

Whitepaper:

How to Select a Home Inspector

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This whitepaper is intended to help customers select a competent, credible and professional home inspector to perform an assessment of the home they are considering purchasing. Very often, the importance of your home inspector decision can get lost in the emotional stress and excitement of the real estate transaction process. However, a certified home inspector can be your best ally in truly finding the home of your dreams and making a smart investment.

The following are the suggested areas you should assess when selecting a home inspector:

1. State Certification & Compliance
2. Training
3. Insurance Coverage
4. Report Format & Delivery
5. Franchise vs. Independent
6. Referrals & Endorsements

State Certification & Compliance

Approximately two-thirds of all states have enacted home inspector legislation that stipulates parameters for training, experience, insurance coverage and/or continuing education. If you reside in one of these states, checking with the appropriate state authority to verify an inspector's license status should be your first step. It is very common for a home inspector to secure their initial license and subsequently let their renewal lapse, yet still market themselves as 'state certified.'

To access a list of states with home inspector legislation and links to their governing bodies, you can visit: <http://www.inspectit1st.com/inspection-services/home-inspector-laws.html>. (if we do not want to direct them to the IIF site, we can use the ASHI site: <http://www.homeinspector.org/stateregulations/default.aspx>)

If you do not reside in a state that licenses home inspectors, your level of 'buyer beware' is that much higher.

Training

The quality of the training program completed by a home inspector has a significant impact on the quality of home inspection you will receive. Today, home inspector courses abound and barring any state-specific parameters, someone can take an online course and call themselves a "home inspector" within a week.

Specific elements to ascertain regarding an inspector's training include:

1. Proof of completion from a reputable training provider.
2. Total number of training hours completed.
3. Actual hands-on field training with certified inspectors.
4. Ongoing education completed.

Can experience substitute for a lack of formal training? No, not really. If someone was never trained on how to do something the *right* way, logic follows they will simply do it the *wrong* way repeatedly. And given the nature of home inspection work, most consumers honestly can't tell the difference because many defects are not readily apparent to an untrained eye.

Insurance Coverage

Home inspectors are human, and even the best of them may miss something occasionally or inadvertently cause damage while performing the inspection. Proof of insurance coverage is critical to protecting you in these events, and speaks volumes about the home inspector's willingness to stand behind the quality of their work.

There are two types of insurance coverage a home inspector should maintain, each protecting you from different types of risk:

Errors & Omissions (E&O) / Professional Liability Insurance

E&O insurance, also known as Professional Liability Insurance, provides you with relief for damages resulting from the home inspector's failure to adequately meet the standards of their profession. The most typical scenario covered by E&O insurance is if the home inspector misses a defect, and that defect causes subsequent damage to the property.

General Liability Insurance

General Liability Insurance provides coverage for acts not associated with the home inspector's inspection performance. This would include accidental property damage or bodily injury caused by the inspector while on-site. An example would be if the home inspector damages a gutter while placing their ladder to inspect the roof.

Most consumers do not know to ask for proof of both insurance coverages and therefore leave themselves open to significant risk exposure. Of the two, many inspectors will only maintain General Liability insurance because it is far less expensive. Yet, the most expensive claims are more likely to be generated by acts associated with E&O insurance.

Report Format & Delivery

The inspection report is what you will ultimately have to reference once your inspection is complete. To receive the maximum value from your investment in an inspection, the report must be thorough, easy to understand, user-friendly and comply with generally accepted standards. Some specific questions to ask your home inspector regarding their report include:

1. What is the report format? If it is simply a checklist, it won't give you all the information you need to make an informed decision.

2. What is the average length of your inspection report? If they state 15 pages or fewer, that can be a red flag (except in the case of Texas, where the state mandates a specific report format for inspections).
3. Does the report include all the systems, items and components defined in the American Society of Home Inspectors (ASHI) Standards of Practice? If an inspector answers 'no' or fumbles on this question, it is a good sign that their report does not conform to standards.
4. Does the report include digital photography throughout the report? Pictures do say a thousand words, and are an invaluable resource when negotiating, ascertaining if repairs were made, and simply understanding the nature of a defect. Some reports only include photos at the end of the report, making it difficult for you to read the inspector's comments and view the area in question easily.
5. Does the report include a summary page? You should always read the entirety of your inspection report, but a summary page is extremely useful in understanding the significant concerns regarding the property.
6. Does the report include maintenance and safety advice? Home inspectors should also be educators and a source of tips and guidance for maintaining the value of your property long-term.

You should also be provided with options regarding the delivery of your report, including at a minimum email delivery of a .pdf copy and the option to receive a printed copy. Due to the file size of many reports (especially if they incorporate extensive digital imagery), many inspectors now offer secure website access to download reports.

Real estate transactions can be very time sensitive, so you should also discuss report delivery timeframe with your inspector and communicate any special needs early on to make sure they can commit to meeting your deadlines.

Franchise vs. Independent

There are two primary types of inspection businesses in the market – those that operate as part of a franchise, and those that choose to operate their own, independent business.

Home inspectors that belong to a national franchise typically have rigorous training programs, mandated insurance coverages and standards for quality, service delivery and professionalism. They also frequently require franchise owners to complete on-going education to continuously hone their inspection skills and knowledge. As such, franchised home inspectors typically command a premium price for their professional service delivery.

Referrals & Endorsements

Friends, family and colleagues can be great reference sources; ask them if they recently had a home inspection performed if they were pleased with the service provided.

Your REALTOR® can also help you understand the inspection process further, and provide recommendations regarding local inspection professionals. Often times, they will have 1-3 inspectors they recommend repeatedly because they have demonstrated consistency, competence and professionalism. As with all aspects of your real estate transaction, your REALTOR® should be your first go-to resource for questions or assistance; they are there to help.