

70 Ways for Home Buyers to Save Money When Buying a Home: Tip #14

Tip #14 in our series of 70 ways to save money when buying a house is use a weasel clause to protect yourself.

Even if your lender does not require a pest (termite) inspection and the seller says he has never had a problem with insects you should get one done for yourself anyway.

If the house has a pest problem, and you do not discover it, it could cost you thousands in repairs and months of agony. Spend a little money now to avoid spending a lot later.

A pest inspection is easy to do and relatively cheap. Just make sure you add a contingency in your offer that the offer is only good if you approve of the findings of the pest inspection.

Notice the wording of the previous paragraph. It says that you will buy the house only if you approve of the findings. It does not say you will buy the house if there are no termites. This is what we in the business call a weasel clause. It lets you get out of the contract for a stupid reason.

Even if the pest inspection comes back negative, you can still say you do not approve of the findings, and walk away from the deal. And there is nothing the seller can do about it.

Without this clause, if for some reason you had to back out of the deal, you would end up losing your escrow money.

Another way to get the deal canceled is to say that you did not qualify for the loan. Every offer to purchase should have the clause that if the buyer does not qualify for the loan, the deal is dead. But if you followed our earlier tip about having a pre-approval letter it will not be possible to use the mortgage clause as a weasel clause. So we use the pest inspection as the weasel clause.

Just make sure to leave yourself a backdoor in case you need to get away from the deal. Maybe another house you like better just went up for sale, or you decide you do not like the neighborhood after all. Whatever the reason, it is always a good thing to have an out, in case you need it.

The pest inspection makes a great weasel clause. But even if you do not use it as such, make sure to get one done before you buy. Getting rid of termites is a very annoying and expensive proposition. And not something you want to do for your new house.

Spend the couple hundreds dollars and get it done. And add it to the offer that you want to have it done, otherwise the seller does not have to allow you to do it.

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