

Consumer protection when buying a house essay sample

[Business](#), [Marketing](#)



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Introduction](#) \n \t
2. [Conclusion](#) \n \t
3. [Reference List:](#) \n

\n[/[toc](#)]\n \n

Introduction

Consumers are relatively volatile especially in as far as purchase of commodities and properties is concerned. The problem is further exacerbated by the fact that there are innumerable agents that come up with sweet words to woo as many customers as possible. One fact that is emergent is that these agents are paid on commission and thus the higher the number of their individual sales, the better the wages due to them. With this in mind, some agents have gone ahead to maliciously sell properties to consumers, which later became a problem to the sales firm leading to many lawsuits emerging. While this is happening, both the selling firm and the customer stand to lose if the ruling goes against either of them. However, there are several protective measures that consumers have at their disposal to aid in evaluating the houses that they would like to buy. From the policy makers' desk, there are abundant policies in place, for consumers to use ensure that they get what they deserve. However, the learner argues that consumers are not diligent enough to explore the enormity of protection that the law provides them with respect to purchase of a house.

According to Hwang and Quigley (2010), it is widely acceptable by many

scholars and lawmakers that the prices of property, which includes houses therein, are and should be quite predictable. To a great extent, this is applicable on various fronts. Nonetheless, over the past quarter of a century, consumers have continuously been faced with the challenge of properties that are overvalued. This caused much public outrage with many people questioning the effectiveness of consumer protection departments.

Nevertheless, who is to blame? Policy makers have put in place policies for consumer protection, but consumers are not diligent enough to consider them while making purchases of their houses. In the succeeding section, there is an exemplification of available law that are fashioned specifically to protect consumers intending to/ and buying new houses.

There are three key Consumer Statutory Rights that have been certified by policy makers. To start with, the consumer possesses the right to receive property and/ or goods that are of high quality (Wistrom & Cantoria, 2010). This provision acknowledges the need for consumers to exercise the right of choosing properties to purchase that meet their set standards. The properties must also meet the basic requirements that are set by property evaluators for such properties. Nonetheless, consumers rarely make use of property evaluators while making decisions to purchase a house. Instead, they rely on their own meager evaluation techniques that may at times mislead them to purchase defective property only to get unwarranted surprises when the defects prove to be dangerous and lethal.

With respect to this, the seller has to understand the needs of the customer and advise the customer so that the client does not purchase a house only later to regret having it. In as much as the sales agency and agent needs to

make profit from these sales, they are obligated to offer as much advice to the customer about the houses available according to the customers' specifications and needs. All these policies are put in place to ensure that the customer purchases property that is of high standards as well as property suitable for their needs. For example, in the works of Hwang and Quigley (2010), it is noted that the needs of young to middle-aged persons differs with the needs of elderly persons aged over 60 years and thus the inherent evaluation of quality of a property is not fixed, but varied depending on customer specifications.

In the event that the customer makes the decision to go ahead and purchase a defective property, the seller of the product is subject to make a disclaimer statement. This statement is legally binding to exempt the seller from future lawsuits based on the stated /identified problems with the house (Wistrom & Cantoria, 2010). Apparently, many buyers of houses neglect the details in the disclaimer document and later go ahead to make lawsuits that are end up depriving the buyers of more money in lawsuit settlements.

The second Consumer's Statutory Right is that consumers reserve the right to receive goods, which will suit the purposes that the customer intended them to and not be forced to accept a property or good that was neither intended to be bought nor satisfactory to their purposes (Wistrom & Cantoria, 2010). This places consumers at an advantage as the final decision makers with regards to which property to purchase and whether the property will fulfill their intended purpose. In the event that the house that the customer is being wooed to buy is not appealing to them or in the case that the intended purpose of the house will not be met, the buyer reserves the

right not to make purchase of such a house. In no case should the buyer be forced to buy a house that they did not intend to buy in the first place. However, some agents are cunning and make statements that cause customers think that houses are rare and that they are likely to miss out on the immediate wonderful opportunity. Thus, customers go ahead and purchase a house that will not serve the intended purpose to the fullest. The third Consumer's Statutory Right states that the consumer reserves the right to receive goods / property in the same condition that the said property was described to them that served as a basis for making the purchase decision (Wistrom & Cantoria, 2010). In some cases, the customer may seek the services of a property management agency in which these agencies purchase property on behalf of their customers. In this case, the customer liaises with the agency during the whole process, the customer is provided with ample information about the house that she/he intends to buy, its location, condition, accessibility to the main road among other factors, and the customer's decision to purchase such property is dependent on the description accorded. In such a scenario, the customer reserves the right to receive a house that has nothing less than what was described during the transaction process that necessitated the purchase decision. However, some agents have a habit of providing exaggerated information on the location of a property and the state that the property is in and thus the customer, despite having high hopes on the purchased property/ house end up settling for less, neglecting their statutorily given consumer rights. Additionally, consumers are protected from such malicious agents by Sec. 2-315 of the Uniform Commercial codes Article 2 - Sales 2-implied Warranty;

Merchantability; Usage of Trade (Wistrom & Cantoria, 2010). According to this section, it is required that the seller of the property have ample knowledge of the needs of the buyer of the house and by this, the buyer can gladly rely on the seller's skills as well as expertise in making a selection of the product/ house. For this purpose, the seller has more authority on product location and selection and thus proper guidance of the location and situation of the product is well known by the seller. In this case, the buyer also reserve the right to make disclaimer of the house based on its location and/ or condition as part of the advice accorded to the customer prior to making the purchase of the house (Wistrom & Cantoria, 2010).

In such a case, in the event that the customer intends to visit the location of the property and view the property and make an assessment of the disclaimed challenges /defects that the house might have, the seller is obligated to show the customer all the defects that are known to them. In this case, the seller is also obligated to have authentic property evaluators carry out a comprehensive evaluation on the house. The evaluators should make a report on the condition of the house with recommendations on means to live safely and improvements that the house needs (Department of Commerce, 2012) and (Hwang & Quigley, 2010). This report should also be availed to the customer with important points highlighted.

Earlier on, it was noted that there have been public dissatisfaction as to market valuation of properties with most properties being overpriced (see Hwang & Quigley, 2010). Sec. 2-315 continues to add that for merchantable property, it is the customer's right to purchase property at a price where its worth in the marketplace is equivalent to a property within the same setting

that is not blemished by damage, flaws, breakage and/ or contamination (Wistrom & Cantoria, 2010). However, the implied warranty on the property does not apply in the event that the customer fervidly examined the house and the defects therein and yet made the choice to purchase the property anyway (Wistrom & Cantoria, 2010). In such a case, the value of the property may be lesser than what the market value can offer in the event that the buyer intends to use it for future resale. In such a scenario, the buyer will have the mandate to make repairs to the house or sell the house at a price that is lower than what it would fetch on the market while in good condition. There is also a possibility that the buyer may waiver protection under implied law in the event that the buyer refuses to visit the site of the property/ house when the seller demanded for its examination (Wistrom & Cantoria, 2010). In this case, if the buyer makes a decision to purchase the property, consequent legal suits might be deemed baseless given the fact that the buyer was accorded the right and opportunity to visit the house prior to making the purchase decision yet the buyer sidelined the offer.

In some cases, a buyer may decide to purchase a house that is under construction (see MCADHCD, 2010). In this case, there are some statutory requirements that are set to protect the buyer. To start with, it is a requirement that a buyer first ascertains the builder of the house and the credentials of this builder. The consumer is mandated to ensure that the builder is registered with relevant regulatory bodies like Home Builder Registration Unit in Maryland (MCADHCD, 2010). Such a regulatory unit is part of the Consumer Protection Division in the Office of the Attorney General and thus the customer is assured of thorough scrutiny of its

members (MCADHCD, 2010). In as much as this is the case, few buyers actually make an effort to ascertain builders' credentials but rather rely on referrals and some have ended up with poorly constructed and substandard buildings.

Another aspect that should be examined intently is the contract (MCADHCD, 2010). The decision to buy the house and the process in itself is a contract and thus the details of the contract should be understood in context and the implications therein. In such a case, sourcing for professional help to understand the terms of the contract is paramount. In the contract, the details of the construction plans and specifications of the building should be included in the scope, the price of the house and payment mode/ period, completion time, default provisions and notice provisions are part of the contract (MCADHCD, 2010). Additionally, provisions for remedies and dispute resolution are exemplified in the contract with further clarifications of the requirements that are customarily a prerequisite for home contracts. Furthermore, other documentation that might be necessary to accompany the contract are needed.

Despite all these provisions, most house buyers neglect parts of these contractual requirements and instead chose what they perceive as important to them.

Conclusion

In conclusion, it is evident that there are various statutory policies that have been enacted into law to protect house/ property buyers. Consumers have the right to receive goods and products that are of good quality. Customers

are also entitled to receive products that satisfy their needs as well as those that are appealing to the customers rather than appealing to the sellers. Thirdly, the customer has the right to receive property as per what was described to them, which acted as a fundamental decision framework leading to the purchase of the house. However, despite these provisions, among others, customers have been in the habit of forfeiting these provisions and settling for less. In the past, this has led to major public outrage in the name of malevolent activities by sellers and agencies. However, policy makers have done their best to formulate control measures yet consumers choose not to follow them and thus affirming earlier posit that consumers are lazy in taking rightful steps in the process of purchasing a house.

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