* visual of the *physical* structure and its systems.

The majority of the inspector’s focus will be on the major systems such as the roof, foundation, electrical, plumbing, and the heating and air. They will also examine other parts of the building, such as windows, doors, outlets, bathrooms, kitchens, water heaters, built-in appliances, as well as some of the building exteriors.

STANDARDS OF PRACTICE: Per the standards of practice of ASHI (America Society of Home Inspectors) and CREIA (California Real Estate Inspection Association), the inspector is not performing an intrusive, invasive, or exhaustive inspection.

For commercial properties, a Property Condition Assessment is performed following ASTM E2018 standards.

The inspector strives to find visible defects and flag them, then recommends the appropriate qualified professional to perform a more in-depth examination of the entire flagged system.

OVERALL GOAL: The inspector notes issues that could be significant enough to affect the client’s decision to purchase the property. The inspector’s focus is primarily on functionality and safety as opposed to subjective cosmetic issues.

More details can be found in the CREIA Standards of Practice and our inspection agreement (available upon request).

WHAT AN INSPECTION REPORT INCLUDES

RESIDENTIAL PROPERTIES: We perform general limited visual inspections per the ASHI and CREIA standards of practice. Per those guidelines, inspectors will examine the structure with emphasis on the five major systems of the home — *the foundation, roof, plumbing, electrical and heating/air*. They will also look at the interiors, exteriors of the structure, grounds, and (depending on the inspector) pools or spas, if any.

Many other inspector associations exist, but we have found ASHI and CREIA to hold the highest standards. More information on the standards of practice can be found at creia.org or ashi.org.

COMMERCIAL PROPERTIES: In addition to the interiors, roof, foundation, electrical, plumbing, and the heating/air system, a Property Condition Assessment will also include a brief overview of ADA (not a certification). The inspector will examine the exteriors and grounds (parking area and asphalt or concrete), as well as provide a cost estimate of any necessary repairs over \$3,000. On structures over 10,000 square feet, a five-year cost assessment will also be included in the report.

While other commercial standards may exist, ASTM is considered the industry standard. More details on E2018 standards can be found at astm.org.

WHAT AN INSPECTION REPORT EXCLUDES

Here are the basics:

POOLS AND SPAS: Although CREIA and ASHI standards don't require inspections of pools or spas, most inspection companies, including Alliance Real Estate Inspections, will include these in the report *upon request*. Some inspectors may do only the minimum required by CREIA or ASHI and make notes on child-safety barrier requirements.

CHIMNEY: Though general inspectors do examine the chimney and fireplace, the generalist doesn't have the camera and scope to look up the flue. Without fully viewing the system, the inspector ultimately can't know if it's safe and, therefore, likely won't light the gas valve. Per CREIA and ASHI standards, the inspector will recommend that a chimney specialist evaluate the system further.

TERMITES: Termite inspectors are typically required to be licensed by the state, as in California and Nevada. Due to this requirement, anything related to termites is excluded from the report.

SEWER LINE: This is the waste line that runs from the structure to the main line in the street. Since this pipe is buried, the inspector is unable to view it and therefore can't comment on it. Most inspectors will generally recommend getting the line scoped by a plumber or sewer line inspector.

SEPTIC: Like the sewer line, the septic system is buried and can't be viewed and, therefore, the inspector will not comment on it.

ENVIRONMENTAL: Pests and microbial growth are outside the scope of the general visual inspection. If any future occupants of the house have respiratory issues or health concerns, the client should get a mold or environmental specialist to evaluate the structure in its entirety. The general inspector should never be relied upon to determine or note whether an environmental menace exists.

APPLIANCES: Between characteristics specific to various models and the multitude of settings, inspecting an appliance thoroughly on every setting isn't practical nor is it economical for the client. Inspectors usually

limit the visual examination of the appliance to turning it on to ensure it operates and then turning it off. Only built-in appliances are included in the inspection report. Washers, dryers, refrigerators, et cetera are excluded.

COSMETIC DEFECTS: The property inspector is mainly interested in the system's function and its correct installation. Cosmetic issues are often subjective and don't affect the system's performance and, therefore, are not usually evaluated.

LANDSCAPING: A large portion of landscaping is cosmetic or subjective and, therefore, not inspected. Also, sprinklers are usually on timers, which the inspector will not risk altering. Additionally, pipes and lines are buried and not visible to the inspector to examine.

PRICES OR ESTIMATES ON REPAIRS (RESIDENTIAL ONLY): Per ASHI and CREIA standards, inspectors do not provide prices or estimates in their residential inspection reports. Prices can vary widely from contractor to contractor, so the best course of action is to get the recommended qualified licensed professional to examine the system and provide costs.

MEASURING: The inspector will not do any measuring to determine if the property suits specific needs, such as whether a car will fit into a garage, nor will they evaluate sizes of rooms, confirm property or lot square footage, et cetera.

To put this in perspective, if you see your family doctor, it's usually a general practitioner. The general practitioner doesn't typically do any special testing, but if they see something that should be examined further, they refer the client to a specialist. The general practitioner also doesn't make notes on cosmetic issues, nor will they measure to make sure shoes will fit. :)

PERMITS: Inspectors do not research permits as part of the inspection.

CODE COMPLIANCE: Since codes for municipalities can vary widely, inspectors do not customize their reports to accommodate specific city codes. Instead, they follow a nationwide building standard.

COMMERCIAL BUILDINGS: On structures over 10,000 square feet, the inspector may do only a sampling of the systems or interiors. The inspector will not include information on tenant improvements or comment on potential remodeling specific to an industry or profession. Inspector will not inspect specialized equipment, such as printing presses, deep freezers, electronics, machinery, et cetera.

PHASE I & PHASE II INSPECTIONS: Phase I & II inspections deal with environmental hazards, such as soil and subsurface substances. A Property Condition Assessment is concerned mainly with the structure and excludes environmental testing or evaluations.

THE STEPS OF THE INSPECTION PROCESS

1. ***Know the inspection contingency period.*** All inspections must be completed within the inspection contingency time frame, generally between three and seventeen days for residential. This is not the same as the length of escrow, which is usually about thirty days. Commercial transactions often allow longer contingencies and escrows.
2. ***Research inspectors.*** Everyone loves a great bargain, but be sure to research the inspector and their credentials or certifications, construction background experience, and read online reviews. Remember, you usually get what you pay for.
3. ***Schedule all inspections as soon as possible.*** After the inspection, homework is likely needed, such as arranging for specialty inspections or researching. Make sure there is enough time to do everything before the contingency period ends.
4. ***Arrange your schedule so that you can be present during the inspection.*** The inspection is for the client's benefit. If the true condition of the building is not understood, the report won't be as beneficial. Being on-site with the inspector provides the client the opportunity to do their own due diligence and explore the property. After the inspector has conducted the inspection, they will review their findings with the client. This is a great opportunity to ask the inspector questions and take notes while walking through the property. Although we highly recommend the client being present, we understand that sometimes it just isn't possible.
5. ***Request that your real estate agent be present at the inspection.*** The buying and selling process has many moving parts which is the reason buyers hire a professional to help them. With the real estate agent present at the inspection, everyone stays on the same page and the agent's ability to maintain control is greater.
6. ***Make sure the property is prepared.*** The utilities should be on during the inspection. If they are not, then the seller may be willing

to give an extension on the inspection contingency period and postpone the inspection until after the utilities are on. The inspector will need access to the entire structure, such as the attic, basement or crawl space, and any utility closets and cabinets. All animals should be contained. Please keep in mind that you and the inspector are on someone else's property and the inspector can't break any locks or move furniture or belongings. Ideally, access is arranged ahead of time. If not, the inspector will do their best to work around any obstructions.

7. ***Buyer receives disclosures on property*** (ideally before the inspection). This allows clients the opportunity to review any past or current issues and bring their concerns to the inspector's attention.
8. ***Sign contract and arrange payment with inspector.*** Most inspectors will not release the report until the client has paid and signed the contract. Some companies won't even send out their inspector until receiving payment and a signed contract. When the client handles these things in advance, the inspector is free to focus on servicing the client without being concerned with paperwork.
9. ***At the inspection:*** A good inspector will encourage his client's presence, but keep in mind that any additional or unnecessary people can create distractions or get in the way. To get the most out of your inspection, only those absolutely necessary (spouse, contractor, et cetera) should be present. And when the inspector is ready to deliver the summary, the client should feel free to ask questions. That is the reason for hiring inspectors — to get as much information on the property as possible.
10. ***Do not rely solely on the verbal summary.*** Very often, the inspector has accumulated an awful lot of information, which can be overwhelming. Reviewing every single defect can also be quite time consuming. Inspectors generally discuss only the most important issues or safety concerns and may not cover lesser issues on-site,

especially if the property has many defects. Clients should read every page of the report, even the disclaimers, to make sure they have the full picture. If anything isn't completely clear, call the inspector to clarify.

11. ***Follow recommendations and schedule appropriate specialists.***
12. ***When all information is in, any negotiations can begin.***
13. ***If repairs have been performed since the inspection, the original inspector likely will not return to the property to verify repairs.***
Ideally, the repairs recommended by the inspector would be made by a licensed qualified contractor who specializes in that system or unit. The inspector probably won't comment on the specialist's work. Doing so is a huge liability, and most insurance companies will deny coverage to the inspector should any problems arise in the future. We suggest getting the documentation from the sellers on the contractors who made the repairs.
14. ***Sign off on the inspection contingency before the end of the contingency period.*** If you have decided not to continue with the purchase, however, then you would not sign off.

COMMON MISTAKES AND MISCONCEPTIONS

1. ***New construction:*** All too often, clients assume that since the structure is brand-new, no inspection is necessary. It should be perfect, right? Not necessarily. The contractor could be honest and work with great integrity, but even the best people make mistakes. Also, the contractor may not be able to oversee every aspect of the construction. Other people make mistakes too. Getting information from the inspection report affords one the opportunity to request repairs before moving in. Defects often become visible as the structure and systems are used. Many inspectors also recommend getting a second inspection after occupying the building for a few months — preferably before the builder’s one-year warranty ends.
2. ***The property is in need of too many repairs.*** Before the client gives up and falls out of escrow due to flaws with the structure or systems, keep in mind that no perfect building exists. *Any* property *will* have flaws. The inspector can’t advise whether or not to cancel escrow or continue with the transaction. They don’t know the selling price or if the property is worth that. They can only point out defects. Only *you* can decide if the good outweighs the bad.
3. ***A dishwasher or other appliance broke down shortly after client moved in.*** Before calling the inspector, keep in mind that the inspector’s job is to note the condition at the time of the inspection. If the unit was working at the time, then that is what was noted. That’s all they can do. Appliances and systems require maintenance, and no one can know when they will break down. The inspector doesn’t check every aspect of the appliance and can’t know how long the appliance will work, nor can they predict the future. If the appliance is within its life expectancy, try the home warranty protection plan.
4. ***This is not a punch list.*** A common misconception is that the inspector should find 100 percent of the building’s flaws as well as predict anything that could go wrong in the near or distant future. If inspectors had to be responsible for finding every single little defect

on the property, they would be there all day, minimally, and this extra time would cost the client much more. This is neither practical nor economical.

5. ***Not taking the inspector's recommendations seriously:*** The doctor analogy works well here. All a doctor can do is make recommendations and the rest is up to the client. Upon examination by a qualified specialist, there may be no problem after all. On the other hand, the issue flagged could end up being a huge problem. As with the doctor, all an inspector can do is flag the issue and make a recommendation.
6. ***Inspectors do not carry ladders longer than sixteen feet.*** Per industry standards, if the inspector is not able to *safely* access the roof, he may need to view the roof from the ground level instead. If the roof is greater than 16 feet, please ensure that roof access is provided on-site through an extension ladder or a permanently installed ladder that can be *safely* accessed.
7. ***Inspectors do not turn on water or gas valves nor do they relight pilots or reset tripped breakers.*** When these systems are shut down, the inspector has no idea why these systems or components were shut down or whether they are safe to turn back on.

OTHER THINGS TO KEEP IN MIND

SHADOWING THE INSPECTOR: Although most inspectors are more than happy to accommodate special requests when they can, some clients want to follow the inspector around during the inspection.

Most people feel that having someone look over their shoulder interferes with their concentration. Keep in mind that any attention spent on something else is attention that should be dedicated exclusively to the building and finding defects.

The best time for the verbal summary with the inspector is at the *end* of the inspection when they have all the information and the priorities in perspective — and when they can give their full attention. Further, most inspectors do not want the liability of potential injury while the client is following them.

INSPECTING AND ALSO PERFORMING THE REPAIRS: Clients will often ask the inspector to make the corrections, but it is against the law for the inspector to perform any related work after doing the inspection. Also, the fact that an inspector is *not* trying to get more work through an inspection assures the client that the inspector is unbiased and has no vested interest in the outcome.

INSPECTOR'S RECOMMENDATIONS: The inspector's job is to flag anything that may be an issue. The specialist's job is to investigate the issue further. During the specialist's deeper examination, more issues may be discovered. Conversely, if the client opts not to follow the inspector's recommendations and does not get the flagged issue examined further, any other potential problems may go undiscovered and unnoted, resulting in the client being unaware of the problems until a later date. Ideally, the client learns about any defects before the close of escrow while they can still negotiate with the seller, rather than deal with surprises after it's too late. We urge every buyer to follow their inspector's recommendations. The inspector's expertise is, after all, why the buyer hired them.

SAMPLE REPORTS

We think you'll find that Alliance Real Estate Inspections provides ample, accurate, and reliable information.

Check out our sample [Property Condition Reports](#) at CommercialREinc.com.



Check out our [residential reports](#) at AllianceREinspections.com.



AREAS WE SERVICE

We service the Greater Los Angeles area and adjacent cities as well as Northern Nevada. For properties located outside these areas, a travel fee may apply. Please call our office for a quote.

We hope you found this booklet helpful, and we wish you a speedy and smooth escrow. If you have any questions, feel free to call!

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