



By Dan Steward

Many home buyers need to be reminded that all homes, old or new, need ongoing maintenance. One way to know the extent of the maintenance needed and the costs to repair and/or replace items is to have a home inspection conducted. A home inspection determines the current condition of the house, offering a report of all the systems and components in need of maintenance, service and repair.

Real estate agents can work with buyers to help them to see what issues are most common for older homes, offering the right perspective. Homebuyers need to understand that it's normal for items in a home to wear out; this should not be considered a defect.

For example, consider a home inspection that finds the heating system is old and requires replacement. A home buyer may see this as a huge problem. However, this may be the only item in the home that requires attention. If a buyer

Budgeting for home maintenance

were to look at this situation in perspective, this home could be well above average – a well-maintained home that merely requires the replacement of a worn-out furnace. The key is for sales reps to continuously educate clients.

First, sales reps should explain the one per cent rule to their clients. This rule postulates that normal maintenance on a home is about one per cent of the value of the home per year.

For example, a \$250,000 home would require \$2,500 per year to maintain. This would be enough to replace the roof covering, and then a few years later to replace a failed hot water tank, and then a few years more until a new central air system is required.

Then there is the three per cent rule. Some experts say that home buyers should plan on spending three per cent of the value of the home in the first year of ownership. This is because new home owners will most likely have to buy drapes, blinds, a washer and a stove, maybe even a new roof covering.

Most home components have fairly predictable life cycles. For example, the typical life cycle of a high efficiency furnace is 15 to 20 years. What this means is that most high efficiency furnaces last between 15 and 20 years. Here are a few implications of this example:

- A two-year-old high-efficiency furnace is not likely to fail in the

next year.

- A 15-year-old high-efficiency furnace is more likely to fail in the next year.

- A 20-year-old high-efficiency furnace is very likely to fail soon.

- A 20 year-old high-efficiency furnace may continue to function for a few more years.

- It is possible for even a two-year-old high efficiency furnace to fail in the next year; it's just not very likely.

The point here is statistical. If the home is bought with a 15-year-old high efficiency furnace, it may work fine and not need to be replaced for a few years, although the buyer should be aware that it could fail soon.

Home inspectors are required to let the buyer know if a component is significantly deficient or if it is near the end of its life cycle (service life). Here is an example of how a home inspector uses the life cycle concept during a home inspection:

An air conditioning system looks well maintained, and on testing it was working just fine.

From the data plate, the home inspector knows that the air conditioning condenser was manufactured in 1988.

The typical life cycle, or service life, of an air conditioning system (compressor) is about 12 to 15 years. In southern climates it's even less – about 10 years. This system is at the end of its service life. This is

not a defect; it's just a warning. The air conditioning system does not need to be replaced immediately. It may work for a few more years.

Here are life cycles of some of the most common components in a home that you might want to share with clients:

- Hot water heater - 12 years
- Sink garbage disposal - 10 years
- Well pump - 10 to 15 years
- Garage door opener - 10 to 15 years

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- Asphalt shingles - 12 to 20 years
- High-end asphalt shingles - 20 to 30 years
- Cedar shingles - 20 to 35 years
- Slate - 50 to 150 years
- Modified bitumen flat roof - 20 to 25 years

A reputable home inspection company will offer up-to-date repair cost guides. For example,

Pillar To Post maintains a cost guide area on the web site at www.pillartopost.com. Go to the Real Estate Professional area and select Cost Guide. A brochure version is also available. The cost guide estimates reflect the average basic costs for supplies and installation of building materials in the United States and Canada. Costs may vary depending on regions, upgrades, complexities and disposal fees.

Real estate professionals who have easy access to a repair cost

guide can provide their clients with a range of costs associated with replacements and maintenance within the home. They become an even more valuable resource to buyers when they can put in perspective a normal maintenance issue in older homes and approximately what a repair will cost.

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