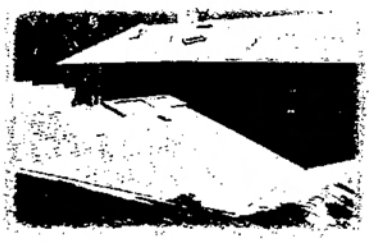

ROOFING ISSUES
FOR BUYERS & SELLERS

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Information for Homeowners and Agents

Nothing is more frustrating than having negotiations between a buyer and a seller break down over a final work order which cannot be resolved between parties. One of the highest priced maintenance expenses a homeowner can face is the replacement of their roof. So if a roof becomes an issue in negotiations, it is often a big issue.

This flyer tries to explain some of the issues which homeowners and agents should be aware of when getting a house ready for the market, performing repairs to reach a minimum certification level required by lenders, and what a prospective buyer should be looking for when evaluating an older roof.

Home Inspections

When a roof is considered during a home inspection, most inspectors will give their general opinion on the condition of the roof. Although they are usually fairly accurate in their assessments, when a roof is past its mid-life, assessment can become more difficult and many factors can come into play in determining the life expectancy of a roof. In those situations, most inspectors defer to roofing professionals to establish the condition and possible need for repairs or replacement.

Certifications

In Washington State, many lenders require that the roof on a home being financed will last at least 5 more years from the date of sale. While we would like to think that the lenders require certs to protect their clients, they may also be concerned with their own interests:

1) In the event of foreclosure and repossession, lenders do not want to have to replace the roof in order to sell the home.
2) Lenders may not want their new clients (the buyer) to face any large unforeseen home improvement expenses in the first few years (presumably after making a substantial down payment), which might impede their ability to make their monthly payments on time.
3) From a financial perspective, the 5 year certification requirement may also create additional business for the lenders since the cost of replacing the roof is often included in the sale price of the home, resulting in more volume.

While we are occasionally asked for two or three year certs, the norm is 5 years.

What is a Roof Certification?

A roof certification is a professional roofer's best estimate and opinion about the life expectancy of a roof.

Technically, a roofer is not able to determine absolutely if a roof has been installed properly. While the flashings may appear to have been installed correctly, the course pattern fine, and the condition of the shingles good, there is no way for example, that he can determine whether the correct number of nails have been used in each shingle or shake without damaging the roof.

Consequently, it is not reasonable to expect the roofer who certifies a roof to "Guarantee" someone else's workmanship which he cannot evaluate conclusively. If he does this he opens himself up to tremendous liability.

While inspecting the roof, the certifier should determine if there are any possible problems which should be addressed or fixed to insure that the roof will last. The certifier should guarantee the roof against leaks and be prepared to repair any leaks during that 5 year period, free of charge. The contractor who certifies a roof should also take full responsibility for any work done by others as a result of his inspection and recommendation. He needs to put himself on the line. If the contractor doesn't have anything to loose by certifying a roof, the cert is meaningless.

A roof certification should not involve any form of "risk management" where the roofer accepts liability based upon the size of the job and his potential liability. After an inspection and repairs have been completed, the roof either certifies or it doesn't. Period. If the contractor feels uneasy about certifying a roof after repairs have been performed, then he needs to do additional repairs to get the roof to a level where he feels comfortable providing a certification. The certification is simply a piece of paper. Any substantial money spent on the roof should be allocated for repairs or replacement—not toward an insurance policy against future leaks. If you are paying more than $200 for a roof certification, you are paying too much.

The contractor asked to inspect a roof should do so with as much objectivity as possible. Siding with either the buyer or the seller will eventually create conflicts and will cause the contractor to loose credibility. He should simply call it like it is.

While many factors come into play during a roof inspection, the bottom line is whether or not the roof will last another 5 years without leaking. A composition roof installed by a homeowner might not have the proper or recommended pattern, but it might be perfectly adequate in terms of keeping the home waterproof for 5 more years.

NEGOTIATING ROOF ISSUES

Let's face it, no one wants to have to replace a roof in order to sell a home. It almost doesn't seem fair from a seller's perspective since they will get no use of it. So it is most often that a seller deals with this issue reluctantly. Here are some considerations to keep in mind:

SELLER CONSIDERATIONS

1) Replacement cost - options might include recover, conversion from shake to comp, etc.
2) Cost to repair roof to certify for 5 years
3) Weigh the benefits of the aesthetic value of reroofing. Will it help sell the home?

   Must I be concerned with covenants or a homeowner's association?

   Should I convert to composition instead?

   Should the material be Architectural vs. 3-tab
4) Will the cert satisfy a buyer in this price range?
5) What would I want if I were buying this house?
6) If repair costs exceed 15-20% of the roof cost, perhaps that money would be better spent on a new roof — give the buyer the option to reroof with material of their choice, and contribute cost of repairs accordingly.
7) If I reroof the house before sale, perhaps I limit buyers ability to upgrade.
8) Perhaps I should include the cost of a new roof in the purchase price and negotiate later.
9) Sometimes it's better to wait on repairing a roof to get a certification. For example, repairs on a shake roof might result in a patchwork of shakes which are different color shades. It will take time for these to weather. If repairs are done before the home goes on the market, a) It might detract from the overall look of the home, and b) it might serve as a red flag that the roof is or has been an issue.

BUYER'S PERSPECTIVE

From a buyer's perspective, if a home they are considering purchasing needs a new roof they will probably assume one or more of the following:

a) The seller is waiting to see if the roof will be called during inspection.
b) The seller does not have enough available funds to repair or replace the roof to make it presentable for sale.
c) The seller has listed the home taking into account the fact that the roof might need to be repaired or replaced, and is willing to negotiate the issue when and if it comes up.
d) The seller means "as is" and they really mean it!

BUYER CONSIDERATIONS

1) You don't want to deal with a roof issue for at least 5 years. Determine your comfort level in replacing a roof on this house. How big an expense are you looking at down the road?
2) How reliable is the roof certification which the seller is providing?
3) Weigh the lender requirements vs. your own needs. If you plan on adding a second story to the house, how does that affect the roof situation?
4) Realize that the seller may only be required to do minimal repairs or replacement. You may want to contribute to an upgrade in roofing material to match the house. A 3-tab roof might not look appropriate but it is all that the seller is required to install.
5) Estimate how long you expect to live in the house. You do not want to get stuck having to replace the roof in order to sell the house. Consider giving yourself a buffer zone by upgrading to a long lasting material to avoid this situation.
6) Even though a recover is acceptable now, it might be better in the long term to do a tear-off now and include the additional cost in financing.
7) Have reasonable expectations in line with the age of the home. Don't expect a perfect roof.
8) If the seller cannot afford to pay for a new roof, then ask the roofer if he can be paid at closing. Or ask the agent and lender if they can do an escrow-holdback so the transaction can close and the roof can be installed at a later time. Then the roofer would be paid by escrow on completion. (This can be an important option when the weather is bad.) Escrow usually requires about 1 1/2 times the cost of the roof to be placed in escrow.

Formulas for Comparing Replacement and Repair Costs of Shake Roofs

A) **Establish cost per year for roof:**

Replacement cost /Average lifespan with variables to extend life = cost per year

Use the following variables in calculations:

1) Pitch: steep roofs = add 2 years
2) Roof has been treated at least once = add 3 years
3) Heavy shakes installed = add 3 years
4) Exposure is 8" or less with 24" shake = add 3 years

Average rooflife for a medium shake roof is 18 years.

B) **To establish the value left in your roof**

Multiply cost per year times number of remaining years to establish the dollar value left in the roof.

Example:

(A 15 year old medium shake roof, steep)

Average lifespan (18 years) - Age of roof (15) = 3 years remaining life

Add for steepness: + 2 years

Expected remaining lifespan: 5 years

Cost for replacement = $10,000

$10,000/lifespan of roof (20 years)=$500/year annual cost

Remaining lifespan (5 years) x yearly cost $500) = remaining value left in roof ($2500)

This means there is about 25% of the life left in the roof. Use this for negotiation purposes. Perhaps a fair rule of thumb is to meet the buyer halfway on the roof and offer 50% value. The listing price might be adjusted accordingly before the house goes on the market so the seller can make adjustments when negotiating.

C) **Establish cost per year for repairs**

Cost of repairs/number of years the repairs are expected to add to roof life (beyond average) = cost per year for repairs

D) **Repairs vs. Replacement**

If the cost per year for repairs exceeds cost per year for replacement, might consider reroofing instead, taking into account opportunity cost as described below.

E) **Opportunity Cost**

Money spent today on replacing your roof could be earning you interest via investments. Assuming a 7% return on investment, you can calculate the opportunity cost of replacing your roof as follows:

.07 x (Replacement cost - repair costs) = the amount of money you are saving each year by repairing the roof instead of replacing

F) **True Cost of Repairs vs. replacement**

Cost per year for repairs - opportunity cost = true cost for repairs

What Lifespan to Expect from your Roof

CEDAR SHAKES

One of the most difficult types of roofs to estimate the lifespan for is the cedar shake or shingle roof. In considering your client's options, whether buyer or seller, keep in mind the following:

Average Lifespan

The average lifespan of a No. 1 medium split cedar shake (untreated with minimal maintenance) is about 17-18 years. Of the thousands of roofs we have replaced, most are 17 -18 years or older.

Type of Shake/Shingle

In the Northwest, it has been our experience that split cedar shakes tend to last longer than either Cedar Shingles or Tapersawn shakes—both of which are sawn on 2 sides.

Thickness

Cedar Shake Roofs come in 2 thicknesses: Mediums (1/2" - 3/4" thick at butt) and Heavies (3/4"-1 1/2"). The vast majority (over 90%) of shake roofs are mediums.

Quality

The quality of a shake is determined by several characteristics including the absence of knots, number of growth rings per inch which measures density and age, and the direction of grain. The minimum standard for roofing is defined as a Number 1 Grade Shake which must meet the strict ICBO requirements . These shakes must be free of knots, have a minimum number of growth rings per inch, and a maximum of 20% flat grain. Over the years, this has been the most common shake used for reroofing.

In recent years, mills have offered a higher quality shake called a Premium Shake. These shakes are manufactured under strict guidelines and must be 100% "Vertical Grain" (also known as "Edge Grain").

Finally, in the last decade, as the cost of cedar has risen, the relative expense of having a pressure treated shake has become more affordable. The treatment process results in a 30 year warranty and is known as a CCA treatment. (Similar to the Osmose and Wolmanized process for lumber.)

Exposure

The standard exposure (the amount of shake you see on each course of roofing) for a cedar shake roof installed with 24" shakes is 10 inches. When the exposure is reduced to 7 1/2 - 8" per course, the roof now becomes a 3 ply roof (at any given spot there are three layers of cedar as opposed to two with a 10 inch exposure). A 3 ply roof will usually last several years longer than a 2 ply roof.

Pitch

Steeper roofs last longer than low-pitched roofs because leaves, pine needles, moss and fungus are less inclined to retain moisture and cause deterioration of the shakes.

Maintenance

Although beautiful, cedar shake roofs do require periodic maintenance to help them last longer. Keeping debris such as pine needles, leaves and moss off the roof is essential. Cleaning with water or air is also suggested on roofs younger than 10 years. Preservatives also help extend the life of a roof substantially. We replaced a cedar shingle roof in Magnolia years ago which was 44 years old. The owner had treated it every year with his own special formula. At the time of replacement the cedar was still in pretty good shape!

A single roof treatment should extend the life of a roof by several years.

Ventilation

Although shakes tend to "breath" through the spaced sheathing, lack of adequate ventilation can create problems and may reduce the roof's lifespan. This is especially true if the shakes have been installed over a solid deck or if a dryer or bathroom has been vented into the attic.

Installation

While the quality of materials is significant in determining the duration of a roof's life, the installation methods are equally important. While most roofs are installed according to generally acceptable practices, occasionally we will find a house built by a general contractor who hired sub-par roofers to save money. Those roofs sometimes exhibit excessive "shiners" (fasteners visible between shakes) and shakes which have been "butt stapled" to nail down warped boards in an effort to make the house more presentable for sale. Both of these problems can dramatically reduce the life of the roof.

Repairs

In determining what repairs would be needed to get a shake roof to certify for 5 years, a roofer must consider the following:

1) The condition of the wood—worn areas between shakes, missing shakes or ridge, exposed felt, rotted butts, excessive splitting, curled shakes.
2) The number of shakes which need to be replaced. This is determined by walking the roof and actually counting the number of shakes and/or ridge which need to be repaired.

   The contractor should be conservative and include an additional percentage which will be needed as some shakes will be damaged during the repair process.
3) Determine the efficacy of washing and treating the roof. While a treatment is always a good way to extend roof life, pressure washing can sometimes create more problems and damage the existing roof.

COMPOSITION SHINGLES

Average Lifespan

The average lifespan of a composition shingle is usually a minimum of about 18 - 20 years.

Types of Shingles

In determining the life expectancy of a composition roof, the first consideration is the type of composition used. About fifteen years ago, shingle manufacturers began converting the dies in their plants to manufacture a "metric" shingle which covered more area per shingle and therefore reduced the amount of labor involved per square. Consequently, all "3-tab" roofs either have 12" or 13" tabs. The metric shingles (installed 15 years ago or earlier) have 13" tabs. This is important because a 12" tab is a sign that the roof is at least 15 or 16 years old, making the possibility of certification for 5 more years remote.

Metric 3-tab shingles however, have a minimum 20 year warranty, with some up to 30 years. The Architectural shingles all have a minimum 25 year warranty, making certification much more likely.

Recovers

When a composition shingle has been installed over an older roof, it will usually reduce the lifespan of the roof by 3-5 years. Consequently, recovers are usually done with heavier shingles which will compensate for lack of performance. (A 25 year shingle might be expected to last 20 years). Also, a common problem with older recovers includes nails backing up out of the shingles, poking through the top layer. This is usually due to improper nail length, although it is sometimes evident when a roof deck consists of shiplap or boards and the nails have not gripped correctly. If an older 3-tab roof is reroofed with a 3-tab metric shingle, the shingle courses will not match and will result in a somewhat "lumpy" look. To avoid this, recovers should be installed by either matching the courses ("sweet nailing") or using a heavy Architectural shingle instead.

Ventilation

Proper ventilation on a composition roof is very important and inadequate vents can result in a much shorter lifespan. Poor ventilation results in excessive movement of the roof deck (due to abrupt changes in temperature resulting in contraction and expansion) which can loosen fasteners over time, and often results in shingles curling and hairline cracks. In extreme cases the plywood roof deck will delaminate and will need to be replaced.

Flashings

The most common problem areas on composition roofs involve the metal flashings around chimneys, skylights, roof -to-wall junctions, plumbing pipes, and vents. These can all be corrected rather easily if the roofing material is in good enough shape to warrant certification.

Homeowner Installations

It is not uncommon to be asked to certify a composition roof which has been installed by the homeowner. Just because the job wasn't done by a licensed professional roofer, it does not mean the roof is inadequate. While there are sometimes changes which must be made to flashings, etc, generally speaking in terms of certification it is irrelevant who installed the roof. Many homeowners are MORE meticulous than some roofers!

HOT TAR/BUILT-UP ROOFS/TORCH-DOWN

Lifespans

Determining the lifespan of a low pitched roof is especially difficult. A typical lifespan for a 3-ply hot-tar and gravel or capsheet roof is about 20 years. A torch-down roof should last about 20 years as well, but these products have not proven themselves on the market yet. The companies which manufacture torch-down typically offer a 10 or 12 year warranty. Hot tar roofs have no material warranty as they are "made" on the jobsite by the contractor using layers of fiberglass felt and hot asphalt.

The lifespan for both smooth hot-tar and torch down roofs can be extended substantially with a roof coating to protect the surface from the sun.

Deterioration

Typical signs that a flat roof is at the end of its life include blisters and air pockets, excessive cracks and "alligatoring," areas where material has pulled away from the facia cap in the built-in gutters, and hairline cracks along seams and flashings.

METAL AND TILE ROOFS

Unless a roof has obviously been installed improperly, it is seldom that we are asked to certify these kinds of roofs since they are usually guaranteed for 40 or 50 years.

MANUFACTURER CLASS ACTION LAWSUITS

Over the years, manufacturers have experimented with new types of roofing materials with mixed results. Some materials have had problems/failures which resulted in class-action suits. Just because this material is on a roof does not mean it will not certify, however the odds are against it. Your buyer or seller should be aware that this might be an issue. The following roofing products have had problems in the past. Included are their names, company, phone number and website address for more information.

"Woodruff"
Manufactured by Masonite
1-800-256-6990
Class action lawsuits pages for Woodruf Roofing (Masonite), Omni Wood Siding (Masonite), and Masonite Hardboard Siding. http://www.kinsella.com/masonite/

"Cemwood"
Manufactured by American Cemwood
1-800-708-3266
American Cemwood Roofing Settlement
http://www.cemwoodclaims.com/

"Firefree"
Produced by Recon, Inc.
1-541-349-1523
FireFree® Class Action Settlement website.

The purpose of this website is to provide information regarding recovery under this class-action settlement. — Summary of FireFree® Class Action — A class action suit has been certified and the court has granted preliminary approval to a Settlement for $18.4 million with defendants, Re-Con Building Products, Inc., related to the manufacture and sale of roofing tiles marketed under the brand names, FireFree® Rustic Shake, FireFree® Quarry Slate, FireFree® Colonial Shingle, Quantum Shake, and Quantum Shake Panels, (collectively, "FireFree Tiles"). http://www.firefreeclaims.com/