



Guidance on Inspections and Appraisals for Tenant-Occupied Homes in Contract

Christal Park Keegan, Nevada REALTORS® Legal Information Line Attorney

An overwhelming number of questions from our members to the Legal Information Lines seek guidance on executing due diligence terms on tenant-occupied homes in contract. The Governor has continued to protect tenants from having their doors flung open to the public during the pandemic by prohibiting open houses and in-person showings of tenant-occupied properties. But once an offer has been accepted by a seller of a tenant-occupied home, the home is no longer on the open market but in a private contract operating in a world limited to the buyer and seller. With that said, respect still needs to be given to tenants once a home is in contract.

Inspections

If a tenant provides uncoerced written consent to allow limited access to the limited person(s), being a licensed contractor, for the limited purposes of conducting an inspection, with reasonable 24-hour notice given and following all CDC guidelines and sanitization protocols, then there is unlikely to be an issue. But if the tenant is forced to provide consent, or if the tenant flat-out refuses, the landlord needs to back off and the agent should advise the client to wait or find other ways to virtually meet their needs by working with a cooperative tenant, otherwise they risk being reported to the Attorney General's office and worse, as a profession, we stand to lose access to tenant-occupied homes which could be further limited in future Directives.

Buyer Personally "Inspecting" Home

The best practice is to have a licensed inspector perform the inspection because they are held accountable to their licensing board and are held to a professional standard of practice. The problem with having a buyer perform an inspection when they don't have any relevant professional licensure is that facially it appears to be a viewing. The best practice would be for the buyer to review the detailed report and pictures prepared by the inspector, and if the buyer still wants to see the property, the agent should go back to their addendum practice and extend deadlines out.

Appraisals

The mortgage lending industry has evolved and many appraisal requirements can be achieved via desktop and exterior-only. Buyer's agents should check with their client's lender and request for a virtual appraisal on tenant-occupied homes. Check out this recent REALTORS® magazine articles on How the Pandemic is Changing Appraisals:

<https://magazine.realtor/daily-news/2020/05/14/how-the-pandemic-is-changing-appraisals>

August 4, 2020

Statements made by the Nevada REALTORS® Legal Information Line attorneys on the telephone, in emails, or in legal eNews articles are for informational purposes only. Nevada REALTORS® staff attorneys provide general legal information, not legal representation or advice regarding your real estate related questions. No attorney-client relationship is created by your use of the Legal Information Line. You should not act upon information you receive without seeking independent legal counsel. Information given over the Legal Information Line or in these articles is for your benefit only. Do not practice law or give legal advice to your clients! Inform your clients they must seek their own legal advice.