

## ***Turning Red Flags to Green!***

*Using the condition of a property to bring buyers and sellers together*



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## ***The Opportunity***

The Happy Buyer Has:

- The house he or she wants
- The comfort of knowing what to expect



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## ***The Opportunity***

The Happy Seller Has:

- A respectful due diligence process
- A fair disclosure process
- A minimal risk of future complaints



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## *The Opportunity*

The Satisfied Agent:

- Knows the buyer and seller are happy
- Can sleep at night with minimal risk of complaints
- Whose reputation has been enhanced by the process



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## *Our Objectives*

- To understand building terminology
- To understand the buyer's perspective
- To learn to distinguish problems from normal performance
- To learn what to say and what not to say



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## *Our Objectives*

- To learn what's new in buildings
- To learn what questions to ask
- To learn how to respond to typical questions and situations



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### ***Background/Purpose***

- Objectives
- Typical buyer profile
- Litigation perspective
- Broker/agent role in communication and risk management

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### ***Construction Myths and Assumptions***

- How well are buildings built?
- Who cares?
- Construction trends
- Creating unfulfillable expectations

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### ***Construction Quality Survey***

- What is Quality?
- What do homebuyers think about Quality?
- What does the construction industry think about Quality?

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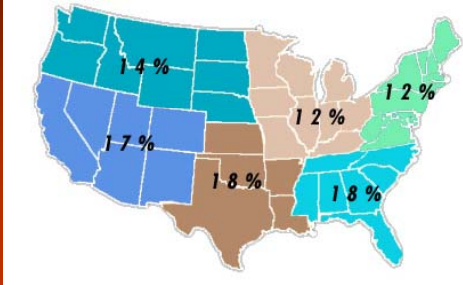
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## Overview



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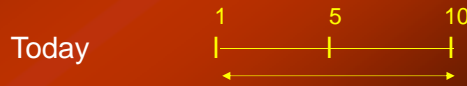
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## Is New Construction Better?

- Existing vs. new – on a scale of ten



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## Is New Construction Better?

- How to compare old to new
- What is old? (it depends on where you are)

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## A Home is a System of Systems

- Site
- Framing
- Foundation



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## A Home is a System of Systems

- Skin
- Roof
- Window and Doors



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## A Home is a System of Systems

- Walls, Ceilings and Floors
- Insulation
- Ventilation



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***A Home is a System of Systems***

- *Plumbing*
- *Air Conditioning*
- *Heating*
- *Electrical*



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***A Home is a System of Systems***

- *Indoor Air Quality*
- *Mold*
- *Hazardous Materials*

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***A Home is a System of Systems***

*A Bad System Doesn't  
Mean a Bad House*

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***When is a problem a PROBLEM?***

- How easy is it to fix/replace?
- Is it deferred maintenance or a defect?
- Should upgrades be considered?
- "Problem"



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***The CRITERIUM FACTOR***

- How urgent?
- How difficult or complex?
- How disruptive?
- How expensive?



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***The CRITERIUM FACTOR***

- 1 to 5 Scale
- 1 – typical, routine project
- 5 – high priority and challenging



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### What's The Score?

- 5 - System or component needs immediate replacement
- 4 - System or component needs significant repair soon
- 3 - System or component needs some repair, but is otherwise performing satisfactorily

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### What's The Score?

- 2 - System or component is performing satisfactorily
- 1 - System or component is virtually new and well installed

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System	Criterion Factor	Rating	Total
Building Site	3	1	3
Foundation	5	1	5
Frame	4	1	4
Skin	3	1	3
Roof	1	1	1
Windows & Doors	2	1	2
Walls, Ceilings & Floors	3	1	3
Insulation	2	1	2
Ventilation	2	1	2
Heating	2	1	2
A/C	2	1	2
Plumbing	4	1	4
Electrical	4	1	4
Mold & Indoor Air Quality	2	1	2
Total			39

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System	Criterion Factor	Rating	Total
Building Site	3	3	9
Foundation	5	3	15
Frame	4	3	12
Skin	3	3	9
Roof	1	3	3
Windows & Doors	2	3	6
Walls, Ceilings & Floors	3	3	9
Insulation	2	3	6
Ventilation	2	3	6
Heating	2	3	6
A/C	2	3	6
Plumbing	4	3	12
Electrical	4	3	12
Mold & Indoor Air Quality	2	3	6
Total			117

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System	Criterion Factor	Rating	Total
Building Site	3	5	15
Foundation	5	5	25
Frame	4	5	20
Skin	3	5	15
Roof	1	5	5
Windows & Doors	2	5	10
Walls, Ceilings & Floors	3	5	15
Insulation	2	5	10
Ventilation	2	5	10
Heating	2	5	10
A/C	2	5	10
Plumbing	4	5	20
Electrical	4	5	20
Mold & Indoor Air Quality	2	5	10
Total			195

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**Range**

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- Good - Less than 90
- Average - 90 to 140
- Fair - Greater than 140

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*We will e-mail you a spreadsheet*

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- The Building Site***
- Surface drainage
  - Sun, wind and other weather
  - Site distances
- CF 3

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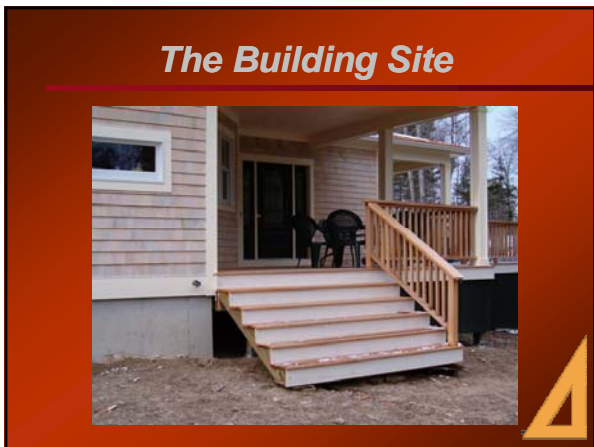
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## The Building Site



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## The Building Site



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## The Building Site

Don't say -

CF 3

*This is an earthquake zone,  
isn't that exciting!*

Do say -

*Maine has mostly stable soils*

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## *The Foundation*

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 5



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## *The Foundation*



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## *The Foundation*



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## The Foundation



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## The Foundation



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## The Foundation

Don't say -

CF 5

*Stone foundations will last forever*

Do say -

*Some cracks are typical*

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## The Frame

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 4

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## The Frame



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## The Frame



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## The Frame



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## The Frame

Don't say -

CF 4

*This home is very well built*

Do say -

*Some movement and distortion is normal in wood frame buildings*

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## The Skin

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 4

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*The Skin*



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*The Skin*



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*The Skin*



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## The Skin



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## The Skin

Don't say –

CF 4

*This siding will last a long time*

Do say –

*This siding is typical for the area. With good maintenance, it should serve you well.*



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## The Roof

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 1



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*The Roof*



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*The Roof*



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*The Roof*



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## The Roof

Don't say –

CF 1

*The roof was just replaced,  
or is new*

Do say –

*According to the owner, there are no  
reported roof problems or leakage*

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## The Windows and Doors

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 2

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## The Windows and Doors



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***The Windows and Doors***



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***The Windows and Doors***



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***The Windows and Doors***

Don't say -

**CF 2**

*These replacement windows are great!*

Do say –

*The performance of the windows and doors will vary with the season*



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## *The Walls, Ceilings and Floors*

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 3

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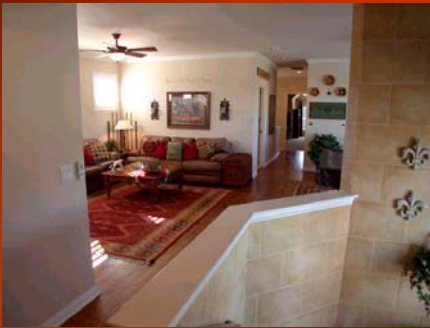
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## *The Walls, Ceilings and Floors*



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## *The Walls, Ceilings and Floors*



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## The Walls, Ceilings and Floors



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## The Walls, Ceilings and Floors

Don't say -

CF 3

*This interior is the best available*

Do say -

*Of course, you are the best judge of the interior. Some imperfections are normal.*

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## Insulation

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 2

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*Insulation*



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*Insulation*



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*Insulation*



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## Insulation

Don't say -

CF 2

*This home is cheap to heat.*

Do say -

*Here are the heating bills for the last few years. The owners maintained about (blank) degrees.*

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## The Ventilation System

CF 2

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

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## The Ventilation System



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## The Ventilation System



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## The Ventilation System



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## The Ventilation System

Don't say -

CF 2

*This home is tight, but well vented.*

Do say -

*This home breathes well (if an old, drafty home)*

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## *The Heating System*

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 2

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## *The Heating System*



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## *The Heating System*



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## The Heating System



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## The Heating System

Don't say -

CF 2

*This heating system is the best*

Do say -

*According to the owner, this system has been serviced regularly.*

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## The Air Conditioning System

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 2

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***The Air Conditioning System***



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***The Air Conditioning System***



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***The Air Conditioning System***



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## The Air Conditioning System

Don't say -

CF 2

*This home has central air conditioning*

Do say -

*The air conditioning serves the (blank) areas*

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## The Plumbing System

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 4

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## The Plumbing System



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## The Plumbing System



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## The Plumbing System



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## The Plumbing System

Don't say -

CF 4

*The well and septic are very reliable*

Do say -

*According to the owner, the septic was last pumped (date)*

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## *The Electrical System*

- Purpose
- Typical materials and why
- Expected performance and trends
- What to look for

CF 4

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## *The Electrical System*



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## *The Electrical System*



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## The Electrical System



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## The Electrical System

Don't say –

*The electrical system is shocking!*

CF 4

Do say –

*The electrical system is typical for a home of this age*

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## Mold and Indoor Air Quality

- Purpose
- What is mold?
- Why be concerned?
- What to look for
- What to do

CF 2

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## Mold and Indoor Air Quality



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## Mold and Indoor Air Quality

Don't say –

CF 2

*There's some scary stuff growing in the crawl space, isn't that cool!?*

Do say –

*Mold testing is often not reliable*

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## New Construction Trends

- The good news
- The bad news
- How to know the difference
- How to minimize the risk

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## New Construction Trends

Don't say –

*Of course it's good, it's a new house!*

Do say –

*I can give you some references for this builder*

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## The CRITERIUM FACTOR

- How Urgent?
- How difficult or complex?
- How disruptive?
- How expensive?

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System	Criterion Factor	Rating	Total
Building Site	3	1	3
Foundation	5	1	5
Frame	4	1	4
Skin	3	1	3
Roof	1	1	1
Windows & Doors	2	1	2
Walls, Ceilings & Floors	3	1	3
Insulation	2	1	2
Ventilation	2	1	2
Heating	2	1	2
A/C	2	1	2
Plumbing	4	1	4
Electrical	4	1	4
Mold & Indoor Air Quality	2	1	2
Total			39

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*We will e-mail you a spreadsheet*



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***Wrap Up, Conclusion***

- Review objectives
- Discuss risk management and inspection professional
- You are good communicators
- You are not construction experts



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***Turning Red Flags to Green!***

*Using the condition of a property to bring buyers and sellers together*



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