

Pre-owned certified homes hit market

Realtor confident in spin-off concept

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Sunday, May 4, 2008

Once you've wrapped your mind around the concept of pre-owned certified vehicles and the peace of mind it can offer to a nervous, used-car buying public, the spin-off concept of pre-owned certified homes makes a lot of sense. RE/MAX Performance realtor, Jeff Stern, who developed the program, thinks it will have a lot of appeal in today's robust but skittish Winnipeg real estate market.

In launching the pre-owned certified homes program, Stern is confident that it will offer some important guarantees to both buyers and sellers and help tamp down some of the anxiety that has run rampant in a housing market that's been in overdrive for the last few years.

Stern says, "A lot of thought went into it and we're now ready to roll it out to the public."

It's no coincidence that Stern draws comparisons between buying vehicles and buying homes. Stern's experience with vehicles comes from the former Winnipeg family business, Stern GMC Trucks. "I've seen firsthand when customers were purchasing vehicles that were certified, by knowing that the seller had done their due diligence, how much more confidence that inspired in the buyer. It's the same for houses."

In order for a home to carry the pre-owned certified status, there are a number of important benchmarks to be reached, says Stern.

The seller must engage a home inspector at his own expense to do a thorough inspection of the property prior to it being sold, so that any remedial work has been identified. The seller can elect to have the work done, or at the very least, to disclose that there are deficiencies on the property that should be looked at in the future.

He has teamed up with Tom van Leeuwen, a long-time professional home inspector at Pillar to Post Home Inspection Services. The company operates at total arm's length from me and thoroughly does what they need to do for the benefit of both the seller and the buying public. The inspector will look at the property and do a pre-sale inspection, taking two to three hours depending on the size of the home. Then he will produce a report and go over it with the seller, listing those deficiencies that this property would need to remedy or at least identify any pre-existing conditions. Once completed, the seller will pay a fee, no more than \$1,000 and likely less, for the complete pre-inspection package, Stern says.

The package includes a warranty that runs for one year from the completion of the home inspection. This protects the seller should something go wrong between inspection and possession, and protects the buyer after possession. It also provides additional peace of mind that the whole program isn't just for appearances, since the warranty excludes pre-existing conditions and the warranty provider gets copied on each home inspection before providing warranty coverage.

Stern says, "The buyer has the option of renewing this protection every year afterwards for a nominal fee."

Today's hot market, where buyers are discouraged from including a home inspection as a condition of sale -- any conditions on an offer jeopardizes the offer's acceptance -- is an ideal time to launch the program, says Stern. With a home inspection already done, backed by a warranty, the program eliminates the risk of losing a home to a buyer prepared to waive a home inspection.

As for sellers, Stern believes this system will open the way for more offers from buyers who will feel more confident presenting an offer, knowing that the seller has done their due diligence in representing the condition of their home.

"In this way, sellers also can be assured they are truly getting every possible offer that they could to make a decision on what's best for them," says Stern.

With such an active Winnipeg housing market, Stern is realistic about the competition that buyers face. "Buyers are not likely to get past the competition until the market tanks. However, this program will make it easier for a buyer to present that offer that they may not have done otherwise, often due to a weak stomach caused by the strong competition coming from other buyers."

And for those buyers who are successful in closing a deal, once the initial elation has passed and twinges of buyer's remorse surface, Stern says that's when the assurance of a one-year warranty will help mitigate those feelings. The seller, too, benefits from knowing that the buyer is not going to resort to litigation down the road, because a documented report has been done beforehand.

During Stern's 16-year career in real estate, he has witnessed a share of transactions where either buyers or sellers have come out feeling that they gave more than they got. "I think this pre-owned, certified program will help level the playing field so that it's more of a win-win situation for everyone involved."

