



CONSTRUCTION INSPECTOR REVIEW

VOLUME 11, 4TH QUARTER 2008



WORD FROM THE HOME OFFICE

This past October, GCI attended the 13th Annual Inspection Expo *Changing Course in Changing Times* Conference in Las Vegas. The conference provided the opportunity we hoped, to connect and acknowledge our approved inspectors and recruit and locate inspectors in areas we had little to no coverage.

We enjoyed the time and conversation we had with all of you who attended the conference. The Inspector Appreciation Reception was a success based on turn out and feedback we received from the attendees. GCI will be reaching out to our inspector network more than ever in 2009 with training workshops, website enhancements, new products and general information. Our communication channel with you the inspector must be effective and constant if we are going to be successful in executing on the opportunities and objectives we have for the new year.

In our changing economy, inspectors are looking for new ways to generate business revenue. We are pleased that GCI's draw inspections are seen more than ever as an avenue to meet this objective. As an approved inspector for GCI you are constantly being marketed to a client source not commonly approached by the Home Inspection industry. In this turbulent and unpredictable market the Granite family of companies has been recognized by the lending community as the leader in risk assessment and mitigation. As a result, Granite is experiencing growth in this environment! With that said, we look forward to 2009 with great anticipation.

We hope your holiday is filled with peace and joy.

The GCI Inspection Team

Real Estate Outlook: Sales Jump in Ailing Markets

by Kenneth R. Harney¹

It all depends on where you are right now in real estate, and whether you recognize the signs of the cycle bottoming out in some of the once-most distressed local markets.

Though the latest monthly sales numbers for existing homes were down slightly nationwide—3.1 percent on a seasonally-adjusted basis—sales in some of the hardest-hit local markets are really taking off, according to the latest data from the National Association of Realtors.

Florida, once the east coast epicenter of boom and bust, is roaring back with big sales gains.

Overall sales of single family homes in Florida jumped by 15 percent for the latest month—up 5 percent for condos—compared with year-earlier levels.

In Palm Beach County, sales were up by 37 percent. In Ft. Myers by 44 percent, Miami 23 percent, and 35 percent in Charlotte County.

Some scattered, smaller markets saw sales explode by as much as 70 percent, according to a report in the Sarasota Herald Tribune.

In some of California's most challenging markets, sales are also way up—and apparently heading higher. In Orange County—south of Los Angeles and close to ground-zero of the housing

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New!

GCI DEVELOPMENTS

2009 GCI Policy and Procedure Updates!

GCI will be sending out weekly email notifications concerning training topics and procedural updates towards the end of the 2008 calendar year so we can ensure that all of the inspectors in our Nationwide Network are up to speed and operating on the same inspection requirements.

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Real Estate Outlook: Sales Jump in Ailing Markets (cont'd)

bust on the west coast—sales rose by 66.6 percent last month compared with the year before. And they were up by 62 percent year over year the month before.

This is the fourth straight month of significant sales increases for Orange County—a sure sign that something important is underway there.

And let's be frank about what's really going on.

It's the same dynamic as in Florida: Prices have dropped sharply, bank foreclosures and short sales are dominating activity—and now houses are far more affordable than they were three and four year before.

In Orange County median prices were down by 27 percent year over year last month. In Florida, prices are also depressed—24 percent lower than the year before. In Miami, the median is off by 30 percent.

Meanwhile the essential ingredient to turning low prices into rising sales—affordable mortgage money—continues to be a bright spot. Interest rates for 30 year fixed loans are hovering just above 6 percent, and are in the upper five percent range for 15 year loans.

As we've said before here at Realty Times, the stock market may be doing wild and crazy things on any given day.

But month after month, there are tangible indications that the housing cycle is beginning to come around.

You just have to be open to seeing them. ■

THANK YOU FOR ATTENDING GCI's Inspector Appreciation Reception at the Inspectors Training Association (ITA) Expo!

During the three day event, we were able to meet and greet some of our inspectors from our network. The GCI inspector appreciation reception that we had was also a success as it allowed us to show our appreciation to the inspectors who were able to attend.

During our reception, we were able to talk to our inspectors about some of our new procedures, upcoming enhancements and company goals.

The Inspectors who attended our inspector appreciation reception had one thing in common. They were asking "what would it take to obtain additional projects?" I reminded them of our new

contact policy and requirements that would allow them to improve on their Turn-Times; I also mentioned that improving their notation and documentation on the report will separate themselves from the next inspector. We were also able to meet new inspectors who were anxious to join our network and cover some areas we currently don't have an inspector.

The Las Vegas ITA Expo was fun and informative but it's now "back to work". I hope those who were able to attend found it just as fun and informative. We'll be looking for you at the next ITA Expo!



The ITA Expo in Las Vegas was a huge success!





INSPECTOR CENTRAL

New! GCI DEVELOPMENTS (cont'd)

These emails will cover a multitude of topics from the basics of performing draw inspections for GCI and the individual components that make up a timely and accurate inspection to making sure that GCI's inspectors have submitted all of the proper paperwork so that GCI can make sure that their inspectors are paid in a timely manner for their work performed.

All of these topics and trainings will help to ensure that both GCI and their Nationwide Network of inspectors start 2009 on the right foot so that we can all make the best of the current market situation. ■

Granite is a member of:

THE INTERNATIONAL ASSOCIATION OF CERTIFIED HOME INSPECTORS



For more information about NACHI, visit them at www.nachi.org or explore their resources at www.inspectormall.com.

“OUTSTANDING... IN THE FIELD”

Mr. Dean Winn is a member of Southern Colorado BBB, NACHI, NAMI, NSHI and certified as an advanced disaster inspector for FEMA declared disasters by PaRR. Dean is certified for all types of Commercial and Residential inspections including mold, insect and environmental issues, log cabin, straw bale, water, waste, well, electrical, plumbing, structural, foundation, HVAC and all other methods of construction.

In 26 years of military and civil service, my wife and I have lived in several countries and many areas of these United States. This sort of experience cannot be bought, it must be lived. Due to these many experiences I wanted to find a self-run business that could bring together my skills and loves into a way of life that would bring service to the community and contribute to happy clients. I sought to prepare myself by receiving extensive training and certification that would best reflect the scope of service I believed my clients deserved. My parents taught me to not only remember the best qualities of the American citizen, but also to honor my family's name in all my endeavors.



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As the State of Colorado did not require certification, I researched the states that have the most stringent requirements. I pursued a course of training and action that would allow me to be licensed in any state of the union. This pattern of behavior is indicative of my business activities and guidelines. To this, I hold myself to high standards of practice and strive to provide service that sets a high bar of customer satisfaction. The paying customer deserves more than what they pay for, the paying customer deserves the best, most competent, highest quality and honest service I can give.

Even though Dean completes just a few inspections for us per month due to his remote location in the mountain range of Colorado, his strive to be the best that he can be shows in his work and sets him apart from the rest. He has awesome turn around times and great wide angle photos. He has even gone that extra mile for us trudging through snow to complete the inspection when the mile long driveway was inaccessible by vehicle. Keep up the great inspections, Dean!



Risk of Home Fires Rise as Temperatures Drop

by Peter L. Mosca²

There is no denying that fire is, and always has been, part of our natural ecology. Unfortunately, we have all seen the horrors when all of the factors necessary to support large, intense and uncontrollable fires are present. Today, as outdoor temperatures drop and people across the nation take measures to keep themselves and their loved ones warm this winter, builders should alert both current and prospective homeowners with steps to reduce the risks associated with home fires. The following provides some tips for both outside and inside the property.

Outside

The more continuous and dense the landscape, the greater the fire threat is to a home. The first step, therefore, is for the homeowner to create defensible space outside the home by removing fire prone plants and replant those with low-fuel vegetation. For example, minimize or eliminate the use of evergreen shrubs and trees within 30-50 ft. of a structure, because junipers, other conifers and broadleaf evergreens, such as eucalyptus, contain oils, resins and waxes that make these plants burn with great intensity. In addition, to prevent fires from starting in landscape from the ground up, provide separation between vegetation in the defensible space. Consider a vertical separation of three times the height of the lower landscape layer.

On the home itself, cover the roof with non-combustible "Class A" fire

retardant shingles and the chimney and stovepipe with an approved spark arrestor. When designing a driveway, allow for large emergency equipment to reach the home and have areas wide enough for emergency vehicles.

Inside

Install smoke detectors, the first warning against fire, on every level of the home. Give special attention to areas like the kitchen, bedroom hallways and staircases. Keep fire extinguishers handy. Consider a residential fire sprinkler system to further protect the home (and it could serve as a unique marketing feature for the property).

With gas and oil prices soaring, fire incidents involving heating equipment are expected to rise. According to a recently released National Fire Protection Association (NFPA) report, heating equipment is a leading cause of home fires and nearly half of all home fires occur in December, January and February.

Heating a home to a comfortable temperature is something we would like everyone to be able to accomplish without it resulting in a tragic fire, said Acting Consumer Product Safety Commission (CPSC) Chairman Nancy Nord. It is important that heating equipment is properly used and maintained. Fires often start when heaters are left too close to things that can burn. Consumers can protect themselves by making sure that space heaters or other equipment are not too close to clothing, mattresses, bedding, cushioned furniture or other things that might ignite.



According to NFPA, in 2005, heating equipment was involved in an estimated 62,200 reported home structure fires, 670 civilian deaths, 1,550 civilian injuries, and \$909 million in direct property damage. The NFPA report found that although fires were more likely to begin in chimneys or chimney connectors, usually because they were not cleaned, fires involving space heaters were the most deadly. While space heaters were involved in only one-third of heating fires, they accounted for three-fourths of the fires deaths.

NFPA Assistant Vice President of Fire Analysis and Research John Hall and the CPSC recommend the following heating safety tips:

* Space heaters need space. Keep all things that can burn, such as paper,

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JOIN OUR NETWORK!

GCI is constantly recruiting qualified individuals for our nationwide Inspector Network.

If you are qualified to perform either residential or commercial construction inspections and are interested in applying, please email us at:

inspectorinfo@gcinspects.com

to learn more about what GCI can offer you!

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TRAINING CORNER: Communication is Key!

Inspection Site Review - Inspector Comments

Communication is the key to the success of our process. Please include in the *Inspector Comments* section of the *Inspection Site Review* any pertinent details regarding the inspection. If the special instructions indicate to provide a 2-hour notification before coming to the site, the inspector needs to notate in the comments the date and time advised to the site contact that he would be arriving at the site, and arrive when stated. If the contact does not allow access or access is not available upon arrival, notate that accordingly in the *Inspector Comments* section of the *Inspection Site Review*.

The GCI Quality Control team utilizes these comments to assist in the processing of the results to the lender. The comments and specifics that are notated by inspectors are critical in the final product that is sent to the lender.

Communication is also key in the GCI Customer Service process, especially if the contact numbers are not working, the builder or borrower has requested a specific completion date, or any reason causing delay. Please respond to all GCI staff inquiries regarding the status of the inspection results by calling Toll Free 800-919-8903 or email inspectorinfo@gcinspects.com. GCI has a 48-hour turn time agreement with Lenders and is required to submit the results to them within that time frame unless a specific *appointment required* date is specified or the inspector is notified in the field of a different time to complete the inspection by the Owner or Contractor and notifies GCI of the new time.

The lines of communication must be open for all parties involved for the success of the inspection process.



Risk of Home Fires Rise as Temperatures Drop (cont'd)

bedding or furniture, at least three feet away from heating equipment.

- * Turn portable heaters off when you go to bed or leave the room.
- * Plug power cords only into outlets with sufficient capacity and never into an extension cord.
- * Inspect for cracked, frayed or broken plugs or loose connections. Replace before using.
- * Have your chimney inspected each year and cleaned if necessary.
- * Use a sturdy fireplace screen.
- * Allow ashes to cool before disposing. Dispose of ashes in a metal container.
- * Install smoke alarms in every bedroom, outside each sleeping area and on every level of the home. For the best protection interconnect all smoke alarms throughout the home—when one sounds, they all sound. Test smoke alarms at least once a month.
- * Install and maintain a carbon monoxide alarm in a central location outside each sleeping area.
- * Never use an oven to heat your home.

Reducing the risks associated with home fires is not only helpful for both current and prospective homeowners but also the communities where the property is located. It's a nice way to start a relationship and a simple gesture that will not be forgotten.

You should tell the builder that you want the right to have an inspector of your choice—and at your expense—

DID YOU KNOW?

GCI's Inspection Platform

Residential and Commercial Inspection Types Include:

- Construction Draw
- Damage Assessment
- Aquisition and Development
- Clear-Lot
- Easement/ALTA
- Forensic
- Status/Audit
- Tenant Improvement
- MOD Drop
- Title Datedown
- Pre-Start Analysis
- Tenant Improvement

To find out how you can be a commercial inspector, contact us at inspectorinfo@gcinspects.com.



Risk of Home Fires Rise as Temperatures Drop (cont'd)

to conduct these three inspections. The sales contract you sign should spell this out in clear terms.

There are many components involved in a new home, such as the roof, the foundation, the electrical and plumbing and the heating and air conditioning systems. I recently heard of a situation where a homeowner complained that the new house was not being adequately cooled, and when a professional inspected the system, he discovered that the builder had made a mistake. The system that was designed for a smaller house was accidentally installed in the house that was inspected.

Once again, the developer had to spend a lot of money correcting the situation—money which could have been saved had there been periodic inspections.

It often amazes me that when consumers buy a new car, they inspect it carefully, even to the point of kicking the tires. But when they buy a new house, they are more concerned about how many bedrooms there will be, and what size television will they be able to put in the family room.

To my knowledge, there are two major home inspection organizations: ASHI and the National Association of Certified Home Inspectors.

If you do not have the name of a competent inspector, you can find one by going to either of these organization's websites.

When you contact a home inspector, inquire of his/her qualifications and background. In the past few years, when real estate sales were quite strong, many people with little or no experience opted to hang up their shingle as *home inspectors*. Many states have some form of laws involving certification of home inspectors, and the full list of these state laws can be found on the ASHI website.

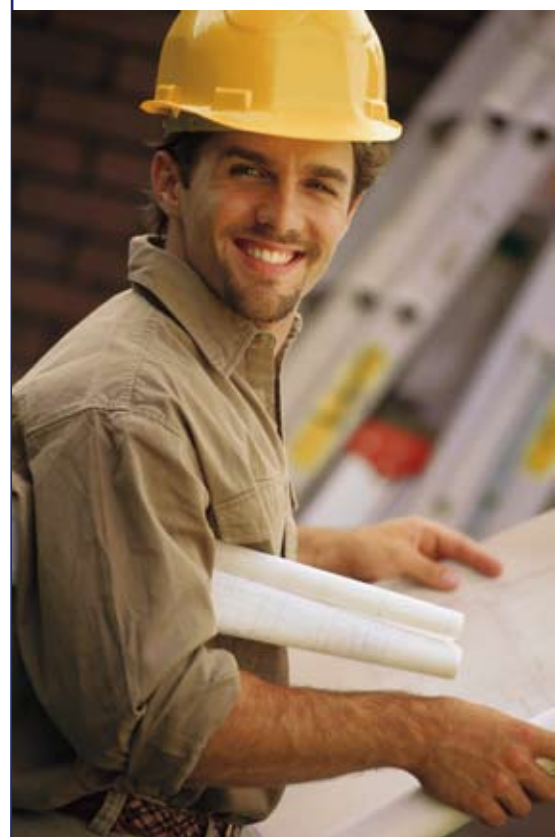
If you decide to hire an inspector, get a copy of the inspector's contract before you formally commit yourself. Read it carefully, and make sure that the inspector will be doing the job you want.

There is one controversial provision in most home inspector's contract, called *an exculpatory clause*. This states that should the inspector make a mistake and negligently fail to pick up problem areas in the house, your only remedy is to get full refund of the contract price. This clause has been upheld in the State of Maryland.

Recently, however, the District of Columbia Court of Appeals held that these exculpatory clauses will not be enforced *when a party to the contract attempts to avoid liability for intentional conduct of harm caused by 'reckless, wanton or gross behavior.* (Carlton v Home Tech, decided June 15, 2006). This was a modest fix but unless you can prove that the inspector was engaged in such behavior, the exculpatory clause will be enforced.

While not every home inspector will agree to delete this clause, it certainly is worth trying.

Purchasing a new home creates significant anxiety among many potential homebuyers. Why not get an inspector to be on your side to relieve you of at least one aspect—namely is the house built properly or will we have problems after we go to settlement? ■



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