



AVOIDING A BAD INVESTMENT IS EASIER THAN YOU MIGHT THINK

Human nature being what it is, none of us can get serious about the idea of buying a house without experiencing at least a few small twinges of worry. What we fear, of course, is making a mistake. And the mistake we tend to fear most is buying a “lemon” – a house that doesn’t simply fail to satisfy our hopes but turns out to have so many flaws that it’s a disastrously bad investment.

The good news is that the danger of getting stuck with a lemon of a house is one of the most easily avoided dangers in the whole universe of personal finance. Prospective homebuyers are protected in many ways, and they can further strengthen their defenses by taking a few simple, commonsensical precautionary steps.

The first of your protections is the fact that in many places sellers are required by law to make problems known to potential buyers – and are liable under the law if they fail to make adequate disclosure.

For obvious reasons, however, most of us prefer to steer clear of legal entanglements even when the law is on our side. In the housing market we do this by identifying problems before closing the deal. And identifying problems isn’t necessarily all that difficult. Even a person who’s not an electrician or plumber or construction expert often can identify areas of potential concern simply by being alert when visiting a house that’s on the market.

It's a simple matter, for example, to turn on faucets and showers to test water pressure. In a bathroom it's a simple matter to turn on the hot water both at the sink and in the shower at the same time and then flush the toilet and watch for drastic drops in pressure or temperature. This is highly likely to produce evidence of whatever problems are lurking in the plumbing system.

Most homes should provide at least 200 amps of electrical power, and it's usually possible to confirm this simply by checking the numbers on the circuit-breaker panel. Check, too, for extra-heavy 220-volt outlets where they're needed for a washer, dryer and other heavy appliances – and for the grounded three-prong outlets needed for computers and power tools.

A house that's been standing for years but still has straight walls and ceilings and remains free of cracks and the stains that indicate leaks is likely to be structurally sound.

Are the basement walls damp – or even wet? Have termites left their calling cards – tubes or tunnels where the walls touch the ground, or wood debris around baseboards?

Wherever you see such things, things that you wonder about because you don't understand them or wouldn't expect to find them in a completely sound structure, you can be confident that it's time for further examination. Keep an open mind about what that further examination might lead to, however. Things that can look like big trouble to the amateur eye sometimes turn out to be quite trivial when an expert checks them out.

The word "expert" is a crucially important one to remember. Ultimately, before closing on the house of your choice, you should have it inspected by a professional – one who has solid credentials and a solid reputation and whose work is guaranteed. Your purchase should be contingent on the results of the inspection. Your realtor can help you make all this happen, thereby reducing your risk to the vanishing point.