

# The **HIDDEN COSTS** of a HOME PURCHASE

by Lori Patrick and Heidi Minuskin

**T**he purchase of your first home is a life changing experience. Your financial expenditures do not end with the purchase price. A buyer must assess potential repair costs before accepting the keys to the front door. Many people believe that once the purchase price is established and they have a mortgage commitment, the deal is all but completed. However, nothing can be further from the truth.

In New Jersey, a buyer of residential property is given the opportunity to inspect the property before the closing to ensure there are no latent defects. Because the buyer is given this opportunity, a seller typically cannot be held responsible for any defects found on the property after closing as long as the defect was not hidden by fraud. Thus, these home inspections are the only tool that a buyer has to protect herself from unwittingly purchasing a nightmare.

Many buyers know about radon testing and testing for termites, two problems that can be comparatively easy to remedy. Other potential problem areas may be overlooked which could result in significant additional costs. A home inspection and the oil tank testing could uncover very costly problems that could otherwise cause a bad case of buyer's remorse.

The home inspection can reveal defects such as water infiltration, mold, structural defects, foundation cracks, hidden fire damage, and substandard improvements to the property. This is the buyer's one opportunity to have an expert in the home to identify potential problems and allow the buyer to protect her interests. It allows the buyer to ask the inspector questions and resolve her concerns about the home she is purchasing. It also allows her to investigate what might look like a minor crack or discoloration, which can turn out to be a major leak or significant structural damage. Questioning your home inspector about the concerns you have about a house can save money and heartache in the long run.

An underground tank inspection is critical. Many homes store heating oil in underground oil storage tanks. Even if a seller never had a problem with the tank, it could have costly defects. Sellers are not required to test residential heating oil tanks as they are not subject to the Underground Storage Tank Act or the regulations promulgated by the State. Most sellers are reluctant to allow testing or sampling of the tank because if there is a problem, the seller must address it even if the transaction does not go forward. A

buyer needs to have the tests done to ensure that the heating system is working properly and that the tank is not leaking so there are no costly problems following closing. Therefore, it is very important that any contract for the purchase of property with underground storage tank should spell out the rights of the buyer to investigate and the responsibility of the parties in the event the tank system is found to have a problem.

Once the owner has reason to believe there has been a leak from the tank, the NJDEP Spill Hotline must be called and immediate steps must be taken to cease the discharge including emptying the tank to prevent the further spread of contamination. The owner should contact a reputable environmental contractor to remediate the area and retest to obtain written confirmation that no further action is required. It is essential that the contracting parties understand the potential costs in addressing underground storage tanks and the closing delays that may be encountered as a result of leaks from the tank and problems with the heating system.

The more information you can gather about the home that you hope to purchase before the closing the better you can protect your investment and save money in the future. ♡



## CONTACT INFORMATION



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