



CONSTRUCTION INSPECTOR REVIEW

VOLUME 3, 4TH QUARTER 2006

WORD FROM THE HOME OFFICE

Our Hats Are Off! It's the end of another successful year here at GCI and we have our terrific Nationwide Inspector Network to thank for it.

We have experienced tremendous growth in our inspection volume over the course of 2006 and thanks to all of you we have been able to exceed our turn time requirements and deliver an outstanding product to our client.

Our Sales & Marketing department has been working overtime to provide GCI with new business. We have several new clients coming on with GCI in the 1st quarter of 2007 which will generate additional volume for our Nationwide Inspector Network.

From all of us here at GCI, Happy Holidays and we look forward to working with you in the New Year!

The GCI Inspection Team

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More Inspectors For Newly Built Homes Making The Rounds

by Broderick Perkins¹

The home inspection industry is gearing up with guidelines for a new breed of home inspector who inspects new homes as they are being built. Unfortunately, few new home buyers will benefit because the vast majority of new homes are constructed by builders who don't give buyers the option for a professional once-over before the home is complete. Some homebuilders even refuse to talk about the issue.

Inspecting new homes under construction using "progress," or "stage" inspections could help ferret out defects that might otherwise become hidden and latent in completed construction, only to reveal themselves years down the road.

Phase inspections are conducted not when the home is complete -- as is the case with most existing or resale home inspections -- but during critical stages or phases during construction -- points when the foundation, flooring, framing, wiring and plumbing, drywall, roofing and final coverings (stucco, siding, etc.) are completed, as well as when the home is completed.

Hiring a professional to be on site, depending upon how often he or she conducts inspections, could cost

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New! GCI DEVELOPMENTS

GCI Web Site:

Stay Focused! Starting January 1st 2007, the GCI web site will not allow any inspections to be submitted that do not have at least eight (8) photos uploaded in addition to the inspection report.

Pump Up the Volume:

GCI is continuing the trend established in 2006 of increasing our volume to our Nationwide Inspector Network. We have signed additional clients that are slated to start in the 1st quarter of 2007. What this means to our inspector network is that you may experience additional inspection volume and you may be working on projects that are in varying stages of construction. We realize that these inspections can

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GCI'S TOP 5

Top 5 Most Commonly Missed Photos

1. Materials on site
2. Septic and Well systems
3. Permits
4. Wide angle shot vs. tight shots
5. Pools and Spas



More Inspectors For Newly Built Homes Making The Rounds (cont'd)

hundreds, even \$1,000 more than the typical several hundred dollars it costs to hire an inspector to scrutinize an existing home, but the pay off could save tens of thousands of dollars.

"We do those types of inspections here in St. Louis," said Don Norman, president elect of the American Society of Home Inspectors (ASHI). "I found some fairly significant defects last fall and in the worst case scenario, the roof trusses could have sagged and failed. You couldn't see that if the drywall was in place," Norman said, naming Jones Co., McBride and Sons and Hayden Homes among clients who allowed buyers to hire him for phase inspections.

The work performed by Norman and a growing number of other inspectors is virtually the same as the inspections conducted by municipal building officials, but the booming new home construction industry mass produces so many new homes, local building inspectors can't always keep up with the demand.

"Housewrecked," a *Consumer Reports* investigation into new home defects, published in its January 2004 edition, said the shortage of government building inspectors is but one reason as many as 15 percent of all new homes sold have a serious defect.

The defects include faulty foundations, serious moisture intrusion and shoddy framing all manifested as cracks, rotting, and inoperable windows and doors -- too often not showing up until long after

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! SPECIAL HANDLING!



Just as some packages are labeled "Fragile - Special Handling" lenders will request the same "Special Handling" on their draw inspections. This can be due to a number of situations but all are critical to the successful and accurate completion of any inspection.

When you receive an inspection order from GCI it will have these special handling directions under the "Original Message to Inspector" heading. In this section you will find Contractor and/or Borrower contact numbers along with comments requesting things such as: *Appt. Required with Contractor, Please inspect for XYZ item that is not listed on budget, Gate Code is 1234, Please inspect on XYZ date that is outside of the normal 48-hour turn time period*, or any number of other instructions. These notes have to be followed in order for the inspection to be considered complete and accepted by GCI and the lender. So please pay attention to the "Original Message to Inspector" section so you don't have to make an additional trip.

Don't worry though, when instructions ask for an appointment to be completed outside of the standard 36 to 48-hour turn time, these will not count against your turn times. As always, if there are any questions or concerns please contact GCI immediately at 1.800.919.8903.

Inspection Meetings:

There may be times when a Contractor or Owner/Builder will request a meeting with the inspector for their project draw. This is mandatory for the successful completion of the inspection.

This meeting request could be due to a number of reasons such as: cost overruns, deposit items, budget reallocations, final inspections that require the owner for access, or any other issue that may arise in regards to the specifics of the project. As you know, the goal of the inspection is to determine what progress has been made on the project and report those findings back to GCI with the appropriate photos.

We encourage you to document issues discussed in the "Inspector Comments" field of the Site Review section, but please do not update inspection completion percentages for items described as deposit or budget reallocations as the Lender has to make the determination to fund on these items.

Furthermore, please *do not* discuss your findings or make promises to the other party as to what funding they will receive. You can mention to the other party that you are allowed to notate items you discuss and that GCI will pass that information on to the Lender for the final decision. Please feel free to call GCI Customer Service with any questions regarding this policy.

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!



INSPECTOR CENTRAL

Communication is Key!

Anything that may delay the delivery of an inspection is very important to us. Please contact us immediately by phone at **1.800.919.8903** or by email at inspectorinfo@gcinspects.com whenever you encounter obstacles that may cause a delay.

We can then assist you in resolving the issue and provide valuable information to our clients to keep them up-to-date. Some reasons for a delayed inspection may include:

- **Incorrect Borrower or Contractor contact information**
- **Locked Gates, Lock Boxes**
- **Incorrect or Poor Directions**
- **Appointments not being met by Contractor or Borrower**

WIN A \$50 GAS CARD TODAY!

MAKE A REFERRAL TO GCI AND FREE GAS IS AS GOOD AS YOURS!

GCI has launched a referral program to recruit qualified inspectors in rural areas across the country. If you know a qualified inspector who can service one of these areas, and they are accepted into the GCI network, you will receive a \$50 gas card.

For more information contact Angie Kelley, Inspector Network Coordinator at angie.kelley@gcinspects.com.

“OUTSTANDING... IN THE FIELD”



Jack Hall of AZ-Countywide Home Inspections in Pheonix, Arizona

Jack always exceeds GCI's standards....

Jack has lived in the Phoenix-Scottsdale area since 1978. Previously, Jack was in the glass replacement business for 34 years, 25 of those spent as the owner-operator of Bell Glass Co. Inc. Much of his business was dealing with home builders at the various stages of construction to ensure the home was ready for completion on time.

Jack's hard work and dedication to business has certainly transpired into his home inspection business and we at GCI could not appreciate it more! Thanks for all of your hard work and attention to detail!

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Time is of the Essence:

In this deadline-oriented environment, we are required to have draw inspections back to our clients within 36-48 hours. This includes our front and back-end processing time in addition to the inspection that is performed in the field. As you know, with the numerous steps that are involved, every minute is critical.



For example, if an inspection is not confirmed on the GCI web site by **12:00 Noon (MST)** on the following business day

after it was ordered, it will be automatically reassigned to another inspection company. So when we send an inspection assignment out, we notify you in a variety of ways

- ✓ **EMAIL:** An initial email is sent to the email address provided to GCI.
- ✓ **PHONE:** A phone call is made to the primary phone number that was provided to GCI.
- ✓ **FAX:** An inspection request form is faxed, unless we have been directed that email only is preferred.

We want to give you every opportunity to accept an assignment, so **GCI will call and email you one hour before the reassignment is to occur.** This “last attempt call” is to inform you of the pending inspection. We will even accept and schedule it for you online if you can't get to your computer – just ask us!



Comments & Compliments

We are always looking for feedback from the field. If you have a suggestion to make your job more efficient or have something nice to say, let us know.

We appreciate your input and look forward to hearing your thoughts and ideas.

New! GCI DEVELOPMENTS (cont'd)

sometimes be more difficult as you will be working off of someone else's information. As always, if you have any questions please don't hesitate to contact us to clarify the situation. Our Customer Service group can be reached toll free from 7:00am until 6:00pm MST at 1.800.919.8903.

Granite Commercial Management (GCM)

GRANITE COMMERCIAL MANAGEMENT (GCM) is up and running. Created to more effectively capture and manage the commercial risk mitigation market, GCM has broadened Granite's platform of services, increased our inspection business, and augmented company recognition industry-wide.

To learn more about GCM visit us at www.granitecm.com



When in Doubt, Shoot ...

Your pictures, that is. Photos tell the story of what is currently occurring on the jobsite, so give us the "Big Picture". While close-in shots are great for making us aware of unusual or problem items; wider shots may be able to show us what is going on overall and highlight other items that are included within a project budget. In addition to the required "Photo Focus Items" please include photos of the following key areas so that we have a comprehensive understanding of the entire project's progress:



1. Front Elevation (Wide)
2. Rear Elevation (Wide)
3. Side Elevations
4. Living Room / Fireplace
5. Entire Kitchen
6. Master Bathroom
7. Basement / Mechanicals (If Applicable)

NOTE: If there are any inspection items that you have a question about on a project, please shoot additional photos and submit with your inspection report.

More Inspectors For Newly Built Homes Making The Rounds (cont'd)

the buyer has signed on the dotted line, *Consumer Reports* found.

The National Association of Home Builders chided the report as a "deeply flawed thesis" with "preconceived notions" and said the report was devoid of news of new home consumer satisfaction surveys.

Yet some builders are themselves hiring third-party building inspectors to produce a better quality home and some do allow buyers to bring in inspectors during construction, according to David Jaffe, the National Association of Home Builder's vice president of construction liability.

The home builders' association says it has been working closely with ASHI to partner on inspection standards for new homes and the California Real Estate Inspectors Association (CREIA) is encouraging all new home buyers to hire an inspector with a special designation -- CREIA New Construction Specialist - CNCS. The designation comes with training based on a thorough knowledge of International Code Council building codes, model building codes for the nation designed to produce sound, safe, and quality construction.

"I'm a big believer in having the private sector perform inspections on new homes during construction. Every house we build is inspected by a private company at 10 different stages," said Mick Pattinson, owner of Barrat American, Inc., a Carlsbad, CA home builder that cranks out about 700 new homes a year.

Pattinson said the extra inspections are designed to protect the builder and to make sure the home meets or exceeds applicable building codes and standards.

"The 1980s and 1990s left us to realize city inspections were not worth the paper they were written on. We are dealing with a failed system and ultimately

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More Inspectors For Newly Built Homes *Making The Rounds (cont'd)*

the consumer pays. So what the building industry is doing today is what amounts to a form of double duty pay. We still have to allow city inspectors to come and inspect," said Pattinson, also former president of the California Building Industry Association.

But, as with most builders, the buck stops there.

"I'm in favor of private inspections during construction. I'm not saying that should be driven by the customers because they don't own the property until it closes escrow. It should be driven by the builder," Pattinson said.

"We do have some home buyers bring inspectors in at the walk-through, but to be honest, I have not had a scenario where a buyer says they want to hire an inspector. I'm not sure we'd have a problem with it, but what is more important is that what we do allows builders to choose between private and public building inspectors," he added.

Why should it matter who brings in the private inspector?

Citing liability concerns, proprietorship, logistics, work flow concerns and other reasons, builders say it's their job, not the buyer's, to bring quality homes to market.

"God knows what they are afraid of. The buyer is going to have a lot better shot at getting something that's not a problem and the builder gets another set of eyes that protects him from a lawsuit or class action down the road. The smart

ones figured it out and are allowing it in Sacramento County and in Los Angeles," said San Mateo, CA-based Jerry McCarthy, a construction consultant and spokesman for CREIA.

Then, say new home consumer advocates, there aren't many smart home builders.

When it comes to the vast majority of new homes built in the nation, new home inspectors are either hired by the builder or brought in by the new home buyer only after the home is complete. Single-site custom home buyers and buyers purchasing homes in small developments stand the best chance of sending a home inspector to the building site before their home is complete.

"We've seen no additional willingness among builders about private inspectors. The concept sounds great, then the big giant production builders tell you you can't do it," said Alan Fields, co-author of *Your New House* (Windsor Peak Press, \$14.95).

"You have a consumer perception issue here more than what the inspectors can or can't do. If consumers decide they were going to insist on inspections and home builders felt sales were slipping because of that contract clause, they would immediately drop it," Fields added.

In California, a little known and relatively ineffectual amendment to the state's Business and Professions Code gives home buying consumers only the right to negotiate bringing in an inspector. In many cases new home contracts expressly prohibit phase inspections or

any inspection before the buyer signs on the dotted line.

Gail Goodman at Dallas, TX-based Centex Homes simply said "Sorry we couldn't help."

"We are not interested in participating in this story," said Phillip G. Creek, CFO and senior VP of M/I Homes in Columbus, OH.

At Indianapolis, IN-based C. P. Morgan Homes, Scott Bowers initially refused comment stating "I don't want to get into this issue. We are selective in what we talk about. It's a question that has never been asked. It is not an issue that has ever come up. I don't know if we have a policy."

Later, however, he recanted.

"Our buyers have the ability to bring one in if they so choose. We don't restrict them, but what happens is, most of the time, if a buyer does bring in an inspector, it is generally near the end of the construction. But it is a policy that we address code issues, but not preference issues," Bowers said. ■

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