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Property inspections and reports

To avoid problems and extra costs later, you should know as much as you can about the condition of a property before you buy. Besides inspecting the property, yourself, you can also arrange for property inspection reports, such as a building inspection report.

As a prospective buyer, when you ask for a contract of sale, the agent must inform you about previous property inspection reports that have been commissioned. You might be able to negotiate a cheaper price to repurchase a report.

Personal inspections

Property viewings usually last half an hour to an hour. Use this time to do the following checks:

- Check that windows and doors can open easily and don't get caught in their frames.
- Check for damp or mould along skirting boards, walls and ceilings. Be cautious of paint jobs used to cover up mould.
- Check for sagging ceilings or buckling walls.
- Lift up carpet and check for rotting floorboards or damp.
- Try all taps and check how long it takes for hot water to come through.
- Flush the toilet to check for a running cistern.
- Look under sinks and give the plumbing a gentle shake to test sturdiness. Also look for rust and other damage to the pipes.
- Review the hot water system for size and age, and check for damp in all wet areas.
- Try light switches and look at the fuse box to evaluate circuitry age and see if there is an Earth Leakage Safety Switch.
- Look at the general state of the roof, guttering and drainpipes.
- Inspect exterior walls for cracks and other defects.

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- Ask if the home has an energy efficiency rating.
- While in different parts of the property, listen out to gauge noise levels. It is a good idea to test the noise levels around the property at different times of day.
- What does the property smell like? Are there strong smells from nearby restaurants or waste treatment plants?

What is a pre-purchase property inspection report?

A building inspection is just one check you can get done before buying a property. It is sometimes referred to as a 'standard property report'.

The building inspection report is a written account of the property's condition. It will include any significant building defects or problems such as rising damp, movement in the walls (cracking), safety hazards or a faulty roof. It is usually carried out before you exchange sale contracts so you can identify problems which, if left unchecked, could prove costly to repair.

Why do I need a building inspection report?

Benefits of getting a building inspection report done before buying a property are:

- knowing in advance what the problems are
- using the information to negotiate a lower price for the property ie. you may have to pay to repair some of the problems
- gaining specialist advice about any major problems and how they will affect the property over time.

Choosing the right person to inspect the property

Always use a suitably qualified person such as a licensed builder, a surveyor or an architect to provide a professional building inspection report of the property. These

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professions should see through any cosmetic improvements covering up faults that might otherwise be missed by an untrained eye.

A professional person will ensure that the format and content of the report complies with the relevant Australian Standard. Ensure that the person you choose has adequate insurance cover, particularly for professional indemnity.

Contents of the report

The report's format, detail and cost will depend on the type of property and the process used by the consultant or organisation to prepare it.

There is an Australian Standard that pre-purchase building inspection reports must comply with, but this does not include style or content.

General information

The inspector should check all accessible parts of the property. These include:

- interior of the building
- exterior of the building
- roof space
- under-floor space
- roof exterior
- site.

You may also ask for a particular item or part of the property to be inspected, such as:

- visible signs of asbestos
- existence of an operable electrical safety switch
- operable smoke alarms.

The site

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The following would normally be included in a building inspection report:

- garage, carport and garden shed
- separate laundry or toilet
- small retaining walls (ie. non-structural)
- steps
- fencing
- surface water drainage
- storm water run-off
- paths and driveways.

Make sure you specify any particular items or areas on the site that you would like to be inspected.

Other details

The inspection report should also include the following information:

- your name
- the address of the property to be inspected
- reason for the inspection
- the date of inspection
- the scope of the inspection
- a list of any area or item that wasn't inspected, the reasons why it wasn't inspected and if necessary, a recommendation for further investigation
- a summary of the overall condition of the property (considering its age and type) and any major faults found in the property
- a list of any significant problems that need fixing
- if necessary, a recommendation that a further inspection or assessment be carried out by a suitably accredited specialist (eg. pest inspector, electricity

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supply authority, water supply authority, structural engineer, geotechnical engineer, surveyor or solicitor).

Things not included in the report

A building inspection report does not deal with every aspect of the property. Its role is to identify any major problems visible at the time of the inspection. The extent of a problem will be influenced by the age and type of property.

While providing valuable expert advice, the report will not generally include:

- parts of the property that were not or could not be inspected
- matters outside the consultant's expertise
- an estimate of repair costs
- minor defects
- termite detection.

A building inspector would not normally check such things as:

- footings
- concealed damp-proofing
- electrical wiring and smoke detectors
- plumbing, drainage and gas fitting
- air conditioning
- swimming pools and pool equipment
- watering systems
- fireplaces and chimneys
- alarm and intercom systems
- carpet and lino
- appliances such as dishwashers, insinkerators, ovens, ducted vacuum systems, hot plates and rangehoods

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- paint coatings
- hazards
- every opening window
- television reception.

Strata schemes and company title properties

With strata scheme and company title properties, the building inspector will normally only inspect and assess the condition of the interior and immediate exterior of the unit. If you want the consultant to inspect other common property areas you will need to request a 'special-purpose' property report.

Minor defects

Most properties will have minor defects such as blemishes, corrosion, cracking, weathering, general deterioration, and unevenness and physical damage to materials and finishes. If you want the consultant to report on minor defects and imperfections you will need to ask for a 'special-purpose' property report.

Factors affecting the report

Certain conditions will affect the final report including:

- problems difficult to detect due to weather or other conditions such as rising damp and leaks
- the information you provide to the consultant
- the specific areas of the consultant's 'expertise' as specified in the report
- problems that may have been deliberately covered up to make an area appear problem free.

Using the report for other purposes

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A building inspection report should not be used as a certificate of compliance for any law, warranty or insurance policy against future problems. It is also not intended to estimate the cost of fixing problems, for which a 'special-purpose' property report is required instead.

Ordering a report

Most consultants need a minimum of 2–3 days notice to do a building inspection. You should get the vendor's permission to have the property inspected as early in the sale negotiations as possible. This will help you decide if the property is worth buying. There may be little point in spending money on conveyancing until you know the condition of the property.

Inspections done during the cooling-off period

When you buy a property in NSW, there is a five business day cooling-off period after you have exchanged contracts. During this period, you may get out of sale if you give written notice. The cooling-off period starts as soon as you exchange and ends at 5pm on the fifth business day.

A cooling-off period does not apply if you buy a property at auction or exchange contracts on the same day as the auction after it is passed in. Always check with your solicitor or licensed conveyancer that you have a cooling-off period, and have the process explained to you.

To get a building inspection done during the cooling-off period, give the consultant as much notice as possible. They will have to do the inspection, prepare the report and still give you time to decide and potentially withdraw from the contract. If you withdraw, you forfeit 0.25 percent of the purchase price.

Other types of reports

Special-purpose property reports

Pest inspection reports

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Pre-sale (vendor) building reports

Pre-purchase electrical inspections

Loose-fill asbestos insulation

Swimming pools

If you are not satisfied

If you are not satisfied with any aspect of the report or your dealings with a consultant, try to resolve the problem with them first. If they are members of an industry association, you may be able to get access to a free complaint handling service.

If you buy a property and later find problems not identified in the building inspection report, you should seek legal advice, particularly if the consultant's negligence ends up costing you a lot of money. We strongly recommended that you only use consultants that have adequate insurance cover, particularly for professional indemnity.

Fixing problems

When using a builder or tradesperson for work where the value is over \$5,000 the builder or tradesperson must:

- be licensed with NSW Fair Trading for the work they are doing.
- provide you with a written contract where the value of work (labour and materials) is over \$5,000.
- give you a copy of the Home Building Compensation Fund certificate for the work before taking any deposit and before starting the work if the job costs more than \$20,000 (some exemptions apply).

Visit our [home building and renovating](#) page for more information about your rights and responsibilities when hiring a builder or tradesperson.

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Call Fair Trading on 13 32 20 to make sure the builder or tradesperson has a license.

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