

Home Inspections and Risk Assumption



By Brian Madigan LL.B.

I was recently involved in the acquisition of a property that had several levels of roofs. Naturally, the purchaser agreed to a home inspection. However, there was one little problem: there was snow and ice on the roof so a full inspection could not be conducted.

The purchaser had two choices:

- 1) accept the risk and proceed with the purchase, or
- 2) withdraw from the purchase.

After consideration of the alternatives, the purchaser elected to proceed. There was no possibility of acquiring any kind of guarantee from the owner.

So, when the weather conditions improved the inspector went back as agreed to finish the inspection. You guessed it: there was a water leak and it was too late to do anything about it. The deal had closed.

The important matter was the new owner's reaction: everyone had done the best they could. He had professional advice, he knew his options and he calculated the risk. He voluntarily agreed to assume the risk of a defective roof and was quite prepared to replace the roof. This was at a cost of \$5,000.00. The damage repair would have been in the \$500.00 range. That is the patch-work price. The best and most suitable remedy was a new roof with a 20 year guarantee.

The new owner feels satisfied, and even with a slight decline in the market is quite content with the purchase. So, it's helpful to have the home inspection even if it simply assists with risk evaluation.

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