

ASKING FOR PERMITS

Should You Ask for Permits When Buying a Property? When purchasing real estate, one of the key considerations for buyers is whether to ask the seller to provide permits for improvements made on the property. Permits can offer peace of mind, ensuring that renovations were completed according to code and inspected by the local building department. However, in today's competitive housing market, this topic has become a point of negotiation—and in many cases, buyers are waiving this requirement altogether.

The Role of the Purchase Offer The process of handling permits is governed by the purchase offer negotiated between the buyer and seller. This contract outlines which, if any, permits the seller must provide. Notably, neither the town nor attorneys play a direct role in determining how this is handled during the sale. In the current market, characterized by limited housing supply and frequent multiple-offer scenarios, buyers often forgo permit contingencies to make their offer more appealing. Sellers typically agree to provide only the permits that are already "on file" with the building department. This approach shifts the burden to the buyer to investigate further and decide whether they are comfortable proceeding without additional documentation.

How to Check for Permits Anyone interested in buying a property can contact the local building department to ask what permits are on file. If a buyer finds missing permits, they can either accept the situation as-is or try to negotiate with the seller to address the issue by obtaining the necessary permits before closing. However, sellers with multiple offers in hand often have the upper hand and may refuse such requests.

Market Trends Influence Negotiations in a seller's market like the one we are currently experiencing; buyers often waive not only permit contingencies but also home inspections and other protections to remain competitive. In contrast, when the market shifts to favor buyers, sellers may face more pressure. Buyers may insist on all relevant permits being provided as part of the deal—even for improvements the seller did not personally make but inherited when purchasing the property.

The Value of Permits are more than just bureaucratic red tape; they ensure that property improvements meet safety codes and have undergone proper inspections. If an issue arises after the sale and no permit was obtained, the new owner could face challenges with insurance claims or future sales.

Final Thoughts Whether or not to request permits during a real estate transaction is a strategic decision based on the market dynamics. While skipping this step might seem like a competitive advantage today, buyers should remember that market conditions can change. In a buyer's market, sellers may need to secure missing permits to close a deal.

Regardless of the market, understanding the risks and doing your homework can help you make an informed decision.