

8 ways to help homebuyers through an as-is purchase

As-is sales are always ripe for complications in markets that typically entertain repairs and concessions after the inspection period. Agents need to make sure clients are as prepared as possible before going into a multiple-offer situation. Here's how



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In past markets, the word “as is” typically conjured up images of foreclosures and [fixer-uppers that required](#) a substantial amount of work visible to the naked

eye — plus a lot of things that weren't so visible, like plumbing, electrical, the roof and of course, the dreaded word: termites!

Flash forward to the pandemic real estate boom, where houses are selling as fast [as multiple showings](#), offers are piling in, and most sellers are offering homes "as is." There is simply too little inventory and too much demand for a seller to even entertain the idea of doing any repairs from an inspection report (with rare exceptions).

In some real estate markets like California, homes have long been selling "as is," with some consideration given to health and safety issues, like a water heater that needs to be braced or an active termite infestation that needs to be treated prior to closing.

Buyers barely have a minute to secure a showing when a new listing hits the market — let alone the 15 to 20 minutes it takes to see it and rush off to submit an offer on what is the single largest purchase they'll make in their life.

A mere 15 to 20 minutes of frantically running through a home before plunking down hard-earned, well-saved cash and obtaining a mortgage payment? How much can a buyer possibly remember? The pressure is on to submit the highest and best terms from the get-go because the seller may only consider the top couple of offers and only choose one to work with.

This means buyers must max out on their offer price and lift virtually all contingencies [except for the inspection](#) (to be accomplished in a ridiculously short period of time), and oh, by the way, the seller plans to sell "as is."

Buyers who are already taxed to the max — and are likely going beyond their financial and risk comfort zone — may need some coaching and guidance in understanding what “as is” means.

I’ll never forget this: A few years into my real estate career, a company memo went out when the market began to shift for the worse, and people wanted to pull out of contracts. The memo reminded us that “a contract is a contract,” and it didn’t allow for an out due to market conditions, among other things that weren’t mentioned specifically in the contract.

I’ve taken those words to heart when it comes to the term “as is.” “As is” means a buyer is buying the home in its present condition, with no repairs to be made by the seller.

These two words are used to deter the thought of even asking for something post-inspection, not that buyers aren’t tempted to try.

That being said, inspection reports can often entice the buyer to try to ask for repairs or a concession from a seller, despite the “as is” condition of a contract which can create resentment and frustration from a seller and their listing agent, and confusion from a buyer. Here are eight ways to help the buyer through an “as is” sale:

1. Manage proper expectations

Set and [manage proper expectations](#) from the beginning. It’s important to explain to a buyer that “as is” does not mean an opportunity to go back to the seller and attempt to renegotiate the purchase price or ask for repairs.

This kind of request may be rejected outright, especially when a seller has a plethora of other offers waiting in the wings (in case the current buyer whose offer they’ve accepted does not work out).

The sellers can simply use the buyer's inspection report as even more leverage by disclosing it and being upfront about all issues, and reiterating their as-is position. The next buyer will have the benefit of more information about the property's condition.

2. Conduct due diligence

Conduct as much due diligence as possible about the property before seeing it and making an offer. There may not be much time to do that these days, but make sure to check if any documents have been posted with the listing regarding disclosures or other pertinent information (if this is done in your market).

Scan prior listing histories to see what previous listings of the property may have revealed about its condition, [upgrades and improvements](#). If there is no mention of a roof being replaced or the fact it is a few years old, then it may be older in nature and may require replacement in the near future — ditto for systems like a furnace, HVAC, water heater, etc.

If you can access building department records, check to see if any permits were pulled and what they were for and when. Conversely, you can also notice what permits were not pulled.

Walk the buyer through various websites and sources where they can research information about the property. This will give you and the buyer a good idea of what to expect before [seeing the property in person](#) (assuming that's even possible).

In some cases, lack of information may make it all the more a mystery and you may need to rely on what the listing agent will share in advance of your visit.

As always, take that information with a grain of salt until you can assess a home inspection or other due diligence. As is the case in all things real estate, sometimes there are more questions than answers and more confusion than clarity.

3. Use showing appointment time wisely

Use the [showing appointment](#) to take a closer look at structural elements and systems versus just the cosmetic stuff. While it is easy to get caught up in all the fun stuff — like where the furniture will go, what color the buyer wants to paint the walls or other changes they may want to make — none of that matters if the results of the inspection report are shocking to the buyer.

If you are able to, consider bringing in a trusted home inspector to conduct a basic assessment of the property's systems and structure during the visit.

Alternatively, you can arrange a video walkthrough.

If an inspector will physically accompany you to a showing, you may need to clear that with the listing agent and sellers ahead of time. Given the sheer volume of showings, it may not even be possible.

If an inspector is allowed in, make sure the buyer understands that this is a limited-scope inspection designed to give an overview of some of the more major components of the home, and it's by no means is a comprehensive review of everything in the property.

It is also important for buyers to understand that this is not an opportunity to use this information in a [negotiation with a seller](#). The buyer is not under contract with the sellers, and the door is open for the sellers to work with whatever buyer they want.

If your buyers approach the sellers with feedback (from a limited inspection) in a multiple-offer situation, they may deem the buyers too challenging to deal with and decide to work with someone else.

Explain to the buyer that the goal of getting an inspection overview is so they can establish a comfort level and familiarity of what to expect with the home. Surprises, after all, are never a good thing in real estate.

Additionally, it's best for the buyers to get over any initial shock and awe before making an offer. Maybe the buyers will decide to pass on the property — saving money, time and frustration for everyone involved.

Too many homes are coming back on the market just as easily as they are going under contract these days. Buyers and their agents are just running after anything and everything, sticking with the “we will deal with it later” attitude, which is fine — until the other shoe drops after inspections.

4. There is no such thing as a home in ‘perfect’ condition

Educate the buyer that no home is perfect inspection-wise, and every property has issues that an inspection will identify — even [with new construction](#). Let the buyer know there are bound to be a few different buckets of items typically found during an inspection.

- **Handyman-level repairs:** Loose switch plates, missing lightbulbs, torn screens, cabinet or closet doors that need adjustment, dripping faucets, old garbage disposal, caulking, sealing, etc.
- **Structural items:** Roof, chimney, exterior, decks, patios, balconies, window issues, etc.
- **Systems:** Heating, cooling, water heater, plumbing and electric, etc.

Based on your experience as an agent, give buyers an idea of general repair costs on these kinds of issues. Maybe even let the buyers discuss these issues with an inspector, a trusted contractor or a handyman you’ve worked with before. That way, they’ll become more familiar with home repair costs.

Some buyers are more in tune with home improvement and maintenance items versus others, and some buyers think every item found may cost hundreds or thousands of dollars when the part could something in the \$10 range at a hardware store.

Education and insight often help remove some of the fear and anxiety when it comes to truly understanding [home improvement costs](#). While some items cost more than others, there are certainly things that are relatively inexpensive to fix.

5. Understand and manage the level of risk

Given what you and the buyers have been able to determine about the property's condition, help them recognize the level of risk they are comfortable with in terms [of crafting an offer](#) with respect to price and all else.

This will help them avoid any unnecessary shock and possible disappointment if their offer gets accepted and things don't turn out the way they'd hoped — all because of uneducated expectations regarding property condition.

6. Insurability

Assist the buyers ahead of time in determining if insurance can be obtained on the property as well as mortgage financing (if applicable) given the property's condition.

For example, a four-point inspection that gives an overview of a property's roof, heating and cooling, electrical and plumbing systems may be required by an insurance company. Depending on the age and condition of these systems, that could make the property very difficult and expensive to insure or uninsurable at all.

Mortgage lending requirements will typically not want to see unfinished flooring or a missing dishwasher, for example (if the buyers are looking at a property that's in rough shape versus something that's finished.)

This will help head off any last-minute surprises that may arise while under contract in an "as is" situation. In any case, if the ability to secure insurance can't be investigated prior to an offer being made, a buyer needs to tackle this issue immediately upon going under contract in this scenario.

It's often helpful to find out who the seller is currently using for their insurance as well as how much it costs. There is no guarantee that the seller's insurance company will write a policy for a new homeowner (or that the cost will nearly be the same), especially if the home has some older components that could potentially raise a red flag.

7. Major issues revealed

Does “as is” *really* mean “as is”? Yes, this conflicts a little with what I mentioned in the first paragraph. However, sometimes inspections reveal major issues of concern, like termite infestation, foundation issues, mold and active leaks, to name a few.

In this case, buyers might (and I’m using the term “might” here loosely) to be able to broach the sellers, making the case that these issues are significant in nature and will likely arise no matter who buys the home.

If serious issues are uncovered on a property, selling “as is” may become aspirational, and the sellers may need to adjust their asking price as well as terms to secure a buyer who will stick.

For example, a cash buyer may be the only one able to buy the property if its condition gets in the way of a lender being able to make a loan or a buyer obtaining insurance. Even a cash buyer may encounter difficulty getting insurance and may not want to take on the risk of trying to sort through all the complications.

While there are no guarantees a seller will be willing to work with a buyer to address these issues in some way, if the seller was not aware of, or did not make these issues known upfront to a buyer ahead of time, the seller may not have a choice in order to get the home sold.

At the same time, the buyer needs to understand major issues do not include routine deferred maintenance or handyman-kinds of repairs or even to account for missing items like screens. Used homes will likely have some level of maintenance items needed no matter what price they are.

In any case, never promise or state to the buyer, “Well, the seller has no choice now,” and they have to deal with it in some way, as you never know what they might do. They could still stand firm in their position and to my point above, choose to use the inspection report as leverage with another buyer, and adjust their price and terms accordingly to only attract those buyers who have the financial and emotional bandwidth to take on the current condition of the property — no matter how serious or costly the issues found are.

8. Buyer's remorse

Talk to your buyers and discuss the possibility of experiencing a level of regret or remorse during and after the sale. [Buyer's remorse is real](#), and it's more prevalent in the kind of high-pressure market we are experiencing.

It is easy to get caught up in the hype, and sometimes the focus is more on having the winning offer than dealing with the condition of the home itself. Explain to the buyers that despite all the inspections and investigations that can be performed during the due-diligence period, there will always be more to an "as is" home purchase than meets the eye.

Buyers who start working on repairs and renovations post-closing may realize there's a lot more involved. That's because inspections are usually noninvasive and don't involve opening up any walls or doing any kind of intrusive testing.

A more serious condition that requires attention or defective construction or installation of something could be revealed. Explain that is not unusual, and it's nearly impossible to know the exact scope and cost of every item found on an inspection report.

Like all else, when it comes to home improvement and repair, advise your clients to budget for contingencies. Things typically end up costing more than originally planned. Buyers needs to be prepared for this reality and adjust accordingly.

Right now, homebuyers are largely not afforded the benefit of much latitude when it comes to issues found from inspections. What's more, the wait time to book a contractor or appropriate repair person could be lengthy, and let's not forget the delays and high costs of building materials like lumber.

As-is sales are often ripe for complications in those markets that typically entertain repairs and concessions after the inspection period. Given the "new normal" in just about every real estate market in the country, buyers need to work with their agents to conduct as much due diligence ahead of time when a property hits the market, so they can be as prepared as possible going into a multiple-offer situation. After all, knowledge is power and information is priceless.

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