

STRATEGIC PLAN

TO LICENSE THE
PRIVATE HOME INSPECTION PROFESSION



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Prepared by:

- Bill Mullen, NHI, RHI Retired, ACI
- George Webb, NHI, RHI, ACI
- Claude Lawrenson, NHI, RHI Retired, ACI
- Wayne Fulton, NHI, ACI

The NHICC acknowledges contributions to this document from:

- Human Resources Skill and Development Canada (HRSDC)
- Construction Sector Council (CSC) – BuildForce Canada
- Canada Mortgage and Housing Corporation (CMHC)
- First Nations National Building Officers Association (FNNBOA)
- The Canadian Real Estate Association (CREA)
- Industry Canada – Inter-Provincial Trade Agreement
- National Certification Authority/National Certification Program (NCA/NCP)
- Canadian Standards Association (CSA)
- Jim Robar PHD. CMHC, Retired Technical Director
- Julia Bass, Senior Policy Council for the Law Society of Upper Canada
- The Canadian Association of Home and Property Inspectors (CAHPI)

INTRODUCTION

As Ontario repositions itself and studies regulating the home inspection profession to offer Ontarians a proper means of protection when purchasing a home; this document is presented to provide a comprehensive guide to aid the Province with this pending legislation.

In 1996 Canada Mortgage and Housing Corporation (CMHC) recognized that the Canadian home inspection profession was fragmented and offered little, if any protection to the consumer. They conducted an in-depth study into our profession, and in 1997 their results were published. This was followed the largest examination of our profession ever conducted. This National Initiative was created and known as CHIBO (Canadian Home Inspector & Building Officials).

This initiative involved Human Resources Skills Development Canada (HRSDC), The Construction Sector Council (CSC)*, The Alliance of Certified Building Officials' Associations (ACBOA), First Nations National Building Officers Association (FNNBOA), Canadian Real Estate Association (CREA), Canada Mortgage and Housing Corporation (CMHC), the financial, insurance, legal bodies and representatives from the various Canadian Home Inspection Associations. The direct result of this study was the creation of the National Certification and Accreditation Model for Canadian Home and Property Inspectors.

The National Initiative took close to 14 years to complete with costs nearing two million dollars (\$2,000,000.00). Funding for this project was supplied by the various stakeholders involved and the home inspection profession. Once completed the key outcomes of the program were: Consumer Protection, a guideline to implement licensing, and a program that was open and available to any Canadian Home Inspector. In 2005 the Honorable Joe Fontana (Minister of Housing) presented funds in the amount of two hundred and fifty thousand dollars (\$250,000.00) to launch the National Certification Program with assurances that it would be permanent and available to every Canadian Home Inspector.

Canada Mortgage and Housing Corporation is Canada's respected leader in housing research and their lead in the development of this important program ensures its credibility fairness and completeness.

*NOW "BUILDFORCE CANADA"

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TECHNICAL RESEARCH

EXECUTIVE SUMMARY

Canada's Home Inspection Profession is essential to the country's economic and social well-being. The purchase of a home remains the largest investment a consumer will make. The home inspection provides the final link in the Real Estate transaction, providing a vital service for the consumer. The National Home Inspection Certification Council (NHICC) has taken a lead role in developing a strategic plan to guide Ontario as it moves to regulate the home inspection profession.

The NHICC is an independent not-for-profit certification body with no outside affiliation, promoting excellence and professionalism of our industry. The NHICC is not a membership based organization, like other "inspection associations" and has no member's, only certificate holder "registrants". Full registrants who have fulfilled the requirements of the National Certification Program receive the National Home Inspector (NHI) designation ensuring their clientele will receive professional home inspection services that are uniformly consistent from coast to coast to coast. We are very proud of the fact that these inspectors have undergone some of the most comprehensive technical and rigorous field testing requirements found in the industry today. The NHICC is dedicated to its commitment of excellence by requiring all NHI's be regularly re-tested to ensure that their level of competency does not falter in the future.

THE NHICC IS THE ONLY ENTITY THAT:

- It holds membership and plans on obtaining independent third party accreditation by the Institute for Credentialing Excellence (ICE)
- Holds administrative rights to the National Certification Program (NCP) which is owned by the Construction Sector Council (CSC)
- Is licensed by Canada Mortgage and Housing Corporation (CMHC) to deliver the National Occupational Standards (NOS) for the home inspection profession in Canada
- Acts in accordance with the Standards Council ISO/CAN-P-9 standards 17024
"It should be noted that the Standards Council of Canada CAN-P-9 Criteria for Accreditation of Personnel Certification Bodies was established as the basis for the national certification model for home and property inspectors."
- Has a working Mentoring/Apprenticeship-Supervised Field Training program
- Has an in-depth Discipline & Professional Practice Committee
- Is recognized by Federal, Provincial and Municipal Governments
- Is accepted in British Columbia, Alberta and Quebec where licensing or regulations are in place
- Is and acts independent of all home inspection Association's or Organization's
- Its Primary Mission is the National Certification of Home Inspectors

Committees were set up and open symposia were held in Ontario to examine licensing our profession. The goal was to determine if licensing the Private Home Inspection Profession was needed and if it would help protect the Consumer. The overwhelming

conclusion was that the current system is often not working and various associations fragmented offering very mixed response for Consumer Protection! Alternatives must be considered to repair the fractured home inspection profession as efficiently as possible.

The **VISION** for the future of the Ontario Private Home Inspection is to provide a more uniform approach to home inspection. One that results in a more satisfied customer achieved through adherence to a recognized Standard of practice, proper training and validation ratified through testing.

This strategy already exists by adopting the National Initiative's objectives.

- Promotes defensible Standards of Practice
- Improves the qualifications of private home inspectors
- Provides a fair impartial evaluation of credentials
- Fully supports and maintains the National Occupational Standards
- Protects the public and offers enhanced Consumer Protection
- Provides a mechanism to discipline and ensure professional competency
- Is open and attainable by all Ontario home inspectors

Ontario continues to experience considerable growth in the housing market, through sales of new and existing homes. Ontario has a diverse housing stock, this network is comprised of century old homes, farms, modern sub-divisions and everything built in between. As Ontario rebounds from the recent economic slump the housing market has remained reasonably stable. Home ownership continues to be the Canadian dream. This continuing trend requires a measurable level of skill and experience for the consumer to rely on when making perhaps the largest investment of their life. Equally so a large percentage of home buyers and Realtors® are now turning to the Home Inspection Profession for guidance.

From a National perspective, licensing has been adopted and legislated in British Columbia, Alberta and home inspections are self-regulated by "Order" in Quebec. This plan provides an ideal opportunity for Ontario to take the lead by becoming a national leader with true Consumer Protection through meaningful legislation.

The strategic plan, developed by the NHICC, outlines a vision for the future of the Home Inspection Profession in Ontario. It provides the strategies to implement develop and deploy these initiatives to improve the safety, efficiency and competency of the Private Home Inspection Profession. The strategies focus on a coordinated and controlled approach to the integration of licensing.

Based on input from the Home Inspection Profession, major stakeholders, BBB, Realtors® and consumer, this strategic plan recommends immediate implementation of legislation. This Strategic Plan is a living and flexible document that provides strategies and a framework based on current needs and bodies. It may require refinement and updating over time to capture new technologies and new policies and practices.

The NHICC is confident in the research already completed by CMHC and other key stakeholders and is hopeful that the Ministry of Consumer Protection will act on this initiative and implement licensing without any input from the home inspection industry. The documentation provided and the content of this plan should be the basis for licensing our profession.

BACKGROUND and HISTORY

Home inspections in North America began in the 1970s. The need arose to formalize the profession and in 1976 the American Society of Home Inspectors® (ASHI®) was formed. ASHI is North America's oldest and most respected professional society of home inspectors. ASHI focused on enhancing the awareness and quality of home inspections in America. In Canada, the Canadian Association of Home Inspectors® (CAHI) was formed in 1988. CAHI operated as the Canadian arm of ASHI, until 1994, when several provincial - regional organizations formed CAHI National. In September 2002, the name of CAHI was changed to the Canadian Association of Home & Property Inspectors (CAHPI). This change in names was done to reflect a broader mandate and to include other organizations such as the Provincial Association of Certified Home Inspectors in Ontario and the Western Alliance of Home and Property Inspectors in British Columbia

As early as 1992, Canada Mortgage and Housing Corporation® studied the possibility of establishing consistent national standards for home inspectors. From their research they recognized the lack of consistency, training, qualifications, rigour and consumer protection that was missing in the home inspection profession. Between 1999 and 2005 the various government agencies involved took steps in this direction by developing sector based committees that produced the National Certification Program (NCP) and the National Occupational Standards (NOS) which have been published and updated regularly to outline the knowledge and skill based standards expected of home inspectors. This multi-phased National Initiative known as CHIBO (Canadian Home Inspectors and Building Officials) was given the task to unite the Canadian Home Inspection profession, study the similarities and differences, and initiate a set of standards that would provide the home buying public protection when using the services of a home inspector.

The Canadian Association of Home and Property Inspectors (CAHPI) were created as a result of the CHIBO agreements. Their mandate was to unite the Canadian Home and Property Inspection profession, implement these standards and administer the National Certification Program.

These “standards” provided a baseline for the competencies and skills expected of a qualified home inspector. These occupational standards were put into practice in 2006 with the creation of the National Certification Authority (NCA), a certification body of CAHPI that certifies home inspectors against background review and peer review testing.

The National Certification Program became a very successful process and quickly gained recognition across Canada. In an unprecedented move, the spring of 2010 saw CAHPI National abandon this very successful program. This was done to preserve the

CAHPI Provincial RHI (Registered Home Inspector) designation as their RHI's were experiencing a 20% failure rate when evaluated against the NCP and to help preserve their declining membership numbers. Those administering the NCP were dismayed by CAHPI's decision because they did not want to see the past efforts wasted and wanted to ensure that the profession would maintain a high standard. Thus they formed the NHICC to carry on that mandate and to accommodate the continuation of those that supported the National Certification Program.

Meetings in the spring of 2010 saw the directors from the NHICC approach the Construction Sector Council (CSC), the legal owners of the NCP, to secure permission to administer and continue this vital program. Further meetings were held with CMHC and other government stakeholders who have all endorsed and are supportive of the actions.

September 2010 saw the Construction Sector Council grant the NHICC administrative rights to the NCP. This decision preserved the 14 years of earnest work spent in developing this program and the nearly 2 Million Dollars that was invested in its creation.

BRITISH COLUMBIA, ALBERTA and QUEBEC

As of March 31st, 2009, private home inspectors in British Columbia were required to be licensed. British Columbia became the first province to have such a requirement. This step was taken after several years of study into the feasibility and desirability of licensing home inspectors, with the conclusion being that consumer protection provided an overwhelming argument in favour of mandatory licensing.

In British Columbia, licensing is administered through the Business Practices and Consumer Protection Authority, (now Consumer Protection B.C.) an agency at arm's length from government charged with consumer protection duties in that province. This organization was chosen to host the licensing service because of its mandate.

Alberta followed with licensing legislation introduced in September 2011. Alberta is now the second province to have such requirements. In Alberta, licensing is administered by Service Alberta a provincial arm of the Alberta Government. This body was chosen to regulate the licensing service because of its mandate.

In Quebec, although licensing has not been formally legislated the Quebec Real Estate Regulatory (OACIQ) has implemented requirements for the home and property inspectors practicing in that province. Various organizations/associations have been approved and inspectors must meet the requirements established through their guidelines.

The NHICC's, NHI designation is the only credential that has been recognized in all three provinces. The NHICC has established itself as the clear leader in providing a defensible credential that carries measurable uniform standards across Canada. This achievement addresses the Provincial Interprovincial Trade Agreements established by the

Federal and Provincial governments while fulfilling the requirements of the National Initiative and National Occupational Standards.

The intention of licensing is to:

- 1- Provide true Consumer Protection for every home buyer
- 2- A uniform provincial standard for licensing the private home inspector
- 3- Licensing that is attainable by any qualified private home inspector

INTER-PROVINCIAL TRADE

By adhering to the guidelines set out in the CHIBO agreements and fulfilling the requirements of the Inter-Provincial Trade Agreements, the National Certification Program, as administered by the National Home Inspector Certification Council (NHICC) allows its full registrants the freedom to work at their profession anywhere in Canada. The Agreement on Internal Trade (AIT) is an intergovernmental trade agreement signed by Canadian First Ministers that came into force in 1995. Its purpose is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investment within Canada and to establish an open, efficient, and stable domestic market

Most Canadians are able to work in their chosen occupation anywhere in Canada. Some workers, however, are employed in regulated occupations, or licensed by provincial or territorial authorities. Although many occupations enjoy a high degree of consistency in the requirements for a specific job, workers have encountered barriers when they move from one jurisdiction to another because of differences in certification requirements. Since the AIT and as a result of more recent amendments to Chapter 7 on Labour Mobility, governments and other organizations responsible for the certification of workers in regulated occupations have partnered to support the free movement of workers within the country.

In January 2009, the premiers and Prime Minister endorsed amendments to Chapter 7 of the Agreement on Internal Trade in order to help resolve labour mobility challenges that continued to face certain regulated occupations. Recent amendments to Chapter 7 of the Agreement mean that workers in regulated occupations can apply to be certified or licensed in the same occupation in another province or territory without having to undergo significant additional training, examination or assessment. This amendment enables qualified workers to practice their occupation anywhere in Canada by eliminating residency requirements, and is based on competence, recognizing a worker's occupational qualifications and compliance to a **National Occupational Standard**.

Governments recognize the goal of providing freedom of movement for all Canadians in their chosen field across the country. The National Home Inspectors Certification Council is working for that end on behalf of all Home Inspectors in Canada.

CANADIAN STANDARDS ASSOCIATION

Over the past year in a half the Canadian Standards Association (CSA) was commissioned by Service Alberta to explore unifying the various standards of practice used by home inspection associations. Realizing that each association recognized carried different criteria, it became apparent that the Alberta consumer was not being offered a clear alternative and left confused. It is our understanding that the CSA-A770 Home Inspection Standard will be ready for official released within the next few months.

British Columbia who also licensed association credentials has encountered the same issue. It is currently trying to resolve and work towards a one size fits all model through working with their recognized home inspection association committees.

There is still concern based on the formation of a common interest group of home inspection associations in Canada (Canadian Home Inspectors Alliance), franchisors and other stakeholders about the lack of freedom to choose their favoured home inspection standard.

CSA Group is an independent, not-for-profit membership association dedicated to safety, social good and sustainability. Its knowledge and expertise encompass standards development; training and advisory solutions; global testing and certification services across key business areas including hazardous locations and industrial, plumbing and construction, medical, safety and technology, appliances and gas, alternative energy, lighting and sustainability; as well as consumer product evaluation services. The CSA certification mark appears on billions of products worldwide. For more information about CSA Group visit www.csagroup.org

Even with the development of the CSA Standard concerns were raised regarding the additional cost and public availability to access the CSA-A770 Standard. Others have expressed concerns about the fact that a large part of the CSA Standard is based on reference to other proprietary home inspection standards that already exist for free and is readily available to home inspectors and consumers in the marketplace.

COMPETITION BUREAU OF CANADA

The NHICC is the only home inspection entity in Canada that is pursuing independent third party accreditation, thus fulfilling the requirements of Canada's Competition Bureau. As noted earlier the NHICC has been a member of the Institute of Credentialing Excellence for the past 5 years.

According to fundamental antitrust and common law fairness principles, a "certifying body" must establish eligibility pathways that are objectively defensible, that are rationally related to its purposes, and that are not coloured by political or economic motives. A certifying body is exposing itself to great legal peril if it limits candidates for its examination to graduates of programs accredited by its sibling accrediting body for no other reason than the existence of the "family" relationship. Of course, if the certifying body can demonstrate objectively that programs accredited by the "other" accreditor

produce candidates who pose a likelihood of harm to the consumers of their professional services, it is legally allowable for the certifying body to exclude these candidates from its examination, and thus from its certification. Thus the NHICC separates certification from the delivery of education and training. As such the NHICC remains at arm's length in order to maintain that the governance structure, policies, and procedures that have been established protect against *undue influence* that could compromise the integrity of the certification process.

In general the Competition Bureau supports:

- The need for entry requirements to assure quality in the provision of professional services
- Any proposed increase to required qualifications should be justified as being the minimum that will reasonably ensure consumer protection
- Jurisdictions that maintain higher standards than others should look to the outcomes of less regulated jurisdictions when defining the minimum necessary level of qualification

Another Competition Bureau concern - abuse of a dominant position occurs when a dominant firm in a market, or a dominant group of firms, engages in conduct that is intended to eliminate or discipline a competitor or to deter future entry by new competitors, with the result that competition is prevented or lessened substantially.

These provisions, contained in sections 78 and 79 of the Competition Act, establish the bounds of legitimate competitive behaviour and provide for corrective action when firms engage in anti-competitive activities that damage or eliminate competitors and that maintain, entrench or enhance their market power.

The NHICC is an independent, fully inclusive professional national home inspector certification body recognized by both federal and provincial governments. The NHICC National Admissions Board has been established by the NHICC Board of Directors as a Standing Committee as defined in the NHICC Bylaws and Policy & Procedures. This Certification Committee operates as an independent and autonomous governing committee for the NHICC National Certification Program.

VISION, MISSION & OBJECTIVES

The **Vision** for the future of licensing in Ontario is to have a well developed and integrated system in place for;

- 1) Consumer Protection,
- 2) A license that is achievable by all home inspectors no matter what, if any affiliation he/she may have,
- 3) Maintain the basic rights of individual home inspectors to choose what, if any, association they wish to join.

The **Mission** of NHICC's Strategic Plan is twofold.

- 1) To assist the Provinces in meeting its mandate of providing Consumer Protection through effective licensing legislation; and rigid enforcement of compliance with the Standards of Practice & Code of Ethics
- 2) To position Ontario as the leader in Consumer Protection legislation.

The **Objectives** of this plan is to:

- 1) Bring an articulated and systematic approach to licensing, deploying and governing the administration of this legislation
- 2) Serve as a road map for Canada's Provincial and Territorial legislators.
- 3) Set the direction and strategies for the future.

The **Rationale** behind this plan:

1. **Licensure** refers to the granting of a license which gives a 'permission to practice.' Licenses are issued in order to regulate some activity that is deemed to be a threat to the public or which involves a high level of specialized skill.
2. The danger and skill elements inspire governments not to allow a free-for-all, but to regulate the activity, and licensing is a well-established and convenient method of regulation. In Canada licensing is usually required by law to work in a particular profession. Many privileges and professions require a license from the provincial government, in order to ensure that the public will not be harmed by the incompetence of the practitioners. Licensure is similar to professional certification and sometimes synonymous; however, certification is a professional qualification and not a legal requirement for practicing a profession.
3. Historically, in the professionalization process by which trades have transformed themselves into true professions, licensing fast became the method of choice in obtaining the occupational closure required by barring the unqualified from entry to the rights and privileges of a professional group.
4. Restricting entry by licensing is arguably a convenient and effective method of maintaining the high standards, high status and elite privileges of a profession as well as acting to eliminate competition from unqualified amateurs who provide a cheaper but (allegedly) sub-standard service. It means that only the most highly qualified persons are allowed entry into the profession and to enjoy its privileges.
5. In the case of certain occupations and professions, licensing is often granted through a professional body or a licensing board composed of advanced practitioners who oversee the applications for licenses. This often involves accredited training and examinations, but varies a great deal for different activities and in different countries.
6. Individual license is a legal permit that is personal and cannot be transferred to another. The individual seeking the licensure must meet the National Occupational Standards established through the National Initiative and CHIBO agreements. A

license is granted upon successful completion of the NHICC's National Certification Program with annual re-registration and continuing education required to maintain the license.

License renewal

An annual license renewal will be required to allow a review by the various Licensing Boards to ensure the licensee has fulfilled the annual continuing education requirements, and has renewed his/her National Certificate and is in good standing with the NHICC.

Restricting entry

Advocates claim that licensure protects the consumer through the application of professional, educational and/or ethical standards of practice. Restrictions to employment without licensure can also prevent people with criminal records or severe mental health issues from working in occupations that require public trust and bring a person into the consumer's home.

Occupational closure is the sociological term given to the process whereby a trade or occupation transforms itself into a true profession by closing off entry to the profession to all but those suitably qualified. The profession then becomes closed to entry from outsiders, amateurs and the unqualified. This is also sometimes called "professional demarcation". This can be achieved by licensure, through barring entry to all except those who have passed the entrance examinations and grades of training. In most professions these methods are in regular use. Therefore, such professions are open only to those who satisfy these requirements and are closed to everyone else.

A **professional association** (also called a professional body, professional organization, or professional society) is usually a non-profit organization seeking to further a particular profession, the interests of individuals engaged in that profession, and the public interest.

The roles of these professional associations have been variously defined: "A group of people in a learned occupation who are entrusted with maintaining control or oversight of the legitimate practice of the occupation;" also a body acting "to safeguard the public interest;" organizations which "represent the interest of the professional practitioners," and so "act to maintain their own privileged and powerful position as a controlling body."

Such bodies generally strive to achieve a balance between these two often conflicting mandates. Though professional bodies often act to protect the public by maintaining and enforcing standards of training and ethics in their profession, they often also act like a cartel or a labour union (trade union) for the members of the profession, though this description is commonly rejected by the body concerned.

Therefore, in certain dispute situations the balance between these two aims may get tipped more in favour of protecting and defending the professionals than in protecting the public. Many home inspection associations are involved in the development and

monitoring of professional educational programs, and the updating of skills, and thus perform professional certification to indicate that a person possesses qualifications in the subject area and will inevitably find itself plunged into a conflict of interest in (a) its wish to defend the interests of the public, while also (b) wishing to defend the interests, status and privileges of the association. It is clearly a tough call for it do both, thus the NHICC takes on the role of clear separation of maintaining a comprehensible demarcation of the role of certification opposed to directly providing education and training under its mandate. This follows the role of maintaining ISO Certification Standards.

PRINCIPALS & STRATEGIES:

The following are key principals and strategies followed in developing and deploying legislation to licensing the Private Home Inspection Profession.

Principal No. #1, Licensing is developed and deployed in a coordinated, systematic and cost effective manner.

Strategy:

Establish a permanent Home Inspection Certification Body to oversee the licensing criteria. The National Home Inspection Certification Council (NHICC) currently fulfils this requirement.

The National Certification Program was established to allow home and property inspectors to be certified as competent and qualified professionals. The National Certification Program is managed and administered by the NHICC. The NHICC is comprised of individuals elected by National Home Inspectors from all provinces. The NHICC has a Chairperson who oversees a board of directors. The board, in turn, watch over:

- The Chief Examiner, who oversees the Test Inspection with Peer Review (TIPR) process, which essentially field tests applicants.
- The National Admissions Board (NAB), which assesses and verifies the credentials of applicants to the program.
- The National Accreditation Council (NAC), which assigns assessment value to the various inspector educational programs available to Canadian home inspectors.
- The Discipline and Professional Practices Committee (DPPC) which has the power to review, discipline and/or recommends the revocation of certification of a 'Certificate Holder' thus effectively addressing and responding to public or other related disciplinary complaints.

The NHICC is made up of regional representatives in addition to members at large. The NHICC is an independent certification corporation with membership in ICE (Institute for Credentialing Excellence). By making this body the central regulator of the inspection industry the government will be providing a central, responsible authority to police the industry effectively.

NHICC's MISSION STATEMENT

The NHICC mandate is to administer the certification and accreditation review processes in a fair and consistent manner that is free from undue influence of home inspection associations. All home inspectors are welcomed to apply to the National Certification Program regardless of their background or association.

Through the National Certification Program (NCP) practicing Home and Property Inspectors are evaluated, certified and recognized as qualified professionals, NHI's.

By establishing national standards for the home inspection industry, including certification and accreditation of training providers, the National Certification Program is a major contributor to protecting consumers in the purchase of their residential property. Its certified, professional NHI's are major contributors to maintaining and improving the high quality of the Canadian housing stock and reviewing building conditions.

National Initiative CHIBO (Canadian Home Inspectors and Building Officials)

CHIBO 1- Source: CMHC Research Highlight -Technical Series 00-131 Web Link:

<https://www.cmhc-schl.gc.ca/odpub/pdf/62629.pdf>

A steering committee called CHIBO (Canadian Home Inspectors & Building Officials) was established in 2000 with the mandate to conduct an occupational analysis and establish minimum National Occupational Standards, a national code of ethics, inspector criteria and consistent performance standards.

“CMHC Research has shown that currently there are a number of private home inspection associations and organizations across the country each with different inspection standards and levels of qualification. The difference in standards for certifying inspectors across Canada has caused confusion in the minds of consumers as well as within other sectors of the industry. Also indicated in the research, is the considerable variation in the availability and quality of the home inspection services offered across Canada, with large regional differences.”

“The private home inspection industry is highly fragmented, comprised of a number of associations, franchises and individual firms with varying qualifications. There is no national organization with which the housing sector can interact.”

CHIBO 1 set out to accomplish the following objectives:

- Elevate the confidence of the Canadian home and building inspection profession in the minds of consumers, home inspectors, building officials, government and key stakeholders
- Establish minimum national occupational standards, code of ethics and criteria for inspector certification so that the public can have confidence that all certified inspectors meet the required national certification process

- Ensure that inspections comply with the same performance standard throughout Canada
- Approve, support and coordinate provincial/regional accrediting bodies to administer, certify and provide disciplinary control of the private-sector home inspectors.

The tangible results accomplished the completion and the creation of the National Occupational Standards for Home and Property Inspectors. The National Occupational Standards describe the skills, knowledge and abilities required to perform the duties of a Professional Home and Property Inspector in Canada.

CHIBO 2 - Source: CMHC Research Highlight -Technical Series 04-112 Web Link: <https://www.cmhc-schl.gc.ca/odpub/pdf/63547.pdf>

“A major issue facing the home and property inspection industry, which is national in scope, is the limited degree of labour mobility amongst jurisdictions. The industry recognizes the need to increase the transferability of skills and the portability of certification. Accessible training programs are needed that reflect and comply with the National Occupational Standards developed in Phase 1 of the Canadian Home Inspectors and Building Officials National Initiative.”

“To address these issues, CHIBO has initiated the Certification and Accreditation Models Phase Two project to use the National Occupational Standards from phase one and to design certification and accreditation models to reflect the standards for the HPI (Home and Property Inspector) and MBO (Municipal Building Officials) sectors. FNBO (First Nation Building Officers) participated on the CHIBO committee, and developed their own certification program in parallel with the CHIBO initiative.”

The results of CHIBO 2 for the home inspection sector saw the blueprint to implement a plan for National Certification of home inspectors and a plan to accredit training institutions that provide education and training in conformance with the National Occupational Standards.

Although there has been reasonable support for the National Certification Program for home and property inspectors, it still is undermined by the protectionist attitudes of many of the home inspection associations.

Note: The Construction Sector Counsel (CSC) in partnership with the Canadian Association of Home and Property Inspectors (CAHPI) developed the National Certification and Accreditation Model for Home and Property Inspectors. Input into this document was provided by The Alliance of Certified Building Officials Association (ACBOA), THE First Nations National Building Officials Association (FNBOA), Canada Mortgage and Housing Corporation (CMHC) and Human Resources Skills Development Canada (HRSDC).

The purpose of this document is to enhance the credibility and status of the home and building inspection industry and harmonize licensing.

The National Certification Program was created as a direct result of recommendations from CHIBO 1. The National Occupational Standards were also a direct product of this initiative, sponsored by HRSDC, CMHC, and ACBOA.

Principle #2 Provincial legislation to license the Private Home Inspector profession should be seamlessly integrated, compatible with CHIBO 1&2 and incorporate the National Occupational Standards.

Strategy - Cooperate and participate with the National Certification Program mandate to provide Governance of the licensing process and serve as the Certification Body.

Principle #3 this plan is well integrated in the planning, design, construction and maintenance of the Private Home Inspection licensing program.

Strategy - Integrate this plan as design to protect the Ontario Consumer.

Principle #4 Licensing development and design are sustainable.

Strategy – With increasing awareness, the NHICC can deploy Consumer Protection by raising the level of credibility to the public to one standard.

Principle #5 Ontario is open to technology, partnerships, new knowledge and innovation.

Strategy – Show the Consumer through positive action that using the established guidelines developed by the various Federal Government agencies that the Province can adapt and react to this vital Consumer Protection measure.

To be proactive and responsive to the Consumers needs, react to initiatives and proposals from external groups with a positive view to maximize mutual benefits.

Principle #6 Provincial Consumer Affairs and staff are well informed of the potentials and limitations of licensing and the provinces direction.

Strategy – Raise awareness of the NHICC by collaborating with the academic and research community such as Community Colleges, Better Business Bureaus, Financial Institutes, the Legal Profession and the Real Estate Profession.

BENEFITS

Through effective integration with the current Ontario Home Inspectors, a broad spectrum of solutions can be provided to aid Consumer Protection and improve a confusing and fragmented Home Inspection Profession. It would allow for better management and enforce regulations by providing real time and reliable action.

UNIFORM STANDARDS OF PRACTICE & CODE OF ETHICS

The acceptance of ASHI's Standards of Practice (SOP) offers Consumer Protection. This is the only SOP, which has been upheld by the Superior Court's justice system. The Consumer would have an enforceable document to address expectations and rely on.

IMPROVE SAFETY:

To have the Home Inspection Profession provide a service that is measurable to one standard, improves safety, not only, to the inspector but to the consumer, as the current training and qualifications of the profession are not uniform. Having all Ontario home inspectors meet the existing National Occupational Standard requires meeting to-day's education standards and adhering to continuing education requirements. At present training in such areas as Grow-Ops, Meth Labs and environmental concerns are only offered by a very few. This is an increasing issue in Canada and one that affects the Consumer's health and finances.

INCREASED CONSUMER CONFIDENCE:

Implementation of licensing will increase consumer confidence by providing qualified professionals for their home purchasing experience. It can also provide information on performance, which can lead to better management, overall operations, more efficient allocations of resources and improved performance.

The implementation of legislation would require all licensed home inspectors to carry E&O and General Liability Insurance. This not only protects the consumer, it also protects the inspector for any errors in expediting their duties. With this requirement and the inspection profession having to maintain a higher level of training and competency, insurance premiums would reasonably decrease.

REDUCE COST:

The integration of licensing into the existing home inspection profession format would become simpler and more cost effective. In a time of restraint and scrutiny on all spending, having an outside body regulate the day-to-day operations of the licensing board and management systems address this objective.

The Ontario Home Inspection Panel Report pinpointed the cost factors in administration and oversight of a licensing program as a significant impediment. In reviewing the models from both BC and Alberta a large portion of the administrative cost is borne on the respective approved home inspection associations and ultimately on the licensed home inspector or inspection business. There's still a financial impact on the respective licensing authority with those provinces. However, as stated earlier there are still differences that exist between comparing the approved home inspection authorities.

Ultimately the NHICC views this as an opportunity and means to unify the associations and create a certification board fairly representing all home inspection associations as well as consumer representation and Realtors® through a collective licensing administrative board.

CURRENT SITUATION IN ONTARIO

The Home Inspection Profession in Ontario is currently in disarray. The Ontario Home Inspection Profession is represented by a huge number of different associations and organizations all vying for membership. Some have a national presence, while the majority are provincial in nature.

It should be no surprise that the consumer and all major stakeholders are confused and concerned with the current state of the home inspection industry. The consumer is also totally unprotected as there is no one set of standards followed. Some inspectors carry insurance and attend mandatory upgrading and continuing education, while others do not. The system is fragmented and unbalanced.

Issues related to this fragmented industry reach far into its brief history. This was made apparent with CMHC launching the National Initiative at the turn of the century to investigate complaints about that there were no standards in place to govern or control our industry. The implementation of CHIBO by various Federal Government agencies speaks volumes as to the severity of this disarray by heavily investing in making change.

Through feedback from the licensing symposiums held in Ontario in 2010 and 2011 the initiation of CHIBO has been supported. The NHICC received input from the Realtors[®], who are generally the first profession that has contact with their clients. They have experienced countless complaints from their clients on the lack of training and incompetency of some inspectors. Consumers also have varying degrees of expectation of a home inspection. Consumers may expect a home inspection to reveal hidden problems that may not be in evidence during a three or four-hour non-invasive inspection.

The legal profession also substantiated this fact stating that although the court records only reflect major cases held in Superior Court they do not keep records of Small Claims actions, settlement agreements or arbitration agreements. The legal profession is fully aware of the lack of consistency and failure to provide a Duty of Care to the client. The cost of this situation to the court system is enormous.

The Better Business Bureaus, financial institutions and home inspectors concluded that the system was broken and in need of positive direction. This was characterized in an airing of CBC's Marketplace. The show revealed the incompetency and lack of knowledge of four home inspectors who all missed obvious signs that the home that was purchased had been used as an illegal Grow-Op. The required repairs and renovations would cost the purchaser thousands of dollars to remediate. The other major issue identified during their investigation was the fraudulent credentials and claims of some Ontario inspectors.

Unfortunately in an "unregulated profession" this is common place and often becomes the unfortunate norm within the industry. For the legitimate, conscientious inspector who continues to upgrade his/her education, follows the industry's standard and provides a reputable service to the consumer, it becomes very frustrating. Even within most

provinces Ministry of Consumer Services complaints, are registered under the contractor/renovations category which is near the top of the complaint chain.

Everyone involved in the real estate transaction, even celebrity guru Mike Holmes has called for improvements and licensing of the home inspection industry. Licensing will not solve all the problems within the home inspection profession or eliminate errors, but it would raise the level of training, qualifications, accountability and knowledge of the present situation and help protect the public.

Ontario is in an enviable situation with respect to legislating licensing of the Private Home Inspection Profession. The situation is such that a critical misrepresentation is present and affects the Consumer and any protection offered by the Home Inspection Profession.

STATEMENT OF PURPOSE

As a consumer based industry, the home inspection profession is committed to providing a valuable service to Ontario's home purchasing public. Through this initiative it is realized that a uniform commitment is required to ensure Consumer Protection and raising the qualifications and standards of the home inspection profession.

Purchasers often look to a real estate agent, broker, lender, appraiser, builder or real estate attorney, purchasers for recommendations on who they should hire to conduct the home inspection. In an unregulated profession referring a qualified home inspector can be difficult. The Canadian public demanded protection, accountability, a level of competence and training when hiring a home inspector.

The National Certification Program was created from a well-documented desire and need for a defensible, credible credential. Many national stakeholders, including CREA (Canadian Real Estate Association), CMHC (Canada Mortgage and Housing Corporation), HRSDC (Human Resources and Skills Development Canada), NRC (National Research Council), banks, insurers, relocation companies, etc. decried the lack of a recognized group of well trained, tested and approved home & property inspectors who would practice to the same level of competence across Canada.

Home inspectors are not created equal; many are new, part time or have short cut the certification process achieving online credentials. To help protect the consumer, Canada Mortgage and Housing Corporation (CMHC) recommends consumers use inspectors that have been "Certified by an organization based on the National Occupational Standards and based on certification guidelines of the National Certification Program". Consumers are making perhaps the largest investment in their life. CMHC has taken the lead and developed an information guideline for consumers when choosing a qualified home inspector.

GOALS & OBJECTIVES

Purpose & Formulation

The purpose of this proposal is to provide the Consumer with a clear choice when hiring the services of a Professional Home Inspector. Through this initiative the consumer will be able to hire a competent private home inspector who has met the requirements of this mandate. This also eliminates the confusion placed on the major stakeholder in the real estate transaction when referring the services of the home inspection industry. This includes the REALTOR®, financial and legal professions. Through this initiative true protection can be offered to all parties involved in the already complex and complicated real estate transaction.

In the current real estate transaction all parties involved (with the exception of the home inspector) are currently licensed and legislated. What the current system does is offer a state of confusion, misrepresentation and no reprise for the consumer. The consumer is left trying to search different credentials and different associations all providing different results and confusing the expectations of the consumer.

The home inspection profession fragmented, confusing, unregulated and as a consumer service offers no protection to the buyer. Although some associations, as well as, some inspectors have raised the bar and require rigor and verification of their credentials the consumer is still left trying to differentiate between certified, registered, master inspector etc. This fragmentation has occurred over the years through competition by the different associations to draw new inspectors into their fold.

All home inspection associations/organizations have an underlying agenda and should be left out of the equation when setting up the licensing structure. The NHICC is at arm's length from all parties and was established to mandate accountability, and credibility.

What this plan offers is a clear concise directive to eliminate any confusion the consumer may have when hiring the services of a private home inspector in Ontario.

STRATEGIC MODEL

Driving Forces

With the implementation of licensing and following the directives from CHBIO, the Province can take the lead in providing true consumer protection to a fragmented market. The consumer will have a clear choice when the inspector they hire is licensed to provide this service. To implement this, it is recommended that the National Home Inspector Certification Council be the sole certifying body as recommended in the findings of the National Initiative. **The National Initiative's mandate was to evaluate and make recommendations to improve consumer protection and harmonize licensing.**

By implementing the National Home Inspector Certification Council as the certifying body, it eliminates the current competition between the home inspection associations and

allows the private home inspector the right to choose which, if any, of the current home inspection associations he/she wishes to belong to based on membership benefits. This restores the principle of **freedom of choice**.

It is also recommended that the legislation should recognize an outside body to administer the licensing process, therefore, requiring not much if any financial commitment from the Provincial Government. Through this recommendation, the licensing body would administer a licensing fee to the private home inspector covering all costs involved. History has shown through the different organizations, that this fee has been nominal and is a very cost efficient way to provide this service.

Once this legislation is passed, consumer awareness would be the first priority. This can be achieved in several ways, through the media, real estate boards, Better Business Bureau, the legal profession and all financial institutions. What this will offer the stakeholder is a clear solution when requiring the services of a qualified licensed home inspector anywhere in Ontario.

What makes this proposal different and enforceable is that the Province is not relying on any one home inspection association to monitor, institute or govern the licensing procedure. It exemplifies true consumer protection through legislation.

Next Steps

Are further studies and consultations required? **We think not!**

In 1996 CMHC realized there was a problem within our industry and launched one of the largest projects into the home inspection profession. Almost two million dollars was invested into this initiative and involved every facet of the home inspection industry.

This initiative took seven years to complete and document. The unfortunate circumstances surrounding this initiative were that Provincial Governments did not act on their recommendations. The Home Inspection Profession itself is guilty as well. To-date the only improvement they have undertaken was the creation of the NHICC and implementing that directive nationally.

As a result of complacency or lack of motivation by the Provincial bodies, the home inspection profession have rested on their laurels. With an ever increasing demand for Consumer Protection and our industry being inundated by part-time and unqualified practitioners, the consumer is now at greater risk than ever before.

The mandate and purpose of CHIBO was to recognize the deficiencies within our profession and make the appropriate recommendations. They were two-fold; initiate the formation of the National Certification Program and give direction for licensing our profession throughout Canada.

The real estate industry is a multi-billion dollar business. The Canadian dream is home ownership and relying on the services of a “qualified, competent home inspector” is a realistic component of this process. The National Initiative addressed these concerns. It is

time for the Province to take the lead and implement meaningful legislation to improve the Home Inspection Industry and offer the Consumer true professionalism in the industry.

A Home Inspector in the Province of Ontario is the only profession in the real estate transaction that is not required to be licensed and currently operates in an unregulated profession. Meaningful legislation would change this and offer true Protection.

Requiring a license to practice provides both seller and purchaser confidence, when choosing a home inspector, they can knowingly rely on a qualified professional.

Legislation would have an impact:

- It would artificially limit entry
- Limit the competition in the early stages
- Tend to increase activity in the underground industry

However these negative impacts would be only temporary!

Legislation would help protect the public's interest by:

- Assessing the qualifications of and requiring a license to practice in Ontario.
- Receiving and responding to complaints from consumers in a timely fashion.
- Requiring licensees to carry mandatory E&O/General Liability insurance.
- Raising the bar for inspector's qualifications, this in turn would lower insurance premiums for the inspection industry.
- Eliminating the number of inspection associations/organizations currently operating in Ontario, removing the huge degree of confusion this has caused the public.
- Requiring some associations/organizations to merge, improving the communications that does not currently exist.
- Give Ontarian's one qualified meaningful credential to rely on.
- Potentially reducing court expenses.

Legislation would ensure Consumer Protection by:

- Ensuring consumers rights are better protected.
- Improving public/consumer satisfaction.
- Protecting the public from incompetency.
- Levelling the playing field and prevents unfair, unqualified competition, benefiting the industry and consumer alike.
- Removing inadequately trained and unqualified inspectors that are frequently the cause of substandard inspections.
- Lowering liability for consumers – less litigation, fewer consumer complaints.
- Enhancing business reputations as a result of competence and qualification.
- Removing semi-skilled and unqualified practitioners, it provides a better more stable industry with real career possibilities.
- Providing a greater measure of career security.

- Increasing the skill level of the industry, which ensures better and quality service to consumers.

LICENSING OPTIONS

There are three basic licensing models that should be considered:

- Government Regulation,
- Industry Self Regulation,
- Outside Body Regulation

Government Regulated: in a time of restraint and huge government deficits, it is not realistic to impose added burdens to the Ontario tax payer. Licensing should be incorporated to add protection to the public interests and provide consumer protection. Government regulated can also be quite complicated and costly.

Industry Self Regulated: is by far the most desirable option. However with the current status of the Ontario home inspection profession this would be virtually impossible to attain. Every inspection association/organization would want input to protect their own self image, designations, structure and requirements. All the major home inspection associations were invited to take part in open communication on licensing symposiums held; they all declined! Meaningful communications between the current home inspection associations/organizations is all but impossible.

Outside Body Regulation: this is the simplest format to follow. The cost of implementation would be carried by the practitioners, through licensing fees, eliminating the need for government funding while protecting the public's interest. Utilizing the National Home Inspector Certification Council as the licensing body is an appropriate fit.

RECOMMENDATIONS

National Initiative CHIBO

- Utilizing the recommendations from the National Initiative and the documentation found within this plan, legislation should be tabled to license the private home inspection profession.
- The National Initiative was initiated in 1999 (CHIBO-1) and (CHIBO -2) completed in 2005. This initiative was a result of concerns raised with the home inspection profession nationally. Funding for this project was received from the various Federal stakeholders involved.

Certification Body

Following the recommendations noted in the National Initiative, the National Home Inspector Certification Council should be appointed as the Certifying Body in this legislation.

The National Certification Program was created as a direct result of the findings from the National Initiative and was implemented to harmonize licensing. This recommendation is twofold:

1. The NHICC is an independent certifying body at arm's length from any Canadian home inspection association
2. The NHI designation is attainable by any Canadian home inspector.

The National Home Inspector Certification Council

The NHICC requires that the National Occupational Standards, ASHI Standards of Practice and Code of Ethics are adhered to, again strengthening consumer protection by providing a defensible inspection standard. This is the foremost Standards of Practice that has been recognized by the Superior Courts.

The NHICC through its National Certification Program (NCP) issues the **National Home Inspector** designation (NHI) to successful applicants that have met the rigour, verification, technical background review and successfully completed the peer review process TIPR (Test Inspection with Peer Review) and National Exam. The NHICC is the only organization in Canada that demands this level of competency ensuring all who receive this designation have undergone the scrutiny required to attain this designation. It is the only Standard in Canada consistent with the recommendation of government funded research. The NHICC does not allow for grandfathering, in order to establish a consistent level of competence among home inspectors, all applicants will be required to follow the same process. Every National Home Inspector has gone through this same level of rigour.

- Becoming a National Home Inspector would be a requirement of licensing. This is an attainable credential available to any applicant that applies and successfully completes the requirements.
- The NHICC has in place a Discipline and Professional Practice Committee (DPPC) that has the power to: review, discipline and/or revoke certification of any registrant, thus effectively addressing and responding to public or other related disciplinary complaints.

Licensing Body

In a time of restraint, government deficits and global recession establishing a cost effective means to regulate the licensing process is essential. Calling on the Canadian Real Estate Association and utilizing their established Licensing Body to administer the regulatory requirements the Real Estate Industry fulfils that need and is recommended. This would be accomplished with a zero dollar input from the Government. All cost incurred would be dispersed evenly through the licensing fees.

Licensing our profession also has the support of the 140,000 members of the Canadian Real Estate Association (CREA), CMHC, CSC and HRSDC.

Licensing Board

A licensing Board will also be required; it should be comprised of a maximum of 11 members of the current major home inspection associations/organizations in Ontario and an independent consumer protection advocate.

The board will consist of at least:

- (a) Two NHI accredited and independent home inspectors who have been actively engaged in the practice of home inspection for at least five years;
- (b) One consumer advocate who is not involved in the housing industry;
- (c) Six members representing the major home inspection associations operating in Ontario, with numbers divided equally between them on a per capita basis.
- (d) Two public members (not associated directly with the home inspection sector).

The board would be responsible for the licensing of home inspectors. Their mandate would be to:

- establish criteria for issuing, renewing, failing to renew, suspending or revoking a home inspection license;
- provide consumer protection to the perspective home buyers;
- to oversee the licensing of home inspectors.

Licensing Requirements

- To obtain a license to practice in Ontario, licenses must fulfil the requirements of the National Certification Program, be a National Home Inspector (in good standing) as mandated by the National Initiative and CHIBO agreements.
- The intent of defining the requirements required to obtain a license to practice in the home inspection profession is not geared to eliminate any of the present practitioners working in this industry. This document respects this basic right and provisions are included in this document reflecting this position. Setting the standards for licensing will however require the unqualified inspector practitioner to improve and up-grade in the areas that they do not meet these required criteria.

It is estimated that currently there are somewhere between 1,500 and upwards to 2,000 private home inspectors practicing in Ontario. Of that number it is estimated that over half are presently qualified and can meet this criteria. The remaining numbers are made up from unaffiliated, part time and the potentially unqualified body. The National Home Inspector designation is attainable by any person that applies themselves and can gain the necessary education and qualifications.

It is also estimated that there are a significant number of qualified private home inspectors that until now have not found the need to apply for any designation or affiliation with any association.

- To address the initiation of licensing and to continue to provide this valuable service to the Ontario public, establishing a phase in period is required. To meet

this requirement all current Ontario home inspectors with the following designations would be granted a provisional license:

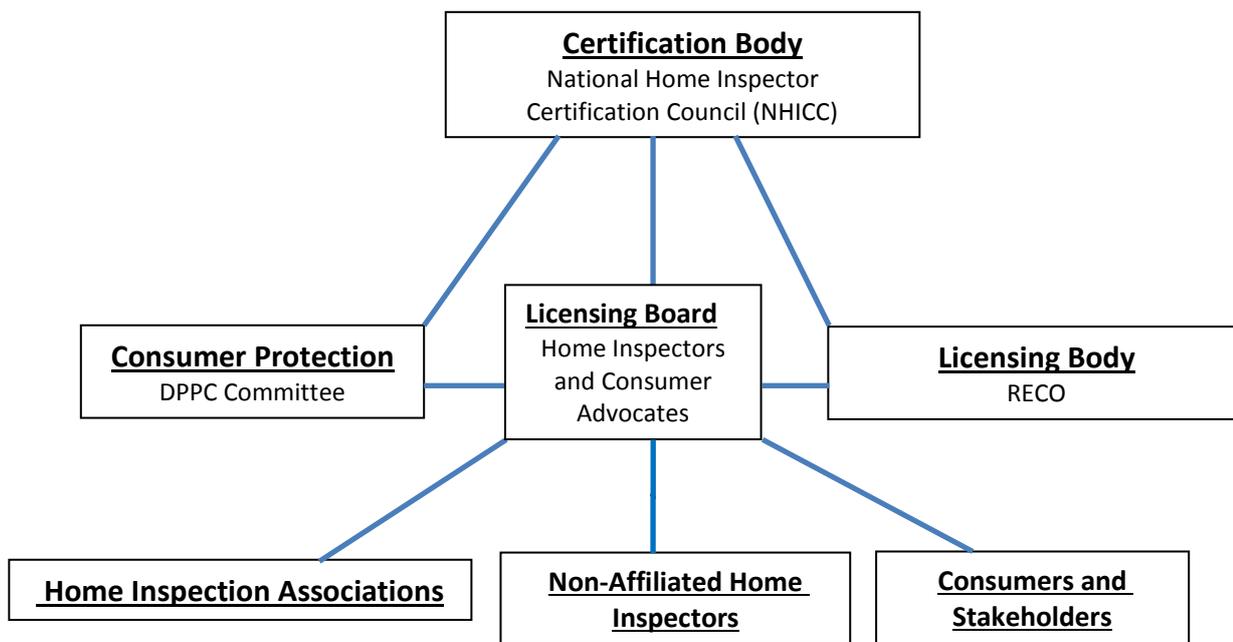
1. NHICC - NHI and Candidate Members
2. CAHPI-Ontario/OAHI - Registered Home Inspectors (RHI's)
3. CAHPI-Ontario/OAHI - Associate Members
4. American Society of Home Inspectors – ACI (Certified Home Inspector)
5. Professional Home and Property Inspectors of Canada's - Provisional Members
6. OntarioACHI - CMI

This license would be conditional on the licensee attaining, the “National Home Inspector” designation, within one year from the date that licensing legislation becomes law.

- All licensed private home inspectors practicing will be required to carry E&O (Errors and Omissions) and General Liability Insurance.

Coverage shall consist of:

- Errors & Omissions Coverage: \$1 million occurrence/limit/aggregate
 - Comprehensive General Liability Coverage: \$1 million occurrence /limit /aggregate
 - Immediate suspension for any licensed private home inspector conducting fee paid inspections without proof of the required insurance.
- Mentoring (apprenticeship) must be incorporated into the requirements for any new applicant allowing for growth and practical supervised field experience ensuring that the mandatory requirements are truly attainable.



CONCLUSION

Improving the level of professionalism through education, training and achievable standards, while increasing Consumer Protection and protecting the public's interest is the sole purpose of this document. What was exposed by the investigations carried out by CBC's Marketplace happens every day and will continue to transpire. Without meaningful legislation to protect the public, it remains buyer beware market.

Meaningful legislation based on the recommendations of this document can fully offer the Ontario public a beneficial means of protection. This proposal provides greater consumer protection for home buyers by prohibiting persons from inspecting a home without a license and setting out basic requirements for obtaining a license. This proposal also establishes under the guidelines of the CHIBO agreements standards for education, training, background review, field testing and adopts a code of ethics and standards of practice for all licensed home inspectors.

This proposal ensures every home inspector in Ontario has a fair and attainable means to secure a license to practice while removing the home inspection politics from the equation. Through this proposal Ontario has the opportunity to lead through meaningful legislation and offer true Consumer Protection.

The heavy lifting has been done. The federal government has created the standards that will protect consumers; CMHC, HRSDC, CSC, CREA, FNNBOA, ACBOA, CHBA, Inspection franchise operators, National Research Council, Consumers, Governments at all levels, Assembly of First Nations, Mortgage insurers, Lending institutions, Home warranty programs, the Canadian Federation of Municipalities and the home inspection profession all can't be wrong. We're asking the Ontario government to adopt the fine work that has already been completed without the need to reinvent the process.

As such the NHICC offers it services and expertise to make licensing and consumer protection a meaningful process for home inspections in Ontario.

Thank you for your time and consideration of our proposal.

On behalf of the NHICC



Further information is available for the appendices upon request.