



AGENT MARKETING

LOCAL MARKET CONDITIONS

NEWS & ADVICE

ABOUT REALTY TIMES

Search Realty Times

Agent Marketing Package >

Mortgage Marketing Package >

Advice for Agents >

Agent News >

Agent Toolbox

Contact Us

Subscribe

Advertise

Preferred Vendors

Support

Login

Agent Safety

TIP OF THE DAY!

THE BEST CMA

Agent News > Columnist Blanche Evans

Should You Recommend A Home Inspector To Your Buyer?

by Blanche Evans

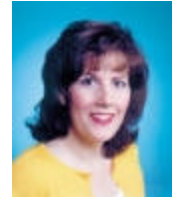
Does a conflict of interest exist when a real estate agent recommends a home inspector? Opinions vary because of liability issues and collusion, or the appearance of collusion, to gloss over material facts to get a home sold.

Buyers, especially first-time home buyers and out-of-towners, rely on their real estate agents to give them referrals and recommendations of competent ancillary service providers such as home inspectors. But if they do, the real estate agents could be held liable for any nondisclosure of material defects, whether accidental or intentional. That makes referrals an interesting problem.

Ohio buyer's broker [Tom Early](#) has decided to let customer service win over liability fears. He recommends only one home inspector to his buyers.

"The inspection company I use has been blackballed by several of the real estate companies in my town because, in my opinion, he does too good a job," says Early. "He began to get the reputation of a deal killer because of his thoroughness, and that news spread like wildfire. For exactly the reasons he has been blackballed by others, he is now the man I recommend. My buyers need to know the condition of the property they are purchasing, and he does a better job in that area than anyone else I know.

"Real estate for me will always be full of liability because I will always act as a true fiduciary," he says. "Why should I keep this a secret from my own clients? The home inspector I recommend has been in business for over 14 years and backs his own work. We have had a problem or two after purchase with one thing or another the inspection may have missed, and this company has taken care of the problem every time."



Columnist Blanche Evans

Spotlight

Agent News

- Preparing For The No Ca World
- NAR Report Validates Buyer's Agent Importance As Service Referrer
- No Call Mandates Create Whole New Selling World
- Prudential California Real Estate Team Specializes In Seniors
- Should You Recommend Home Inspector To Your Buyer?
- Enhancing The Effectiveness Of Your Real Estate Portfolio

Are You Ready



On the other hand, a real estate agent might collude with an inspector to gloss over material faults in order to get a home sold.

That was the thinking behind a new law in Massachusetts which was designed to put a firewall between real estate agents and home inspectors. The new law was enthusiastically campaigned for by Dennis Robitaille, director of [Independent Home Inspectors of North America](#). According to Robitaille, real estate agents can no longer recommend home inspectors in Massachusetts, where both real estate and home inspectors are licensed to practice.

"For years many inspectors and consumer advocates have seen the potential inherent conflict of interest of agents referring home inspectors," says Robitaille. "There have been numerous lawsuits against home inspectors for faulty inspection work, and the conflict of interest issue has been cited in more than one case."

"Home inspectors have been put on a level playing field," says Robitaille, "all the inspectors have equal access to potential clients. They have access through Yellow Pages ads, through real estate publications, through the Internet, through their attorneys and the state Website for home inspectors where consumers can see a [list](#) of licensed home inspectors."

The exception to the rule, notes Robitaille, is the buyer's agent with a buyer's representation contract. These licensees may recommend home inspectors of their choice as they are working in a fiduciary capacity for their clients.

"I don't believe in buyer's brokers because of what I've seen firsthand," he says. "They aren't recommending the best guys, because they don't get paid if the deal doesn't go through."

Robitaille and his organization clearly don't want to get business from real estate agents, one of the reasons he among others gave up memberships in the [American Society Of Home Inspectors](#) (ASHI) because ASHI is actively wooing agents to recommend ASHI home inspectors. Robitaille says he can't be a member and follow Massachusetts law at the same time.

ASHI has a branding campaign underway to get

real estate agents to recommend ASHI home inspectors, confirms executive director Rob Paterkiewicz, but not to necessarily recommend individuals. He says the organization is trying to get real estate agents to point consumers to ASHI's Website and directory of members.

This can help real estate agents in states where home inspectors aren't licensed (home inspectors are currently licensed in only 27 states) because ASHI-trained members are held to a higher standard of practice, says Paterkiewicz. Or is the organization merely facing the market reality that most home inspectors get their business from referrals by real estate agents?

"Our membership surveys say that about 65 to 70 percent of our 7,000 home inspectors' business comes from recommendations and referrals from the real estate community," says Paterkiewicz. "It is a substantial amount, and it is of concern because obviously it is imperative that the referral carries no obligation with it."

While ASHI would like to be a consumer-focused organization, it is also an organization that is designed to benefit members. And wouldn't members like jobs to be driven to them? If real estate agents were absolved of liability by directing them to ASHI instead of recommending a home inspector, doesn't everyone win?

"We go to the NAR convention each year, and we educate the real estate community that if you are going to make referrals, you need to allow the consumer the ability to make a choice," advises Paterkiewicz. "It is a red flag when there is only one person or two people recommended, and we are making efforts to educate consumers that it is a red flag. We encourage Realtors to give information about ASHI inspectors and give them a list of inspectors. It is easy to point their customer to our Website where there is an easy-to-use feature where they can type in their zip code and a list of ASHI inspectors pops up. You can e-mail them or call them."

He adds, "We encourage the real estate community to understand that the consumer needs to do homework on who the inspector is, and whether he is qualified to do the inspection. If the agent recommends one inspector and there is a lawsuit, the agent is going to be brought into it."

So, having an ASHI list or home inspector ads to turn to could help some agents. Others choose to take their chances.

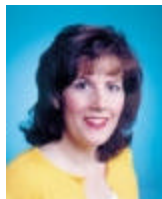
"If I were a rookie in the business and did not have the market knowledge needed to make these recommendations, I wouldn't do it," says Early. "But I'm not. I've been in the business 22 years. I know who the good inspectors are."

Published: October 15, 2003



Related Articles:

- [Limiting The Liability Of Home Inspectors](#)
- [The "Problem" With "Problem"](#)
- [Can Real Estate Agents Be Trusted?](#)
- [8 Tips for Protecting Yourself When You Buy a House](#)



Blanche Evans is the publisher of [Agent News](#) and the associate editor of [Realty Times](#), the Internet's largest independent real estate news service. She is the author of two best-selling real estate books: [The Hottest e-Careers In Real Estate](#), [Real Estate](#)

[Education Company](#), an Internet marketing primer for real estate professionals, and [homesurfing.net: The Insider's Guide To Buying And Selling Your Home Using The Internet, Dearborn](#), a consumer homebuying and selling guide. In 2000, she was recognized by the editors of REALTOR(r) Magazines as one of the 25 Most Influential People In Real Estate.

- E-mail Blanche at: blanche@realtytimes.com
- For more articles by Blanche, [Click Here](#)

Copyright © 2003 Realty Times. All Rights Reserved.

[Agent Marketing](#) | [Local Market Conditions](#) | [News & Advice](#) | [About Realty Times](#)
[Site Map](#) | [Article Index](#) | [Terms & Conditions](#) | [Privacy](#) | [Contact Us](#) | [Credits](#)