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## Defining the Scope of a Home Inspection

Home inspections are becoming a more common day occurrence; however on the other side many more people are entering the field for a variety of reasons. The reasons include everything from anyone can call themselves a home inspector with little or virtually no qualifications, it's an uncontrolled industry, and some even believe that it is a lucrative market where quick and easy money can be made. Besides you can basically be your own boss!

The reality is to be successful and competitive requires much more than simply believing that it's an easy job to jump into. Home inspectors may be certified by various industry related associations, but there is no uniform national licensing standard or mandatory code of ethics governing the industry. Unfortunately this can lead to a disappointed client or what some may call a house of horror that they just got misled on by a bad home inspection!

***So without a “national standard” how can inspectors claim they protect consumers?***

A “home inspection” is defined as a systematic review of a house for the purpose of identifying significant defects, life and safety concerns. A home inspection identifies those systems or components that are near the end of their service lives. Home inspections are intended to provide the client with impartial and independent information regarding the condition of the systems and components of the home as inspected at the time of the home inspection.

In addition, the home inspector provides an inspection report that makes recommendations to correct, or monitor for future correction the deficiencies that were visually inspected, readily accessible, along with those items needing further evaluation.

### **A Home Inspection Career**

Home inspections began as a consumer service in the 1970's and it soon became apparent that selecting a Home Inspector was becoming as important as selecting a qualified Real Estate professional, a good attorney or even the right home.

Home inspection grew out of a general service that provided consumers with an opportunity to get the overall condition of a home independently evaluated. Typically home inspectors were experienced tradespeople such as builders, contractors, home renovators, etc., that had experience in residential construction.

The home inspection sector includes sole-operators, firms and franchised businesses. Traditionally, home inspectors inspect homes and sometimes other buildings to determine the condition of the structure. In this case structure refers to the building, its systems and the various building components. Home inspections are performed on approximately 25% to 75% of houses, depending on the location and market conditions. There may be times when the real estate and home inspection market is booming, or perhaps times when conditional offers with a home inspection is waived.

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The majority of home inspectors inspect residential properties. Home inspectors typically provide services related to potential home and property purchasers, existing home owners, financial institutions and real estate agents.

Although construction related fields require an understanding of how homes are built, they rarely deal with the extended use and age related conditions such as deterioration of systems and components beyond the general building structure. Other areas of detailed knowledge includes electrical, plumbing, heating and cooling systems, roofing, insulation, drainage, foundations, structural systems as well as interior components.

A home inspector requires knowledge of the house as a system, along with a clear understanding of home inspection standards of practice, and the ability to detect significant defects. As an example the NHICC utilizes the ASHI (American Society of Home Inspectors) Standards of Practice. Link: [www.ashi.org](http://www.ashi.org)

To be able to carry out a successful on-site inspection, the home inspector should understand the structure of the building and how its mechanical and electrical systems work. The ability to assess the condition of the building envelope and a working knowledge of health and fire safety issues are also necessary.

The inspector should be able to make an objective analysis of problems identified and their causes, and to write a report about the conditions found and recommendations on what can, or should, be done to rectify problems.

So as you may see be able to realize if you have absolutely no background in building construction, you are likely at a higher risk of practicing successfully in the home inspection field. Many home inspectors generally started their career in a technical field or trade related to construction. On the other hand quite a good number of home inspectors have succeeded without a strong background in construction, but respectfully the learning had to be accelerated to catch up. But that normally can be compensated by acquiring accredited education and training that primarily focuses on home inspection.

During a home inspection the inspector is required to inspect and eventually report the conditions of the property inspected. The ability to recognize deficient conditions that may become a problem are one of the key responsibilities of a home inspector. In reality there's no single course or even a program of study that will prepare you to identify all of the significant and potentially life threatening conditions that could be present on a home inspection.

Equally so, a home inspector that fails to recognize these issues is likely to be found negligent of meeting the standards of practice. Worse yet may potentially find themselves open to legal challenges. Such serious errors can result in a catastrophic financial loss for the client, severe injury or possibly death.

The task of hiring a home inspector generally occurs at the point of placing an offer on a property. However it is not uncommon that the home inspection may become a last minute decision.

A typical day looks something like this - a client calls and books an inspection. In many cases, the client has bought the home conditional on the acceptable results of a home inspection. In other times it may be a Realtor that is booking an inspection for or on behalf of a purchaser of a home. When the inspection is booked, the fee and the scope of work is usually agreed upon, set by mutual agreement between the home inspector and the client. The inspector may have sent the contract to the client by e-mail or fax, or other electronic means detailing the scope of work, often defined by the Standards of Practice. Most inspectors recommend that the client attend the inspection.

When the home inspector and client arrive at the inspection the contract is signed (if this has not been done earlier). The home inspector explains the process and begins the inspection. An inspection may last from two to four hours under normal circumstances depending on the size and complexity of the house.

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The home inspector looks at the roof and the building exterior, including the garage. Home inspectors will explain the findings to the client as they go, describing the building condition and any improvements that may be recommended. The inspection continues inside the home and includes any basement or crawlspace, the living spaces, and any accessible attic or roof spaces. Inspectors frequently offer tips for operating and maintaining the home as they go, (example - explaining how to turn off water and power in an emergency, how and when to change furnace filters, etc.).

Typically at the end of the inspection, the home inspector and client review the findings. Some inspectors prepare and deliver their written report on site, while other inspectors write the report, based on their field notes, after the inspection. The inspection report is delivered quickly to the client, often within 24 hours, because the real estate transaction hangs in the balance. The client often pays the inspection fee onsite. It is not unusual for the client to say something like, "That is the best money I have ever spent". The inspector keeps a copy of the report on file and processes the inspection fee payment, usually back at the office.

While the inspection itself can become fairly demanding it is not uncommon to be crawling in a crawlspace, possibly dueling with the extreme high temperatures in a hot attic in the summer, or the extreme cold winter temperatures; the inspector must be genuinely physically fit. Of course don't forget about the potential exposure to environmental concerns such as insulation fibers, asbestos, animal infestations, and not to forget about unfriendly dogs, etc. Of course there are many other potential dangers or safety conditions that the inspector likely won't be aware of, until arriving at the house.

A few other aspects include familiarity with real estate transactions and marketing. Another includes familiarity with computers and word processing to aid in producing a report. Although a significant number of home inspectors still use paper based reporting systems, so legibility is another important characteristic.

## Background Requirements

Currently there's no shortage of home inspection associations throughout Canada. However, most have comparable requirements. Some are member driven while other focus on raising the bar of "professionalism" when it comes to what a new home inspector will require to be recognized, or certified in the respective association. Most specify a combination of experience, training and practical home inspection (supervised) field work. But even these detailed requirements can vary depending on the level rigor built into its certification process.

Of course be wary of those associations that seem to offer overnight certification by simply paying a membership fee and taking an online unproctored exam.

Next it also depends where a home inspector will practice. Currently home inspectors are regulated by licensing in British Columbia and Alberta. So investigate what it involves to be recognized for a license to practice there. Several other provinces such as Quebec and Ontario seem to be headed down that path. As an example the NHICC Certification Program (NHI designation is recognized in both BC and Alberta) requires a certain number of "qualification" points which is made up of reviewing an applicant's background. The background points are awarded for prior education and trade certification, association membership, home inspection specific education and training, experience, field supervision and/or mentoring, home inspection specific testing/examinations. Link: [www.nationalhomeinspector.org](http://www.nationalhomeinspector.org)

## Education & Training

Like most every other profession requiring specific skills – home inspection requires the right combination of knowledge of many different residential systems and to some degree reasonable mastery of all those tasks.

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## ***So how do you find the right combination of those skills?***

***How does one prepare oneself to acquire a reasonable degree of mastering them?*** After all a house is a complex set of building systems.

A combination of formal home inspection education along with practical hands on inspection experience provides the best combination for a successful career in the profession. Many of the home inspection associations provide education, as well as colleges and private trainers. Franchise companies make it easier for a novice to get into business. Most offer their own specific brand of training. Each offer some form of training to their franchisees, and franchisees often join other associations to access additional training resources and other benefits. Again some offer very good training, while others allegedly market their own brand of marketing, education, documentation and reporting programs.

The cost and quality of education can vary from free to thousands of dollars.

Be aware that some inspection schools offer more than they can deliver. Some make false claims such as being accredited, or indicating that the trainee will make \$100,000 per year. Some courses provide old and obsolete or general information that is more germane to architecture or general construction practices. But more specifically, look for training and courses that have been mapped and that actually meet the recognized (NOS) National Occupation Standards for Home and Property Inspectors. The NOS provides a reliable source of the necessary skills required to work in the home inspection field.

Equally so, be aware that even some free education may not always be appropriate, particularly where it primarily focuses on construction practices and U.S. based building requirements. Although there are some similarities, requirements in Canada can often be more stringent, if not different.

Building code courses can also be a benefit to a home inspector. After all most building standards referenced by a home inspector is likely based on code based, if not industry recognized building standards. However, building code training simply provides a sound background of meeting the minimum legally recognized construction standard.

Annual ongoing or continuing education is required by most associations to maintain awareness of changes, as well as helping to keep the home inspector on top of their vocation. Even where licensing is required, continuing education is mandatory, not optional.

## **Experience**

Gaining practical experience can be a challenge. Some experienced inspectors offer to mentor, while others fear that training the new “guy”, may challenge their market. Some education providers offer mentoring, or what some call field supervised home inspections for a fee. Fees are typically charged for such “mentoring” services.

One of the benefits of joining a home inspection association is a greater potential to gain some practical experience by connecting with another home inspector on what is often referred to as a ride along. This is a chance to participate and observe an actual home inspection. It may also offer an opportunity for the inspector to share his/her knowledge about the system they use or favoured methodology.

## **Getting Started**

As stated so far, the basics of getting into this profession are getting education, experience and having the financial support to start a business. Many inspectors initially started their home inspection as a part time business and eventually after testing the market decided to pursue a career on a full time basis.

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It is important to study your particular local market area. It is not uncommon for some markets to be overly saturated with home inspectors. In addition, other basic costs that need to be considered are a reliable inspection vehicle, inspection tools, computer and digital camera.

The other challenging issue is marketing your business. Unless you have contacts in the real estate industry, it is often difficult to get the word out there to give you a piece of the local home inspection market action. The real estate industry and the home inspection industry are both concerned by the potential conflict of interest when a realtor recommends a particular home inspector. While most realtors will keep the best interests of the homebuyer in mind, there is a risk that some will avoid recommending 'deal breakers', and favour inspectors they can rely upon to not raise too many flags.

Your success depends as much on your marketing and public relations skills as your technical competence.

## **Investing in the Business**

Do not be surprised if the cost of startup runs in the range of \$10,000 to \$25,000. This could be a lot higher and the variables depend upon what you need to get started. Even the cost of business related advertising materials can add up quickly.

Most inspectors start out with some basic inspection tools. As the business grows, it's wise to consider reinvesting some of the profits back into the business. Some of the least expensive tools are using your inborn senses – eyes, smell and hearing. Don't forget common sense!

Many inspectors also invest in a good home inspection reporting system. You can start with a simple word processing system or spend upwards in the range of a \$1,000 or more for computer-based report software. The other option is to purchase a supply of paper-based home inspection reports.

In addition to providing your client with a high quality report, you must be able to promote your business and respond well with your clients. Communication skills are also a valuable asset.

## **Liability**

One must be a "people person" and a great communicator to enter the home inspection business. Home inspectors work with a diverse range of clientele. Most of the clients are home buyers, and as homes vary in price and qualities, so do the demands and expectations of people buying them.

The key to a successful home inspection is the reassurance from the client that the home inspector has clearly communicated reasonable expectations of conducting a quality home inspection. Equally as important is the necessity for the home inspector to comply with the Standards of Practice. The Standards of Practice provides clear guidelines to follow, thus protecting the home inspector, consumer and the profession. Without this "standard" the whole scope of the inspection will be open to a possible misunderstanding of the terms of reference for the inspection work.

The Standards requires an inspector to report on systems and components which are significantly deficient, and to report the reason why the system or component is significantly deficient and the inspector's recommendations to correct or monitor the reported deficiency.

Regarding the role of the client being present at the home inspection, there often seems to be a higher probability of the home inspector being sued when the client is not present during the inspection. When the client is present they have greater opportunity to understand the scope of work and are less likely to challenge the inspector's report. Additionally, the home inspector has an ideal opportunity to point out the issues and condition that may arise.

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Although home inspectors are often professionals with satisfied clients, from time to time they can be involved in legal action with a client. Legal action not only has an impact on the individual inspector, but also has consequences for the industry at large. While cases of serious negligence may be relatively rare, when they do occur the financial implications for the homebuyer can be enormous. One of the largest claims in Canada to date making the national headlines, a client was awarded approximately \$200,000 in damages. Insurance companies that provide error and omission insurance often respond to legal actions but ultimately it will impact the inspector by increasing the cost of or availability of future insurance coverage.

Clients can have very high expectations regarding the role of the home inspector. Consequently, if these expectations are not satisfied, they seek legal remedy.

***The key question is how can you reduce your risk, or is pursuing home inspection as a career really worth the risk?***

## Trade Associations

As noted earlier there's no shortage of "trade" associations for home inspectors. What was once one or perhaps two in any province, has for the most part become anywhere from 4 to 7 different home inspection associations in the larger populated provinces. The home inspection industry is highly fragmented. As such, there are numerous industry associations operating across Canada and the US, as well as many franchises.

Homebuyers have no ready means of distinguishing between associations that serve the industry's professional interests rather than its competitive interests within the marketplace. Membership in an association is important to help develop a network of inspectors, as well as expand the potential for continuing education and other tangible benefits. Often membership in a recognized association provides more favourable "errors and omission" insurance rates.

There are also national associations such as CAHPI, ASHI and INACHI. The latter two are mainly based in the United States, although some Canadian inspectors maintain membership with them.

The NHICC on the other hand like ASHI, follows the certification standards for ISO (International Standards Organization). Thus both provide an independent certification process for home inspectors. Some may ask why, what is the differentiator?

Consumers can minimize their risk. What is abundantly clear is that there are various home inspection entities that state that they are committed to public protection and minimizing the risk that could be caused on others. What is also clear is that the home inspection industry has a long way to go in agreeing on a number of issues, such as addressing the self-interest as well as motives and the representation implied by the proliferation of self-certifications that already currently exist. The response to that can be resolved by an independent third party certification agency or developed in concert with, or endorsed by, unbiased third parties.

*"Autonomy in the management and administration of certification protects certification programs from undue influence. Autonomy is required in order for certification programs to serve stakeholder interests, primarily those of consumers of professional services. However, since certification programs take different forms for different professions and occupations, a variety of structures may be effectively employed to prevent undue influence from competing interests."*

Source: NCCA – National Commission of Certifying Agencies

<http://www.credentialingexcellence.org/ncca>

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## About Us

**The National Home Inspector Certification Council (NHICC) is a non-profit federal corporation controlled by an elected Board of Directors.** The main function provides a background review and assessment system that will independently certify home inspectors that meet the National Occupational Standard for Home & Property Inspectors in Canada.

This national "program" is open to all home inspectors regardless of affiliation. The NHICC is completely independent providing the same value and rigor required for certification and accreditation as specified by the National Initiative, minus the association influence.

The NHICC is not an association of members, but rather it is a true certification body with "registrants" that values independent third-party certification rigor and accountability to consumers.

Certified members (registrants) of the NHICC receive recognition by the designation NHI (National Home Inspector). **The NHICC offers 3 levels of recognition – Candidate, Provisional NHI, and NHI.**

**The NHICC - NHI certification is recognized in British Columbia & Alberta - Home Inspection Business Regulations.**

For more information:

[www.nationalhomeinspector.org](http://www.nationalhomeinspector.org)