

How To Have A Successful Walk-Through

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A walk-through before closing is the final opportunity to assure that a property and its components are exactly as they are supposed to be delivered; that changes, repairs, and improvements required in the sales contract have been made; and that the owner has not damaged the property.

An existing home is not sold in perfect condition. Instead, an existing home is sold in the condition in which you saw it at the time the contract was made. That means there should be no material changes between the time you buy and the time you close -- but it also means that when furniture is moved and pictures are taken down there may be rips and dings not previously noticed.

To have a successful walk-through you first need a sale agreement which clearly outlines what stays with the property, what goes, and the owner's obligations -- if any -- to make certain changes.

What's in the sale agreement must be clear: It's not enough to say that the owner must replace the dishwasher -- you could wind up with a bucket and some rags. Instead, specify the make and model of the new dishwasher and require that you receive the sale ticket and all booklets and manuals at closing. These items may be valuable to you in the event of a warranty claim.

With new homes the arrangement is different. There is a walk-through with the builder's representative. If an item is not finished, or not finished well, it is added to a "punch list." As a consumer, it makes sense to keep your own list and to assure that at the end of the walk-through both you and the builder have noted the same items.

Suppose the walk-through uncovers a problem. What happens next?

The answer depends on such questions as how the contract was written and who has the stronger bargaining position. One approach is to make an adjustment at closing to compensate a buyer if an item is missing or a task has not been completed.

Another approach works like this: Suppose you are closing in Chicago during the winter. There is no way to

test the air conditioning system. One solution is to establish an "escrow" or trust fund at closing with enough money to cover all possible repair and replacement costs. Money in the escrow account is help by the closing agent. If the equipment works, all the money is returned to the seller. If repairs are required, then appropriate deductions are made.

In the walk-through process there are some cautions for consumers.

- Walk-throughs generally occur just before closing. Make sure you have plenty of time for a leisurely examination of the property -- including time to travel from the property to the site where closing is being held.
- For new homes, be aware that builder contracts often prohibit the establishment of escrow accounts for work which is incomplete.
- Photographic records can be important. Photos or videos of an existing home made during a home inspection can prove what was or was not in place, what was damaged or not damaged, etc. Be sure to get permission from the owner before taking any photos.
- Some new-home buyers prefer to have a home inspector accompany them during their walk-through. (With an existing home, there's generally a home inspection required within a few days of ratifying the sale agreement. With a new home, some buyers have a home inspector come by several times while the property is being constructed.)
- Know what your contract says. If an item isn't covered, you may have little leverage.
- Be aware that a walk-through can impact warranties. If an item is not tested during the walk-through and later fails, who is to say the damage did not occur after the home was bought?
- Beware of situations where the utilities are turned off during the walk-through. In such cases there is no way of knowing what works and what doesn't.

For details regarding walk-throughs in the area where you want to buy, speak with local brokers.