

REALTY ONE GROUP ULTIMATE

MUNICIPAL POINT-OF-SALE (POS) INSPECTIONS

INTERNAL USE ONLY | Information deemed reliable but not guaranteed. Please confirm all information.

1. WHAT IS A POINT-OF-SALE (POS) INSPECTION?

A **Point-of-Sale (POS) inspection** is a local government-mandated physical inspection of a residential property that must be completed and cleared **before a real estate deed can be legally transferred** to a new owner.

It is crucial for new agents to understand that a municipal POS inspection is **completely separate** from a buyer's private home inspection:

- **Private Home Inspection:** A voluntary contractual contingency paid for by the buyer to discover the general condition of the home for their own knowledge.
- **Municipal POS Inspection:** A mandatory legal prerequisite enforced by city code enforcement. If skipped, the city can block the title transfer, refuse to issue a certificate of occupancy, or issue criminal code citations to the parties involved.

2. STEP-BY-STEP GUIDELINES: HOW TO NAVIGATE A POS TRANSACTION

Step 1: Pre-Listing Research (Day 1)

The moment you sign a listing agreement, check the municipal website or call the city hall building department where the property sits. Ask explicitly: *"Does this city require a mandatory POS building inspection or lateral sewer test to clear a title transfer?"*

- **Youngstown/Warren Area:** Generally **No** POS rules apply for homes on public utilities.
- **Greater Cleveland Area (Cuyahoga/Lake Counties):** Heavily **Yes**. Cities like Shaker Heights, Cleveland Heights, and Euclid require aggressive structural checks before listing or closing.

Step 2: Submit the Application & Pay the Fee

If required, the seller (or listing agent) must complete the city's official POS application and pay an inspection fee (typically ranging from \$50 to \$300). This should be done **immediately upon listing the property**, as waiting for an offer to arrive can cause severe closing delays. City inspectors often have a 2-to-3-week scheduling backlog.

Step 3: The Physical City Walk-Through

A city code enforcement officer will visit the property. Depending on local ordinances, this may be an **Exterior-Only** inspection (checking roof, gutters, paint, sidewalks, and porches) or a **Full Interior/Exterior** inspection (checking smoke detectors, handrails, electrical panels, plumbing traps, and structural soundness).

Step 4: Reviewing the Violation Report

Following the inspection, the city will issue an official report listing any housing or building code violations that must be resolved prior to conveyance.

- **If it passes:** The city issues a **Certificate of Transfer / Clean Escrow Release Letter**, clearing the property for closing.
- **If it fails:** The violations must either be repaired by the seller prior to closing or legally assumed by the buyer.

3. THE REPAIR ESCROW HOLDBACK BLUEPRINT

If code violations are found and the parties want to close *before* the physical repairs are completed, strict POS municipalities utilize a **Repair Escrow Holdback**. This process is governed by specific real estate mechanics:

- **The 125%–150% Rule:** The city or the title company will require a licensed contractor's written estimate for the remaining code repairs. The title company will then **withhold between 125% and 150% of that estimated amount** directly from the seller's net closing proceeds.
- **The Escrow Holdback Account:** These funds are locked in a secure escrow account. They cannot be released to the seller until the repairs are physically finished and a city code officer performs a final re-inspection and issues a passing clearance.
- **The Buyer Assumption Affidavit:** If the seller refuses to do the work or give up proceeds, the buyer can sign a notarized city affidavit officially assuming all legal and financial responsibility for fixing the violations—usually within a strict 60-to-180-day window post-closing.
- **Lender Overrides:** Be careful! Even if a city allows a buyer to assume violations via an escrow holdback, the **buyer's mortgage lender (especially FHA or VA)** may completely reject the setup and demand that safety violations (like peeling lead paint or missing handrails) be fixed *before* they will fund the loan.

4. CROSS-BORDER AGENT COMPLIANCE DIRECTORY

State / Area	Typical POS Rule Structure	Primary Field Action for Agents
Ohio Youngstown / Warren	■ No Municipal POS	No city building walk-throughs required. Focus exclusively on private utility final readings and county-level well/septic permits if applicable.
Ohio Greater Cleveland	■ Strict Municipal POS	Mandates intensive interior/exterior building inspections. Agents must apply at listing, track violation reports, and coordinate 125%-150% title escrows.
Pennsylvania All Towns & Boroughs	■ Municipal Patchwork	Governed by local home rule. Agents must contact the specific Township or Borough Secretary to identify local lateral dye test rules or Sewage Enforcement Officer (SEO) requirements.