

# Real Estate Red Flags

Colleen Kane

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As potential homebuyers begin wading back into a battered real estate market, it's helpful to know how to evaluate properties, especially foreclosures and houses that may have stood abandoned. Is that fixer-upper really such a bargain?

Dwight Martin, a master homebuilder and the owner of DK Martin Custom Homes emphasizes hiring a home inspector, because whether the home is new or old not all problems can be spotted by the untrained eye — or even a relatively trained one. When his daughter bought a home, he inspected it but also called a friend, who requested the furnace number and the model. The house's furnace had been recalled due to a carbon monoxide issue. "That was something I never would have known so we had the seller test the furnace," says Martin.

"Often times the cost of the home inspection won't be as much as the benefit you'll get from the seller in fixing something they found. When people say, 'I can't afford an inspector,' what if he finds your furnace needs to be replaced?"

But before you even get an inspector involved, there can still be warning signs that a house is a questionable choice. If you see numerous "for sale" signs throughout one neighborhood, it's best to find out the reason for the mass exodus. Notice if the house smells either bad or too artificially good (this could be an indicator of an air freshener being used to cover up a moldy smell). Make an effort to notice those little things that could mean a lot, such as rodent droppings in the cabinets.

There's one former red flag that may no longer apply. Before, a house lingering a long time on the market was often considered a bad sign, but now it can just be a sign of the economic times.



## Lack of Maintenance

Home inspector Reggie Marsten, owner of the D.C.-based REM Home Inspections says his number-one red flag is a lack of maintenance.

"When I first pull up to a home, even before I get out of my vehicle, I'm scanning the house for a sense of what I'm getting into. "I'm looking at the roof—what condition is it in? Is there vegetation growing in the gutters from not being cleaned, does the house need paint, is there damaged or missing trim and siding? Are the shrubs in front neatly trimmed or do they look wild, has the grass been cut? Chances are if the exterior of the house looks somewhat rundown and unkempt then the interior is also in the same condition."

## Water Damage

"When I think of big problems in houses, I think of water, or too much moisture in the house," says Martin, adding that one indicator of that danger is when the ground around the house is sloped toward the house instead of away, which can lead to a flooded basement. He also cautions to make sure the bathrooms have adequate ventilation, and checking the attic or crawlspace to make sure there's no mold or mildew.

## Regional Concerns

Martin, who builds homes in the Puget Sound region, notes that houses situated on water are more exposed to the weather and have different storage needs, and buyers there have to consider whether houses are raised high enough.

Other locations bring different key home features into play, and it's good to know regulations specific to your region. In areas that get extreme heat or cold temperatures, energy efficiency takes on more importance. If it's an older house, it might not be well insulated, and it may have single pane glass. Because of new technologies and energy codes, new homes are much better at keeping the heat in winter and keeping it out in summer.

Structurally, homes are being built much stronger, such as with seismic design and construction, notes Martin. "On the West Coast, we have very strict rules so the homes will hold up much better in earthquakes. In the Gulf States, they're much stronger for hurricanes."

## House Age and Period-Specific Issues

There are positives and negatives for both new and old houses. Older homes might show quality craftsmanship on a more consistent basis, but might need to be adapted for today's lifestyles, such as installing modern sound systems or upgrading the kitchen to current preferences.

For Marsten, the age of a house can be his red flag number two. "Age itself is not a problem with a home if it's been maintained and upgraded. All components of a home have a life expectancy; 20 years for a standard asphalt shingle, 12 years for a hot water heater, 15 years for an air conditioner. If I'm in a house that's 22 years old and find the original roof, hot water heater, furnace and air conditioner and kitchen appliances then I have to inform my client that they will need to budget to replace all the components that are past life expectancy."

Homes built in different eras have different hidden potential dangers characteristic of their period, Marsten said. "In our quest to build houses quicker and cheaper over the years, products were used that didn't receive adequate testing, or at the time they were used the long term exposure ramifications weren't known." He cites the following examples:

- Homes built in the early 1900s used lead water lines.
- Homes built from the 1920s until the 1970s utilized lead- and asbestos- containing products.
- Homes built in the 1960s to the present contain products that give off volatile gases (hurricane Katrina HUD trailers for example).
- Some homes that were built from the mid 1970s to the present utilized defective water lines that fail.

## Avoid Raising Flags

Marsten advises that purchasers do as he does: "Just take a few minutes, stand across the street from the house their looking at and just scan the exterior looking at the roof, gutters, siding, trim and shrubbery looking for anything that doesn't look normal or out of place."

Compare the home to others in the area, he says. Does the home look better than the others, the same, or worse? Keep in mind everything that needs to be painted, repaired, adjusted, tweaked, or replaced has a dollar sign attached to it and those dollars can add up very quickly, Marsten says.

"You can also tell when the owner let the house run down and then slapped a coat of paint on it to sell it, the, "lipstick on a pig" syndrome. Lack of maintenance can't be hidden."

"Well-built is an indication of professionalism and craftsmanship, unfortunately two traits that are rapidly disappearing with today's builders and replaced with speed and profit," says Marsten "I call it 'good bones' if the house has been constructed structurally sound, that is; square, plumb and level that's 75% of a well built house, the remaining 25% is maintenance."