

Why Property Investors  
Need Building Inspections



# BUILDING SUCCESS



ANDREW MACKIE-SMITH

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Acknowledgments

# Foreword

I had the pleasure of first meeting Andrew Mackie-Smith on a professional basis; he in his capacity as building inspector, and I in my capacity as the vendor of my own home. The slightly different factor in the equation was that I had also built the house. Though my wife and I loved the house, and it was only four years old, our children were reaching school age and my wife had convinced me it was time to move on.

We engaged a reputable agent who, being aware of the provenance of the house, advised that it would be in everyone's best interests to have a building inspection done and provide it to prospective purchasers.

After Andrew's thorough inspection, the campaign went ahead. The house sold to an appreciative buyer, and I still remind the purchaser when I occasionally bump into him of our handshake agreement that I get first right of refusal when it comes time for him to move on.

Not every house transaction has such a happy ending; not just the house sale but the making of another ethical professional acquaintance and friend.

The preface to Andrew's book tells an all-too familiar story and essentially explains why anyone who purchases property should engage the services of a reputable building inspector. Homes are an enormous emotional as well as capital asset, but at purchase time there is often so little effort put into an objective assessment of their true condition. People overlook that their newly acquired asset is made up of an appreciating asset – the land, and a depreciating asset – the building. The trick is in objectively

balancing the two, so that you end up paying a fair price for what you realistically expect.

‘Caveat emptor’ (let buyer beware) is a well-known contract law principle but it’s also a handy tool for unscrupulous property owners to hide behind if they want to unload a problem onto an unsuspecting purchaser. ‘Let the buyer beware’ is a simple enough warning but until the law changes, there will continue to be stories abounding of highly distressed property buyers who paid what they believed to be a fair price for something that turned out otherwise. It’s the law in Queensland that anyone selling a vehicle has to provide a Road Worthy Certificate, and if they can’t provide one it sends a very clear signal to the purchaser. So what’s so different about a house, other than it’s usually worth about a hundred times more, and it’s so much easier to conceal the defects?

There is a lot of good advice in this book but the best advice I can give when buying or selling a property is to call Andrew Mackie-Smith before you commit to anything.



Nick Herron

President, Master Builders Queensland

# Preface

The air is electrified with anticipation. The auctioneer smiles and welcomes everyone to the auction. She waxes lyrical about the “magnificent opportunity” that awaits you.

Your palms are a bit sweaty and it feels warm in the room. You are telling yourself to stay cool and calm. After all, you don’t want the other bidders to know how nervous you are. You think back to the first time you saw the house at the open for inspection and try to remember the details. It was all a bit rushed, you really only had about 20 minutes to look over the place. You are thinking that you probably should have had another look at it before the auction. Oh well, too late for that now! You start to imagine the house after you have put your stamp on it – you’ve removed the dusty shag-pile carpet and polished up those floorboards, torn down the wall between the kitchen and dining room, and put in the new kitchen with gleaming stainless steel appliances and the stone benchtops you’ve always admired.

Oh, the auction is starting. Around you agents are working the room, smiling and nodding, placing a gentle hand on an arm here and there to reassure the jumpy bidders. Your heart is pumping a bit harder now and you have the urge to cough. The auction has begun. The auctioneer is good, she jokes and cajoles, eventually getting a starting bid from somewhere to get things moving. “Was that a vendor bid?” you wonder. “Stay calm,” you tell yourself, you have your strategy, you’ll wait until the property is ‘on the market’ before you bid. The pace is quickening, more bidders are jumping

in, back and forth it goes, the price is rising and it's getting close to the limit of your budget. Now, the bids are slowing, the auctioneer is accepting \$1,000 bids. Hang on, it's getting a bit expensive now, there goes the new deck budget...The auctioneer makes a show of seeking instructions from the vendor. She returns in a couple of minutes, triumphant, to proudly announce that the property is now 'on the market'.

You don't want to miss out on this one, your hand shoots up, blood pumping loudly in your ears, you bid! The auctioneer welcomes you with a leer. An agent closes in on you, whispering something in your ear, it's all very comforting. You bid. They bid. You bid. They bid. You bid. They bid. They pause. The rival bidders have a quick chat and then look lost as they shake their heads in defeat. The auctioneer senses the race has been run. She calls for any more bids and you can hear a pin drop. Then she calls that classic auction line: "Going once, going twice, going three times, SOLD!"

Feelings of relief and elation flood your body. "Now you can sleep in tomorrow," the auctioneer jokes. The crowd offers a polite clap and you are ushered into a side room to be presented with the Contract of Sale. Everyone is looking at you, some people say congratulations, you are on a high.

As you look at the hefty legal Contract of Sale document in front of you, you pull yourself together and think, "Hold on, what did Dad always say? 'Don't sign anything before you've read it?'" Too late for that now, you sign with a flourish and immediately feel like a drink. Time to text your friends the good news and take a selfie.

One month later...

You are at the property you just bought at auction with your builder. The place certainly looks smaller and darker than you remember – shabbier and less chic. There is a lot of peeling paint and a musty smell you hadn't noticed at the open for inspection. The trendy hire furniture and aromatherapy candles are gone now.

You want to talk about your new kitchen and renovations but the builder is shaking his head and pointing out major defects right, left and centre. “Surface drainage problems, significant subsidence and cracks, extensive decaying timber, a leaking roof, the walls and ceiling look like they may contain asbestos... About \$150 grand before we can start your renovation,” says the builder with a shrug.

Your heart sinks. You feel awful. That is probably the worst financial news you have had in your life. You wonder how this happened.

“Why didn't you get a building and pest inspection before the auction?” asks the builder.

# 1

## Five steps to building success

**T**HEMOST successful property investors make good decisions because they take the time to educate themselves. Learning from the experience of others costs a lot less than learning from your own mistakes, especially in property where one mistake can cost you tens (or even hundreds) of thousands of dollars.

I've spoken to many people over the years who have suffered massive stress and financial hardship, because they did not make the time to get the right advice on their property dealings. As the median value of property steadily rises, the implications of poorly informed property decisions become extremely costly. Anyone dealing in property is gambling too much to risk not getting professional advice when such huge sums of money are involved.

Property investors need a professional team to help them build a quality portfolio that increases the wealth and passive income they are seeking – stress free. Your team may already consist of: a mortgage broker, buyer's agent, quantity surveyor, valuer, lawyer and an accountant. If you invest in property or work in the property industry, it is vital that you also have a good building inspector in your property advisory team.

All inspectors can provide a report. A good inspector, however, will apply the information in that report to your situation so you can get value from the

information. When the knowledge is applied (and this is an important step) you can save thousands of dollars. I'll show you how to choose a good building inspector for your team.

At my company, BuildingPro, we have developed our five steps to building success. The five steps are:

1. Assessing the property
2. Engaging the inspector
3. At the inspection
4. Negotiating using the reports
5. Maintenance.

Here's a quick overview of the framework.

## STEP 1 – ASSESSING THE PROPERTY

Are you like most property buyers? Will you spend hours looking online, sifting through photos and descriptions of properties on real estate portals then shortlist a few for inspection and turn up at the open home? You walk up to the front door, give the agent your name and email address and then spend 10 minutes walking through the house. If this is you, don't be embarrassed, you are in the majority.

There is a better way. You need to follow the assessment process that I have detailed in Chapters 3 and 4 of this book. I recommend that you start by doing some preliminary work online and then use a checklist.

Of course you should still use a professional building inspector, but this step should help you to spot the more obvious issues.

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## ■ FREE STUFF

I have developed a handy checklist that allows you to inspect the property yourself, saving you money, time and stress by screening out unsuitable properties before moving to the next step. Visit [www.buildingpro.com.au](http://www.buildingpro.com.au).

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## STEP 2 – ENGAGING THE INSPECTOR

The type of inspections and reports you will require will depend upon the type of property, its age and condition. The intended use of the property can also determine the type of inspections. Refer to Chapter 5 for details of the types of inspections.

Let's take a look at a couple of examples.

### Example 1

An older timber home with a swimming pool may require the following:

- Building inspection
- Timber pest inspection
- Asbestos inspection
- Electrical inspection
- Swimming pool and pool safety barrier inspection.

### Example 2

A new apartment will just require a handover inspection.

To find the right person or company to carry out the inspections, you need to know what you are looking for. Chapter 6 sets out what to look for when researching an inspection company. You should research the credentials of

an inspection company by asking a series of questions. Some of the questions you need to ask include:

- What is the scope of the inspection?
- What inspection agreement should be in place?
- Which items are included?
- Which items are excluded from the inspection?
- What is a fair price to pay?

### STEP 3 – AT THE INSPECTION

If possible, you or a personal representative should attend the inspection. Rather than discussing the weather with the real estate agent, your time would be better spent checking items that are not always covered by the building inspector. This includes checking appliances such as the oven, cooktop, range hood, air-conditioning, dishwasher, ceiling fans, lights and the garage door opening device. Does that neighbour standing by the fence want to tell you something important, like how flooding occurs every time it rains? Chapter 7 gives a checklist of what you can do to maximise your time at the inspection.

### STEP 4 – NEGOTIATING USING THE REPORTS

Most people know they should get an inspection report(s) but what should they do with the information? What are the major issues? Should they proceed with the purchase? Should they pull out? Should they renegotiate?

The quick answers are that you should always speak with the inspector, read the reports and then ask questions to clarify your understanding. But

it's not quite that simple. What should the reports tell you? Which items should ring alarm bells and which items require just minor maintenance? What terms in the report do you not understand? In Chapter 8 I will explain how to better understand inspection reports.

Once the condition of the building is understood (i.e. the estimated costs and ramifications of defects are known) you can make the right decision. That decision could be to proceed with the purchase if you can get the seller to agree to a \$15,000 price reduction to allow for the replacement of the rusted roof. In other words, you negotiate. Negotiating thousands or tens of thousands of dollars in discounts is sometimes possible when you know how.

In Chapter 9 of this book, I explain how to set the stage for negotiations, and then I take you through the steps involved to successfully negotiate a price reduction using the report(s).

## STEP 5 – MAINTENANCE

All buildings require maintenance. Some more than others. Most people grossly underestimate the cost of maintaining a building to a reasonable standard to at least preserve the property's value and keep the building operational and safe.

With adequate maintenance the value of the building can be significantly enhanced. The results are higher capital values, higher rental returns, lower risk of tenant accidents, lower turnover of tenants, less stress and lower costs.

A good property manager can take care of most maintenance issues for your rental properties. Unless you are a property lover who has retired with a property portfolio that generates a comfortable level of income, I am not a fan of DIY property management.

I strongly believe that building maintenance is what smart property owners do to make more money with less risk.

## 2

# Who needs a building inspector?

IN THIS chapter we ask who actually needs a building inspector. Easy? The obvious answer is “everyone” when they buy a property, right? Of course, property should be inspected if you are making an offer to purchase a new home. But really anyone who owns property should use the services of a building inspector from time to time. So whether you are buying, selling, leasing your property or living in it, you will greatly benefit from knowing the condition of the building and how best to deal with any issues found. A seller should get a building and pest inspection report done prior to listing to assist the sale process. A property investor should have regular inspections done on the tenanted property for maintenance and safety reasons. A person living in the building and planning to renovate should talk to a professional building inspector. Anyone living in their building should have ongoing property inspections during the time they own it.

Let’s look at all these scenarios.

### WHEN YOU ARE BUYING YOUR HOME

How exciting, you’ve found a home and you just love it. Emotionally, you’ve moved in already! But wait, don’t forget that all-important inspection report. You will be living in your new home for several years, maybe decades, so make sure you know what you are buying.

Most people nowadays see the value in having the required property inspections carried out on their behalf when buying a property, but I still hear of people who don't bother and end up buying a dud. Excuses for not getting an inspection include: the property was only two years old; it was a bargain; we ran out of time; we are going to renovate anyway; my brother-in-law had a look at it for me and he is a carpenter.

Not getting an inspection is taking a risk with a huge financial investment. Get it right and you can save thousands of dollars. Get it wrong and it can cost you thousands, maybe tens of thousands. Not only is there the cost of repairs to consider but the time and stress involved with fixing the problems and the opportunity cost of lost capital gains.

I have worked for many clients who have told me horror stories about years of stress and financial hardship they endured because they bought a property without any property inspections. Learn from their mistakes!

Some people are prepared and have done their homework when they are buying a property. They have assessed the property themselves (or used a buyer's agent). They have visited the property a few times at different times of the day. They have checked with the local council for flood risk. They have asked the selling agent about the sinking fund on a strata property. They have checked that their car fits in the garage, etc. Even so, they are not professional building inspectors and therefore they need to engage someone who is experienced and suitably qualified to prepare an inspection report for them.

## MAINTAINING YOUR HOME

So you go to the dentist once or twice a year to get the pearly whites checked and you have the car serviced regularly too. But the house... “Nah. It can wait, sure it’s my biggest asset but I know what I’m doing”. Wake up people, over the years your property is deteriorating and it needs to be maintained. Sticking your head in the sand does not keep your property in peak condition. Periodic professional building inspections are a good way to keep informed about maintenance needed on the property.

Often a homeowner contacts us when they have a few building issues that they are not sure about. They have received quotes to rectify the problems, but the tradespeople recommended different solutions with widely varying costs. This has left them confused about what to do next. They appreciate getting independent expert advice so they can confidently make the necessary investment with the appropriate scope of work to properly address the issues. I usually find other issues they were unaware of that also need attention.

## WHEN YOU ARE BUYING INVESTMENT PROPERTY

Most property investors will lease their properties to gain rental income. If a rental property is not maintained in a safe condition, then the owner will be in breach of common law, the landlord’s insurance and building insurance conditions. Most tenancy agreements and insurance policies require an owner to maintain the property in a safe condition at all times.

The next scenario illustrating when it’s essential to engage a property inspector involves when you are buying an investment property. It will not

only save you money when you buy, and potentially increase your return on the property, but it may also save you from defending yourself in court.

### Case Study

In the case of *Graton v Gillan Investments Pty Ltd*, the owner was held to be liable for failing to keep the rental property in a safe condition. The owner was held to have had an obligation at the start of the tenancy to have the property inspected and assessed by a qualified person.

This case has extended the requirements of owners to have regular inspections done by qualified professionals. It is not enough to have property managers doing these inspections. Owners now face increased liability for defects which may have previously not been detected. In this case, the tenant was awarded damages of \$100,000 for her injury.

Property investors need not only obtain a pre-purchase inspection at the time of purchase but also need to have ongoing inspection services including:

- Building maintenance inspections
- Termite inspections.

By utilising a building inspector, you can meet your responsibilities and aid in protecting yourself from litigation and penalties, while also ensuring that the rental property is in a safe and sound condition for the tenants to enjoy.

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### PRO TIP

You should make it a practice that at the commencement of each tenancy, and at least every year, a qualified building inspector is engaged to examine the repair and safety of the rental property. A property manager is not qualified to do this. The building inspector's report should be sent to you (the

owner) and the property manager. The report will enable you to instruct the property manager to arrange any necessary repairs.

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## Case Study

A property investor engaged a buyer's agent to find them a suitable property. The buyer's agent found a renovated, older style home on a large corner block near a major shopping centre that ticked all of the boxes and was about \$20,000 less than comparable properties on the market. The buyer's agent noticed that there was a 25mm gap between the floor slab and the skirting board in the living room and mentioned this to me at the time of booking the inspection.

Here are some of the observations made at the inspection:

1. The external brick walls of the house had been rendered. Cracks up to 3mm wide were present in the rendered external brick walls.
2. I noted neat rectangular patches of newer concrete to the paths around the external walls of the house.
3. Some vertical joints had been cut into the external brick walls.
4. The door frame to the garage was out of square by 60mm.
5. The large timber patio was located only 500mm from the rear boundary.
6. The garage was built right onto the side street boundary without a fire-rated wall.

Here is some of the advice I gave the buyer's agent:

1. It appears that the house has had significant damage from subsidence. The owner had the house underpinned, rendered and articulation joints were installed. Some damage, such as the tiled concrete floor of the living room being out of level and the garage door frame being out of

square, were not rectified. Further cracks indicate that there has been more movement since the rectification works have been carried out.

2. The garage and patio are built less than 900mm from the boundary without a fire-rated wall.

This indicates that these structures are illegal.

The buyer's agent decided not to proceed with the purchase mainly because:

1. More damage had occurred since the underpinning. The long-term consequences of more damage could not be known. There is excessive risk of future repairs and therefore a chance of reduced re-sale value.
2. Illegal structures will make the property more difficult to insure and could reduce re-sale value.

## PROPERTY MANAGERS

Inspecting buildings for structural defects and safety hazards is a job for a licensed and insured building inspector with suitable experience and training.

The law courts have recently held that a property manager is not considered to be a fit and proper person to inspect a rental property to ensure that the property is in a safe and well maintained condition.

Deaths and serious injuries from the collapse of decks, balconies, stairs and floorboards are becoming all too frequent. The landlord (and the property manager as agent of the landlord) may be liable if an accident occurs on an investment property that you own or manage.

If someone is injured or dies while they are at the rental property and this is found to be due to a lack of maintenance that should have been detected by undergoing a regular professional inspection, then the property manager and owner may well be liable.

As I said earlier, by utilising a building inspector, a property manager can meet their responsibility and aid in protecting themselves (as agent of the landlord) from litigation and penalties while ensuring that the rental property is in a safe condition for the tenants.

## Case Study

A property manager knew that the balcony on a small block of flats was in a poor state of repair and had asked the owner to get it rectified. The owner thought it was a body corporate responsibility and so did not take any action. When the tenant moved in, the property manager told her to watch out for the handrails on the front stairs as they were a “bit wobbly”.

The tenant arranged for removalists to move her furniture into the property. When the removalist arrived at the property they advised the tenant that they could not safely carry the furniture up the stairs as there were badly decaying stair treads. The tenant found a piece of timber to place onto the stairs to enable the removalists to get up the stairs. When the removalists got to the top of the stairs the balcony floor gave way under foot. The removalists stopped work and took the furniture away stating that it was too unsafe for them to unload the furniture. The tenant was very upset as she had paid a month’s rent and bond in advance and could not occupy the property as she could not get her furniture moved into it.

She approached the property manager about the situation and was offered some temporary accommodation in another property. When the situation did not get resolved after a few weeks, the tenant approached ‘A Current Affair’ and asked them to investigate and report on the matter.

I was then asked to appear on the program and inspect the balcony and access stairs. I found these to be structurally unsound and unsafe. I recommended that the entire balcony and two sets of stairs be replaced.

The licensee of the real estate office admitted that they had sent a young, inexperienced property manager to inspect the balcony and stairs. The young property manager noted on her entry condition report that the handrail was a “bit wobbly” and there was some “flaky paint”. Clearly the property manager lacked the necessary training and expertise to identify structural defects and safety issues. This put the tenant and removalist at serious risk of life and limb.

The program highlighted the unprofessional conduct of the real estate licensee and the lack of care shown by the owner.

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## FREE STUFF

The video of this story can be viewed at [www.buildingpro.com.au](http://www.buildingpro.com.au).

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## WHEN SELLING PROPERTY

When selling, it is important that your property presents well to potential buyers and that you remove any barriers to a sale. If you can provide pre-sale building and pest reports to potential buyers, you can greatly assist the sale process.

The last thing you want is for the Contract of Sale of your property to fall through because the buyer obtains reports (from an inspector working for the buyer) revealing significant structural damage, safety issues or severe termite infestation that you were unaware of.

Advantages of pre-sale inspection reports include:

- The seller knows of any major defects or significant timber pest issues in advance, giving them the opportunity to get these sorted out. I can think of

many times when the seller has said “the agent recommended that we get you to do the inspection for us although I don’t know why as you won’t find anything wrong, but knock yourself out mate”. Many times I have found major structural damage or a termite infestation and the seller quickly changes their cavalier attitude and wants to know how they can quickly get the issues rectified.

- I often need to give reassurance to a seller that disclosing defects and fixing problems is worth the effort and expense to help them sell their property. They are better off hearing it from me and having the opportunity to fix the problems than hearing about it from a buyer’s solicitor after the contract has been cancelled.
- Buyers are more likely to make an unconditional offer as they can rely upon the report provided. This saves them the expense and gets the deal done with less delay.
- If the property is going to auction, then buyers are more confident to make a bid. I often get people calling our office desperate for a building and pest inspection to be done on a property that is going to auction within a matter of days. Sometimes we are fully booked and cannot get the report done before the auction. If the buyers cannot arrange for an inspection to be carried out in time, they may decide not to bid at the auction.
- Buyers are less likely to renegotiate a reduced price after the contract has been signed because if there are any building or pest issues with the property, they already read about them in the pre-sale report when they entered into the contract. This doesn’t mean that some won’t try, but hey,

they knew what they were getting themselves into so it severely limits their bargaining power.

- The inspector can discuss the report findings with potential buyers and answer any questions they may have.

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### PRO TIP

Some inspectors have a reputation for being overly pedantic. Others are just inexperienced and their reports are not balanced or well written. This can leave the buyer feeling uncertain about whether to proceed with the property purchase or not. A good property report should give confidence to proceed, negotiate a reduction in price or pull out. If the buyer is uncertain, then a cancelled contract will be the likely result.

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Some inspectors will put the pre-sale reports into the name of the eventual purchaser at no extra cost or for a reduced fee. Usually the purchaser will need to agree to the inspector's standard inspection agreement first. I hope to see our law change so that it becomes mandatory for sellers to provide pre-sale inspection reports to all potential buyers.

### BEFORE YOU RENOVATE

Are you planning the big reno? Perhaps you've been inspired by the scripted 'reality' renovation TV shows? Renovations can be horrendously expensive. I am not a fan of large-scale renovations. They are usually very costly, time-consuming and stressful. Budgets are stretched or many compromises are made. Mistakes happen and lessons are learned.

Rather than renovate, I suggest that clients simply buy a better property instead where the hard work has been done for them. If you are clear about what you want and take the time to look, you can often buy the property that meets your needs without having to renovate.

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### PRO TIP

Add the cost of renovating to the cost of the purchase. Then compare that figure to the cost of renovated properties in the area.

For example, if you are comparing properties and one is a basic house with a “blank canvas yard” and the other property being considered is fully renovated with an extra bedroom and an in-ground concrete swimming pool and costs only \$40,000 more, then does it makes sense to buy the unimproved property and spend \$120,000 and 12 months of your spare time adding these features? I would always choose to buy a well renovated or newer property that suits your needs if you can afford it.

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If you really need to renovate or just want to give it a go for the life experience then I strongly recommend that you get an architect or building designer to prepare the plans and specifications (with necessary approvals), so that the work can be competitively tendered for fixed price quotes from at least three licensed builders. This means the builders are all quoting on the same scope of work and you can get the best advantage from the competitive quote environment.

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## PRO TIP

Ask the builder to itemise their price, i.e. separate the costs of plumbing, electrical work, painting, etc. If your preferred builder has some significant anomaly between his price for a particular line item and the price from other estimates/quotes you will know in advance. You can then ask the builder to check his price to make sure they have not made an error. If a builder underquotes due to an error in calculation or understanding, they are more likely to cut corners on the job to recover profit lost from the quoting error.

Let's take a look at an example.

You receive a plumbing quote from your preferred builder that is \$35,835. Plumber quotes from other builders (for the same scope) are \$47,560 and \$50,500. You ask the preferred builder to check his plumbing quote. He comes back to you two days later and sheepishly admits that he forgot to include the new roof in the plumbing quote. So you ask him to price the roof and he confirms the new roof will cost \$11,000. The total amended plumbing component of the quote is now \$46,835.

In my experience, it is better to have a builder making a fair profit on the job than trying to complete a project where the builder has started with a loss. If this is the case the temptation to cut corners or to find 'extras' may be too great. I always strive for a win/win – a good job for a fair price.

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# 3

## Do your own inspection – the exterior

**WHEN YOU** find a property that is ticking the boxes and looks as if it could be the one, you should do your own inspection. This does not replace a professional inspection, but with our checklist and some focus you may be able to pick up the more obvious issues and potentially save yourself the expense of a professional inspection and conveyancing, etc. if the property is unsuitable.

Before you rip into your own inspection give some thought to safety. Here are some tips:

1. Wear sturdy closed-in shoes as there can be broken glass, rusty nails, etc. on the ground.
2. Wear older clothes as you may need to crawl under the house.
3. Invest in a respirator if you are prepared to crawl under a floor because the dust in there can be a toxic cocktail of pesticides, asbestos, mould and other pathogens.
4. Do not get on roofs or in roofs.
5. Use a powerful LED torch.
6. Have a phone with a camera for recording your findings.
7. Inspect during daylight hours so you have better visibility.

## A QUICK OVERVIEW

Before you take a detailed look at the property, give the place a quick overview. Congratulations, you are taking the first step to ‘building success’.

### Start at the street

Your inspection starts from the street. Standing back from the property, look down both side boundaries. Look for retaining walls on neighbouring properties that may affect the property. Check out the topography to ascertain whether there is a risk of flooding, overland flow or drainage problems. Housing that is situated at the bottom of a hill or is lower than surrounding properties and the street are often adversely affected by water.

Now look at the site and exterior of the property. Look for mature trees in close proximity to the house as these can cause subsidence, lift up paths, rust gutters, cause gutters to overflow and damage the building.

Does the building look level and square? Are lines straight or out of whack? When a building is out of level and out of square it is likely to have damage as a result. Timber buildings can be more out of square than concrete and brick buildings before significant damage is apparent.

For the interior, start at the front door and work your way around to the left of each room. Look for cracks, water leak stains, damage or things being out of level and square.

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## FREE STUFF

To assist you in inspecting the property I have created an inspection checklist. It's available for download at [www.buildingpro.com.au](http://www.buildingpro.com.au). This checklist allows you to keep a record of properties inspected and defects found.

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Now you've had a quick look at the property, you need to check the exterior in more detail. This is covered below in this chapter, before we go inside the property in Chapter 4.

## THE SITE

First we consider the whole site.

### Position of the building



These older houses have window awnings that actually overlap. In this situation it is wise to have a land surveyor do a check survey to ascertain the boundaries of the property and also ascertain whether there are any encroachments either on or by the property.

Check to see that the building is set back from the side boundaries. Usually houses are at least 900mm back from the side and rear boundaries as a

minimum. Garages are allowed to be closer to the boundary if the walls are suitably fire-rated (generally this means they are made from brick or concrete block and have no windows facing the boundary).

### Surface drainage

If the site is steeply sloping or flat, chances are it has poor surface drainage. Poor surface drainage is very common and can be costly to rectify. In my experience the drainage on most properties is inadequate. Check that the outside finished surface level is lower than the internal floor level and slopes away from the building to a system of drainage pits. Check drainage around the retaining walls too as the change in level often concentrates surface water.



This wall was water damaged. An improvement in both waterproofing and surface drainage was required to rectify the problem.

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## PRO TIP

Houses that are lower than the street or have an embankment behind the house are at the highest risk of surface drainage problems.

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Poor surface drainage can create conditions conducive to timber pests and mould. Some properties are in flood prone areas and have poor surface drainage. This is a double whammy. I recommend you always check the local council records to see if the property is in a known flood zone. Some of these records are freely available online.

### Feature: Trees

We all know that trees create maintenance issues, especially when they are located close to buildings. Inspection of trees is usually excluded from a standard building inspection.

Large trees on the site can cause a range of serious, far-reaching problems including:

1. Trees suck moisture from the soil and that causes subsidence.
2. Leaves fill up gutters causing them to rust and overflow. Water that overflows attracts mould and damages paint on eaves and can enter the building and damage ceilings. Mould is unhealthy and the areas damaged by mould need repair.
3. Tree roots can lift paths, driveways and paved areas. This damage creates a tripping hazard.
4. Trees encourage termites that often have a nest at the root crown (under the tree).
5. Some trees, such as mango trees, bear a large amount of fruit that drops onto the roof with a loud thud in the middle of the night. The fruit then rolls onto the ground and rots and this rotting fruit smells bad. The ripe fruit will attract possums and bats that eat the fruit, and these creatures can

be noisy during the night and will poop all over your yard and house. Bat poo is so acidic that when it dries it peels the paint off houses.

6. Some trees, such as gum trees, drop branches or fall over onto houses during high winds. This can cause tremendous damage and can be life-threatening.

7. Tree roots can get into plumbing pipes and cause blockages. This can be very expensive to rectify. In the case of sectioned clay pipes that have invasive tree root damage, the pipes may have to be dug up and replaced and the tree removed. This can cost many thousands of dollars.



This tree is a Chinese Elm. It is a known pest and generally can be removed. Consult an arborist for further advice.

## PATHS, TILED AND PAVED AREAS

Check the condition of paths and paved or tiled areas around the property. Lifting concrete or subsided pavers can be costly to rectify. Badly cracked concrete areas are usually the result of:

- ground movement
- lack of steel reinforcement
- tree roots
- poor quality concrete.

Subsided paving is often due to poor preparation of the ground below the paving. Good preparation is a 100mm thick reinforced concrete slab, but this is very expensive, and consequently most paving is laid onto the ground and will eventually become out of level.

Paths and paving should be situated lower than internal floor levels and slope away from the building to a suitable system of surface drainage. This is very important in areas of high rainfall because, as noted above, inadequate surface drainage can create damp conditions which can cause pest infestation and mould.

Tiled or paved areas around swimming pools can often subside as there is differential movement between the tiles or pavers bonded to the swimming pool shell and those tiles or pavers that are laid onto the ground next to the pool. The cost to rectify this subsidence defect can be very expensive if the area surrounding a swimming pool is tiled onto a concrete slab.

Tiled floors should have suitable expansion joints every 6 to 8 metres to allow for expansion, especially for large ceramic tiles with narrow grout margins.

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### PRO TIP

Use a coin to tap on tiled floors. If there is a hollow sound, this can indicate that the tiles are ‘drummy’ and not properly bonded to the concrete slab (or other floor). These drummy tiles can be prone to cracking and becoming loose. There is a method of repair known as ‘glue-injection’ whereby an epoxy resin is pumped underneath the tiles to secure them back to the floor. This method was used at Parliament House and can save the cost of relaying new tiles.



Cracked paths such as this one are a potential tripping hazard and should be replaced.

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#### WARNING

Subsided paths or pavers are a potential tripping hazard. If a tenant or visitor to the property trips and injures themselves, you may be liable to pay compensation for damages.

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## RETAINING WALLS

Retaining walls are generally costly to build. Walls are commonly made from rock, timber, concrete or brick. Timber walls may have a life span of approximately 20 years, while masonry (rock, concrete or brick) could last many hundreds of years. The material's longevity must be kept in mind when assessing a property.

If the property has timber retaining walls and they are aging, you should budget for their replacement within a few years.

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## WARNING

I have seen many properties that have timber retaining walls located on the boundaries that are at the end of their life. When these walls need replacing, it often costs tens of thousands of dollars.

Consider this: if you have 40 metres of timber retaining walls on your property and they are brand new, they will last approximately 20 years. If we assume the cost of a 1-metre-high wall is \$250 per lineal metre to supply and install, then the cost to replace the wall in 20 years' time will be  $40 \times \$250 = \$10,000$  in today's money. If we double the cost of labour and materials over 20 years, then the cost in 20 years may be \$20,000. Therefore, you should be putting aside \$1,000 every year to replace those timber retaining walls.

You can see from this example that timber retaining walls are relatively high maintenance. So make sure you allow for this expense if you are considering purchasing a property that has them.

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Common defects of timber retaining walls are termite and decay damage that can eventually result in the collapse of affected sections.

Under-designed walls can cause the wall to lean over. This is because the timbers are too small or the wrong type of timber has been used, the posts may be spaced too far apart or not be deep enough in the ground.

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## PRO TIP

A wall that is more than 1 metre in height should have a building approval and a structural engineer's design.

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An example of a well-built timber retaining wall. All timber is H3 treated hardwood. Posts are 200mm x 100mm at 1.2m centres and sleepers are 200mm x 75mm. The wall has a slight batter (leans back towards the top).

### Brick or block retaining walls

There are several common defects of masonry (brick or block) retaining walls. For example, cracking is common. Cracks of up to 1mm are not usually significant. Larger cracks can indicate footing failure, inadequate design or that tree roots are putting pressure on the wall.

Some brick or block retaining walls are badly designed. Walls that are 'rotated', i.e. leaning over from plumb, have often failed due to inadequate design. The repair or replacement of a concrete block or brick wall can be very costly too.

Lack of drainage behind the wall can allow water pressure to build up and put pressure on the wall causing it to fail.

Unprotected earth embankments should be stabilised by retaining walls or vegetation to prevent erosion.

## Feature: Rubbish on the property

If a property you are purchasing has a large amount of rubbish or junk stored on it, you should ask your solicitor to ensure that the removal of the rubbish will be the responsibility of the seller to arrange. It's a good idea to check that the rubbish actually gets removed before settlement, otherwise you own it! If you cannot make it to the pre-settlement inspection yourself, you could arrange for your building inspector or property manager to do it for you.

Some properties have an extraordinary amount of rubbish and junk on them that the seller or tenant has no intention of removing before settlement. The cost of disposal of these items can run into the thousands. One client of mine made no provision for rubbish removal in the Contract of Sale. It took three men three days to remove the rubbish. The bill was \$3,500.

## Feature: Drug labs

I have seen a few houses that have been used as drug labs in my time! Unfortunately, the real estate agents usually forget to tell potential buyers about this interesting part of a property's history.

The chemicals used in the manufacture of illicit drugs are extremely toxic. Dane Beatty who runs Biohazard Trauma and Crime Scene Cleaning told me about a case where a toddler crawled across a room that had been used as a drug lab and died soon after as a direct result of exposure to the highly toxic chemical residue. There is a register of properties kept by the police that identifies illegal drug labs. Check the register and look for signs such as a strong chemical smell, staining to walls and ceilings and used chemical containers. Some professional drug lab clean-ups cost as much as \$20,000.

## GARAGES AND CARPORTS

Next we take a look at buildings around the main premises. These can be garages and carports.

It's a good idea to consider some practicalities. For instance, you need a place to park your car out of the weather, right? So make sure your vehicle will fit into the allocated car space, especially if you have a four-wheel drive with roof racks and a lift kit.

Often the main garage doors of a property are dented and need full or partial replacement to rectify the damage. You should test garage door openers because this is not included in standard building inspection reports.

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### PRO TIP

About half of the garage doors I inspect have some form of damage caused by driver error. Replacing a damaged door can cost thousands of dollars. Often the replacement of a garage door can be claimed under a home insurance policy.

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### WARNING

Carports are often built to the front title boundary with a special condition that they are not enclosed with walls or a door. It is a common dodgy practice that once built, and the final inspection has been approved by the certifier, the sly owner then arranges for a garage door and side walls to be installed. This contravenes the development conditions and makes the structure non-compliant. This can have implications for insurance claims and re-sale value.

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## DECKS, BALCONIES, VERANDAHS, PATIOS AND STAIRS

Australians love outdoor living and entertainment areas, but they can be costly to maintain.



### Decks, balconies, verandahs and patios

When made of timber and exposed to the weather, outdoor structures are high maintenance. To add to this, a poorly maintained structure is a safety hazard. Some timber floors need to be coated in oil or water-based acrylic paint every year.

Start by inspecting decking and framing timbers for any signs of fungal decay (rot). Decay is usually at the edges of the structure and at the tops of joists where they are more exposed to the weather. Unroofed timber structures deteriorate at a much faster rate as they are exposed directly to the weather. Decayed sections weaken the timber and can cause it to collapse. This is a potential safety hazard and decaying timber should be promptly replaced. When you walk on the floor of the deck or balcony it

should not have excessive spring. If the floor is bouncy then the timbers may be undersized.

Check the steelwork on the structure, including bolts and brackets, for evidence of rust. Surface rust can be easily treated but more significant rust weakens the steel and can cause it to fail. Again, this is a potential safety hazard and rusted steel components need to be repaired or replaced quickly.

Inspect balustrades (horizontal handrails) to make sure they are strong and stable. There should be no excessive movement. The top rail should be at least 1 metre above the height of the deck floor. Gaps between the balusters (the upright posts) should not exceed 125mm. Balusters should not be vertical if the deck is more than 4 metres above ground level.

A balustrade is required if the structure is more than 1 metre off the ground. Although, I would recommend putting a balustrade on anything that is more than 190mm off the ground.



There is a balustrade missing on the edge of this deck. This is a safety hazard that needs immediate rectification.

You should refer all outdoor timber structures, such as decks, stairs, walkways, ramps, verandahs and the like, to your building inspector for

further assessment.

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### PRO TIP

Outdoor timber structures should be checked annually by a building inspector or structural engineer to ensure they are structurally safe and sound. The older the structure, the higher the risk of unsafe structural issues.

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## Case Study

In Queensland in 2009, a deck collapsed killing a woman and badly wounding about 30 other women attending a party at the house. All the women were mothers. It was an end of school year celebration. I read the coroner's report and other reports from various inspectors, engineers and timber experts. It appears that the cause of the collapse was inadequate end bearing of the floor joists that flexed and collapsed when placed under load. This was a very tragic accident, and a vivid reminder that decks need to be built to code and properly maintained otherwise they can be a major safety hazard.

### Feature: Tiled decks

Where there is an exterior tiled deck or balcony over a timber floor, the risk of this floor having a fault in the waterproofing system that allows water penetration and subsequent damage is very high. Generally, these floors will eventually leak and are usually very expensive to rectify properly.

## Stairs

External timber stairs are very prone to damage from structural decay. Annual inspection and maintenance by a building inspector or licensed

carpenter is recommended as structural decay can occur within a matter of months. Any decay found must be repaired immediately. It is preferable to replace the affected timber. I recommend using only highly durable timber for external stairs and to avoid using softwoods and engineered timber altogether.

Steel sections of stairs are prone to rust and require regular maintenance to prevent structural rust from occurring. Surface rust can be treated, while structural rust needs to be promptly replaced.

Concrete stair treads are commonly used in external stairs with steel stringers. Concrete treads often crack when moisture gets into the steel reinforcement inside the tread and causes corrosion. Be sure to check the underside of concrete treads for cracks. Often the damage is not visible from the top side. Replacement of any cracked treads should be carried out without delay.

The sides of stairs should have sturdy handrails that are 865mm above the stair nosings and have gaps that do not exceed 125mm.

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## WARNING

The requirements for stairs are both varied and complex. There are too many code compliance issues to list here. I suggest having all stairs and steps checked by your building inspector to ensure they are safe and sound.

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## STRUCTURAL FRAMING, POSTS AND SLABS

Structural elements of the building are those that support ‘loads’. They usually include footings, load-bearing walls and roof framing. Framing should be straight and level. Sagging sections or cracked members can become overloaded. Framing connections should be bolted and tied down. Strap or sheet bracing should be present.

Fungal decay damage is common to timber that is exposed to the elements. Significant decay is common in timbers that are in contact with the ground or are not suitably durable for the situation. Softwoods such as Oregon and Radiata Pine are especially prone to severe damage from fungal decay.

Surface rust is generally easy to treat but deeper rust can weaken the structural member and cause failure, leading to a collapse of that section of the building. Moderate to severely rusted sections should be replaced with galvanised steel.

Checking structural framing is a job for a specialist, so I recommend that this be left to your building inspector or structural engineer.

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### WARNING

I recommend that you leave the inspection of structural framing, posts and slabs to the building inspector. Note: The building inspector is not required to report on timber sizes or compliance of framing in a standard building inspection report.

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## SWIMMING POOLS AND SPA BATHS

Swimming pools and spas provide hours of fun for families, especially when the children are primary school age. Clients tell me that once the kids hit high school the pool usage takes a noticeable dive but the maintenance costs only increase. Pools are generally expensive to maintain. The inspection of the swimming pool, safety fencing and associated equipment is excluded from most building inspection reports.

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### PRO TIP

I do not recommend buying an investment property with a swimming pool, unless it is a high value property, otherwise the cost of maintaining the pool will negatively impact the return on investment. The average annual cost of a pool for electricity and chemicals can be around \$2,000 and you can also expect to be out of pocket for equipment maintenance.

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### WARNING

Swimming pools and outdoor spas must be fenced with a pool safety barrier that complies with the swimming pool safety standards. If you are buying a property with a pool and the seller has not provided a pool safety certificate, then I recommend that you arrange for a pool safety inspector to check the pool safety barrier.

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The pool structure, filtration and cleaning equipment are not inspected by the pool safety inspector. For this you need a pool inspector or someone from your local pool shop. At my company, BuildingPro, we have an experienced and licensed pool builder who can carry out an inspection that includes the pool and pool safety barrier.

Some of the requirements of a pool safety fence are as follows:

- The fence should be at least 1.2 metres high and not facilitate climbing.
- The gates to the pool area should open away from the pool area and be self-closing and self-latching.
- The opening mechanism should be at least 1.5 metres above the finished ground level.

Often the boundary fence can form part of the pool safety barrier, provided it does not facilitate climbing. This means it must have no toe hold more than 10mm wide and no gap more than 100mm under the fence to allow a child to climb under the fence. There should also be a durable sign installed that shows how to give first aid (CPR). This sign should be clearly visible within the pool area.

Swimming pool equipment often only lasts about ten years before it needs replacement.

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### PRO TIP

Look to see that the pool shell is level by checking that the water line is consistent on all edges of the pool. If the pool has subsided, the water will be higher at one end. Also look for rust spots and cracks. If you see any of these defects, have the pool structure inspected by a structural engineer with suitable pool experience.

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Spa pools (outdoor or indoor) are not included in standard building inspection reports, so I recommend that an outdoor spa be checked by a spa specialist. For the indoor spa, I recommend filling it with water and testing the operation of the pump and heater. Many spas are not used regularly and this can cause them to fill with ants nests and then the seals dry out and they leak.

### Case Study: Cold shower for spa romance

A client told me a story about how they moved into a new home and thought they would ‘christen’ the spa in the ensuite. The spa was filled with warm water and rose petals, and scented candles were used to create a romantic atmosphere. The lights were dimmed and they got into the spa and turned on the jets. Foul smelling black gunk shot out of the jets and changed the colour of the water. They jumped out of the spa and quickly had a shower. When they stepped onto the floor of the adjacent bedroom they found the carpet was saturated as the spa was also leaking badly from

the pump. That would be a mood killer! It's always a good idea to test the spa before you buy the property.



Outdoor spas need a safety barrier around them too. Note that a lockable lid does not count as a safety barrier.

To wrap up our inspection of outdoor water features, remember that ponds are a drowning hazard and small children are drawn to them. I strongly recommend that all ponds have a suitable heavy duty steel mesh installed over them for safety. I recommend that dams, creeks, canals and other water bodies also be suitably fenced as these can be even more hazardous.

## FENCING AND GATES

Good fencing is handy for keeping small children and dogs contained. Fences also help make the property more secure and delineate boundaries. They can beautify the property and add street appeal. Replacement of damaged fences is often a cost that is shared 50/50 between two neighbours (unless your neighbour is a public street or park then it is 100% your cost). This is covered under the common law. Consult your solicitor for further advice on who is responsible for fence maintenance and replacement.

Fences are often defective, especially at older properties. Larger properties can have a lot of fencing that is costly to replace. Leaning timber fences can indicate decay at the base of the fence, defective posts or that the ground is soft from overland flow of surface water.

If you want to have a new fence built or replace an old fence, you may need to pay to have the property boundaries pegged out by a land surveyor. This will allow the contractor to build the fence in the correct location. Many disputes with neighbours arise over boundary fences, so it's usually best to get a survey done.

Metal fences have the advantage of being termite resistant, but metal panel type fences are prone to damage in high winds. Old-fashioned tube and wire fences may have rusted wire but this rust is usually superficial.

Check the gates on the property to make sure they operate properly. About half the gates I see require adjustment or repairs as they do not open and close smoothly. Large gates are often very heavy and these will usually drop out of alignment over time. You should be aware that inspection of electric or mechanical gates is excluded from most building inspection reports.

### Case Study

If there are freestanding brick fences or block fences on the property then I advise that you give them a shove (not too hard) as many masonry fences were built without reinforcement and the piers will fall over if pushed hard. I inspected a property a few years ago that had a brick boundary fence with unreinforced brick piers of approximately 2 metres in height. The fence was very unstable and therefore very unsafe. The client negotiated a \$20,000 price reduction because the entire brick fence needed replacement and a brick fence is very expensive. He ended up knocking

down the brick fence and replacing it with a simple timber one. He then pocketed over \$10,000 profit on the deal!

### Feature: Irrigation system

An irrigation system can be a welcome component of a property. Check that it works by seeing the system in action. When pipes are not used for a long time it is common for ants to build a nest in them. This causes blockages and can necessitate digging up the pipes to rectify the problem. If the irrigation system runs off town water, check with the local council for any water restrictions that may limit the usage.

Note: Inspection of the irrigation system is excluded from standard building inspection reports.

## DRIVEWAYS

Most concrete driveways have a few hairline shrinkage cracks in them. A crusty old concreter I met told me that every driveway he poured came with a “free bag of cracks”. A few cracks up to 1.5mm wide are generally acceptable, even in a brand new driveway.

The installation of control joints and adequate curing methods can limit the effect of shrinkage cracks. If cracking and subsidence is significant then damaged sections may need to be replaced.

Paved driveways usually have some cracked and subsided pavers. If the pavers are laid onto a reinforced concrete base then the risk of subsidence is far less.

Tree roots can often be the cause of cracks and this will add to the cost of any repair. If the tree is located on another property, getting it removed may require consent from the other property’s owner.

If the property you are looking at does not have a 'made' driveway, or has a driveway that needs replacement for safety reasons, the cost can be around \$100 per square metre.

## SHEDS AND OTHER OUTBUILDINGS

The idea of having your own 'man-cave' on the property may seem very attractive but man-caves can bring their own problems. Check sheds to make sure they are bolted down to a concrete slab and have adequate surface drainage by being at least 100mm above the surrounding ground level. Powered sheds should have a safety switch installed.

Check any sails on a property for tears, as small holes can rip open in a wild storm.

Check that children's cubby houses are in good condition. It is common for cubby houses to deteriorate over time and no longer be safe.

## EXTERNAL WALLS

Next, take a look at the external walls of the property. Here are some common types of external wall materials.

### Brick and concrete block

Walk around the exterior of the building and check the walls for cracks. A few small hairline to 1mm cracks in mortar joints are not likely to be a significant structural issue. Wider cracks or numerous cracks can indicate excessive foundation movement or footing failure. Refer cracking issues to your building inspector for comment.



A structural engineer should be consulted about any significant cracks. The cracks in this photo are approximately 10mm wide.

Crumbling bricks and loose or missing mortar is another problem you need to look out for. Refer this to your building inspector for comment also.

Render defects such as cracks, blistering or drummy sections can be caused by poor installation methods. Render is sometimes used to cover significant cracks, so this should put you on high alert if the property is an older one with new render.

Look for large trees located on the property. Trees act like pumps to remove moisture from the soil. The closer the trees are to the building, the higher the risk of damage. Consult an arborist about any large trees on the property.

Another common cause of foundation movement is where a site has been cut and filled. It is common for the end of the building on the filled ground to settle at a faster rate than the section of the building on natural ground. This differential settlement can sometimes result in very significant damage.



Crumbling bricks are known as fretting. Usually the damage is only minor and non-structural. Sometimes the damage is severe and extensive, and a lot of repair work is required. Refer this to your building inspector for assessment.

Watch out for gaps between windows and doorframes and adjoining masonry (in brickwork or blockwork). Gaps between brickwork and windows or doors that exceed 5mm in width can be due to excessive building movement. All cracks and gaps should be referred to your building inspector or structural engineer for further investigation.



This gap was around 8mm wide at the top of the wall. There were other gaps and cracks also present in the house, so the client was referred to a

structural engineer for a further detailed assessment of the damage prior to purchase.

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## FREE STUFF

For further reading on this topic the CSIRO has a handy white paper on Foundation Maintenance that gives a good, basic grounding in building movement and related damage such as cracks. You can download it for free at [www.buildingpro.com.au](http://www.buildingpro.com.au).

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## Case Study

Many times I have inspected a property for a prospective purchaser and within two minutes of starting the inspection I have found a series of large structural cracks in the brickwork that even a layperson should have noticed had they simply taken the time to look. I have noticed that when people attend an open for inspection, they march up to the real estate agent standing by the front door then duly hand over their name and contact details. They walk around the house interior, looking this way and that, then finish off with a cursory glance at the back yard. I do the opposite. I start with the outside and underneath the house before I get to the interior. Most of the big ticket items that could cause problems will be on the outside.

Weepholes are small openings in walls that allow for drainage and ventilation of moisture from the wall cavity. Ventilation to walls and ceilings is important to keep the house dry and prevent mould and mildew.

Look for white salty crystals on the surface of brickwork or blockwork. This salt is known as ‘efflorescence’ and is the residue of dampness. Excessive dampness can be caused by inadequate waterproofing, plumbing

leaks, lack of a damp-proof course, poor surface drainage and other factors. Dampness can attract timber pests, such as termites and fungal decay, and it can create the conditions suitable for mould. Refer the efflorescence to your building inspector for comment.

Check the condition of lintels. Lintels are usually flat steel beams installed above window and door openings in the brick and block walls. Lintels support the weight of the wall above the opening. Check lintels for rust. Minor surface rust can be easily treated but more significant rust may require replacement of the lintel which can add up to a costly defect. A few millimetres of deflection are acceptable, but excessive deflection should be referred to a building inspector or a structural engineer for further assessment.



This is an example of efflorescence on brickwork.

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## WARNING

A property built on or near the beachfront is exposed to a salt-laden atmosphere that is highly corrosive. The salty air causes rust damage to metal components like lintels, brick ties, steel beams,

bracing, tie downs, posts, air-conditioning units, bolts, brackets, hinges, windows and fences. These houses are generally more expensive to maintain.

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## Case Study

Recently I inspected a 40-year-old beachfront house for a friend of mine who was looking to buy at auction. It was going to be a weekender for him and his extended family. Many of the structural steel lintels and bearers had severe structural rust. The estimated repair cost from a builder was over \$30,000. He was outbid at the auction and is still looking for another property. I wonder if the successful bidder had a professional building inspection?

## Timber weatherboards

If you are inspecting a weatherboard property, you have to check for loose or warped sections, gaps and holes in the timber. Gaps and holes can allow water penetration and vermin entry. Check for fungal decay, especially around downpipes. Look for deformities in the surface as this can indicate termite damage.

## Case Study

One house I inspected in Auchenflower, Brisbane, was a large two-storey timber home that had about 20 areas of decay to the pine weatherboards. I could see that large sections of the boards had already been replaced, so this indicated to me that the problem was an ongoing one. I found a small patch of peeling paint and noticed that when the paint peeled off, it exposed the raw timber underneath. I concluded that the builder had not primed the boards (with paint) before they were installed. This meant that all of the original boards would eventually succumb to fungal decay and should be replaced.

## Other cladding

Similarly, check for loose or warped sections, gaps, cracks and holes in properties with other types of cladding. As noted above, gaps, cracks and holes can allow water penetration and vermin entry. Some lightweight cladding, such as aluminium, is prone to hail damage, so look closely for small dents.

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### WARNING

Cracks at sheet joins can be costly to rectify if the surface of the sheets has been rendered, so refer this to a building inspector for assessment.

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## Feature: Subsidence

Subsidence is typically caused by inadequate footing design, poor construction practice, trees, leaking pipes and reactive soils.

Subsidence of a building can cause many defects that in turn create many other defects as a flow-on result. Let's take a look at some of these:

1. Cracks can cause shower membranes to leak, which in turn causes decay inside the wall adjoining the shower. The moist decaying timber attracts termites that can access the building through the cracks. Termites then eat the decaying timber framing. Replacing a shower with a failed membrane will cost \$5,000 or more.
2. Subsidence can cause floors to be out of level. Cracks in the slab can result in drummy and cracked floor tiles. Replacement of cracked tiles can be difficult, as the tiles cannot be easily

matched to the original tiles. You may find yourself having to replace the entire tiled area.

3. Door and window frames can distort, resulting in them needing adjustment. With more advanced movement, the doors do not open and close at all. This creates a security issue if the doors and windows face the exterior of the building.
4. Cracks to walls and ceilings allow entry of vermin and water. They are also unsightly and can reduce the property value.

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### PRO TIP

When doing your own inspection of a building, always make time to walk around the outside and check the external masonry (e.g. the brick, block or concrete walls) for cracks.

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## PAINTWORK

An important part of your inspection of a property should be to check the condition of the exterior paintwork. Most buildings need repainting every 20 years or so. Paint protects the building component that it covers. Unpainted materials or peeling paint cause surfaces to weather and deteriorate which leads to a shorter life span of the material. The cost to repaint a building can be significant. To paint an average-sized, two-storey, timber home inside and out could easily cost \$30,000 or more.

Buildings built before 1970 are at risk of having lead present in the paint. Lead is known to be toxic if ingested, eaten or breathed into the lungs. Care must be taken when sanding back lead paint as ingestion can cause lead poisoning.

If the house is more than a single storey, scaffolding may be required to repaint the property. The necessity for scaffolding can add significantly to the cost of repainting.

I see many poor quality paint jobs. An amateur paint job can reduce the overall quality of the property. I usually find other instances of poor workmanship if the painting is below standard.

It is worth noting that the building inspector is not required to report on the condition of interior paintwork, although I would say that most would.

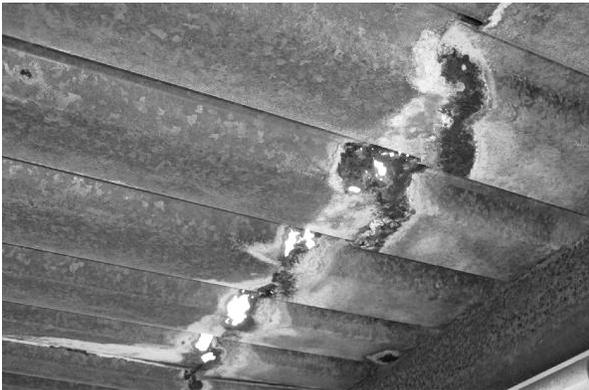
## ROOF EXTERIOR

The roof exterior can be tricky to closely inspect without getting onto the roof. Accessing the roof is a potential safety hazard and I would not recommend it unless you are a professional with the right gear and insurance. Many roof defects can be detected from the interior and from the ground. I suggest you inspect the roof from the ground only and leave the full roof inspection up to the building inspector.

### Metal sheet roof

If possible, get to some high ground from where you can view the roof. If the roof is a metal sheet type of roof, the biggest concern will generally be rust. If there are areas of rust, the rust can cause holes in the roof that allow water penetration. Sometimes the rust is visible from the ground as brown patches. Often the most significant rust occurs where roof sheets overlap, and this is not easy to see from the exterior. If the roof is the original roof, and access is difficult from the ground, then ask the building inspector to check it from inside the roof.

Generally, a metal roof will last for about 50 years, so if the building you are looking at is more than 50 years old, the roof should not be the original roof. If it is the original, it may need to be replaced. The average cost of replacing a roof on a single-storey house of around 100m<sup>2</sup> is \$15,000 or more.



This rusting roof leaks every time it rains. A new roof is required.

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## ■ WARNING

Roof nails often have lead caps on them. The lead can leach into the rain water that runs off the roof, so don't drink rainwater collected from a roof that has lead-capped nails.

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## Case Study

I recently inspected two new blocks of townhouses and found both blocks had hail-damaged roofs. The real estate agent and builder had not disclosed their knowledge of this matter to the purchasers. The cost to replace an entire roof would have to be claimed on the body corporate insurance as the buildings were complete. To rectify this defect, scaffolding would need to be erected around the

entire building, the old roof would need to be removed and a new roof installed. The body corporate would need to fund the excess on the insurance claim and each owner may also have to pay an increased premium each year as a result of the body corporate making such a huge claim.

## Metal roof tiles

Metal roof tiles are tiles that look like concrete tiles from a distance, but upon closer inspection you can see that they are metal. These were popular in the 1980s. Metal tiles are flimsy and if you don't step very lightly in soft-soled shoes right above the tile batten they will dent.

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### WARNING

It is not uncommon to find metal tiled roofs that have a large number of dented tiles. It can be difficult or impossible to find matching metal tiles and sometimes the entire roof has to be replaced.

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Most of the clients I inspect for have no idea that the house they are buying has a metal tile roof. The single-storey, tenanted houses always have the worst damage because tenants do not seem to notice the damage they are causing when they get on the roof, for example to retrieve a lost cricket ball or adjust the TV antenna.

## Concrete tile

Concrete tile roofs have capping tiles at the ridges, hips and gables that are wired onto the frame, secured and waterproofed with mortar. This is known as 'bedding' and 'pointing'. Over time, bedding and pointing can become

cracked and loose, and this allows water penetration. The cost to repoint an average sized tile roof of a house is \$2,200 or more.



This concrete tiled roof was in good condition.

### Terracotta tile

Terracotta tile roofs are the orange-coloured tile roofs. These roofs are long-lasting and attractive, but they are more prone to leakage in heavy rainfall as the gaps under the tiles can allow wind-driven rain to enter the interior and cause minor damage to the ceiling. The lichen that grows on terracotta tile roofs is generally harmless and can be removed with pressure cleaning if a cleaner appearance is desired.

Tiled roofs will have a life expectancy of approximately 60 to 100 years plus. Terracotta tiles last longer than concrete tiles. Terracotta tiles can be prone to pitting. This problem is known as ‘fretting’ and it manifests itself by leaving small piles of tiny flakes and grains of terracotta on top of the ceiling inside the roof void. Over time, the fretting can become so severe that some of the affected tiles need to be replaced.

## FASCIAS, EAVES AND GUTTERING

As well as checking the roofs, you need to inspect the elements around them, such as fascias, eaves, gutters and downpipes.

Fascias are the timber boards that support the gutters. Check these boards for evidence of fungal decay (rot). They will often have some minor decay at the corners where gutters overflow. Minor decay only needs patching and repainting, but more significant decay may require replacement of the entire fascia. Gutters will need to be removed and replaced if the fascia needs replacing. The cost of this work will increase significantly if scaffolding needs to be erected to access the fascias.

Eaves (or 'soffit' as it is also known) are the lining boards or sheets used under the roof overhang. A roof overhang is a good thing because it protects the building from the elements like heavy rainfall and hot summer sunlight. When there is no overhang of the eaves, and the gutter sits on top of the external wall, the risk of leaks is much greater. Check the condition of the eaves. If eaves are broken or have peeling paint, and the eaves' lining material contains asbestos sheeting, then the cost to rectify this is significantly increased.

Inspect the gutters and downpipes from ground level for any signs of rusting or leaks. Leaks often occur at joints. Rust can be caused when trees overhang the roof and leaves are not regularly removed.

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## PRO TIP

There should be a downpipe every 12 metres of guttering and a downpipe should be located within 1.2 metres of a valley gutter.

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Box gutters are internal gutters that are often not visible from the ground. This type of gutter is very prone to overflowing during exceptionally heavy rainfall. The water overflows into the building interior and causes damage to other components of the property.

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## WARNING

Box gutters usually leak. If you are building a property, do not let your architect or designer use a box gutter in the roof design, or you will regret it.

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Check that downpipes are connected to stormwater pipes in the ground. If the downpipes discharge water onto the ground this can create excessive dampness that can contribute to timber pest and mould issues.

If the house is an older property, the stormwater pipes could be made of terracotta clay. You can usually see the clay pipe top where the downpipe meets the clay pipe at ground level. Clay pipes are prone to pulling apart and can easily be invaded by tree roots. The cost to replace clay pipes with plastic stormwater pipes is usually a few thousand dollars for an average home.

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## 🏠 PRO TIP

If the roof is a pitched terracotta tiled roof that has valley gutters, then check them for rust (from the ground). If they are brown in colour it is likely they have significant rust. It is said that the glaze in the terracotta leaches into the galvanised steel valley metal and causes premature rust, therefore, if the valleys look brown they may be rusting and need replacement.

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Valley gutters are prone to overflowing if they are blocked with leaves, so keep them clean.

## Feature: Solar panels

Many energy-conscious property owners and builders have installed solar panels. These are usually placed on the roof and orientated for maximum sunshine collection. The inverter is a box on the wall, usually located near the meter box. The system converts solar energy to electricity for use at the property. Excess electricity generated can be returned to the grid for a credit on the electricity bill.

Some solar credits are not transferrable to the next owner. Solar panel installers have a habit of not properly sealing around the roof penetrations (where solar panels are connected to brackets

attached to the roof frame through holes in the roof). This can result in roof leaks. So check the ceiling below the solar panels for leak stains or damage.

Note: Inspection of the solar panel installation is excluded from a standard building inspection report.

## SUBFLOOR AND BASEMENTS

When walls are below (or partly below) ground level, you are asking for water penetration problems! I have inspected literally hundreds of houses that have damp-related problems because walls below ground level are not adequately waterproofed.

I consider it poor building practice to have habitable rooms below ground level, with the external side of the wall contacting the earth.

Best practice is to have a space of at least 1 metre, and a durable retaining wall such as reinforced concrete blockwork. Ideally, the outside ground level should be lower than the inside floor level and slope away from the building towards a surface drainage system.

You can often smell a damp problem before you see it. The human nose has evolved to detect mould-like smells as a survival mechanism. Our Homo erectus ancestors instinctively knew that a dry cave was better for their health than a damp one. So sniff the air. Look for blistering paint low down on walls. Look for swelling of skirting boards, tea-coloured stains on walls and carpets. Peel back the carpet in the corner where the wall is below ground level and look for black-coloured water staining on the timber 'smooth' edge. If the 'smooth' edge is blackened with mould or even decaying, then this could indicate a dampness problem.

Surface water can run under the house without causing a problem, provided that it keeps on flowing away from the house and does not collect under the house or cause damage on the way through.

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### WARNING

Poor surface drainage combined with poor ventilation is a sure recipe for pest problems.

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The subfloor should have natural crossflow ventilation. Look for vents installed into the external walls on all sides of the subfloor. Sometimes a mechanical ventilation system is used. Ventilation helps dry up ground moisture. Poorly ventilated spaces allow dampness and humidity to build up and this will attract timber pests and mould. In my experience, when you have poorly drained and inadequately ventilated subfloor spaces, with less than 1 metre clearance between the ground and the underside of the floor, the risk of termite damage and mould is very high.

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### PRO TIP

Mechanical ventilation systems are sometimes installed in domestic subfloors when natural ventilation is not sufficient. Some of these systems are noisy so sellers turn them off during open for inspections, as they are worried the noise and vibration will put off potential buyers. When I carry out a building inspection I turn the system on to check noise and vibration levels. I have had some buyers pull out of contracts because the mechanical ventilation system was so noisy, and without it running a

mould problem would develop in the house. Thankfully the latest type of purpose-made fans have a much quieter operating level.

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Checking of subfloor framing is a job for your building inspector. Common defects I see include: undersized timbers, inadequate connections of bearers and joists, lack of adequate tie downs, cut floor joists to allow for plumbing pipes, timber pest damage and leaks.

If the floor is supported by posts, these posts should be plumb and undamaged. Timber piers may have pest damage below ground level. Check to see that posts are tied to bearers with tie downs. Check concrete posts for cracks. Cracked posts should be replaced.

Check steel posts (and other metal components) for rust. Minor surface rust can be simply treated and painted with a rust treatment paint system, but more severe rust will require replacement of the affected member. Rusted steel posts can also indicate inadequate surface drainage.



Concrete posts will often crack when the steel reinforcement inside the post is exposed to dampness. The steel rusts and expands, causing the concrete to crack. Cracked posts should be replaced.

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## ■ PRO TIP

If the building has the original, old, round, timber piers it is most likely that some or possibly all will need to be replaced within a few years. The cost can be \$350 to \$1,000 per post, depending on the height of the post and the replacement material used.

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### Feature: Building rooms under the house

The temptation to use the subfloor space under a house for living space is too much for some people. Unfortunately, these areas are often unsuitable for habitable use for many reasons. The walls and floors may not be adequately waterproofed, the ceiling height is often less than 2.4 metres and there would be no termite barrier.

When I inspect rooms under houses, I commonly find water penetration causing damage, attracting termites and mould. The low ceiling height makes these rooms not comply with the Building Code and this can have ramifications for insurance and re-sale value.

I strongly recommend that if you are purchasing a property that has a subfloor space converted to living rooms and bedrooms (habitable rooms) you refer this to your building inspector for assessment.



Here is a typical example of a room built under a house. The beam and post supports have been enclosed with plasterboard. The ceiling height in these areas should be checked with a tape measure.

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### PRO TIP

I also suggest that you arrange for a registered valuer to provide a valuation on the property. It has been my experience that rooms built under the house without approval may add some value to the property but will not be worth the same as a two-storey house built in accordance with the Building Code.

# 4

## Do your own inspection – the interior

**M**OVING TO the interior, start at the front door and work your way around to the left of each room until you return to the front door. Look for cracks, water leak stains, damage or things being out of level and square.

The first things we check are the walls, floors, ceilings and stairs.

### WALLS

Walls should be plumb (straight up and down), and straight (no bends or bulges). Holes in plasterboard walls are not difficult to patch. Cracks that radiate from the corners of windows at a 45-degree angle are common in old timber homes and old cavity brick homes. These can indicate more significant subsidence issues if they are found in slab-on-ground houses. If you come across these in your initial inspection, then refer them to your building inspector for assessment.

Check the condition of the internal paintwork on the walls, ceilings and woodwork. Peeling paint, blistering paint, small black spots, wet spots or light, tea-coloured stains can be an indication of damp-related issues that need attention.

Poorly patched areas may be only a cosmetic problem but could also require the damaged section of the wall or ceiling to be replaced. Sometimes poor patching is present because it was an ‘owner builder’ repair, but this may conceal a more significant issue like termite infestation

or subsidence. Again, if in doubt, refer to your building inspector for further assessment.

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## WARNING

If walls contain asbestos they should not be drilled, sanded or cut as this work can release fibres into the air that can be breathed into the lungs. Asbestos fibres can become trapped in the lungs and cause serious disease that appears many years after the time of exposure. I recommend that you consult your building inspector about the need for an asbestos audit if you suspect asbestos is present at the property.

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## FLOORS

Floors inside the buildings should be level. Floors out of level can indicate subsidence (settlement). If the floors seem out of level to you, get your building inspector to provide further assessment.

### Tiled floors

Tiled floors should be tested for soundness by tapping on the tiles with a hard object like a coin. If the tiles sound hollow when tapped, then they are 'drummy' and this means that they are not stuck down onto the floor properly. Drummy tiles can be caused by incorrect installation or building movement. A few drummy floor tiles are not usually a significant defect, but a large affected area will need repair or replacement after further investigation of the underlying cause.

## Carpets

Check the condition of carpets. Badly worn and stained carpets will probably need to be replaced. Ripped carpets can be a tripping hazard. Carpets will generally last around 15 years if they are well cared for. Pure wool carpets can be prone to damage from pests such as carpet beetles and paper moths. I personally like plush, cut pile, nylon carpets on a premium underlay in earthy colours for neutrality, durability and ease of maintenance.

## Timber floors

Traditional strip timber flooring is generally made of pine or hardwood floorboards. These boards were used extensively up until the 1980s. The big advantage of these strip-type solid timber boards is that they can be refurbished by being sanded back and re-coated. Many of my clients are excited about the opportunity of removing the dusty old green shag-pile carpet and polishing the original boards underneath to improve the appearance of the home.

Pine boards are generally a light yellow or honey colour. Pine floorboards are softer than hardwood floorboards and therefore are more prone to scratches and dents from pets' toe nails, furniture and stiletto heels. Pine floorboards are also prone to damage from borers and termites. The lighter colour of pine lets more light into a room and gives a homely warmth.

Brown hardwood timber floorboards are hard and durable. They have great wear resistance and look good too.

## Floating timber floors

Floating timber floors are popular at the moment. Good quality floating timber floors that can be sanded back and re-coated at least once are available but are generally very expensive. Most of the floating floors installed are the cheaper kind that lack the durability of traditional strip timber flooring and last only as long as carpets. They are easily scratched and easily damaged by water. When inspecting a property, check carefully for damage to floorboards, especially near external doors and around bathrooms, kitchens and laundries where water leaks are common.

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### PRO TIP

Don't install floating timber floors into a rental property. Unless you have excellent tenants who are careful to always remove their shoes, have rubber stoppers on their furniture legs, keep doors closed during storms and keep pets outside, your floating floor will look shabby within a few years.

Personally, I prefer ceramic tiles throughout with carpets in the bedrooms.

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## CEILINGS

Ceilings should be checked to see that they are flat and level and free of water leak stains. Popped screw heads and sagging ceilings can be an indication that the ceiling sheets have been water damaged and need to be replaced. Light, tea-coloured stains can be roof or plumbing leaks that need investigation by a licensed plumber.

Leak stains are usually a result of leaking showers, toilets, basins or a leaking roof. I test the stain for dampness using a moisture meter. If the leak is damp then I check to see if there is a plumbing fixture like a shower above this area. If there is no shower I check the roof for defects above this area. If the stain is dry I run the taps and flush the toilets and check the moisture readings again. If the damaged area is still dry and no cause can be found I may recommend either further investigation by a plumber or that the owner repair the ceiling and monitor for leaks. Many home-owners will repair a leak but not get around to repairing the water damage. Building inspectors deal with water damage on a daily basis so it's best to refer it to your inspector for the initial assessment.



Your building inspector can check leak stains with a moisture meter.

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### PRO TIP

Here is a ceiling inspection technique that I learned from a building inspector mate of mine, Jeff Gronvold. Hold your torch above your head with your arm stretched out as high as it will go. Hold the torch parallel to the ceiling and sweep the beam of light slowly from side to side. This action will highlight sagging sections and leak stains (even painted over leak stains will often be visible using

this inspection technique). I do this for every larger room that I inspect. Smaller rooms, such as the toilet and walk-in robes, etc. are less likely to have sagging ceilings.

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## Feature: Minimum legal ceiling heights

The minimum legal ceiling height for a habitable room is 2.4 metres. Ancillary spaces like kitchens, bathrooms, laundries, hallways and storerooms can be 2.1 metres.

If the ceiling height is less than 2.4 metres, then the room may not be classified as a “habitable room” under the Building Code. I have inspected countless properties that have been altered to incorporate additional living space under the house (as mentioned in the previous chapter). The original house was not intended to ever have living space underneath. The ceiling height was less than 2.4 metres and therefore the room was classified as “non-habitable”.

The implication is most severe for bedrooms. If the ground floor bedrooms are not of a legal height, then they may not be considered bedrooms and should not be advertised as such. Low ceiling heights will usually have a negative impact on the value of the property.

This may also affect the legality of renting or insuring the building (or the affected part of the property). Note: Illegal building work is usually not covered by a standard insurance policy. Even if work does not require a building approval it must still comply with the Building Code.

Building inspectors are not required to check that ceiling heights meet the Building Code, so it is best to measure ceilings yourself if there is any doubt.

## STAIRS

Stairs are very expensive to build and are also generally expensive to alter to make safe. Many stairs that I inspect do not meet current safety standards

and are therefore a potential major safety hazard.

An experienced inspector knows the safety requirements off by heart, which is why having a professional building inspection done is a good idea if you are investing in property. Any stairs built by the home handyman generally do not comply with the Building Code. Stair-building is best left to specialists as even many carpenters do not have the requisite knowledge to build a set of code-compliant stairs.

Spiral stairs can comply with the Building Code but must be built very strictly in accordance with the code. Fixed ladders are generally illegal in a residential situation.

## DOORS AND WINDOWS

Doors and windows should be opened and closed to make sure they operate smoothly. Building settlement can cause doorframes or window frames to be out of square, making them rub on the frames or not be able to be closed. Another check is to look at the tops of windows and doors for evidence of them being 'shaved' with a plane (bare timber and ragged edges may be visible if this has been done). This can be an indication of past movement that may reoccur.

When doors and windows are out of square, this could indicate subsidence. Subsidence can be a major structural defect. The consequence of this damage should be further investigated by a consulting structural engineer.

Common door defects include:

- Door frame out of square due to building settlement.

- Door hardware (e.g. handles, door stoppers, etc.) damaged or missing.
- Damage to doors such as holes or broken glass.
- Large panes of glass are often not safety glass in older buildings.
- Doors rub on the frame or floor.
- Lack of security. Deadlocks should be fitted to external doors where possible. Notify your insurer of deadlocks fitted.

Also, don't forget to check the operation of wardrobe doors.

### Case Study

One house I remember inspecting had no cracks inside or out, but some of the doors 'ghosted', (they slowly swung open) in the same direction. After taking some levels, I found that the entire house had subsided by 150mm towards the rear of the site. When you open a door and it slowly closes (and there is no door closer fitted) this is known as 'ghosting' because it's as if a ghost is closing the door. Spooky stuff. The good news is that it isn't a ghost, the bad news is that it is likely to be caused by the building being significantly out of level. The door closes or partly closes because of gravity. The building is sloping towards the direction that the door is pointing. This defect should be referred to your building inspector for assessment.

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### PRO TIP

Under the current Building Code, if a toilet door opens into the room and the edge of the door is less than 1.2m from the closed door, then 'lift-off' hinges must be fitted to allow access in case of an emergency. Otherwise when Uncle John collapses after Christmas dinner against the toilet door, it will not be possible for the paramedics to gain access to revive him (without breaking the door down and possibly causing him injury).

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Common window defects that you can check for include:

- Cracked or broken glass.
- Some timber windows will not close properly due to building movement.
- Sometimes the painter will paint windows and close them before the paint dries. The paint sets like glue and the windows cannot be opened.
- Broken or missing hardware (e.g. handles, locks, latches, casement stays, etc.).
- Check the condition and operation of window shutters and awnings. Damage and corrosion are common.
- Check for presence and condition of flyscreens. Defects such as bent frames and holes in screens are common.

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### WARNING

Cords to window coverings can be a strangulation risk for young children. Make sure cords are safely installed out of harm's way.

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### PRO TIP

Safety glass should be installed in buildings as per the Australian standards to prevent injury following accidental breakage. Safety glass should have a small stamp in the corner of the glass that gives details of the standard the glass is designed to meet. Older buildings may not have safety glass installed, and this is a potential safety hazard. If you cannot see the stamp, then have a glazier visit

the property and audit the glass for you. Ordinary glass can be replaced with safety glass or sometimes a plastic safety film can be applied to the glass to make it safe.

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Most windows are stiff to open and close after about 20 years without any maintenance. Aluminium framed windows will often only need some minor servicing that includes cleaning the tracks. As the aluminium windows age, the rollers that the windows slide on may become worn and need replacement. Test the windows by opening and closing them. If they don't glide smoothly, then they will need servicing or repair.

Timber window frames require more maintenance. They will need repainting at least every 15 years or so, and if the paint coating is a clear type finish or stain it may need to be reapplied every couple of years. The paint coating will protect the timber from the effects of weathering. Timber windows are still very popular today and generally cost significantly more than aluminium windows. Timber windows are the most common window type in buildings built before 1960.

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## WARNING

Some windows can be accessed by children. I regularly see a child's bed pushed up against a wall directly under a window that the child can easily open and fall out of. This is a major safety hazard, especially if it is an elevated window.

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## FIREPLACES AND CHIMNEYS

An open fire or wood heater can add appeal to a property. Cosy nights sitting around a crackling warm fire with your favourite beverage in hand is a great way to unwind. But brick and stone fireplaces need to be cleaned from time to time. This cleaning is done by a chimney sweep. Remember the Mary Poppins movie? Yes, chimney sweeps exist outside of fairy tales and kid's movies. It's worth the expense of having an older fireplace inspected and cleaned by your local chimney sweep to ensure it is clean and safe to use.

The building inspector will not test the fireplace or wood heater as part of a standard building inspection.

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### WARNING

I also recommend you have a suitable hearth and fire-proof screen in place to aid in preventing accidental fires.

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### PRO TIP

Some older houses have fireplaces that are ornamental. In other words, the fireplace, hearth and mantelpiece are there, but the chimney has been removed or blocked up. Maybe they had problems with vermin or water leaks. Either way, it's going to get pretty smoky and even dangerous if you start a fire and the chimney has been blocked. Look outside, above the roof, to see that there is a corresponding chimney or flue for each fireplace before you light a fire!

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## Wood heaters

Wood heaters provide a lovely warmth that appeals to many people. They must be installed strictly in accordance with the manufacturer's instructions. Have your solicitor check with the local council for evidence of building approval and final inspection to ensure that the wood heater was properly installed with correct clearances and materials.

Note: Inspection of wood heaters is not included in a standard building inspection.

Wood heaters are generally more efficient than traditional fireplaces. In a past life as a council building inspector, I checked hundreds of these approvals and installations. The key points to understand are these:

1. You need building approval to install a wood heater.
2. Manufacturers get a prototype tested at a laboratory to ensure it meets the Australian Standards.
3. The installation needs to be strictly in accordance with the manufacturer's specifications.
4. Making sure the 'appliance' has enough clearance from combustible elements is the key to compliance.

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## WARNING

Beware of old-fashioned 'pot belly' cast iron wood heaters as these heaters generate enormous heat and often are not well insulated, so the heat can transfer to adjacent building materials. This can be a

fire safety problem. These old-school heaters need a hearth and fire resistant shield between them and adjacent combustible materials.

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## 🏠 WARNING

I have been to a few homes and seen piles of firewood that contain Copper Chrome Arsenic (CCA) treated timber. This timber is often dyed with green or blue ink to help with identification, and sometimes it is stamped as ‘treated timber’. It may be carcinogenic when you burn it, so **DO NOT BURN THIS TIMBER**. If you are unsure if your firewood is treated, then don’t burn it.

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There was combustible material adjacent to this pot belly stove. This installation was unsafe and had to be rectified before being used again.

## KITCHENS, BATHROOMS, LAUNDRIES AND TOILETS

These wet areas of the house are the most expensive areas of the home (per square metre) to build. All have one common enemy – water leaks. Leaks are common and are usually caused by leaking pipes and waterproofing failures. Leaks cause damage that can be very costly to rectify if they go

unnoticed or are not repaired promptly. Fixing a leaking shower could cost \$20 or \$10,000, depending upon the circumstances.

## Kitchens

Let's now take a look at what you need to inspect in a kitchen. First, check the operation of cupboard and pantry doors and catches. Are all the handles present? Sometimes adjustments of doors can be done with a screw driver.

Next, inspect the kickboard at the base of the cupboards and inside the cupboards under the sink for water damage. Check wall tiles for loose, bulging walls and missing grout.

You'll need to look at the appliances too. Test the oven, cooktop, range hood, Insinkerator and water filter (as required) to make sure they all work. Remember to switch them off afterwards.

Look at the benchtops for burn marks, stains, cracks and water damage. Check that drawers all operate smoothly and have handles. If the sink is made of thick plastic, it may be stained. These stains are usually permanent. I recommend replacing these blemished sinks with a new stainless steel sink.

Check to see that water drains out of the sink quickly enough. Sometimes the sink waste becomes blocked with fatty waste.

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### PRO TIP

Measure the fridge space to make sure your fridge fits.

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## Bathrooms

Now, onto the bathrooms. Inspect the bath for chips, rust marks, peeling paint and cracks. Baths should not flex when you push on the sides. If it is a freestanding bath, it should not move around on the floor when pushed. Claw-foot baths should be placed onto rubber stoppers on a tiled floor that is completely waterproof.

When you are inspecting a bathroom, run the shower for at least 10 minutes and check for water penetration to adjoining areas. Look for evidence of water damage around the shower recess. Your building inspector will use a moisture meter for this aspect of the inspection.

A shower base should have a fall of 1:60 (1cm of fall every 60cm length) to the floor drain to allow water to flow out.



This shower base was installed with insufficient fall to the drain. It had to be rebuilt.

Check the shower for broken soap-holders. Inspect the tiles of the shower for any cracks or missing tiles and bulging sections which are often difficult to see, so look closely. Missing silicone and grout will also need replacing.

See if the shower-head is leaking or damaged and make sure they are the water-efficient type.

The last thing to check on the shower is the operation of the shower door and screen. Note again if there are any leaks that need fixing or cracked glass that needs replacing.

As well as the shower and the bath, you need to inspect vanities for water damage and toilets and basins for cracks and leaks. Cracked porcelain should be replaced.

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### PRO TIP

Grab some toilet paper or a plastic bag and place it over the shower waste. Run the shower until water is about 2cm deep in the base of the shower. Come back in 10 minutes and look for leaks. Tiled shower bases in older properties are the most likely to leak and need to be replaced. Don't forget to remove the wet paper or bag before you leave.

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## Laundries

Don't overlook the laundry. Check for dripping taps or spouts. Look under the tub for leaks or rust damage. Make sure there are both hot and cold taps for the washing machine. If you have an extra-large washing machine, then check it will fit in the space provided.

Look at the condition of the joinery (the cupboards and benches). Especially look for water damage.

Is there room for a dryer? If so, is there a power point for the dryer? A laundry should be a room that has adequate natural or mechanical ventilation.

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### ■ WARNING

Many fires occur around poorly ventilated clothes dryers. Remember to periodically remove the lint that builds up in the dryer too.

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### Toilets

Don't forget to check the toilets around the house. Flush the toilets and check for leaks. Especially look at the back of the toilet as that is where you will see most leaks. Check for a cracked pan, lid or cistern. Cracked components should be replaced. Make sure that the toilet is secured to the floor by giving it a light push with your foot to the side.



This cracked toilet pan should be replaced before it collapses

Is the toilet a dual-flush type, (i.e. has it got a flush and half-flush button)?

A dual-flush type is water efficient.

Like laundries, toilets should be in a room that has adequate natural or mechanical ventilation.

### Feature: Leaks

Leaks are common problems in properties. Leaks occur in many places and are usually found in taps, sink and basin wastes, spouts, flick-mixers, showers, toilets, gutters, flashings and roofs.

Roof leaks can be caused by cracked roof tiles or missing pointing. Look for dripping water, water damage, water stains, mould, rust or decay as all of these defects can be caused by water leaks.

Treat all leak damage as current leaks until you have had them further investigated by a licensed plumber.

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### PRO TIP

When a shower is found to be leaking, some real estate agents like to recommend that the shower be 're-grouted and resealed'. This method involves removing the grout and installing a 'masonry sealant'. The 'leaking shower' repair company will usually offer a 12-year product warranty. The cost of this repair is generally around \$770. The advice I have received from a tiling expert is that this repair is a temporary solution. If the waterproof membrane is cracked and leaking, then the entire shower needs to be demolished and rebuilt with a new waterproof membrane. The cost for this professional rebuild could be \$5,000 or more for an average size and quality shower recess.

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This stain under a particle board floor is damage from a water leak. Further investigation by a licensed plumber is recommended. If the leak is not promptly repaired the flooring may have to be replaced in this area.

## ROOF INTERIOR

Having inspected the exterior of the roof of your property, you also need to inspect it from the inside. However, this may be something you leave to your building inspector.

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### WARNING

Leave the inspection of the roof interior to your building inspector, as there can be multiple safety hazards in roofs, such as live electrical wires, toxic spiders, protruding nails/screws, snakes, rat traps, asbestos fibres, toxic bird droppings, roof timbers weakened by termite damage and you may suffer heat stroke if it's a hot day.

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Some common problems you may find in the roof interior are:

- Missing or damaged insulation.

- Insulation and combustible building materials that are too close to down lights. A clearance of at least 200mm is recommended, especially for ‘halogen’ type lights that generate intense heat that have been known to cause fires.
- ‘Sarking’ is a type of building paper (often silver in colour) that is used as a waterproof membrane directly underneath the roof covering. The sarking is sometimes missing or damaged.
- Possums in the roof space.
- Load-bearing walls may have been removed and additional roof framing has not been installed to support the loads that were taken by the walls.

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### PRO TIP

If internal walls are removed and the roof framing is old-school ‘cut and pitched’, (i.e. there are no roof trusses) then it is likely that the wall that was removed was supporting ceiling and/or roof loads. When a ‘load-bearing’ wall is removed, additional beams must be installed into the roof space to provide the necessary structural support. From time to time, I see walls removed with no additional framing installed in the roof. This is a major defect. So if the property you are buying has had alterations that include removal of internal walls, your building inspector will need to make sure the roof framing has been ‘beefed up’ to allow for this change. Removal of load-bearing internal walls usually requires a building approval. This is another reason why checking for the presence of building approvals becomes so important, as the approval process would include checking that any structural alterations meet Building Code requirements.

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## Insulation

Roof insulation helps to slow the rate of heat transfer between the interior and the exterior of the building. This keeps the indoor temperature range more comfortable for occupants and saves on energy costs. Inspection of insulation is not included in a standard building inspection.

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### WARNING

Foil type insulation has tragically caused the deaths of some poorly trained installers. Death was caused by the staples used to fasten the foil to the roof timbers being accidentally driven into live electrical cables. The foil insulation was electrified and when the staple went through the live electrical cable the installers were electrocuted. Faulty electrical installations are a major safety hazard.

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Fibreglass type insulation can cause mild skin irritation. It makes me itch when I come into contact with it. It is best to wear long pants, a long-sleeved shirt, gloves and a half-face respirator when inspecting a roof space that contains fibreglass insulation. Better still, leave this to your building inspector.

As previously mentioned, sarking is usually a silver-coloured heavy duty reflective foil sheet that is installed under the roof (tiles or metal). The sarking acts as a moisture barrier, a thermal barrier and it can reduce the risk of bushfire embers getting into the building and causing a fire. Sarking should be draped between the roof battens and not installed tightly,

otherwise condensation might transfer to the underside of the sarking, causing water to drip inside the roof onto the ceiling. If sarking is damaged, then the roofing would have to be removed to allow new sarking to be installed, and then roofing would need to be re-installed. If you want to reduce heat and moisture in the roof space and there is no sarking installed I suggest you look at installing a roof ventilator like a 'whirlybird' or solar-powered roof ventilators.

### Feature: Fire separating walls

Walls between dwellings like attached townhouses or units should be fire-rated to slow the spread of fire. A one-hour fire rating is designed to allow sufficient time for the fire brigade to get there and put the fire out while the occupants have time to get to safety.

Inspection of the roof space is necessary to verify the existence of a fire-rated wall. This wall is generally made of brick, concrete block or fire-rated plasterboard onto metal or timber framing. The wall extends to the underside of the roof material and separates the attached dwelling roof spaces. Some older buildings may not have fire-rated walls. These older buildings should be brought up to code for safety's sake. Provided there is access to the roof space, your building inspector can check for the presence of a fire-rated wall but will not usually be able to verify the compliance of the wall as this is a job for a fire safety specialist or building certifier.

## SERVICES

Services (or utilities) are usually not checked by the building inspector when they carry out a standard building inspection. Therefore, it is very important that you make your own checks on these items and get relevant

specialists to further investigate when you suspect a problem or when recommended by the building inspector.

### Hot water system

Inspect the hot water service for leaks and corrosion at the base and joins. Any corrosion can indicate that the tank is at the end of its life and needs to be replaced. Sometimes there is no electricity on at the time of inspection to allow for checking the operation of the hot water system. Try testing the pressure relief valve for operation.

Electric hot water systems will last between 10 and 15 years. The date of manufacture is usually printed on the side of the tank. I have seen exceptions where some systems are over 30 years old and still going strong. In my experience they last longer when stored out of the weather. If an electric hot water system is installed inside a house, it should be installed on a copper tray fitted with a suitable overflow pipe plumbed to the exterior of the building.

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### WARNING

A hot water system can rupture or even explode if the temperature relief valve is faulty. The valve is designed to release hot water in an over-pressure or over-temperature situation. Hot water tank manufacturers recommend that a home-owner activate the pressure relief valve every six months and have a licensed plumber check or replace the valve every three to five years.

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## Case Study

I carried out an inspection for a client on their single-storey, slab-on-ground brick veneer residence and found the house in excellent condition. I received a call from the client around two years later asking for my advice. They noticed some significant cracking had appeared to the interior of the house in ceilings and walls. The cracking seemed to be getting progressively worse. I visited the property and also found some cracking in the brickwork below an external window. I noticed the ground was wet and the grass was a few shades darker and thicker in an area of the lawn near the window. I looked over the fence at the neighbouring property and noticed that the hot water system was dripping continuously. I asked the client how long the ground had been wet for, and he confirmed that the wet patch had been there for at least a year. Putting the clues together it seemed likely that the movement was probably caused by the soil swelling from excess water leaking from the neighbour's hot water system. This had resulted in lifting and deflection of the floor slab and caused the cracking. So remember: fix any leaks promptly – and get your neighbours to do so as well!

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### WARNING

Gas hot water systems are usually located externally as the burnt gas fumes can be toxic. When located internally they must be vented to the outside air by a licensed gas-fitter. Gas hot water systems should be located away from windows and electrical fittings (e.g. power points, air-conditioning, lights etc.). Do not store any flammable liquids like lawn-mower fuel or paint near the gas hot water system.

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You should test the hot water by running the taps. Hot water should be hot but not too hot. If the water is too hot, there may be no tempering valve fitted. A tempering valve is a type of thermostat that should be fitted to maintain the temperature that flows out of the tap at less than 50° C. This is done for safety reasons, to reduce the risk of children being scalded by water that is too hot.

## Electrical

Checking your electricity service is critical. It could be the difference between life and death.

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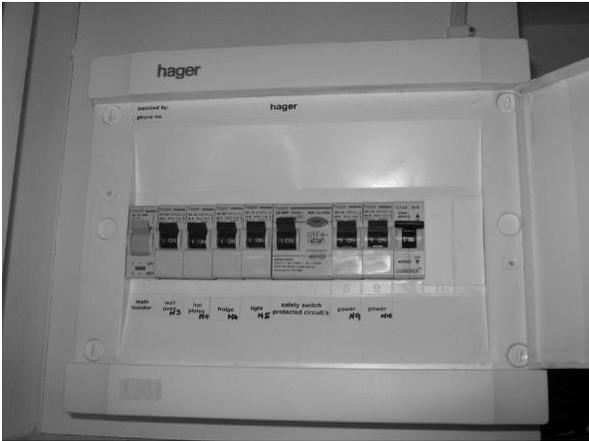
### WARNING

Every property (unless it is brand new and should already have an electrical safety certificate) should have the electrical system and all fixed electrical appliances inspected and tested by a licensed electrician prior to purchase or sale.

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First, check that there is a safety switch installed on all circuits. Many older houses have only some circuits protected. The safety switch is located on the switchboard. Often the switchboard can be found in the meter box.



A modern switchboard.

Switch on all lights and ceiling fans. Ceiling fans should have at least a 2.1 metre clearance from the underside of the fan to the top of the floor coverings for safety.

Note any broken or missing light fittings (including exterior lights). Fluorescent tubes should always have a diffuser (cover) fitted for safety. Also, look for cracked or damaged light switches or power points.

### Other appliances and services

You can do some basic checks on several other fixed electrical appliances and services to see that they work properly (see below). Although, these items are not usually checked by the building inspector.

### Automatic garage door opening device

Check the garage door operates smoothly without significant noise. You should have at least one working remote control handset.

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## ■ PRO TIP

If the opening device is more than 20 years old it is probably at the end of its life and will soon need replacing.

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## Ducted vacuum cleaning system

Test this for operation. It should have good suction and come with the hose and fittings. Note the position of outlets to ensure all areas are covered.

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## ■ PRO TIP

Clients I have spoken to sometimes get excited about buying a house with a ducted vacuum system, but when I speak to the sellers they admit that they only used it a few times. They say that the novelty wore off after a while, and they went back to using the regular type, because they got tired of lugging the large heavy roll of hose-pipe from room to room. With the advent of battery powered cleaners and robot-type vacuum cleaners I suspect that ducted vacuum cleaning systems are going the way of the Black Rhino.

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## Water tanks

Slimline water tanks should always be placed onto a reinforced concrete base. This provides a stable support and reduces the risk of the tank accidentally being knocked over and causing damage or injury. Some tanks are connected into the house plumbing so that rain water is used to fill toilet cisterns and provide water to the laundry tub. Other rain water tanks are used primarily for watering the garden or topping up the swimming pool. In

urban areas the use of rain water for drinking is often prohibited due to concern about contamination. However, in rural areas water tanks are often the only source of drinking water. In a rural area, tank capacity of at least 20,000 litres is recommended. Where rainfall is seasonal and no other reliable sources of water are available even larger capacity will be necessary, say 40,000 litres. Water tanks should always be installed by a licensed plumber. If there is a pump connected to the tank, check that it works by turning the power on and running the tap. Testing is recommended as it can cost over \$1,000 to replace some types of faulty pumps.

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#### PRO TIP

Tanks need to be cleaned out every few years because they get gunk in the bottom and pumps should be serviced periodically. Your local plumber can do this maintenance work for you.

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## Air-conditioning

Close external windows and doors and turn on all the air-conditioning units. Test both the heating and cooling functions. Look for leak stains around outlets. Most remote controls need two AA batteries to operate.

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#### PRO TIP

My advice is to buy a known brand that is a reverse cycle (heating and cooling), inverter (30% less power use), has quiet operation (a council requirement), a five-year warranty and good after-sales

service. Remember the old adage, 'You get what you pay for', this certainly applies to air-conditioning.

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## Security systems

If the property is protected by a security system, ask for the password code to be provided at settlement. If you want back-to-base monitoring find out if a phone line is present.

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### PRO TIP

Modern security systems are wireless and internet-linked for remote monitoring from your mobile phone.

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## Gas

There is often a gas supply on a property. It can be reticulated (piped) or bottled gas. My experience with bottled gas is that once you sign up for a gas supply contract, the supplier periodically visits the property and swaps the two gas bottles for two full bottles. They gauge how much gas you have consumed and charge you only for your usage.

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### WARNING

Have a sniff around the gas meter. A rotten egg-like smell has been added to natural gas so that gas leaks can be more easily detected. So if there is a bad smell around the gas meter, call the local gas

authority and report it immediately. Most gas leaks are fixed by the relevant authority free of charge if the leak is located between the gas main and the meter.

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## Phone point

Even though a lot of tenants will prefer to use their mobile phone, a telephone point (fixed land line) must be provided by the property owner if specified in the lease agreement.

### Case Study: Phone lines

I have an investment property that I have owned for approximately five years. The house is about eight years old. I recently got an email from the property manager advising me that the tenant (my fourth in the property) wanted to install a telephone line. The agent advised me that I was obligated to pay the first \$240 towards the cost of installing the phone line because it was the first phone line installed at the property.

### Feature: Dodgy sellers

Dirty tricks, short-cuts, scams and cover ups, I have seen plenty of deceptive behaviour over the years. Here are just a few of the tricks to look out for that property sellers get up to.

**Poor workmanship.** Home renovation shows make it look easy and fun to renovate. The reality is that to complete most jobs you require hundreds of hours of practice to achieve a professional level of skill that results in a good finish. Poor workmanship is a very common defect that can lower the overall quality of a property. Usually the work is performed by people who lack the necessary experience.

**Rendering.** Watch out for rendered older houses. Render is a great way to cover serious cracks. Fortunately, there are other ways of finding evidence of significant subsidence that is much harder

to conceal. If I inspect an older building that has been rendered I assume that cracks have been concealed and I look very carefully for other evidence of subsidence such as floors not being level, doorframes out of square, and gaps around window and doorframes.

**DIY vendors.** It is my experience that tradesmen selling their own home are the worst culprits and will often try and save money by doing much of the renovation themselves. A classic example is the tradie who does his own carpentry, tiling and painting. The many small imperfections in the finishes they achieve actually lower the overall quality of the building and therefore reduce the value of the property. When a good quality repaint can cost \$30,000 or more on some larger timber homes, a bad paint job can be very costly to rectify.

**Silver frost paint.** This is sometimes used to paint over rusted roofs. A quick glance from the ground and the roof looks fine, but when you look from inside the roof you can see extensive rust at the laps and sides of the metal roof sheets. The silver frost paint will often peel off within a few years as the lack of preparation of the roof (and rust) prior to painting, and the thin coat of paint, are not going to last the distance.

**Bath mats.** These are commonly strategically placed over cracks in floor tiles in bathrooms and ensuites. Lift these mats and check for defects. Cracked tiles in older buildings can be almost impossible to replace as the matching tiles are no longer available for purchase.

**Failed brick and block retaining walls.** These can cost tens of thousands of dollars to replace. Some scammers like to build a timber frame onto the walls and then cover them with fibre cement sheet and render them to look like rendered masonry. I have even seen this practice demonstrated on a television home renovation show.

**Termite damage.** Some sellers find termite damage to their home. They call in a professional pest manager who recommends an invasive inspection to determine the extent of damage, treatment of active termites, replacement of damaged timber, installation of a termite management

system and mitigation of risks conducive to termites. Let's say the total cost is \$10,000. The less scrupulous seller will decide not to spend the money and instead only have the active termites treated and replace the visible termite-damaged timber that costs them all up only a few hundred dollars. This leaves the buyer with the substantial rectification costs.

## SAFETY HAZARDS

Generally speaking, the older the house the more defects it has and the more safety hazards too. The majority of serious accidents and a lot of deaths occur in the home. Most of these accidents could have been avoided with some simple early identification and prevention of safety hazards. A building inspection is not a comprehensive safety audit, but building inspectors will often notice safety hazards in the course of doing the inspection that they will report on.

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### PRO TIP

Make sure any safety hazards are promptly rectified by licensed tradespeople. If the property is tenanted, advise tenants to avoid using the unsafe area of the property until rectification works have been completed.

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### WARNING

If you are a property investor and plan to put the property up for lease you have a legal obligation to ensure that the property is safe to occupy. I recommend that you have the property inspected by a building inspector before the lease begins.

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It is important to check that a building is safe to occupy. Here are some common safety issues for landlords to consider. These could also apply to your own home.

## PREVENTING ACCIDENTS

As mentioned earlier, a safety switch, also known as a Residual Current Device (RCD) or Earth Leakage Circuit Breaker (ELCB), should be installed to all circuits and it should be working. The safety switch helps to prevent electrical shock. The safety switch is usually found in the switchboard. The switchboard is often located in the electrical meter box. If you don't know what to look for then ask an electrician. If there is no safety switch installed, then have one installed without delay.

Smoke alarms save lives and have significantly reduced the number and severity of building fires since their introduction. Check your state laws to make sure that the right smoke alarms are installed in your property and in the right locations (usually between bedrooms and the kitchen and at the top and bottom of internal stairs). Smoke alarms should be located within 300mm of the ceiling and they must work! Smoke alarms are either hardwired or battery-powered. Hardwired alarms usually have a battery back-up. Batteries should be replaced every year on April 1st. If you are not sure if your smoke alarms are the right type, in the right location and in working condition, then ask an electrician to check them for you.

Periodically check that the clearance in the roof space around light fittings (especially Halogen-type lights that generate intense heat) is adequate.

Timber and insulation should be at least 200mm clear. Have required clearances checked and made safe by your electrician.

Ceiling fans should be at least 2.1 metres above the floor level. Keep children's bunk beds well away from ceiling fans. Low ceiling fans are a safety hazard and should be replaced immediately by a licensed electrician.

Look for broken light switches and damaged power points. These should be promptly replaced by an electrician.

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### WARNING

Unless you are buying a brand new property, then I recommend that you have a licensed electrician carry out an electrical inspection and report. In my experience, houses built before 1960 are more likely to have significant electrical defects.

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### PRO TIP

Authorities recommend that battery powered smoke alarms should be replaced with hardwired, interconnected, photoelectric smoke alarms that have a lithium battery back-up. These alarms should be positioned on the ceiling of every bedroom, on the ceiling outside every bedroom and on each level of the house. The alarms should be tested and cleaned, and if the battery is not of the long-life lithium variety it should be replaced every 12 months or when you hear a short beep every 60 seconds or so (as this beep indicates that the battery is flat). Every 10 years a smoke alarm should be replaced. To meet this obligation, it is my opinion that a property investor who leases out a residential property should employ a smoke alarm service company to maintain the smoke alarms at a rental property.

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## Swimming pools

We've already mentioned swimming pools but as all bodies of water are a drowning hazard for young children, it's worth reiterating some information here. As a pool owner you have a legal obligation to ensure that there is a pool safety fence installed and that it is compliant with the Building Code and referenced standards. This will reduce the risk of accidental drownings. If purchasing a property in Queensland, ask the seller for the pool safety certificate or arrange for a pool safety inspector to check the installation and provide a report. For other states, I recommend that you get the pool safety barrier inspected for compliance with the relevant Australian Standard by a building inspector with the appropriate expertise and insurance.

Check also that ponds, dams, creeks, canals, etc. – on or in the proximity of your property – are suitably fenced off to prevent young children from gaining unsupervised access.



Ponds are a potential safety hazard so I recommend that they have a heavy gauge galvanised steel mesh cover or are suitably fenced to reduce the risk

of accidental drowning.

## Windows

Window coverings such as blinds and curtains should not have cords dangling where they could be a strangulation risk for young children. It is best if cords are at least 1,600mm above floor level and tied off on a suitable hook. There is a higher risk, if a child's bed is placed under a cord, that they can get tangled up in it.

Check the height of windows above floor level. If a child could climb out of a window, then you need to limit the opening to 125mm or install a suitable security screen to prevent them falling out of the window. This risk is heightened when a child's bed is placed under a second-floor window that can easily be opened.

## Paths and paved areas

Check paths and paved areas. Cracked and subsided sections can be a tripping hazard. Edges should not be raised more than 5mm. Steep and slippery paths and driveways can also pose further risk of falls. Slippery moss can be removed with a high pressure water spray.

Child play areas should be separated from the driveway by a fence to prevent children from being accidentally run over.

## Emergency access

It's worth mentioning again that you need to check that toilet doors open away from the toilet, or that the hinges to the door are the lift-off type.

Otherwise a person could become unconscious and fall between the toilet and the inward-opening door, and this would prevent access by paramedics.

The house's address numbers should be easily visible from the street for emergency vehicles to identify the property should they be called to an accident.

Decks, stairs, balconies, and the like

Decks, stairs, and balconies around a property can be safety hazards, so check for rust or decay. Any defects should be promptly repaired by a licensed carpenter to prevent collapse.

Handrails are necessary for the sides of balconies, stairs, decks, paths and retaining walls where a person could fall more than a metre. Check that handrails are sturdy and do not move excessively. Check that balustrades are at least 1-metre high and do not have gaps that exceed 125mm. I recommend installing child safety gates to the top and bottom of stairs if you have children under the age of five in the house. Children under the age of five should not use stairs unsupervised due to the risk of falling.



This missing decking board is a safety hazard and needs to be rectified immediately.

### Wood heaters

Check that safety barriers are installed around wood heaters, fireplaces and flues as these can get very hot and cause burns if accidentally contacted.

### Hot water system

The hot water system will heat the water to a temperature of at least 60° C to kill bacteria. To reduce the risk of a scalding type injury the hot water system should have a tempering valve fitted to ensure that the water that comes out of the taps is no hotter than 50° C. Ask your building inspector to check this if you are unsure.

### Glass

Have a glazier check that all glass in the building is the correct type. Many houses built before 1980 have glass that is not safety glass. This is especially risky where there are large panes of glass that people could accidentally walk into (e.g. glass doors). The glazier can replace the glass with suitable safety glass, or sometimes they can install a suitable clear plastic film onto the glass that reduces the risk of injury.

# 5

## Types of inspections

**H**AVING READ the previous two chapters, you should by now be starting to realise that although you can carry out preliminary inspections, you'll need to call on the professionals. Only then will you have peace of mind that the property you are considering purchasing or leasing out to tenants does not have flaws and shortcomings you are not fully aware of.

In this chapter we discuss the types of inspections you may consider.

### BUILDING INSPECTIONS

The standard building inspection checks the property for safety hazards, major building defects and makes a comment on the extent of minor defects.

The report on the property should state what the defect is, where it is located on the property and what needs to be done about it. A summary of the overall condition of the property (compared to other properties of a similar age and type) is also provided.

The components inspected will generally include the following items:

1. Surface drainage
2. Paths, concrete and tiled areas
3. Decks, verandahs, balconies, patios, terraces
4. Outbuildings such as sheds, gazebos, shade houses, gatehouses, pool houses, cat runs, aviaries, chook pens

5. External walls, windows and doors
6. Subfloors and basements
7. Roof, gables, chimneys/flues, skylights, ventilators, eaves, fascias, valleys, gutters and downpipes
8. External stairs, landings, ramps and elevated walkways
9. Internal walls, windows, doors, ceilings and woodwork
10. Kitchens, bathrooms and laundries
11. Roof space (attics).

## PEST INSPECTIONS

A pest inspection will look for termites, borers and decay at your property. These are the timber pests.

Many areas of Australia are known to be at risk of termite attack. Where I live – in South East Queensland – the risk is high, while the risk in Tasmania is relatively very low. Termites like warmer climates, so the further north you go, the more termites you'll find and the higher the risk of termite attack.

The pest inspection involves finding and reporting on timber pests and conditions conducive to timber pests. This inspection includes inspection of timber in all reasonably accessible areas of the property. The property is checked for subterranean and damp-wood termites, borers of seasoned timber and fungal decay. The location and severity of live pests and damage is commented upon in the report. Conditions conducive to timber pest attack, such as poor surface drainage and poorly ventilated subfloor areas are also reported.



Subterranean termite damage to a hardwood floor joist. This joist had to be replaced.

Some clients think that a brick building is at low risk of termite attack. Often these buildings contain structural timber floor and roof framing even when the walls are brick. If in doubt, discuss this with your inspector when agreeing upon the scope of work. My advice is to always get the pest inspection done. For a few hundred dollars it's worth the peace of mind.

The inspection is non-invasive and does not involve breaking open timber or walls, lifting carpet or insulation, moving heavy furniture, etc. It is essentially a visual inspection.

Standard tools used are a torch, ladder and moisture meter (see later section on 'Equipment').

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### ■ PRO TIP

The inspection is done to check for three types of named timber pests only. Other timber pests like carpenter ants and drywood termites, although commonly found, are not included in the inspection. Pests such as snakes, possums, rats, mice, ants, cockroaches, spiders and other pests are also not included.

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## Case Study

A real estate agent I have known for many years related this story to me. “I bought a house and had a building and pest inspection. When we moved in and started renovations our builder found extensive termite damage. We called the pest inspector for an explanation and he came over and told us that because the damage was caused by drywood termites it was not his problem. So we rang the building authorities and they confirmed that the inspector was not liable. We felt ripped off!”

While we are on the subject of pests and termites, here is some advice: please don't call them white ants! They are termites, not ants. More closely related to cockroaches than ants, these insects are responsible for a lot of building damage because they eat timber.

CSIRO reports that in Australia over 130,000 houses are infested annually causing \$910 million worth of damage. The average damage repair bill is \$5,500 and the average treatment cost is \$1,500. I think there is excessive fear surrounding termites, and that fear is perpetuated by the pest management industry. As we know, fear is also ‘False Evidence Appearing Real’. In my opinion, people get way too concerned about termites. Sure, they do damage properties and the damage can run into the thousands to rectify, but let's get you educated on these critters to give you some perspective.

There are around 300 different species of termites in Australia. But unless you are an entymologist with years of termite identification experience you

would be considered knowledgeable within the pest industry if you could correctly identify and name 10 different species.

Where I live in Brisbane, I commonly see about five different types. Some are destructive and can do significant structural damage, and others are quite lame and only do superficial damage. When the weather is humid and stormy, that is the time when thousands of winged termites (alates) will take flight and seek a mate to start their own colony. If they are successful in finding each other – and a cosy spot – they will start a new colony and hey presto, they become the king and queen. Termite colonies in the suburbs can grow to more than one million termites.

If you find termites and want to kill them, you can just take off a thong and whack them or get professional pest control. I would advocate for the latter because chances are, if you find termites, you have only found a few hundred workers harvesting the timber and if you kill these guys the colony will not miss them. The queen pumps out 4,000 eggs per day, so if a few hundred go missing they will quickly be replaced. You need to use a poison that will find its way to the nest and get some poison into the queen. This will eradicate the colony.

Residential buildings that are built in a designated termite area require an approved termite management system be installed during construction. To find out if the property you are buying is in a termite risk area I suggest you contact the local council for advice.

## COMMON TYPES OF TERMITE MANAGEMENT SYSTEM

Most modern houses have physical barriers built into the external walls and collars placed around pipe penetrations (where pipes go through concrete floor slabs on the ground) to prevent termite entry. The building certifier has the job of ensuring that the system installed is approved for use. Most freestanding dwellings built after 1995 have a physical termite management system installed but some do not.

Another method of termite risk management is to build the ‘primary building elements’ (i.e. load bearing members) with termite resistant materials, for example metal, concrete, masonry, fibre cement, naturally resistant timber and preservative treated timber.

In Queensland, the primary building elements also include door jambs, window frames, reveals, architrave and skirting boards as the risk of termite damage is higher in this state.

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### PRO TIP

Property in Tasmania is not considered to be at risk of termite attack. It is too cold for them!

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### Chemicals

Another type of termite management system is a chemical one. This system involves the installation of a treated zone of topsoil abutting the perimeter external walls, by drilling through concrete and digging through topsoil. If the building has a subfloor, then this area is treated also. These chemical

systems are often referred to as ‘barriers’ but the more correct term is ‘treated zone’.

## Banned chemicals

Old school chemicals based on organochlorines and organophosphates such as ‘Aldrin’ and ‘Dieldrin’ were fantastic at keeping termites away, but they were found to be too toxic for the environment because of their long after-life.

There are now many effective and safer chemicals available to professional pest managers that last between one and ten years.

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### PRO TIP

Do the maths. Some chemicals are cheap and some are expensive. It’s no surprise that the expensive ones actually work better and last much longer. A good quality chemical will last eight to ten years. If you are comparing quotes on chemical termite systems make sure you take into consideration how long the chemical will last. Here is a quick and easy way to compare the value of two different quotes.

Quote 1. “Bloody Ripper Pest Control”

Uses a cheap chemical. Installation costs \$2,250. Re-treatment (expiry date) in three years = Cost to you \$750 per year.

Quote 2. “Aussie Battler Pest Management”

Uses a more expensive chemical. Installation costs \$2,750. Re-treatment (expiry date) in eight years = Cost to you \$344 per year.

When comparing quotes, you should always look at the annual cost over the life of the termite management system to understand the true cost.

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## Monitoring and baiting systems

The third most popular type of termite management system is a monitoring and baiting system. This involves the installation of many (sometimes 30 on a standard suburban lot) 'bait stations' in the ground around the building. The bait stations are typically a plastic tube with openings in the sides and a removable lid on the top. These are buried in the ground with the lid sitting level with the ground. Inside the tube some timber or an attractant like 'Focus' is placed. Usually the timber is a species of pine timber. Pine is a softwood and more often is the target of termites as it is easier for them to eat. The teeth of a termite have the density of a human finger nail so they find eating denser timbers a slow process.



Example of a monitoring and baiting type of termite management system.

The bait stations are checked regularly by the pest management technician for the presence of termites. Any termites found are killed with poison. There are both professional and DIY monitoring and baiting systems

available. Systems are extensively tested for years to ensure they are effective but be warned, this system needs constant monitoring.

Some buildings have structural elements made from treated timber or steel. When the structural elements are termite resistant no termite management system is necessary. These properties are still at risk of termites doing damage to timber found in kitchens, floating floors, architraves, skirting boards and door jambs, etc.

Every pest management system requires regular inspections by a professional timber pest inspector. Most properties should be inspected at least annually and some more often depending upon the level of risk of termite attack and the type of management system installed.

Exposed concrete slab edge

This involves using at least 75mm of visible slab edge on the ground as part of the termite management system.

Termite shields

These are made of folded metal sheeting. These shields are built at the base of walls, and termite caps are placed on top of support posts. As with exposed slab edge, it is advisable to have at least 75mm of visible slab edge to enable regular visual inspection to detect termite attack.

## PEST INSPECTION EQUIPMENT

Most obvious termite damage is found by home-owners who have no knowledge of what termites look like, or their habits or how to find them.

Professional timber pest inspectors can usually find the damage the average person cannot. They do so with the help of the following equipment.

## Torch

The best tool anyone has is their eyesight, but you have to know what to look for. Your eyesight can be enhanced by a high-powered LED torch.

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### PRO TIP

Buy yourself a rechargeable LED torch. A very handy piece of kit.

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## Donger

The next most vital piece of kit is a sounding stick. This will often consist of a golf club type of handle with a golf ball or similar plastic ball on the tip. In the trade, this sounding stick is called a ‘donger’. By lightly tapping the donger onto accessible timbers the inspector can listen to the sound made. If the timber sounds hollow, this will indicate termite damage and if the timber sounds dull, this will indicate water damage (that can lead to decay and then attract termites). Most ‘tapping’ is done on visible and accessible timber inside the building, for example wall-panelling, exposed beams, skirtings, architraves, windows and door jambs.

## Moisture meter

Another essential item is the electronic moisture meter. The moisture meter is a device that measures the relative moisture of the building surface.

Termites need water to survive, so when high moisture readings (above 18%) are present, this can be an indication of live termites. Sometimes the high moisture can also be due to a water leak from a leaking plumbing fixture. High moisture in a wall is a condition conducive to termites and decay. Moisture meters, like other tools, have their limitations and cannot be used reliably on days of high humidity or rain.

### Thermal camera

Thermal imaging cameras have been used in the pest management industry for many years now. These cameras work by shooting a laser beam onto a surface. The temperature of the surface is detected and then mapped onto a screen, often in multi colours. Relative cold spots can indicate dampness associated with water leaks or termite nests. Conversely, hot spots can indicate heat from termites or another heat source.

Anyone using a thermal imaging camera in a professional capacity should also be a certified thermographer. Pictures of the thermal imaging camera results must also be included in timber pest inspection reports otherwise they are not valid.

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### WARNING

Many timber pest management companies make misleading claims such as “with our thermal imaging camera we can see inside walls”. Thermal imaging cameras cannot see inside walls and cannot be relied upon to find termite activity or damage. If thermal cameras could actually do what some dodgy people claim, then why don’t people just rent them and find termites and termite damage themselves?

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## Termatrac

I personally use a 'Termatrac T3i'. This is a termite detector that combines three technologies in one device. It has a radar to detect movement, a thermal sensor to detect temperature and a moisture sensor to analyse moisture levels. The digital screen graphs the movement and with a small amount of training it is possible to recognise the movement pattern of termites. This is an accurate non-invasive method of finding active termites.

## Termite dogs

Occasionally I am asked about other methods of termite detection, including sniffer dogs, listening devices and other methods. The different tools and equipment used for detection of termites all have their pros and cons. A carefully trained termite dog can cost more than \$20,000. Termite dogs can be easily distracted by the smell of paint, pet food, cigarette smoke and many other smells. They are also easily bored and need the excitement of finding termites every day to stay motivated. For all but a few properties and situations the use of a termite dog is unwarranted in my opinion.

There are many other types of equipment available. I have tried to cover the most commonly used here. It is important to note that the standard timber pest inspection is visual only and only visible and accessible areas are inspected. This excludes moving furniture or stored items, lifting floor coverings, inspecting inside walls, looking under insulation or stumps below ground level.

## CONDITIONS CONDUCIVE TO TERMITES

Places and conditions conducive to termite attack include (but are not limited to) the following:

- Tree stumps and logs.
- Trees, especially dead trees.
- Weepholes covered or partly covered by concrete, soil, gravel or other material.
- Leaks, such as a leaking water pipe or leaking shower.
- Untreated landscaping timbers.
- Deficiencies with termite shields or ant capping, such as rust holes, missing sections, damaged sections.
- Timber in contact with the ground, such as posts and weatherboards.
- Piles of timber such as firewood or loose timbers in the garden or under the house.
- Old timber formwork used in construction, left under suspended concrete slabs, e.g. patios.
- Poor surface drainage makes buildings damp and more prone to termite damage.

A timber pest inspection report should include comment on conditions conducive to termites and recommendations to address these issues. The fewer conditions conducive to termites there are on the property, the lower the risk of termite attack.

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## WARNING

Many pest inspectors will refer pest damage to builders for assessment, because they lack the expertise to understand if the damage is structural or not.

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## MAINTENANCE INSPECTIONS

All buildings are in need of maintenance. Some need a lot more than others. When owners have a few building-related problems they often start to feel overwhelmed by the tasks to rectify them. Knowing how serious a defect is, the right way to further investigate the issue to understand the extent of the problem, the most appropriate method of rectification, and what is a fair price to pay for that work to be carried out, is sometimes a job for an expert. A maintenance inspection will identify maintenance issues and help an owner gain a clear understanding of:

- Maintenance required
- Estimated cost of maintenance itemised
- Safety hazards prioritised for urgent attention
- Structural defects prioritised for urgent attention.

Regular maintenance inspection reports are invaluable for property owners looking to keep the value of their property at a premium and maintain safety. Many owners get reports done at the beginning of each tenancy if they decide to put their property up for lease, as they are concerned about their responsibility for the safety of the tenant.

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## PRO TIP

Timber houses are considerably higher maintenance than brick properties. The timber usually requires painting every 15 to 20 years and is prone to damage from timber pests, like fungal decay, and termites.

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## WARRANTY

In Queensland, we have a home warranty insurance scheme managed by the Queensland Building & Construction Commission (QBCC). Work exceeding \$3,300 in value may be covered by this scheme. Other states have similar schemes. Get online to check your state's requirements.

When you own or purchase a residential property covered by the scheme, and certain prescribed defects occur, you may be able to request the defects be rectified by the builder at their expense. If the builder doesn't complete the rectification work, you can ask the state body to investigate the matter. They will usually ask you to have an independent report prepared by a licensed building inspector.

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## PRO TIP

Check with your state authority to find out if a building warranty applies to the property to see if you may be eligible for the builder to pay for the cost of rectifying some or all of the defects on the property.

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When purchasing a brand new property, there may be a ‘handover’ pack provided by the builder. This pack will typically contain documents like care instructions and warranties for items like:

- Pest management
- Floor coverings
- Roofing
- Appliances
- Paint colour scheme.

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### PRO TIP

Ask the real estate agent if the house or any improvements were done by an ‘owner builder’. If so, there may be no builder’s warranty. In Queensland this information should be disclosed on the contract. Check the requirements in your state. Often the quality of workmanship is below standard because through inexperience the owner does not detect mistakes made by tradespeople. These can be costly to rectify. Some owners do much of the work themselves and do not have the required skill to deliver an acceptable standard of finish. Common works undertaken by owner builders are: carpentry, painting, plastering, floor- and wall-tiling and landscaping.

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## PRE-SALE INSPECTIONS

For a seller, it is important that your property presents well to potential buyers and that you remove any barriers to a sale. If you can provide pre-sale building and pest reports to potential buyers, you can greatly assist the sale process.

The last thing you want is for the Contract of Sale of your property to fall through because the purchaser obtains reports revealing significant structural damage or severe termite infestation that you were unaware of.

Advantages of a pre-sale inspection include:

- The seller knows in advance of any major defects or significant timber pest issues, giving you the opportunity to have these rectified.
- Buyers are more likely to make an unconditional offer.
- Buyers are more confident to bid at auction.
- Buyers are less likely to renegotiate a reduced price after the contract has been signed.
- It saves costs for the buyer so they can pay more for your property!

At our company BuildingPro, the reports can be put into the name of the eventual purchaser at no extra cost, provided they accept the standard inspection agreement and it's within a reasonable time frame.

## Case Study

A real estate agent I knew contacted me to request that I get in touch with his client about a pre-sale inspection. The client was another real estate agent who was selling the house he had lived in for 20 years. The property had been on the market previously with another agent and had been under contract twice. Both contracts were cancelled by the buyers after they received their building and pest inspection reports. The main issues were:

- Structural rust damage to steel support posts
- Poor surface drainage to the subfloor area
- Poor ventilation to the subfloor area
- Cracks in the brickwork up to 5mm in width

- Termite damage to the subfloor area.

The seller was desperate to sell. They had bought an apartment on the coast to retire to and needed to sell quickly to avoid paying bridging finance. The client did not want to spend money on the property because he thought the buyer should pay. The problem was the buyers who were prepared to pay the higher price also expected the building and pest reports to be satisfactory. The builders and seasoned property investors who were prepared to buy the property in its current condition would pay an amount that was not sufficient to cover the costs of the new apartment.

After a site inspection and some discussion, I recommended that the client engage a consulting structural engineer to assess the cracked brickwork and the rusted steel posts. The engineer prepared a design to repair the structural cracking that involved replacement of cracked brickwork and installation of articulation joints. He further recommended replacement of the rusted posts. The cost of the engineer was \$660.

The seller had the articulation joints installed and had two posts replaced and the others treated with a rust treatment paint at a cost of \$2,200. The section of termite damage in the subfloor was only superficial.

At my suggestion, the client obtained a quote on improving the surface drainage and subfloor ventilation. The quote came in at \$2,750.

The problems had been either rectified or investigated, quoted and disclosed in my report. Armed with the knowledge of the property condition, the agent was able to quickly secure a buyer at a great price. The agent got his commission. The buyer felt confident because they had answers and written quotes to quantify the maintenance costs, instead of undefined problems and unknown costs. The vendors were able to move to their dream apartment on the coast.

## DILAPIDATION INSPECTIONS

A dilapidation inspection establishes the condition of a property prior to major construction or civil works being carried out on adjoining properties. It can be ordered by the property owner or by the contractor who plans to carry out the works. The condition of the property is then known prior to the commencement of any works so that should there be a claim made by the owner that the construction or civil works caused damage to their property, a comparison can be made to that report.

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### PRO TIP

If major works that could involve excavation or vibration are about to commence next to your property then get a dilapidation report done before the work commences.

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## PRE-RENOVATION INSPECTIONS

Before a major renovation is planned, it is usually a good idea to have a pre-renovation inspection report carried out. This can help with incorporating essential maintenance and necessary upgrades into the scope of work for the proposed renovation. For example, if the building report revealed that the metal roof had extensive rust and was due for replacement, the builders could specify this work and allow for it in the renovation budget. This additional cost could mean that the scope of works may have to be trimmed elsewhere to allow for this essential repair to be incorporated.

## HANDOVER INSPECTIONS

When buying a brand new property, everything should be perfect, right? An inspection of the property will provide you with a report to ensure the building is acceptable for handover before you part with your hard earned money. The report can then be forwarded to your solicitor or conveyancer with a request to ask the builder to rectify any issues identified.



The renderer left this mess all over a brand new roof. The builder was not even aware of it. We found this defect during a handover inspection of a new house.

I have had some clients and builders at loggerheads over quality before they call me. I have known more than a few owners who have had unrealistic expectations about the acceptable quality of a builder's work. The report can mediate between the parties to set a fair standard.

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### FREE STUFF

For a free handover checklist visit [www.handoverinspections.com](http://www.handoverinspections.com)

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## Case Study

When doing a handover inspection on a brand new three-storey townhouse, I could see a section of roof covering the rear patio on the ground floor by looking out of the window on the top floor.

What I noticed were many small dents in the roof. At first I thought that this was caused by a tradesperson carelessly walking on the wrong parts of the roof. When I looked more closely I could see small dents on the air-conditioning unit as well. It had all the hallmarks of hail damage. I raised this with the real estate agent who casually told me that the building had sustained hail damage and that the roof was going to be replaced under body corporate insurance.

I advised my property investor client to have their solicitor (who was handling their conveyancing) make the necessary enquiries of the seller to verify that the roof replacement was indeed an insurance claim and that the client would not be delayed in settlement or out of pocket for the expense.

## LANDLORDS INSPECTIONS

Under residential tenancy legislation, a landlord must ensure the property is maintained in a safe condition. Under common law, a landlord has a duty of care to provide the tenant with a safe dwelling.

Your insurance will not cover you if your property is not maintained in a safe condition. If your property is unsafe, you are likely to be in breach of your landlord's insurance and or building insurance conditions. Most insurers require a landlord to maintain the property in a safe condition at all times.

Your property manager is not responsible for this duty. Inspecting buildings for structural defects and safety hazards is a job for a

suitably qualified building inspector. Your property manager or handyman is not considered to be a fit and proper person to thoroughly inspect your rental property to the standards required by law.

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## WARNING

The buck stops with you. Deaths and serious injuries from the collapse of decks, balconies, stairs and floorboards are becoming all too frequent. You, the landlord, are ultimately liable. If someone is injured or dies while at your rental property, and this is found to be due to a lack of maintenance, you may well be liable.

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There are a few different annual inspection services available from inspectors, including:

- Annual building and timber pest inspections
- Annual building maintenance inspections
- Annual termite inspections
- Annual deck safety inspections.

By utilising an annual inspection service, you can meet your responsibilities as a landlord and aid in protecting yourself from litigation and penalties. At the same time, you are maintaining your investment property and providing a safe environment for your tenants.

An inspector will visit the property initially and re-inspect thereafter at every lease renewal or change of lease. The inspector will arrange access to the property with your property manager and/or tenant. A detailed report

should be sent to both you and your property manager after the inspection. The report will enable your property manager to promptly arrange any necessary repairs.

## PROGRESS INSPECTIONS

A building inspector can check properties at various stages of construction. The stages usually coincide with the builder's progress claims. These typically include footing, frame and the final (also known as 'Practical Completion'). The inspection verifies that the required work is of an acceptable standard and complies with the Building Code of Australia and the approved plans and specifications.

These inspections can ensure that the works are progressing as required. They help to prevent or resolve disputes with the builder. The building inspector can also help to resolve construction issues and prevent delays by foreseeing problems. Inspections can be done at different stages of work. Here is a list of some of the stages which can be inspected:

- Set out, pre-slab, pad footings and piers are in place.
- Steel reinforcement, termite collars, plumbing rough in and formwork has been completed.
- Concrete slab has been poured and site works have begun.
- Foundation brick/block walls, damp proof courses, brick/block piers, perimeter termite management system, bearers and joists (if it's a framed floor) have been started.
- Structural framing, including bracing, tie-downs and structural steel, prior to lock up are in place.

- Lock up – when brickwork or external cladding and roofing is completed and ceilings and wall linings have been installed.
- Waterproofing to wet areas and tiled decks and balconies has been completed.
- Storm water drainage is in place before trenches are back filled, includes surface drainage and retaining wall drainage.
- Internal fit-out, includes completion of woodwork and joinery.
- Practical completion – when the property is almost complete. There will probably be a few items, e.g. paint touch ups and cleaning, to be completed.
- Final inspection – the property should be finished with only a few very minor defects.
- Defects inspection – takes place usually six months after practical completion has been reached.

## ASBESTOS, LEAD PAINT AND MOULD INSPECTIONS

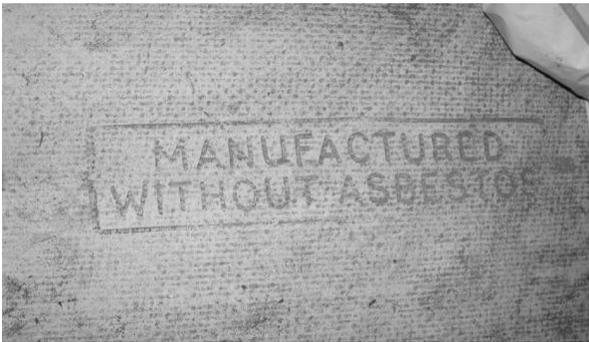
Checking for mould, asbestos, lead paint and pollution is excluded from a standard building inspection report. However, your building inspector has a duty of care to warn you of potential hazards should they happen to notice them in the course of carrying out an inspection. If you are made aware of any hazards such as the ones listed earlier, then I recommend that you obtain further advice from a suitably qualified specialist.

### Asbestos

Asbestos has been used throughout most of Australia in many building products for more than 100 years. When breathed in, the small hook-like

fibres can attach in the lungs and this can cause serious diseases including lung cancer, asbestosis and mesothelioma.

The majority of asbestos used in building is bonded into products such as fibre cement. Fibre cement containing asbestos was used extensively in building until (approximately) 1990 to make sheeting, fencing, guttering, capping, pipes and many other products. It is a very durable product that is strong and highly water resistant. It was used both internally and externally.



Identification of products containing asbestos can be difficult at times, even for experts. Very few products are labelled as either containing asbestos or being asbestos-free. Often an asbestos expert will require further laboratory testing to verify their findings.

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## ■ WARNING

Care must be taken not to release the asbestos fibres into the air. Typically, fibres can be released by sanding, drilling, cutting, breaking, etc. Insulation products that contain asbestos are particularly unsafe as the risk of fibres becoming airborne is much greater.

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There are safe handling methods for asbestos removal that should be followed. I recommend only using experienced and insured asbestos

removalists.

My clients are rightly concerned about the potential health risks associated with asbestos and most want to know if their property has any asbestos present.

You should know if your property has asbestos and where it is located, so that if any works are done on the property you can take the necessary precautions.

Ask your building inspector if you need an asbestos inspection report on your property.

## Lead paint

Lead was added to paint to improve its lustre and longevity. Unfortunately, we now know that lead is toxic. If lead paint is loose and is then ingested or breathed in, it can be absorbed into the blood stream. It is particularly toxic for young children as their bodies have not developed sufficiently to excrete this heavy metal. High levels of lead in the blood can cause significant health issues. Be aware that paints used before (approximately) 1970 will often contain lead.

Of particular concern is the situation where a baby or young child is living in an older property that has peeling paint. There is a probability of the child eating some of the lead paint and suffering health issues as a consequence.

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### PRO TIP

The presence of lead paint can add significantly to the cost of repainting. Inexpensive lead paint test kits should be available at your local hardware store in the paint section. You should use these to

make yourself aware of any lead paint on the property so that the appropriate safety measures can be taken.

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## Mould

Mould is common when there is excessive moisture. Mould can lead to respiratory health issues in people with poor lung function or compromised immune systems. The most at risk are young children who suffer from asthma and the elderly.

The source of excessive moisture should be determined. Often it is a combination of inadequate surface drainage and poor ventilation. Once the source of the mould is identified the situation should be addressed (e.g. the surface drainage and ventilation can be improved) and the mould removed.



A serious mould problem should be referred to an experienced mould removal expert for assessment and treatment.

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## ■ PRO TIP

One safe and cost-effective removal method is to hit mould with 80% ordinary white vinegar and 20% tap water. Wear gloves and a respirator when removing the mould. White vinegar is used by many professional mould removalists because it works, it's cheap and it's safe.

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## ELECTRICAL INSPECTIONS

All properties should have an electrical inspection, as electrical faults can cause serious injury and even death – unless of course the property is brand new and has an electrical safety certificate issued by a licensed electrician.

In my experience, buildings built before 1970 are most at risk of having significant electrical issues. All houses should be fitted with an electrical safety switch and smoke alarms. The electrician can check that there is sufficient power to the property, that there are no faulty power outlets and they can test most electrical appliances such as garage door openers, ovens and dishwashers.

Here are some of the items that may be covered in the electrical inspection:

- Switchboard
- Safety switch
- Wiring
- Power points
- Lights
- Garage opening devices
- Electrical appliances (gate-opening devices, ovens, etc.)

- Smoke alarms.

## PLUMBING INSPECTIONS

Having a plumbing inspection is a good idea, especially if the property is more than 30 years old or has been built by an owner builder. Often the building inspection report will recommend a plumbing inspection be carried out as there may be issues such as a leaking hot water system, inadequate surface drainage or low water pressure that needs further investigation.

Here are some of the items that may be covered in the plumbing inspection:

- Water pressure
- Testing plumbing fixtures for leaks (showers, toilets, basins, tubs, baths, etc.)
- Checking the condition of the hot water system
- Checking the condition of visible plumbing pipes.

Some plumbers carry CCTV equipment that enables them to inspect the interior of pipes for breakages and blockages.



Rusting galvanised pipes are likely to also have rust in the inside. This can reduce water quality and pressure. Discuss the necessity of replacing

galvanised pipes with your plumber.

## BUILDING DISPUTE INSPECTIONS

Building disputes are all too common. Often there are large sums of money involved and people are not sure who to trust when seeking advice about their situation. If you are having problems with a building-related matter, then having an independent inspection by a building inspector could be your ticket out of the mess. The inspector will offer an unbiased point of view, then he can help to mediate a way forward with your builder/architect/disgruntled neighbour, etc.

## COMMERCIAL PROPERTY INSPECTIONS

Commercial buildings need inspections too. If you are buying or selling, or in dispute or having problems, then getting an inspection can give you confidence that you are making the right decisions.

At BuildingPro we carry out commercial inspections every week for people buying a new premises for their business. Many property investors today purchase the property in their own self-managed super fund (SMSF), and then rent the property to their business at a market rate.

Sometimes additional inspections are required for commercial properties such as:

- Fire safety inspection – This checks both passive and active fire safety equipment such as fire-rated elements, emergency egress, emergency lighting, exit signs, fire alarms, smoke control, sprinklers, hydrants, hose reels, extinguishers, etc.

- HVAC (air-conditioning) inspection – Checking air handling systems, mechanical ventilation, extraction fans, chillers, air-conditioning, etc.

## SWIMMING POOL AND SPA INSPECTIONS

Swimming pools and spas are great fun but they can be a drowning hazard, especially for young children. I recommend that you check the local pool safety legislation where you live and/or plan to purchase property if it has a swimming pool or spa. Generally, pools and outdoor spas must be surrounded by a safety barrier that complies with Australian Standard AS1926. Contact the local pool shop or pool safety inspection company to arrange an inspection of the pool or spa, its associated equipment and safety barrier so you are aware of any maintenance or safety issues that require attention. If possible, get a quote to rectify these issues as the cost to comply can be substantial.

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### WARNING

There are hefty fines for unsafe pools and spas, so ensure you comply with the law. Remember, supervision, not safety barriers, is the key to preventing accidents. Never let children out of your sight around pools and spas.

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## STRUCTURAL ENGINEERS' INSPECTIONS

When I was a 19-year-old working as the building inspector for Latrobe City Council in central Victoria, my boss and great mentor Brian used to call engineers, 'ginger beers'. If there is suspected structural damage at a

property you own or are considering buying, it is wise to have a structural engineer carry out a further detailed inspection and report to determine the consequences of the defect. The building inspector will often refer matters to a structural engineer for further assessment.

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### PRO TIP

The cost for a consulting structural engineer to visit a property, conduct a site inspection and prepare a report starts at around \$770. If you are selling a property that has subsidence or cracking, the engineer's report can often be used to give the buyer confidence to proceed with the purchase as the cause of the problems and solutions can be better understood and quantified.

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## BODY CORPORATE INSPECTIONS

If you are buying a property, find out if it is part of a body corporate. Most attached housing such as units, townhouses and apartments are part of a body corporate and subject to their rules. Ask your solicitor or conveyancer to carry out a detailed search of body corporate records on a property you are considering investing in. Low levels in the maintenance fund of a body corporate, ongoing legal disputes or building defects are all 'red flags' that require further investigation to ensure you will not be caught out with a major increase in levies to cover these expenses. The results of this search can impact whether you purchase the property, so request the searches early on.

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## ■ WARNING

Beware of body corporates that have only a few thousand dollars in the maintenance fund. They may need to raise levies to cover the cost of essential repairs or other expenses. Many body corporate schemes are not well managed and there may only be sufficient funds to pay for the basics like gardening and lighting for the common property areas.

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## INVASIVE INSPECTIONS

An invasive inspection is like a strip search. Furniture is moved from a property, carpet is lifted, insulation lifted, holes are made in walls, etc., all in the name of determining the extent of damage. Typically, an invasive inspection is required to determine the extent of timber pest (termites, borers and decay) damage when the extent of damage cannot be readily determined by a standard visual inspection. Sometimes an invasive inspection is also carried out for other defects – for example, leaks – or when there is no access to an area, such as a roof without a manhole. An invasive inspection is often recommended by the pest inspector when they suspect there is more termite activity or damage in concealed areas, like inside walls.

### Case Study

I was doing a building and pest inspection for a client buying a house in Fig Tree Pocket, Queensland. During my inspection, I discovered termite damage to a section of skirting board at the base of a wall inside the house. The area was tested with the moisture meter and moisture

readings were found to be in a normal range, indicating a reduced risk of termite activity. The walls and ceiling were also tested with the 'Termatrac' device and no movement was detected.

I advised the client that I did not think it was likely that there were any live termites in the walls. The client, who was present at the inspection, was worried that there could be more termite activity or damage inside the plasterboard and timber wall that my equipment could not detect. I explained that the only way to be certain was to carry out an 'invasive inspection' with permission from the seller. The real estate agent called the seller and got permission for me to cut open the damaged skirting board and wall to see if the termites were active or had caused damage to the wall frame. No damage was found.

The client was relieved and felt comfortable about proceeding with the purchase of the property after negotiating with the seller to install a new termite management system at the seller's expense.



Suspected termite damage found to this internal timber required an invasive inspection.

## ARBORIST INSPECTIONS

Trees cause all sorts of dramas on smaller properties and should not be located close to buildings, as they can cause damage and additional

maintenance. When trees become a concern, the specialist required is an arborist. They can report on such things as the health of the tree, the risk of the tree falling onto the house, tree root barriers, pruning and removal if necessary. Some large trees are protected by law and cannot be removed. I have had a few clients initially fall in love with the huge tree that grows next to their home until they have a frank chat with an arborist and find out the cold hard facts about the mess that is made by bats eating fruit and pooping everywhere, roots getting into drainage pipes and lifting the driveway and the cost of annual pruning to prevent the risk of damage to the building in a storm.

# 6

## Engaging the right inspector

**I**F YOU need to know the condition of a property, you're going to need a building inspector. Ask friends, work colleagues, family or a solicitor whether they have had a recent positive experience with an inspector and can recommend someone. Alternatively, you can simply search the internet for a local inspector and check out their website and social media reviews to ensure they are suitably qualified.

### WHAT TO ASK THE INSPECTOR – 20 QUESTIONS

To get the right answers you need to know the right questions to ask. I recommend that you call or email the building inspector and ask these questions before engaging them. Most of this information is likely to be available on their website.

1. What date and time can you do the inspection?

The inspector must be available to carry out the inspection at a time and date that suits you, the agent and tenant (if necessary). You also need sufficient time to consider the results of the report(s) and arrange any further investigations and inspections. There's no point going any further with your enquiries about the inspector if they are not available when you need them.

2. Do you have current professional indemnity and public liability insurance?

In my opinion this is essential. Some inspectors are not insured so if they miss a significant issue you will have to sue them personally to recover any costs. If they have no assets, then you have little hope of being compensated. What if they fall off the ladder while inspecting your property and become permanently paralysed, will they sue you, or claim on their insurance?

3. Are you licensed to carry out inspections?

Most states of Australia require that the inspector be licensed. If the state does not require the inspector to be licensed, what relevant qualifications does the inspector have? Licensed builder, registered architect or registered building surveyor licences are acceptable.

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### WARNING

Someone who has received training by their employer but has no professional background in building and construction is not worth the risk.

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4. Is your building report in accordance with AS4349.1? Is it the 'structural' inspection or the full 'Appendix B' inspection?

If it's a residential pre-purchase inspection, then you want the full 'Appendix B' inspection. Some companies have a low inspection price because they only carry out a 'structural' inspection. While this sounds like

a logical choice, the ‘structural’ inspection is very basic and will generally miss out many critical components of the building. My insurer does not insure inspectors to provide a ‘structural’ only inspection as there are too many complaints from clients when they later realise how many components were excluded from the inspection.

5. Is your pest report in accordance with AS4349.3?

There are two Australian Standards of pest inspection. The other Australian Standard is AS3660.2 and this is suitable for annual ‘termite only’ inspections. I therefore recommend that for pre-purchase inspections you always specify the AS4349.3.

6. How long have you been doing inspections for?

By this, you mean the actual inspector, not the company. At least five years’ inspection experience is adequate. Note that building experience does not count as inspection experience (this is a different skill-set). Most inspectors out there count their years building and renovating houses as inspection experience, so it’s important to be specific.

7. Can I attend the inspection?

You should be welcome to attend the inspection if you can, or to send a buyer’s agent, family member or friend on your behalf. If you cannot attend the inspection I suggest you arrange to have a phone conversation with the inspector after the inspection to summarise the main findings and ask any questions you may have about those findings. It can be unfair to have your extended family follow the inspector around the property and ask all the

questions, or have multiple people calling the inspector for an explanation of the findings. Nominate one person and have them relay the answers, or do a conference call.

#### 8. Can I see a sample report?

Ask for a sample report to be sent to you via email. This sample report should give you a good idea of what you will be getting. Is it clear and easy to understand what the main issues are? Is there a summary and are there recommendations? Is there too much irrelevant information and disclaimers? The report should detail: what the defects are; where they are located on the property; why the defects are a problem; what action needs to be taken.

#### 9. Do you provide a verbal report and answer my questions about the report either onsite or over the phone?

This is essential. Do not expect that you will be able to fully grasp the report findings by simply reading the report. You must be able to have a detailed conversation with the inspector as it is often very difficult to adequately communicate the inspection findings in a written form.

#### 10. Does the report include photos of the defects?

I think photos are essential. A picture does tell a thousand words at times. Some inspectors are stuck in the Dark Ages and still don't include photos. If there are no photos included I would look elsewhere for an inspector.

11. Will you access the roof and crawl into spaces if reasonably accessible?

These are the areas you probably did not inspect yourself when you looked at the property, and these are the areas that you want the inspector to see as they are often the location of major defects and timber pest issues.

12. What specialised inspection equipment do you use (such as Termatrac, a thermal camera and moisture meter)?

A moisture meter is essential and basic kit for any inspector. Other equipment is nice to have but not essential. Do not expect that all of the equipment will be used on every inspection. The inspector will use the equipment as appropriate. Beware that high-tech, expensive equipment does not find termites as often as the trained eye of an experienced inspector.

13. Do you comply with a Code of Conduct and/or Code of Ethics?

Our company has both and we strictly adhere to them.

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## WARNING

It is usually better not to use the inspector who was recommended by the real estate agent as they may not be truly independent.

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Note: I am often recommended by agents but I will always be fiercely independent and unbiased, as my reputation for integrity is worth more than the referrals of any person or company.

Once you have established that the inspection company is worthy of your business you can start getting into more specifics about your situation by asking the following questions.

#### 14. What inspections will I need?

You will need to supply some basic information to get an answer to this. The inspection company will likely ask you some questions over the phone or by email about the property and what your needs are. This establishes the brief and scope of work. Be ready to answer the following questions or offer this information up at the appropriate time:

- When do you need to have the report?
- What suburb is the property located in?
- Is the property residential or commercial? What type of building is it (e.g. house, townhouse, unit, apartment, warehouse, shop, office, etc.)?
- Do you know the size of the land and buildings? Or can you say how many bedrooms and bathrooms it has?
- What outbuildings or other structures are on the property (pool, decks, granny flat, freestanding garage, barn)?
- Do you know the approximate age of the building? (The approximate is OK the exact age is not required.)
- What is the general condition of the property? (e.g. well maintained, needs some work, needs a lot of work).
- Do you have any special requests? (such as the inclusion of cost estimates for repairs or a pool safety inspection).

- Are there any issues that you are particularly concerned about? (e.g. the agent advised that the patio does not have approval or there was a recent termite infestation in the garage walls).
- Will you be attending the inspection? (This can add to the time spent onsite.)
- How did you hear about us? (Some clients may receive special pricing or the inspection company may want to track advertising results.)

This information helps the company/inspector estimate travel time, time onsite and what inspector(s) are required to provide in terms of the report(s) needed. Some companies have a fixed price and others vary their price depending upon the type of property, travel time, size, age, inspection type(s) and any special requests.

This establishes the brief and scope of works and from this, the inspections required can be arranged. Once your requirements are understood the inspector can recommend the appropriate service needed.

#### 15. How long will the inspection take onsite?

Many agents have formed the opinion that a building and pest inspection takes an hour, and they are wrong. The reality is that the length of time the inspection takes is affected by a range of factors including the use, type, size and method of construction of the property; its age; whether it was constructed by an owner builder; whether the client is onsite; the occupancy of the property; and its overall condition. Ask for an estimate of time required onsite at the time of booking.

Some clients give us an hour head start before they arrive at the inspection if they have a busy schedule and cannot be there for the entire time.

### Example 1

A residential unit that has one bedroom and no car accommodation is 50m<sup>2</sup> in a concrete block, high-rise building, only two years old and professionally built. It is vacant with no client attending. The unit presents as new. This inspection should take about 30 minutes.

### Example 2

A residential two-storey house that has five bedrooms, a double garage, large shed, two timber decks, on two acres of land, is 400m<sup>2</sup> in floor area, a timber weatherboard construction with a timber floor, 50 years old, built by an owner builder with a first home buyer client onsite with a clipboard full of questions. The home is occupied and there are a lot of stored items. The house has not been well maintained. This inspection could take three to four hours.

### 16. When will I receive the report?

In years gone by the reports would take two or three days to be typed and posted or faxed to clients. Now with handheld devices and modern reporting software, reports can be emailed to the client on the same day or at least within 24 hours of the inspection. There is a trend towards onsite reports where some inspectors are now able to email the report at the end of the inspection. Allow enough time to read the report so that you can clarify your understanding with the inspector and arrange any recommended further investigations or inspections.

17. Do you have an inspection agreement that I need to approve? Can I see this before I engage you?

All inspectors are required to provide an inspection agreement. We have ours available to view on our website [www.buildingpro.com.au](http://www.buildingpro.com.au). Read the agreement and make sure you understand it. If you are unclear on any aspect of the agreement, ask for clarification before you proceed.

18. How much does the service cost?

Usually the quote is a fixed lump sum in Australian dollars that includes GST. Ask what methods of payment the inspector has. Most inspectors are set up to accept major credit cards or internet bank transfers. Personal cheques often need a few days to clear so many inspectors do not encourage this method of payment. Most inspectors require verification of payment in their account before they will inspect the property. It will come as no surprise that experienced inspectors with a good reputation are in demand and will cost more than inexperienced inspectors with an unknown history.

19. What are the next steps?

Once you accept the quote, you should be sent an email with confirmation that the inspection time and date has been arranged with the real estate agent (or person providing access), the inspection agreement and the tax invoice.

The inspector will usually be the one to contact the real estate agent (or other responsible party) to book in the inspection time and date and then confirm the time and date with you via phone or email.

I strongly encourage you to be present at the inspection, if possible, so that you can see the defects for yourself and have the inspector explain the findings to you first-hand.

#### 20. Ask the inspector to explain the inspection findings

This conversation typically only takes around 10 to 15 minutes for a summary of the more significant findings. Although many conversations are longer, and some have been almost an hour.

### SCOPE IT OUT

It's your job as the client to agree on a scope of work with the building inspector. Generally speaking, this is straight forward because the scope of work is strictly as per the Australian Standards, which set out what areas and components are to be inspected, what areas and items are excluded from the inspection, etc. Overleaf is a brief overview of the parts of a freestanding dwelling that would normally be included in a standard building inspection.

The report is an assessment of the condition of the building and should include comment on major defects, safety hazards and the extent of minor defects (minor defects are generally not reported on individually). The report should include the name of the client, date of the inspection, name and contact details of the inspector, the scope of the inspection, any areas or items that were not inspected, recommended further investigations and a summary.

Where relevant and reasonably accessible, the following areas are reported on:

- Exterior – Paint condition, external walls, weepholes, dampcourse, lintels, windows, doors, fencing, stairs, steps, ramps, retaining walls, paving, tiling, concrete areas, driveway, surface drainage, fences and gates.
- Subfloor – Framing, piers, surface drainage, retaining walls, ventilation and suspended concrete floors, leaks, dampness.
- Roof – Roof material, gutters, downpipes, fascias, bargeboards, roof framing, insulation, sarking, party walls, eaves, trims, valleys, gables, flashings, chimneys, vents, skylights.
- External structures – Decks, balconies, verandahs, terraces, patios, pergolas, ramps.
- Outbuildings – Sheds, granny flat, pool pump enclosure, chook pen, aviary, gazebo, sail.
- Interior – Walls, floors, ceilings, woodwork, doors, windows, joinery, stairs, wardrobes, wall and floor tiles.
- Plumbing – Water pressure, taps, spouts, mixers, showers, bidet, baths, toilets, gutters, downpipes, valleys, surface drainage.
- Electrical – Check for the presence of a safety switch and smoke alarm(s).
- Wet areas – Kitchen, bathrooms, ensuites, laundry, toilets.
- Car accommodation – Garages, carports, car space(s).

A timber pest inspection will typically include comment on the presence of any visible activity or damage caused by subterranean or dampwood termites, borers of seasoned timbers and fungal decay.

Conditions conducive to timber pest attack such as inadequate ant caps and poorly ventilated subfloor areas will also be reported.

The inspector should provide you with an inspection agreement prior to the inspection that sets out the proposed scope of work and other terms and conditions of the service.

If you want any extras like determining the extent of termite damage and the cost to replace termite damaged timber, then you had better make sure that there is a written agreement to specifically include this work.

If you want additional items to be checked, like asbestos, swimming pool and garage door (opening device) you will need to specify this at the time of booking your inspection and confirm that the inspector has the necessary expertise, licence and insurance to include these items. Costs to inspect every item on the property will be prohibitive so I recommend that you consult your inspector and agree on a suitable scope of works.

## TEES AND CEES AND FEES

When you request an inspection and you have agreed on the scope of works and fee, you will most likely be presented with an inspection agreement via email. This agreement sets out the terms and conditions (Ts & Cs) of the inspection. It covers issues such as scope, limitations, access restrictions, cancellation policy, complaints procedure, definitions and payment details. The most common questions I am asked about the agreement relate to restrictions on access and limitations.

Restrictions on access could be due to floor coverings, furniture, stored items, window coverings, insulation. Sometimes hazards such as pesticide dust or slippery wet roof surfaces also restrict access.

Common exclusions from the inspection are asbestos, lead paint, electrical, drainage, easements and inspection of common property.

It would be great if inspectors could access all areas and inspect every component, but this is not realistic. No single person is an expert on building, plumbing, electrical, data, structural engineering, geotechnical engineering, health and safety hazards, code compliance, durability, etc. Even a team of inspectors has limits to their expertise.

Safe access is also a problem. Are you prepared to pay for another inspection if it happens to be raining on the day of the inspection and the roof is inaccessible? Or are you prepared to hire a cherry-picker for the inspector to access the roof area that is not safely accessible from a ladder? Will the seller of the property remove all the roof insulation before the inspection so the pest inspector can determine the extent of termite damage in the roof space? Be realistic about access and restrictions and trust that a well-chosen inspector will do their best.

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## 📁 FREE STUFF

A sample inspection agreement can be found at [www.buildingpro.com.au](http://www.buildingpro.com.au)

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## Fees

More experienced inspectors with reputations for being thorough and honest are not the cheapest. They have earned the right to charge what they are worth and they are worth every cent. Inexperienced inspectors or those with a poor reputation win most of their clients by charging lower than

average fees. If the cheap inspector misses some issues you may not even know it, but you will pay for it dearly in the future. My advice is simple, get the best inspector you can. The best only cost a bit more, but they are worth it. Currently a building and pest inspection for a four bedroom, two bathroom, single-storey brick home within 50km of a capital city is likely to cost between \$590 and \$1,200.

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### PRO TIP

Avoid using the cheapest inspectors, you could save \$200 now but have to spend \$20,000 later.

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## WHAT THE INSPECTOR DOES NOT INSPECT

A building inspection report is not a report on every aspect of the property. A report that covers every detail of the property would cost thousands of dollars, involve a team of specialist inspectors and take days to complete. While having a very detailed report on every aspect would be handy, this is not realistic or cost-effective.

Building inspection reports for residential properties are usually based upon the Australian Standard AS4349.1-2007 Inspection of Buildings – Pre-purchase inspections – Residential Buildings. The standard sets out what is included and what is excluded. This Standard is protected by copyright so it cannot be reproduced here.

Generally, the report covers reasonably accessible and visible major defects and major safety hazards present at the time of the inspection.

There are many exclusions to the standard building inspection. Some of the items excluded are: electrical and gas appliances, hidden plumbing, carpet and vinyl, fireplaces, asbestos, insulation, timber and steel frame sizes, rubbish, and water tanks.

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### PRO TIP

Purchase a copy of the Australian Standard for Inspection of Buildings – Pre-purchase – Residential Buildings AS4349.1 from [www.saiglobal.com](http://www.saiglobal.com) and use this to read in conjunction with this book to get a better understanding of the subject.

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For example, if the interior of a property has peeling paint, there are two car bodies in the back yard, the garage door opening device is broken, the air-conditioning system doesn't work, there is asbestos, there is no cable TV and there is a gas leak, none of this will be covered by the standard building inspection. This could add up to costing many thousands of dollars to rectify. This is why you need to use your own checklist and look at the property yourself, or have a suitably qualified person(s) carry out an inspection(s) for you.

### Case Study

I can remember a time when I inspected a property on the north side of Brisbane that was in a flood zone, had an illegal extension built right to the side boundary in non-fire rated construction and had a block of rundown townhouses next door with loud music blaring from the open windows. None of these issues were evident to the buyers. The deal fell over when I opened the client's eyes to

these issues. About a month later, I got the call up to inspect the same property. The sales agent was clearly gutted when she recognised me as the inspector from her previous sale and again the deal fell over.

I felt no pity for the agent because after the last sale she was well aware of the issues the property had and did not disclose these to the subsequent buyer, causing them considerable expense and stress. The property listing was taken away from this agent and given to another agent who sold the property to an unsuspecting buyer. About two years later, the property was back on the market with another agent. By sheer coincidence I was asked to carry out the building and pest inspections on the property. Straightaway I recognised the property and recalled the problems. I shared this with the buyer and they decided not to proceed with the purchase.

Three times I inspected the property and the deal fell over every time. So how did it sell? Simple, the sellers changed agents and the buyers did not get a building inspection.

An interesting point is that none of the substantial issues found (i.e. that the property was in a flood zone, had an illegal extension built right to the side boundary in non-fire rated construction and had a block of rundown townhouses next door) are matters covered by a standard building inspection report. These are all issues I was aware of due to my experience as a seasoned property investor and building inspector. This is an example of why using an experienced building inspector pays off.

The moral of the story is to do your research before you buy, e.g. check if the property is in a flood zone, next to an electricity substation or has undesirable neighbours.

## CONTRACT TIME

When you are interested in purchasing a property, ask the selling agent for a copy of the Contract of Sale. This contract is the legally binding agreement

between you and the seller and sets out the terms and conditions of the sale. The contract is often based upon a standard Real Estate Institute contract. Beware of any special conditions/clauses that have been inserted into the contract. I recommend that you read the entire contract, especially if this is your first property purchase. If there are any issues that you do not fully understand then forward the contract to your solicitor or conveyancer for them to read and provide advice so that you do fully understand the contract.

The Contract of Sale should always be subject to building and pest inspections unless you live in a state or territory where the seller provides full disclosure of building issues and approvals under the Contract of Sale. Sometimes you will be pressured by the agent into a short time frame for your property inspections. Seven (7) days is the recommended minimum time frame for property inspections but ask for 14 days if possible. These will be calendar days and not working days. Sometimes an even longer period of time is required to meet your circumstances. You can always advise the seller that the conditions have been satisfied before the agreed time period has expired if you like.

Often clients contact us and need an inspection today or tomorrow. As soon as you know you are going to need a property inspection, get on the phone and start interviewing prospective inspectors.

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## PRO TIP

If the inspector(s) cannot get you the report(s) in time, you can ask your solicitor to request an extension of time from the seller's solicitor. These are usually easy enough to obtain, but don't bank on it, always make sure you have enough time to consider the report(s)' findings.

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## WARNING

Some real estate agents add a special clause stating that a purchaser can only cancel the Contract of Sale based on the building and pest inspection findings if the damage found is "major structural damage". I recommend that you discuss these clauses with your solicitor prior to signing the contract, as these can severely limit your options to pull out of the contract. Some issues may cost tens of thousands of dollars to rectify but are not considered to be "major structural" issues.

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If there is no suitable standard clause in the contract for building and pest inspections, then I recommend the following:

"The contract is conditional upon the purchaser obtaining building and pest reports to the relevant Australian Standards (by the "inspection date") on terms satisfactory to the purchaser. The purchaser may terminate the contract by notice to the seller at any time before 5pm on the "inspection date" if an inspector's reports are unsatisfactory to the purchaser. If the purchaser does not terminate this contract by 5pm on the "inspection date" it will be treated as being satisfied with the building and timber pest reports."

Some clients get confused about the meaning of “inspection date”. Remember, the “inspection date” is the date by which the notice must be given to the seller about the acceptance or otherwise of this clause. The date of the inspection is simply the day the inspection is carried out.

## STRATA TITLE PROPERTIES

Units, apartments and townhouses – both residential and commercial – often have a strata scheme in place that affects the property. In a strata scheme the owners have exclusive use of their own unit or apartment but common property areas are the responsibility of the body corporate (sometimes called owners corporation) to maintain. Common property includes areas like some external walls, the roof, driveways, paths, lifts pools, etc. What is included and excluded depends upon the rules of the strata scheme.

When buying a property that has a strata title, ask your solicitor or conveyancer to conduct a search of body corporate records that relate to the subject property. The solicitor or conveyancer will usually pay for a strata report. The person who prepares the strata report will visit the office of the body corporate and prepare a report detailing the history of body corporate minutes of issues relating to the property. This can aid in revealing problems such as pending litigation and costly maintenance problems.

The body corporate or owner’s corporation of small complexes will usually comprise a committee made up of unit owners who meet from time to time and take care of managing strata matters including maintenance and

insurances. Larger complexes will usually have a professional body corporate manager who will be responsible for management of these issues.

Strata levies are fees payable into a maintenance fund. Ask your solicitor or conveyancer to check to see that there is adequate money in the maintenance fund.

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### WARNING

Some small unit blocks have very low strata levies and the buildings are in dire need of major maintenance. A poorly maintained strata building can result in lower property values, decreased rent returns and higher risk of litigation due to unsafe conditions.

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### PRO TIP

When buying a unit, apartment or townhouse in a complex take the time to have a good look over the rest of the complex. Is it well maintained or shabby? Look especially at the condition of driveways, paths, retaining walls and gardens. Are retaining walls cracked and leaning over? Is there adequate visitor parking? Does the exterior need a repaint? Poorly maintained strata properties can be a bad investment because they do not attract quality tenants and the lack of maintenance reduces the property rental returns and resale value and increases the risk of an insurance claim.

# 7

## What you should do at a building inspection

|ALWAYS ENCOURAGE my clients to attend the inspection where possible. Some clients send a representative such as a family member, trusted friend or buyer's agent. Many clients who attend the inspection want to follow me around, watch what I do and have the findings explained to them as we go. I explain to clients that I prefer to focus my attention on finding defects, reporting them and photographing them, and when I have finished inspecting I am happy to discuss the report findings with my client or their representative.

Unless my client has some limited mobility, we will walk around the property and I will point out the defects that will be noted in the report and explain what the defect is, why it is a problem, what they need to do about it and when they need to take action. Where appropriate I will give an estimate of cost to rectify the defect if the extent of the problem is known.

Some clients like to take a few brief notes of the main points so they can discuss the findings with their spouse or partner straight after the inspection. My reports are emailed out within 24 hours of the inspection, and usually within a few hours of the inspection having been completed.

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## PRO TIP

Wear sensible shoes. I have had a few clients arrive from work in high heels who struggle to walk around a steep garden or under the floor to see some of the defects I have found.

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## WHAT DOES THE INSPECTOR DO AT THE INSPECTION?

This is a great question. I am surprised more people don't bother to ask what an inspector will actually do at a standard building inspection.

At the inspection, an inspector usually starts on the outside of the property and moves to the subfloor area (if there is one), roof exterior (if safely accessible), the interior and finally the roof space (if there is one). We cover all reasonably accessible and visible areas as listed in Chapter 6.

Common defects that the inspector will find include cracks, leaks, dampness, damage, installation defects, poor workmanship, rust, safety hazards, decay, building movement, drummy tiles, cracked glass, leaking showers, incomplete building works, leaking toilet, inadequate ventilation, termite activity and damage and borer damage.

Reports should explain what the defects are, where they are located, why they are a problem and what needs to be done. Reports should include lots of colour photos to help explain the findings.

Your inspector is likely to be working to the Australian Standard AS4349.1 and therefore is not obliged to check a variety of items (as we've noted throughout this book).



Rooms full of furniture and stored items can greatly restrict an inspection. Some unethical sellers even deliberately conceal defects and termite damage. Going back to the property when it has been vacated for a pre-settlement inspection is worth the effort.

## HOW YOU CAN HELP

Here is a list of things you can check while the inspector is doing the inspection.

1. Oven and cooktop. Switch them on and see if they work and that the knobs and indicators are there. Check for cracked glass as this can be costly to replace. Blocked jets on a gas cook top are generally a low cost repair. If the oven is filthy, ask for it to be cleaned by the seller or the tenant.
2. Dishwasher. Open it and look inside. Switch it on. The handles on these often break so check the handle is not damaged. Dishwashers often leak water causing damage. Your inspector should check for water damage.
3. Insinkerator. Run the water first then find the switch (usually on a wall nearby – it may be the switch in the middle of a double power outlet). If it is excessively noisy or rusty looking at the base, then it may need to be

replaced. Keep your hands well clear. Turn it on. Look under the sink to check the condition of it. Newer ones are shiny and clean and older ones are dirty and rusty.

4. Rangehood. Switch it on to see that it works.
5. Fridge space. Measure the fridge space to ensure your fridge will fit in the space provided. You may be able to borrow a tape measure from the inspector.
6. Clothes dryer. Switch it on to see that it works.
7. Air-conditioning system. Switch it on to see that it works. Give it run time of about two minutes for a split system and about ten minutes for a ducted system to test if it is working. Try both the heating and cooling functions.
8. Check the automatic garage door opening device. Open and close the garage door. Are there two remote controls?
9. Automatic driveway gate(s). Close and open the gate to see that it works.
10. Security system. Ask to be shown how it works. Can it be monitored from your smart phone?
11. Home theatre. What is included? Are the sound system, the speakers, the screen, the wiring, the reclining chairs included?
12. Ducted vacuum cleaning system. Does it work? Are the hose and the fittings with the system, and are they in good order?
13. Does the property have regular general pest control such as treatment for spiders and bugs?
14. Presence of cable television and internet. Is the location of the outlet suitable?

15. Presence of phone line if required. Note that tenants often require a fixed phone line to get ADSL internet connection.
16. Check that you can get mobile phone reception.
17. TV antenna. Is there one? Do the locations of the TV antenna points suit your proposed furniture layout?
18. Does your vehicle(s) fit in the car accommodation. Check that they fit and that the ground clearance is also adequate.
19. Swimming pool filtration and cleaning equipment. Is the pool backwash connected to a suitable point of discharge. Check the pool lights and fountain work if installed.
20. Light fittings and light switches. Switch them on and off again. Note any broken light fittings or sweep fans that do not work. Also check the condition of outdoor lighting.
21. Soft floor covers such as carpet and vinyl. What is their condition? If they need replacement, try to get an idea of room sizes so you can budget for the costs. If they need cleaning will this be done by the seller or tenant?
22. Internal paintwork. What is the condition? Does it need a repaint?
23. If it is an acreage property you may prefer to have a ride-on mower. Is the seller including the ride-on mower? If they are not moving to another acreage property, they may be prepared to negotiate the inclusion of the ride-on mower.
24. Is there insulation in the roof? Ask the inspector to please tell you the insulation type and condition before he checks the roof space.

25. Fixtures. Are all the fixtures included in the contract? Some items like heavy pot plants, large ornamental garden features and plasma televisions may look like fixtures but may not be. They may be considered to be non-fixtures (unless specifically included in the contract). Check which items are fixtures and find out from your solicitor or conveyancer which items will be removed by the seller.

While the inspector is getting on with his inspection I recommend that you inspect the above items, and where appropriate test the operation of those items too. If clients tell me about these additional items I will note them in the 'general remarks' section of my report for them to be further investigated by an appropriate specialist.

## AGENTS' DIRTY TRICKS

I hold many real estate agents in high regard. I know agents who are consummate professionals, hardworking, caring and incredibly good at selling property. What they all have in common is that they are working for the seller and only get paid for results. For many, the temptation to bend the truth or not disclose important information is too much. Often the more experienced agents are clever enough to use tricks and tactics that are so subtle it is difficult to catch them out.

Here are a few tricks relating to property inspections that some agents get up to that you should be on the lookout for:

1. Putting the 'For Sale' sign in front of a large crack in the front fence or retaining wall.
2. Standing in front of defects while talking to you to distract you.

3. Telling you that the previous contract on the property ‘fell over on finance’ and then your building inspector finds major building defects that make you suspicious that it was more likely that the previous contract was cancelled due to issues raised in the building inspection report.
4. Providing paperwork for a termite management system that look like official documents from a licensed pest manager but is only a receipt for a spider and cockroach treatment.
5. Providing plans and specifications for building works as proof of approvals but the plans are not stamped (therefore they are not approved drawings) or the plans are only for some of the improvements, not all.
6. Telling you that the alterations to the house don’t need any approvals because the work was all ‘non-structural’ when they are not familiar with the Building Act or Code.
7. Not disclosing that the renovation work was done by the owner. In Queensland, the agent must disclose if improvements on the property that required building approval were done by an owner builder. This is because owner builders do not provide home warranty insurance in the same way a licensed builder would be required to do (check whether this is the case in the state where your property is located).
8. Not disclosing their knowledge of past termite damage until it has been found by the inspector.
9. Using Photoshop to digitally enhance the sales photos. I have seen water towers and powerlines erased, grass made green, and wide angle lenses make small rooms look larger. If you cannot get to the property yourself and do not have a friend or buyer’s agent who can, then at least use

Google Maps and look around the street and general areas using the ‘street view’ function.

10. Some agents will try and talk you out of using your preferred inspector.

They may say that they have an inspector who is very cheap, or that the inspector you have chosen is over the top and takes three hours to do an inspection. This should ring alarm bells. Go to Chapter 6 and remind yourself of the questions you need to ask when interviewing an inspector.

### Case Study

I’ve had a few agents say something like, “the owner has got building approvals for the alterations and additions. I have the paperwork if you want to see it?” I say, “Sure, just leave the paperwork on the kitchen table please, and I will review it”. When I read through the paperwork, guess what I sometimes find? The paperwork looks legit to the untrained eye, but it is just a decoy, there are receipts for work done, product warranties, plans and letters but often no proof of approvals or final inspections.

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### WARNING

By all means talk to the agent, ask questions and listen to what they say. But don’t trust that you will be told the truth or the whole story. Carry out your own due diligence to be certain you are getting what you think you are getting.

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## UNAUTHORISED BUILDING WORK

People often build small structures and make minor alterations without the necessary approvals. Carports, sheds more than 10m<sup>2</sup>, patios, enclosing a

carport, removing internal load-bearing walls, fences of 2m in height and retaining walls over 1m in height are examples of this. The identification of unauthorised building work, or work not compliant with the Building Code, is not part of a standard building inspection. Your inspector is not required to make comment on this issue. You can ask your building inspector to help you identify what works have been done on the property, though. For example, there may be a house extension and alterations to the house, a carport and a swimming pool.

Your solicitor or conveyancer should be instructed by you to request a search of local council records to find out what improvements to the property been made and have had a final inspection. Your solicitor or conveyancer will not know what current improvements are on the property, so you will need to give them this information to enable a comparison to be made with the council records. The only way to know for certain that all of the buildings and structures on the property have approval, and that the final inspection was carried out and approved, is to obtain a copy of all approved drawings from the local council and compare them to what has actually been built onsite.

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## WARNING

If the required approvals are not in place, the property may not be insurable and it could also reduce the re-sale value.

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## Case Study

Recently I carried out a building inspection for a property investor. I noticed that a new carport and deck had been built on the property. I also noted that the carport and deck had various defects which suggested that they had not been professionally built in accordance with the Building Code. Therefore, it was unlikely that they had been inspected or approved by the council or a private certifier.

The investor asked their solicitor to search council records and the result of this search showed no evidence of approval for this work. The investor was then under time pressure to make a decision to either buy the property with unauthorised structures or withdraw from the contract.

The investor successfully negotiated for the seller to provide approval for the new carport and deck prior to settlement. Their solicitor made this a special condition of the Contract of Sale.

I recommend in the above scenario that the buyer's solicitor make it a special condition of the Contract of Sale that the seller obtain the necessary approvals for the structures before settlement date, and provide the approval documentation to the buyer. In some cases, it is not possible to obtain approval, and this can result in unauthorised work having to be demolished and rebuilt with approval.

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### PRO TIP

A few clients of mine have contracted to buy an old house on a main road being used as a business premises with the intention of running their business from the location. Sometimes the property is zoned for residential use only and the business use is very limited. So check with the local town planner about the zoning and approved use of the property and do not assume anything.

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## ■ WARNING

Beware of sellers who give you a handful of paperwork that looks official but is not proof of compliance. I see this practice from time to time. If you have any doubts, check with your solicitor. Many properties that have unauthorised building works will be sold via auction or even without an agent to try and avoid scrutiny.

# 8

## Understanding the reports

I HAVE HEARD it said that some inspection reports are a cure for insomnia. Not mine I hope! So reports are not the most exciting read, but with so much at stake it is worth taking the time to read them. Some clients, particularly those who have English as a second language actually have great difficulty reading the report and rely heavily on my verbal advice. Many times I have had foreign buyers ask me, “Is the house OK?” Sometimes this is a difficult question to answer, because the answer is often “well, that depends”.

I will usually make sure I make an effort to understand the client’s situation, including expectations regarding renovations and repairs and plans for the property. My advice will vary depending upon what their future plans entail, for example whether they propose to live in the house long term or rent it out for 12 months then knock it down, etc.

Sometimes I need to give an estimate of the costs of repairs as this gives the client the opportunity to understand the magnitude of the issues in a way they can relate to.

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### PRO TIP

If possible take the time to attend the inspections and get a verbal summary of the findings from the inspector face-to-face. If you cannot attend then speak with the inspector and ask for a summary of

the main findings. In all instances, ensure that you actually take the time to read the report.

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## SUM IT UP

All reports should have a summary. A standard building report summary should give an indication of the extent of major defects, the extent of minor defects and how the property compares to others that are of a similar age and type of construction. A standard timber pest report summary should state if timber pest activity or damage was found, e.g. evidence of termites, borers or decay. The summary should also give recommendations for treatment of pests, mitigation of conducive conditions and the frequency of periodic inspections required.

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### PRO TIP

Don't just read the summary, read the report in full. Even if you are busy, make the time and just do it. If you are unsure about any aspect, then get clarification from the inspector right away.

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## OTHER INSPECTIONS YOU MAY REQUIRE

During the building inspection the inspector may identify some issues that require further investigation by a specialist. We discussed all the different types of inspections in Chapter 6, but this handy table sums them up here.

Further investigation	Provider	When required
Timber pest inspection	Timber pest manager	In a termite designated area or where activity or damage is visible
Swimming pool inspection	Pool inspector or local pool shop	Pool is not under warranty or where damage/leaks are visible
Swimming pool safety barrier	Pool safety inspector	When a safety certificate is not supplied or defect(s) are visible
Structural engineer's report	Consulting structural engineer	Suspected structural damage
Invasive timber pest inspection	Timber pest manager	Where activity or damage is present or suspected
Asbestos audit	Asbestos inspector or asbestos removalist	Where asbestos is suspected. Usually houses built between 1900 and 1989
Electrical inspection	Licensed electrician	Building is more than 20 years old or when electrical issues are suspected
Plumbing inspection	Licensed plumber	Building is more than 20 years old or when plumbing issues are suspected such as leaks
Tree(s) inspection	Arborist	Large tree(s) close to the building
Waterproofing inspection	Licensed waterproofing contractor	Penetrating dampness
Rising damp inspection	Rising damp contractor	Rising dampness
Lead paint test	Painter	House was built before 1980
Mould inspection	Mould removal company	Presence of mould
Body corporate report	Solicitor	When there is a body corporate

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## PRO TIP

If the inspector recommends further investigation by a specialist it is important that you proceed with these additional inspections as these matters are outside the inspector's scope of work. If you choose not to obtain these additional specialist investigations, then you will need to accept the liability for any latent defects or expenses arising from those issues.

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## UNDERSTAND THE SCOPE OF THE INSPECTION

Remember the terms and conditions you agreed to before the inspection? Most clients don't. In fact, I suspect most clients don't read them at all. I download smart phone apps and rarely take the time to read the fine print. I just tick the box and think "Yeah, yeah, just gimme the app, if you try anything shifty I'll deal with it then, I mean, 1 million+ downloads, what could go wrong, right?" This is probably why clients get a surprise when they move into their property and have no Foxtel connection, the water tank pump doesn't work and the dishwasher is broken. None of these things are included in the standard building inspection. Therefore, I recommend that you do take the time to read the inspection agreement provided by the inspector so that you understand the scope of the inspection.

What about cost estimates for the repairs?

Estimating the cost of repairs is a tricky business. I can provide cost estimates for more significant repairs based upon my experience as a builder and through cost information I receive from Rawlinson's annual construction cost guide. Many things are easy to provide cost estimates for and some are very difficult. Clients will often ask me, "So how much will it cost me to get all the items noted in your report fixed?" This is difficult to answer.

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## 🏠 PRO TIP

Your inspector is not obliged to give detailed cost estimates for repairs unless you have specifically requested this service and paid an additional fee. Many inspectors are reluctant to give any cost estimates because actual quotes in the building industry can vary wildly from past experience and published cost information.

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Variables such as method, material type and availability, travel, access, workload, need for design and documentation, unknown extent of concealed defects (such as termite damage inside walls) can make estimating look more like ‘guesstimating’.

If you really want cost estimates, then ask your inspector for cost estimates before the inspection so they can allow extra time onsite and back at the office to prepare the estimate and charge you for this additional time. Once the inspector has left the property they do not have the ability to take measurements and make the necessary observations and site notes to prepare a detailed list of estimates.

Let’s take a look at a case study to understand the difficulty in estimating costs.

### Case Study

A first home buyer put a house in Brisbane under contract and agreed to a seven-day building and pest clause in the contract. Straightaway they contacted us and requested an inspection. The inspection was booked with the agent for three days later. The house was an 80-year-old ‘Queenslander’-type residence. It had been recently renovated with new kitchens and bathrooms, polished floorboards, a deck and a fresh coat of paint inside. The client met me at the inspection as

he was eager to have another look at their new family home. After completing the inspection, the following defects were noted.

1. Exterior needs complete repaint. Scaffolding and lead paint removal likely. \$20,000
2. Roof guttering and downpipes are rusted and need replacing. \$2,500
3. Downpipes discharge onto the ground and are not connected to drainage system. \$5,000
4. Rear timber stairs have significant decay and need partial replacement. \$4,000
5. Electric hot water system is rusted and leaking and likely to need replacement. \$2,000
6. Borer damage to pine floorboards is severe in two rooms, replacement required. \$5,000
7. French doors to rear deck do not have safety glass, replacement required. \$2,000
8. No termite barrier installed, chemical barrier to be installed. \$3,500
9. Some damaged timber fencing may collapse, replacement required. \$2,500
10. Most timber windows are stiff to operate, have broken hardware, some cracked. \$1,500
11. Battery-powered smoke detectors old, install three hardwired detectors. \$300
12. Pool gate does not close properly and is unsafe, adjustment required. \$100

Total estimated costs of rectification: \$48,400

If the more urgent repairs were to cost almost \$50,000, the buyer could consider putting off the painting for a few years and spend only \$28,400.

If the buyer doesn't have \$28,400 for repairs they need to consider what options they have. Here are a few of the possible options:

1. Borrow extra funds to carry out essential maintenance

2. Cancel the contract and look for a property in better condition that fits their needs and budget
3. Negotiate a price reduction from the seller
4. Negotiate with the seller to rectify the defects found.

In the end the buyers negotiated a further \$10,000 off the price and borrowed additional money from their lender for the necessary maintenance.

## How to use the report for profit

**A**S YOU'VE read this far, you will have a much better understanding of what could be wrong with a property, where to look for defects and why they need fixing when you find them. Now you need to find out how to use the inspection reports to save money.

### NEGOTIATING PRICE REDUCTIONS

I've helped lots of clients negotiate price reductions using my reports. So how is it done you ask?

Once you receive the reports, read them and then make note of the major defects, safety hazards and significant timber pest issues. Obtain cost estimates for rectification from one of the following sources:

- A building inspector
- A builder
- A cost consultant.

Better still, if time permits, try to obtain actual written quotes from licensed tradespeople. For example, a licensed roofer can give you a written quote for \$15,000 to replace a corrugated steel roof.

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## 🏠 PRO TIP

Finding some minor termite damage is a worry for some buyers but to a more seasoned investor it can often provide great leverage. They could use it to negotiate a price reduction from a seller for replacement of termite damaged timber, installation of a termite management system and mitigation of conditions conducive to future termite attack.

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### Examples of negotiable items

Not quite everything is negotiable but many things are. Here are a few examples:

- Roof is badly rusted and needs replacement.
- Posts are badly rusted or concrete posts are cracked and need replacement.
- Penetrating or rising dampness.
- Inadequate surface drainage.
- A leaking hot water system.
- A leaking shower(s).
- Unauthorised building work.
- Dented metal roof tiles.
- Retaining wall failure.
- Significant termite, borer or decay damage.
- Significant cracks.
- Leaking swimming pool.
- Ducted air-conditioning not working.

## Examples of items not usually negotiated

Of course, there are many things that are not normally negotiated, such as:

- Leaky taps.
- A few cracked tiles.
- Peeling paint.
- Minor damage to fences.
- Marks and scratches.
- Chipped floor tiles.
- Chipped bath.
- A cracked window.
- Stiff windows.
- Loose towel rail.
- Lawn needs mowing.
- Minor cracks in the driveway.
- Termite barrier has expired.
- Split system air-conditioning needs servicing.
- Garage door has small dents.

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### PRO TIP

While minor defects are not usually subject to negotiation remember that a large number of minor defects is in fact a major defect that you can negotiate on. An example of this is poor workmanship, where numerous minor painting, plastering, tiling and carpentry defects can reduce the overall quality of a building and therefore lower the value. If this is the case, email your solicitor or conveyancer a

list of these issues, along with a cost estimate for their rectification. Attach a copy of the relevant reports from the inspector(s). Instruct them to request a price reduction for those items.

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The seller is not legally bound to negotiate a price reduction. The willingness of a seller to negotiate a price reduction depends upon a range of factors. How motivated are they to sell the property? If the seller has purchased elsewhere and is going to be paying expensive bridging finance if settlement is delayed, then you are probably dealing with a highly motivated vendor. On the other hand, if the seller received multiple offers on the property and has a backup contract on it, your chances of negotiating a sizeable reduction are slim.

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## WARNING

Agents often say they have other keen buyers. Most of the time this is untrue. But sometimes it's true. I think if you are never in a desperate situation to buy, and have other options, then you can call the agent's bluff (by ignoring what they say). I think that many agents see you as fair game if you are gullible enough to believe their tactics. So wise up, and play the game knowing that some agents are not to be trusted, and you are on your way to becoming a seasoned property investor.

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## Feature: Seller Motivation

Factors that make a seller motivated to negotiate:

- No other interest in the property.
- Seller is happy with the price you paid (usually near asking price or above).

- Seller has bought elsewhere.
- The last contract crashed because of the same building or pest issues found.
- Seller has financial pressure to sell quickly, such as the bank is about to take the property.
- They are not sophisticated sellers.

Factors that make a seller not motivated to negotiate:

- They have a backup contract at a higher price.
- They have already come down a substantial amount on their asking price during pre-contract negotiations.
- The property is in high demand and there's a lot of interest in it.
- They are not sophisticated.

An understanding of the seller's level of motivation can give you some insight as to how far you can push the negotiations.

Getting a thousand or two off the price is fairly common. Maybe the air-conditioner doesn't work or the hot water system is leaking. Larger reductions need a combination of identifying the problem, getting a cost estimate or quote, having a motivated vendor and actually asking for what you want. Don't be too greedy.

## Case Study 1

Getting large amounts off the price is not so common but it is possible. We have helped one client get a \$20,000 reduction – twice (on each of his past two property purchases). One because the house had badly cracked concrete stumps and needed complete re-stumping, the other because the two-metre-high brick boundary fence wobbled when given a light push and was ready to collapse at any time, making it a major safety hazard. I expect he will now be looking for a way to get another \$20,000 off the price when he eventually purchases his next home!

## Case Study 2

A client of mine was purchasing a \$1.6 million property. I found that the ceiling height to the ground floor bedroom was approximately 50mm less than the minimum legal height of 2.4 metres. This effectively made the room not legally suitable for habitable use (in other words the seller could not call this room a bedroom when advertising the property for sale). The client's own research was that three bedroom houses in this upmarket Brisbane suburb generally sold for about \$40,000 less than four bedroom houses. On this basis he successfully negotiated a \$40,000 price reduction. The contract price reduction was agreed between the solicitors and adjusted on the day of settlement. Happy days for the client!

## Case Study 3

A client bought a ten-year old townhouse and while at the inspection (when using an electronic moisture meter) I found the shower was leaking which was causing damage to the ceiling below. I also found that the fire separating wall was incomplete, putting the unit and its occupants at a greater risk of death, injury and loss from fire. On the basis of my findings, the client successfully negotiated so that the seller agreed to have both issues rectified by suitably licensed contractors prior to settlement. The value of the works was approximately \$7,500. Part of the negotiated agreement was that the seller used only licensed tradespeople and provided a certificate to certify that both the waterproofing to the shower and fire-rated wall were compliant with the Building Code and relevant Australian Standards. The client also arranged for us to ensure that these works were completed by attending the pre-settlement inspection on their behalf.

## Case Study 4

A buyer's agent asked me to do a building and pest inspection. The house was generally in reasonable condition for its age, except it had a roof that was made of metal tiles that were

extensively damaged by tenants walking on it. The badly dented tiles were causing roof leaks that were in turn causing damage to the ceiling. To see what dented metal roof tiles look like check out my You Tube clip at [www.youtube.com/thebuildingpro/bewareofmetalrooftiles](http://www.youtube.com/thebuildingpro/bewareofmetalrooftiles).

The cost of a new corrugated metal roof, including insulation, gutters, downpipes and removal of the old roof, was estimated to be around \$12,000.

When I emailed the report to the buyer's agent they decided to withdraw from the contract as the cost to replace the roof and carry out some general repairs exceeded the allowable budget. The property was due to go to public auction and the buyer's agent decided that they may as well turn up at the auction and see if the property could be purchased for a lesser amount.

When the auctioneer asked if anyone had any questions about the property my client raised his arm and asked if everyone was aware that the roof leaked and needed to be replaced? You can imagine that this caused everyone to turn and look up at the roof and see the dented metal roof tiles. The result was that no one else bid on the house and my client purchased the house for \$30,000 less than the contract price he had agreed to before the auction.

The client got a brand new roof, carried out some general maintenance and was still more than \$15,000 better off!

Not everyone plays the game this hard but this is how some investors get such great returns because they are not afraid to ask the questions.

## Case Study 5

Commercial property reductions have been even greater. A large land surveying company moved offices and contracted us to carry out an inspection on a large office building of some 3,000m<sup>2</sup>. A leaking concrete deck and some termite damage to external walls had my client worried. I

explained that they could pull out of the contract using the findings of my report or renegotiate. They chose to negotiate and this resulted in a \$70,000 price reduction for them.

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### PRO TIP

Remember “nothing ventured, nothing gained”. For the small cost and time it takes to request a price reduction the payoff is often worth it. So, “if you don’t ask, you don’t get”.

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### WARNING

If a building has major structural defects, like subsidence that has caused structural cracks and other damage, or the building has extensive and severe timber pest damage, I strongly advise you do not bother to renegotiate a better price, and instead find a better property. After all, this is what a building and pest inspection is for, to help you avoid buying a ‘money pit’. In my experience the price reductions clients negotiate for these flawed properties do not often meet the costs required for their proper professional rectification.

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## HOUSTON WE HAVE A PROBLEM

Or rather, what to do if your property has termites. If your report uncovers termites or termite damage at a property you own or are thinking of buying, then I recommend the following steps.

1. Have a full timber pest inspection carried out in accordance with AS4349.1 by a professional timber pest inspector.

2. Be present at the inspection if possible and discuss the results of the inspection with the inspector.
  3. Carry out any further investigation necessary to determine the extent of damage. There may be an additional fee for the timber pest inspector to do this further investigation. If you are purchasing the property then you will need to get permission from the seller to gain access to where termites are or where they are suspected of being, i.e. permission to move furniture, lift carpet, make holes in walls, etc., as required to conduct a thorough investigation.
  4. If damage is significant then get a quotation from a licensed builder for rectification work. The builder should also quote to mitigate any risks conducive to termites, e.g. remove tree stumps, move garden beds away from external walls, repair leaks, etc.
  5. If there is no current termite management system installed, then get a quote for one in accordance with AS3660.2. Getting three quotes is best if time permits, but when you are in the process of purchasing the property there will probably be insufficient time for multiple quotes.
  6. If purchasing the property, use the quotes from the pest manager and builder to negotiate a price reduction from the seller to cover the additional costs. If the seller will not agree to cover all of the costs, then add those costs onto the contract price and re-assess if the property price is still acceptable to you.
  7. Get the termites treated, damage replaced and conducive conditions removed.
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## 🏠 PRO TIP

Inspectors aren't dumb. When selling a property that has had termite damage in the past, the timber pest inspector will probably find it. Even if you do your best to cover it all up, they will find it and this could cost you the sale. You should disclose the history of any timber pest damage to the real estate agent at the time of listing the property. Provide the agent with a detailed history of the dates, location and extent of any damage. Provide them with copies of paperwork for treatment certificates, repair receipts and timber pest reports. A seasoned agent should have minimal fuss selling a property with past termite damage, but if damage is found at the inspection that the seller knew of but didn't disclose this undermines the buyer's trust and will often lead to the Contract of Sale being cancelled or a significant price reduction being requested.

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## WHAT TO DO IF YOU HAVE UNAUTHORISED BUILDING WORK ON THE PROPERTY

Can you get approval for unauthorised building work? Who does this? I am often asked these questions.

Getting approval after something has been built is difficult and few people pull it off.

Here are a few suggested actions you can consider:

1. Ask your solicitor or conveyancer to search council records for building approval plans if available.
2. Call the builder (if known) and ask for copies of any documentation (plans, specifications, certifications, receipts and photos). Ask the builder if he would be prepared to ask his building certifier to sign off on the

work. If you are buying a property, ask the selling agent to chase this up for you.

3. If there is no existing documentation, you are pushing it uphill with a pointy stick. Getting approval will be difficult and may be impossible. If you want to persist, you will need to get a draftsman to prepare architectural plans and a structural engineer to provide a certificate to certify all the structural elements are compliant. This can be very difficult once the building work is complete because many structural elements are concealed. Invasive inspection techniques may be needed, such as cutting holes into walls to enable access for inspection to confirm that timber framing sizes, bracing and tie-downs are adequate. Most importantly, you need a sympathetic building certifier who will collect all of the necessary documentation and fees from you.

Talk to the local council and determine whether Development Approval is required.

In the Australian Capital Territory the seller needs to provide a purchaser with a building compliance report among other reports under their seller disclosure obligations.

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## PRO TIP

Should you conduct a pre-settlement inspection?

I think yes. I read about some buyers who attended a pre-settlement inspection to discover that a family of possums had found their way into the vacant house but could not get out again. The possums had torn curtains, soiled carpets, chewed things, scratched walls and doors and then sadly

died. This left a big, smelly, costly mess for the buyer who did not carry out a pre-settlement inspection.

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## CAN I GET THE SELLER TO FIX THAT?

Generally, the seller is not obliged to fix anything, but you can attempt to negotiate with them provided you act reasonably and within the time limits of the contract. Seek further advice from the solicitor handling your conveyancing and discuss the details with your inspector.

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### PRO TIP

I generally advise against having the seller arrange repairs of any item as I find the temptation to cut corners and do a cheap and nasty repair is too great for many sellers. In other words, I recommend that you negotiate a price reduction instead of having the seller fix the defects.

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## HOME BEAUTIFUL

How can you prepare your home for an inspection?

The best thing you can do when selling a property is to have a pre-sale building and pest inspection carried out by a reputable local inspection company and have them provide a report. The pre-sale inspection and report is commissioned and paid for by the seller and is made available to the real estate agent to distribute to prospective buyers.

Get copies of building approvals, final inspection certificates, plans, specifications, pest reports, termite treatments, receipts for major repairs,

appliance manuals, warranties, etc., and put them into a folder for the inspector and leave them on the kitchen bench. Tell the agent that they are there.

Tell the selling agent about any unauthorised building work or major building defects, such as leaks or termite damage you are aware of. Most often the inspector will find these defects anyway, and some of them can get cranky when they think you have been withholding information. You do not want to make the inspector cranky.

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### PRO TIP

Having a pre-sale building and pest report done on your property before you put it on the market can greatly assist the sales process and even help you achieve a higher sales price.

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### Case Study

A separated couple were taking a property to auction to finalise an acrimonious divorce. The house was a beautifully renovated character home on a large corner block in one of Brisbane's premier suburbs. The auction was half way through a six-week campaign and the market feedback from potential buyers was high \$900,000s, when the agent believed that the property was worth at least \$1.2 million.

I thought the problem was pretty obvious. The house was full of clutter, the pavers were covered in mould, the pool was green, the grass was full of weeds and a large dog had worn a narrow dirt track around the yard and covered every square metre with dog poo. No major building or pest issues were found but the presentation of the property was awful.

Buyers had perceived the property as needing a lot of maintenance even though it really only needed a clean and tidy up. I rang the agent and asked why he hadn't recommended that the property be tidied up for sale. He explained that he had tried a few times to bring up this subject but both parties were so spiteful towards each other that they were not prepared to do anything to improve the property's appearance as they had no money. I rang the owners myself and explained my solution and that here was my estimate of costs:

Garden clean up \$500

House clean \$600

Pool clean \$400

Stylist to declutter \$500

Total presentation budget: \$2,000

I suggested that they borrow the \$2,000 and present the property at its best. They agreed and found the money. The property was cleaned and tidied in a matter of days and soon sold for \$1.3 million.

Happy Days.

# 10

## Maintenance

### SAVE BY SPENDING WISELY

**J**UST LIKE your car, a building needs maintenance. A typical home has many thousands of parts. When everything is well maintained you have a home that is comfortable, safe, healthy and energy-efficient. As a property investor you need to monitor the building, identify potential problems and fix these problems promptly. After you have purchased a property you are responsible for maintenance. This chapter will help you to know what to look for and how to fix it. Remember that you are maintaining an asset that has the very important task of building your future wealth.

In Australia, the cost of property maintenance is high. Our tradespeople are heavily taxed and highly regulated so no wonder cheap labour is hard to find, but that is another story. The high cost of labour and materials means that it is more expensive than most people realise to maintain a property. Once investors have coughed up the huge amount necessary to purchase the property they seem to think, great now I can relax and watch the money roll into my account. An Australian Bureau of Statistics (ABS) survey conducted in 1999 found that maintenance costs seem to be around \$2,000 per annum on a rental property. Interestingly, the same survey found 64% of people who lived in a house that was more than 60 years old said it had major structural defects. Hardly a news flash that older properties

need more maintenance. Given it's now 2016, it's likely that maintenance costs have only increased.

## WHY USE A PROPERTY MANAGER?

I personally use the services of professional property managers to manage the maintenance of the property in my investment portfolio. Yes, I could do it myself but my time is worth more than what they charge (and your time is worth more too).

OK, so here is how you make maintenance on your own home easy. Set and forget. Have a look at the following example shown in this table.

What?	Who?	When?	Why?	How much?
Gutters	ACME Gutter Cleaning Ph. 5556 7547	Every 6 months	Gutters will overflow or rust	\$200 per visit
Windows	Windows R Us Ph. 5556 8906	Every 12 months	Dirt builds up	\$500 per visit
Paths and driveway	Spurts High Pressure Cleaning Ph. 5550 8521	Every 12 months	Moss makes them slippery	\$300 per visit

What I do is draw up a simple table like the example given above and then put the information into my calendar program. That way I get a reminder when the maintenance is due.

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### WARNING

Remember the case study mentioned in Chapter 2 where the court ruled that a property manager is not suitably qualified to carry out maintenance inspections on rental properties? I highly recommend regular maintenance inspections by professional building inspectors (not property managers) to ensure that your legal obligations as a landlord are met and the rental property is maintained in a safe and sound condition for the tenants to enjoy.

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## ■ PRO TIP

Save time by getting one company to do multiple items. For example, the guys who clean my windows also clean the pavers with high pressure water. Now they offer gutter-cleaning too. They call me once a year in September (our springtime) and two guys come and spend the whole day cleaning the gutters, then the walls and pavers and finally clean the windows. It costs about \$800 after I get a discount for being a regular customer and packaging all the services together. They call me every year and we agree on a day. Set and forget. Now I just got back four weekends I can spend with my family and friends.

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## Case Study

My tenant was 54 years old and lived on his own. I had only met him a week before he passed away. I got a call from my onsite manager advising me that he had just found the tenant sitting on the sofa wearing only a singlet. The onsite manager called the police and they came over to verify the man was deceased.

The coroner's office came out and investigated the scene. They concluded there was no evidence of foul play and took the body away.

The onsite manager then arranged for the carpet and sofa to be removed. We agreed to tile the floor instead of using carpet again. The tiler could start straightaway and the floor was tiled within two days. The tenant's family visited the property and removed his remaining possessions.

After the cost of the new tiles, rubbish disposal and unpaid rent I was out of pocket \$500. The onsite manager who took care of the management of the unit was very professional at a difficult

time. I really appreciated his efforts to show the appropriate respect for the tenant and his family while also getting the property ready for the next tenant and keeping me well informed.

I have seen tenants make a huge mess of a property and cause tens of thousands of dollars in damage. This damage usually occurred over many years and the rental agreement was usually a handshake agreement between family or friends without professional property management.

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### PRO TIP

The bond of one month's rent is woefully inadequate when you get significant property damage. Landlord's insurance is essential. Some policy extensions include malicious and accidental damage by tenants. I recommend getting these extensions if possible.

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Also take out building and contents insurance. I recommend that you obtain a replacement estimate from your building inspector. This is a service we provide to our clients at BuildingPro. Insurance companies sometimes have online calculators to help you arrive at a replacement value. In your estimate, don't forget to allow for architects' fees, demolition, council fees and rent for another property during a rebuild.

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### PRO TIP

When engaging tradespeople. Always ensure they are appropriately licensed and insured. For jobs that cost more than \$500 I will usually get a comparison price or two. Be respectful of people's time

and refrain from getting five quotes. The insurances that tradespeople need include: Workers Compensation, public liability insurance and home warranty insurance in some parts of Australia.

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## WHAT ABOUT COMMON PROPERTY?

If you buy a unit, flat, townhouse, apartment or other property that has common areas then I consider it essential that you arrange for a search of the body corporate records. These will help you to understand if there are any issues that may impact upon you or your decision to purchase the property (if you are in the process of purchasing the property). Often a search can be arranged by your solicitor as part of the conveyancing process. The building inspection will generally not include common property areas.

## MAINTENANCE CHECKLIST

When preparing your property for sale the following maintenance checklist will come in handy.

### Entrance and garden

- Pressure wash/repair gate and fence. Add a coat of paint if required.
- Replace the letter box if old and tired-looking. Make sure the street numbers are clearly visible.
- Move bins out of sight.
- Pressure wash the driveway. Repair/replace subsided sections of driveway, paths and steps.
- Mow the lawn and trim the edges.

- Remove rubbish, prune garden and remove weeds. Remove dead plants.
- Clean gutters and replace rusted sections.
- Tidy garage and shed. Install some cheap shelves and plastic storage boxes if possible. Throw out junk or give to charity.
- Clean windows and screens. Replace damaged screens.
- Add a fresh new door mat.
- Make sure the door bell and exterior lights work.

### General interior

- Remove clutter and personal photos. Take papers and magnets off the fridge.
- Buy an orchid or long-lasting flowers.
- Clean/polish/vacuum floors. Remove stains if possible.
- Hide electrical cables. Some may need to be unplugged.
- Install new light bulbs if necessary. Make sure all lights and fans work.
- Clean walls/floors/walls/ceilings/lights/curtains and blinds.
- Make sure ceiling fans work.

### Living rooms

- Paint over bright colours with neutral colours.
- Arrange furniture to maximise space and flow.
- Clean furniture. Buy new cushions.
- Throw out old magazines/newspapers.
- Replace old TV with flat panel. Put DVD collection away in a cupboard.

### Bedrooms

- Remove excess furniture to create more space.

- Remove clutter from bedside tables and dressers.
- Put on clean bed linen and new pillows if required.
- Remove dirty clothes.
- Remove TV unless flat panel built in.
- Tidy the cupboards and wardrobes. Iron, hang and fold clothes.

## Kitchen

- Remove clutter from benchtops.
- Clean surfaces. Polish tapware and sink.
- Clean dishwasher and keep it clear.
- Empty bins.
- Make sure there are no strong cooking odours, like fish sauce.
- Replace old appliances.
- Fix leaking taps.

## Bathroom

- Clean all surfaces.
- Replace missing or dirty grout and silicone.
- Replace dirty shower curtain or cracked shower screen.
- Make sure exhaust fans work.
- Repair cracked basin, bath, screen or mirror.
- Check shower for leaks and have repaired.
- Put out new towels, washers and soap.
- Remove personal items.
- Use air freshener.

## Laundry

- Remove clothes.
- Empty washer and dryer.
- Clean cupboards and tub.

# 11

## Postscript

**O**N THE 13th June 2015, the median house price in Australia was \$658,608 – so let's make sure it's a safe house and well maintained so that you can benefit from it.

Building maintenance is expensive. Buying a dud can be a massive financial wound that could take years to recover from. Here is a quick summary of the learnings to be gained from this book.

- Research first. What do you need? Which area will you buy in? How much have similar properties sold for recently? Learn about the property and the area.
- Do your own inspection of the property (using my checklist at [www.buildingpro.com.au](http://www.buildingpro.com.au)).
- Get professional help from an experienced team comprising a building inspector, buyer's agent, valuer, quantity surveyor, mortgage broker, accountant and solicitor.
- Attend the inspection if possible and check those items not included in the inspection (use my checklist in Chapter 7).
- Read the report and ask the inspector to clarify any issues you don't fully understand.
- Follow the inspection report recommendations, e.g. make further investigations or gain access to inaccessible areas.

- Get your head around the priority and cost implications of all the report findings.
- Negotiate a price reduction with the seller if you are buying, if possible.
- Attend the pre-settlement inspection if you can to check the property is as it should be.
- After settlement, maintain your property in good condition by using professionals.

## THE FUTURE OF PROPERTY INSPECTION SERVICES

Before I finish the book, I'd like to look forward. The future is here. Many innovative services are available overseas and some are already available in Australia. These services will change the way we do business and manage our properties. Some will become mainstream while others may never catch on. I'll introduce you to some here.

- Drones are now being used to inspect difficult-to-access areas such as steep and high roofs.
- The Skype app is free and allows easy video conferences that can be recorded with the touch of a button. Skype can be used to discuss report findings and interview prospective inspection companies. This is very useful when the property is interstate or overseas.
- Videos can be prepared by inspectors for clients to record findings. It's a great way to avoid wading through pages of disclaimers and irrelevant material. The extent and severity of defects can be more readily understood.

- Large hardware chains are considering paying for building inspections, provided the inspector specifies their products for the repairs and refurbishment of the property.
- Sellers are arranging and paying for building and pest inspections and reports to disclose the property condition. Legislation is likely to change to make this mandatory along with energy-efficiency reports and compliance reports as it is in the ACT.
- Inspection reports are being viewed on web-enabled devices that will allow clients to click onto hyperlinks within the report to obtain definitions, relevant legislation examples and other further information.
- The Building Code is now freely available online ([www.abcb.gov.au](http://www.abcb.gov.au)) so this should reduce misunderstandings about Building Code requirements.
- Warranty details for items such as hot water systems and electrical appliances will be stored online.
- Each property will have an online file where details about the property are filed, such as maintenance contractors (for annual window and gutter cleaning, timber pest inspection reports, colour schedules (for paint colours), receipts for building maintenance and building plans/approvals.
- Settlements can now be done online via a secure server ([www.pexa.com.au](http://www.pexa.com.au)). This is an obvious improvement on the existing system.
- In Australia, we have a growing concern about environmental factors, such as asbestos, mould, lead paint, water quality, methane, electromagnetic radiation, etc. There will be more demand from property

buyers for disclosure of these issues on older properties. Companies providing inspection and testing services will be in demand.

- For-sale-by-owner is likely to become more common as more services evolve to support this growing market.
- Real estate agents will attempt to charge higher fees by providing additional services, such as co-ordination of property refurbishment and styling to maximise the selling price and saleability of the property.
- All building inspectors throughout Australia will soon need to be licensed and insured for consumer protection.
- Regular building inspections by licensed building inspectors of rental properties will become mandatory to protect the safety and amenity for tenants.



# About BuildingPro

We are professional building inspectors, providing building, pest, handovers and pre-sale inspection services to residential and commercial buildings.

As a member of Master Builders and the Institute of Building Consultants, we have adopted their Code of Conduct and Code of Ethics. Our professional and objective reports help people make confident and informed decisions about their property that minimise risk and maximise gains.

BuildingPro is the proud recipient of the following awards:

- 2017 Queensland Housing and Construction Awards. Excellence award for the Institute of Building Consultants from Master Builders Queensland
- 2018 Queensland Housing and Construction Awards. Excellence award for the Institute of Building Consultants from Master Builders Queensland
- 2018 Property Investors Awards. Best building or pest inspection company in Australia. Hosted by Your Investment Property Magazine.

## Our commitment to industry and community

I founded BuildingPro with my wife Trish in 2002. BuildingPro provides professional building consultancy services to government, not for profits, companies and individuals. We specialise in helping property investors.



BuildingPro is a long established and successful business that is a leader in the industry through the following initiatives:

1. Articles published in our online blog at [www.buildingpro.com.au](http://www.buildingpro.com.au) that answer common questions and problems within the industry.
2. No obligation telephone advice given to builders who have disputes with clients, particularly over quality of work. Builders are referred from Master Builders and the Queensland Building and Construction Commission.
3. The largest YouTube channel for building and pest-related matters in Australia. Presently there are many videos on a range of subjects to provide educational resources available at [www.youtube.com.au/thebuildingpro](http://www.youtube.com.au/thebuildingpro).
4. BuildingPro provides a free Trade Services Directory at [www.buildingpro.com.au](http://www.buildingpro.com.au) so that clients and the general public can gain access to quality tradespeople, suppliers and allied professionals.
5. Free inspection Apps available at [www.buildingpro.com.au](http://www.buildingpro.com.au).

## Our services

1. Handover inspections on new builds
2. Commercial building inspections

3. Pre-purchase building inspections
4. Pre-purchase pest inspections
5. Pre-sale building inspections
6. Pre-sale pest inspections
7. Defect inspections
8. Maintenance inspections
9. Stage (progress inspections) on new builds
10. Pool structure and equipment inspections
11. Pool safety barrier inspections
12. Builder's warranty inspections
13. Landlord's inspections
14. Annual pest inspections
15. Termite treatments
16. Deck safety inspections.

## Our clients

We recognise that all clients are individuals and as such they have needs and wants that are unique. At the time of booking an inspection we ask more questions of our clients to better understand their particular circumstances, needs and concerns. We incorporate their requirements into file notes that are available for the inspector to view before every inspection. So, for example, if the client is a first-time property investor buying with a view to renovate to gain higher rent returns, and wants to know if the timber retaining wall on the rear boundary needs replacement, we will tailor our advice accordingly. It is our experience that clients love to

be treated as special individuals who get personalised care and professional service.

## Building success stories

“I am writing to thank BuildingPro for the thorough and professional work they have provided me with over the last five years. From the first contact I made in 2009, I have received excellent service on every aspect – right through from my bookings and inquiries to the comprehensive building and pest reports. I have received BuildingPro’s reports promptly every time. The reports have been easy-to-read, very thorough and have included photos of specific areas. I have just recently utilised BuildingPro’s services for the third time in five years and I cannot think of any professional who I could recommend more highly than BuildingPro’s inspector, Andrew Mackie-Smith.

“From the time of my first building and pest inspection back in 2009, and up until my last inspection two weeks ago, I have remained highly impressed with Andrew’s level of knowledge, motivation and the obvious passion he has for the work he does.

“I first met Andrew back in 2009 with my first property purchase at Everton Park in Brisbane. It was such an old house that had previous termite issues which made Andrew’s thorough work and knowledge even more valuable. After receiving Andrew’s report, I felt completely assured with the issues and risks I was taking in my final decision to purchase the property. I was also assured that if I had any queries regarding the building and pest reports I could contact Andrew personally and he was certainly very generous with his time clarifying further issues and questions I had.

“At each inspection Andrew has taken the time to thoroughly explain, in layman’s terms, the general condition he found the building to be in, and the absence of or present/future risk in regard to pest problems.

“Andrew consistently has incorporated his vast career knowledge to answer any questions I have had, leaving me each time with the opportunity to make an informed decision on my property purchase. I would not consider using any other building and pest company due to the outstanding service I have received to date.

“Since 2009, my family and friends have also started using BuildingPro and have thanked me each time for the recommendation. Thanks again to Andrew and the team at BuildingPro”. Danielle Hoffman

“BuildingPro’s customer service is fantastic and the professional building consultant conducted a thorough inspection of our home leaving no stone or timber unturned. We have implemented your recommendations and your expertise has potentially saved us a fortune in termite damage repairs.”

Kylie Garner

“From the first telephone call with Corine, to receiving the timely and very professional and thorough reports for both our properties (the one we were selling and the one we purchased), we could not have wished for a better service from a building and pest inspector! Andrew Mackie-Smith was courteous, professional and very experienced in his field. The reports were sent very quickly and they were clear, thorough and helpful. We would not hesitate to recommend BuildingPro to anyone who is after a competent, professional and responsive inspector. Finally, Corine at the office is a real

asset to BuildingPro as her communication skills and approachable, professional manner are second to none.” Ellie Rentoul

“Andrew is one of the best building inspectors in Brisbane. I can say that because over my 20+ years in real estate I’ve met many building and pest inspectors and I’ve found Andrew to be one of the most thorough in the game. From a property buyer’s point of view, he’ll make sure you’re not buying a lemon.” Peter Hutton, Principal at Hutton & Hutton

“I have no hesitation in recommending Andrew to anyone who needs a building and pest inspection. Since first meeting Andrew in 2003, I have recommended him to countless friends, family members and personal clients. His care, attention to detail and the way he explains things to his clients is second to none.” Brad Robson, Director at Place Graceville

“I was originally referred to Andrew as the best expert in the area and when we hired him we’ve seen why. He is a very professional, smart, diligent, reliable and trustworthy expert and pleasant to work with.” Valentin Zelenyuk

“Thanks again for your frank and extremely thorough inspection, it was refreshing to see someone who takes their work seriously and conducts themselves totally professionally. I would be more than happy to recommend your services to anyone going forward.” Robyn Doulman

“I have used Andrew’s services on a number of occasions for residential building inspections. I have found him to be very knowledgeable and professional to deal with. He communicates his report findings and opinions in an easy-to-understand manner, allowing me to understand the situation

clearly and make decisions based on the information. I would be happy to engage his services again in the future and recommend him to anyone.”

Chris Lau

“Andrew was recommended to us and conducted a pre-sale inspection on our residence. We found him to be thorough and practical and explained the minor issues he found, even suggesting how best to rectify them before we listed the property. We will certainly use BuildingPro for the pre-purchase inspection report on our next property.” John Swinbourne

“Fantastic service from Andrew at BuildingPro. Andrew gave a pre-purchase inspection of a property and uncovered some issues that, had we not known about, could have cost us thousands of dollars. Highly recommended.” Adrian Hordyk

Like to have BuildingPro do an inspection for you?

We would be delighted to help. Please contact us at

[www.buildingpro.com.au](http://www.buildingpro.com.au).



# About Inndox

Over the years, Trish and I have written articles and been interviewed by the media to warn people about some dodgy practices in the property industry. But, guess what? The same issues keep coming up year after year and the government hasn't been doing enough to protect people, so we had to do something.

## Industry problems

So, what exactly are the problems?

- Our survey of almost 100 builders showed that 90% of builders still provide the important 'handover' records (including warranties, plans, approvals, specifications, certificates and more) as paper documents. This uses millions of sheets of paper causing waste and pollution! The other 6% send records by email; 2% by USB stick, 1% is by Dropbox and 1% via CRM. The problem is that paper records can easily get lost or damaged by the builder or homeowner. Also, as the records are usually incomplete and hard to quickly verify they are subject to fraud.
- For builders, the legal obligation of 'handover' is a costly administrative headache and the delivery by paper exposes them to a higher compliance and litigation risk. New legislation under the National Construction Code (NCC) requires a builder to give an owner details of every building product used in the building. An example of this is verification that the cladding on an apartment building is compliant.

- Property owners in Australia don't have an 'owner' management system for their property. There is no easy way for property owners to manage things like maintenance and warranties. The software used by professional property managers and facility managers is not available to property owners.
- Important property records are not being passed on from owner to owner at time of sale. Property buyers are not able to search for things like approved plans, warranties, manuals, specifications, certificates and other important documents online when performing their due diligence. Imagine the peace of mind having those details on a home you are buying.
- There is no platform for sharing information from government, police and fire brigade. So, if the property is in bush-fire prone area, a flood zone or was used as a 'drug lab', no-one is likely to tell you when you are looking to buy it, you are expected to do your research before you buy. This is called 'caveat emptor' or buyer beware!

## Case Study

A property investor bought a house at Springfield Lakes in Queensland. The house was sold as 'mortgagee in possession'. The property was rented out through the local estate agents. When the tenant moved in, her children started complaining of unusual health issues, and they had many visitors arriving at all hours of the day asking if they could buy drugs. When they spoke about this with neighbours they learned that the house had been a well-known 'drug den' where drugs were made and sold.

The tenant then confronted the property manager, who claimed to have no knowledge of the history of the property.

The tenant also contacted the local television news team, who arranged for professional testing at the property. Tests revealed toxic levels of chemical residue at the property. The tenant moved out and the landlord paid for temporary accommodation and allowed them to break the lease.

I spoke with the property investor when she contacted me for advice and she was shocked and upset that there was no disclosure of this issue despite many people being aware of the history of the property.

The property investor is now arranging for quotations to remove floor coverings and wall sheeting and more to decontaminate the property. The repair bill is likely to run into tens of thousands of dollars, as well as lost rent.

Too often, lemon properties with serious issues like structural defects, unauthorised building work, significant termite damage, flood risk, asbestos or a hazardous chemical residue from a drug lab are sold to unsuspecting buyers who are then faced with financial hardship to properly rectify these issues.

The government has been too slow to pass adequate consumer protection legislation to provide the protection that should be available to home buyers.

Trish and I think that it's time we had a fairer and more transparent sales process where sellers will disclose the condition of the property and provide comprehensive details of the property's information so that the seller can make an informed decision about the likely costs and risks associated with that property.

If the property investor could have used Inndox for their due-diligence before purchase they would have been aware of the history of the property.

They could have carried out appropriate testing and then decided not to purchase or to budget for the additional expense of decontamination. Inndox allows for adequate seller disclosure by encouraging buyers to only buy properties that have full disclosure information available.

## We have the solution

The answer to these long-standing industry problems is digital technology. A cloud-based property document management system that allows builders to provide a digital handover solution and gives property owners an easy way to manage their property. Once the records are stored in one place this 'property logbook' can be managed with features like contacts, warranty alerts, maintenance notifications, sharing with third parties and easy transfer at time of sale.

On 16 March 2018, Inndox had a public launch (including a launch on Radio 4BC with real estate legend Kevin Turner) and now builders, developers and property owners across Australia are using it and loving it.

Inndox has a partnership with Master Builders Queensland and provides a discount to Master Builders members. Now builders have an easy, digital handover that reduces cost, meets compliance and reduces litigation risk and their customers receive a service that delights.

For homeowners, Inndox provides one place to manage their property throughout ownership including: access, adding, sharing of files, maintenance, warranty and insurance claims, due diligence and easy transfer at sale.

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## PRO TIP

If you buy a new home or rental property, ask the builder to use Inndox and create a property logbook for you. That way you will have all the property records and can manage them from anywhere you have internet access. To find out more, visit [www.inndox.com](http://www.inndox.com)

# About the author



Andrew Mackie-Smith is one of Australia's leading authorities on building inspections. His extensive experience in building, property inspecting and investment, over 29 years, has given him some unique insights into the property inspection industry.

Together with his wife Trish, he founded BuildingPro in 2002, the leading property inspection company in Brisbane, Australia.

Andrew is a licensed builder, building inspector and pest inspector. He also holds qualifications as a building surveyor, scaffolding inspector, timber stress grader, real estate sub-agent and pest manager. He holds a Master's in Business Administration from Swinburne University and has lectured at Chisholm TAFE College on the Building Code. Andrew was on the Master Builder's sub-committee that prepared a submission to Standards Australia for the revision of AS4349.1-2005 (Standard Property Inspection). He has also served three years on the executive Committee of the Institute of Building Consultants, Queensland.

Andrew is a regular speaker to groups of property investors and home sellers and has appeared on national television on 'Selling Houses Australia' and 'A Current Affair' to provide expert advice.

A keen property investor himself, Andrew has bought, renovated, developed and sold numerous properties over the past 25 years giving him the investor's perspective.

Andrew has carried out thousands of inspections on every class of building. This experience has provided him with many insights that he is able to share.

Andrew lives in Ashgrove, Brisbane with his wife Trish, two energetic sons Leo and Ben, and their dog Poppy.

Andrew is available for speaking engagements and media comment on matters relating to building and pest inspections.

If you would like to contact Andrew, send him an email:  
[andrew@buildingpro.com.au](mailto:andrew@buildingpro.com.au).

# Acknowledgments

Firstly, I wish to thank my beautiful wife Trish. It is only through her belief in me and her encouragement that I wrote this book. Thankyou for your support. I love you always.

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