



# The Inspection & Risk Map

Understanding Risk After You Go Under Contract.

The inspection period is about identifying risk and deciding how to manage it —not about finding a perfect home.

## The 4 Risk Categories

Understanding Risk After You Go Under Contract



### Safety Risks

Items that affect livability, loan approval, or insurance.

#### Examples:

- Electrical hazards
- Structural concerns
- Roof failure or active leaks
- HVAC failure
- Mold or moisture issues

#### Professional approach:

These are priority evaluation items and may warrant negotiation or repair.



### Functional Risks

Systems that operate but are aging or near end of life.

#### Examples:

- Older water heater
- Aging HVAC
- Appliances near replacement
- Minor plumbing or electrical issues

#### Professional approach:

These inform budgeting and long-term planning.



### Cosmetic Items

Condition-related items that affect appearance but not function.

#### Examples:

- Paint wear
- Flooring condition
- Minor drywall imperfections
- Outdated finishes

#### Professional approach:

Not very important, but may want to plan to address before moving in if possible



### Deal-Level Risks

Contract and financial exposure related to the transaction.

#### Examples:

- Appraisal gap exposure
- Repair budget exposure
- Inspection timeline
- Due Diligence at risk (NC)
- Financing conditions

#### Professional approach:

These are evaluated alongside physical findings to determine next steps.



# What Happens After Inspection?



Every inspection leads to a decision path, which looks like this:

The inspection period is about identifying risk and deciding how to manage it — not about finding a perfect home.

Inspection Completed

Review Findings  
by Category

✓ Proceed As-Is

- Accept risk
- Move toward closing

🤝 Negotiate  
Repairs /  
Credits

- Submit repair request
- Seller response
- Renegotiate terms

! Terminate

- Protect remaining EMD
- Forfeit DD (NC specific)
- Restart search

Finish path before **Due Diligence** deadline to protect remaining EMD.

Terminating a contract can involve financial loss, particularly in North Carolina where Due Diligence is typically non-refundable. However, identifying significant issues early may prevent much larger repair costs or long-term financial strain. Understanding this balance ahead of time allows you to structure Due Diligence and Earnest Money strategically – not emotionally.