



Prepared for:
The Education and Research Advisory Committee
of the Ohio Real Estate Commission;
Department of Commerce, Division of Real Estate
and Professional Licensing

Home Inspector Licensure

Feasibility Study for the State of Ohio

May 2006

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Table of Contents

Introduction.....	1
Section 1: Existing Regulation Analysis.....	3
1.1 Cases of Limited Regulation.....	4
1.2 Governmental Administration of Regulatory Programs.....	5
1.3 Existing Licensing Requirements.....	16
Section 2: Project Surveys	
2.1 Methods of Implementing Project Surveys.....	33
2.2 Survey Returns and Data.....	39
2.3 Data Analysis.....	51
Section 3: Analysis and Recommendations.....	69
3.1 Issues Analysis.....	70
3.2 Recommendations.....	75
Conclusion.....	85
Appendix A: Copies of Project Surveys.....	87
Appendix B: American Society of Home Inspectors Ratings.....	95
Appendix C: Map of Ohio Survey Counties.....	101
Appendix D: New Jersey Real Estate Agents.....	103
Appendix E: Compilation of Write-In Survey Comments.....	104
Appendix F: Summary of State Requirements.....	119
Appendix G: Matrix of Existing Regulation.....	126
Appendix H: Statistics Definitions.....	129
Appendix I: Suggested Home Inspector Training Curriculum.....	130
Appendix J: Texas Standard Inspection Form.....	132
Appendix K: Existing Regulations.....	Included CD-ROM

Introduction

The home inspection industry has grown considerably over the past 15 or 20 years. At one time, a home inspection might only have been performed if the property was particularly suspect. If an inspection was performed, it might have been done only as side work by someone who worked full-time in the construction industry. As the field has grown, it has given rise to full-time, professional inspectors, and a home inspection is becoming as much a standard part of the real estate transaction as the appraisal, survey, title search, or any of the other numerous considerations.

Because of this recent growth in the home inspection industry, regulating home inspectors at the state level has become a significant issue. At this time, 30 states have enacted some type of regulation of home inspectors, from simple statutes that define a few industry terms and prohibit certain acts, to full-blown licensing programs. Momentum to adopt similar regulations in the remaining 20 states grows, including Ohio. To address this momentum, the Research and Advisory Committee of the Ohio Real Estate Commission has commissioned this report to explore the issue of licensing home inspectors in Ohio.

There are three primary components of this report. The first is a documentation of the regulations that have already been established for home inspectors in 30 other states. This documentation covers the wide range of issues associated with the home inspection industry and how states have addressed them with their regulations.

The second component of the report encompasses the surveys that were completed for the project. Real estate agents and home inspectors from three states with home inspection licensing and three without were surveyed in order to quantify some of the important issues relating to the home inspection industry and regulation of that industry. A third survey further adds to the data by quantifying the experiences of home inspection consumers in Ohio. An objective, statistical analysis of the survey data rounds out this section.

Drawing from both the research completed for the report's first component and the data provided by the survey work, the third component of this report provides an analysis of home inspection industry issues as well as recommendations for the Ohio legislature in pursuing regulation of the industry here.

1 Existing Regulation Analysis

At the time of this printing, 30 states have enacted some type of legislation regulating home inspectors. Approximately seven other states have such legislation under discussion or introduced in the legislature. Naturally, the components of these regulations vary considerably, from statutes that simply define a few industry terms to regulations that cover a variety of requirements for becoming a licensed home inspector. Following is a documentation of the various legislative approaches presently enacted, differentiated by a range of issues inherent to the home inspection industry and the regulation of that industry.

First is a brief description of a few states that have enacted legislation with minimal regulatory effect on the home inspection industry. After that begins a more in-depth analysis of the components that make up more extensive regulation. Beginning with the governmental administration of home inspector regulation, several methods of implementing offices and staffing are covered. Following that, the licensing requirements themselves are covered, which includes both the preliminary requirements and the renewal requirements. Finally, a number of other issues relating to the regulation of the industry are discussed.

1.1 Cases of Limited Regulation

While a full licensing program has been the primary focus of most states that have enacted regulation of the home inspection industry, a few states have enacted legislation that does not comprise a licensing program. Instead, the primary goal of these regulations is to define a few industry terms, prohibit certain acts, or require minimum insurance coverage.

Perhaps the most minimal regulation was enacted by the state of Georgia. As part of the Trade Practice Act, there are only a few sections pertaining to home inspectors. One defines what a home inspector is, while another dictates what a home inspection report must specify, namely:

- (1) The scope of the inspection, including those structural elements, systems, and subsystems to be inspected;
- (2) That the inspection is a visual inspection; and
- (3) That the home inspector will notify in writing the person on whose behalf such inspection is being made of any defects noted during the inspection, along with any recommendation that certain experts be retained to determine the extent and corrective action necessary for such defects. (Code Section 8-3-331)

The other sections of the regulation only create leeway for the future licensing of home inspectors, and define the penalty for violating the above sections.

Sections 7195-7199 of the California Business and Professions Code are similarly limited in their overall scope, though they do provide more detail than the Georgia act. The California statute primarily defines a few general industry terms, such as “home inspection,” “home inspector,” and “material defect.” In addition it outlines a number of prohibited acts, such as offering to repair a defect discovered during the inspection, or to inspect property in which the inspector has a financial interest.

The third state with comparably minimal regulation of the home inspection industry is Montana. Montana’s regulation is similar to California in that it defines a few industry terms, such as “home inspector” and “home inspection report,” and outlines several prohibited acts. In addition, the Montana regulation defines several exclusions for people to whom the regulation does not apply, including building/code inspectors or individuals licensed by the state in a number of other industries (architect, engineer, master plumber, etc.). The law also allows for penalties by stipulating that anyone practicing as a home inspector without complying with these provisions is to be subject to the unfair trade practices provisions.

The above mentioned states have enacted the barest regulation of the home inspection industry. The interest in having this regulation is to define several key industry terms and perhaps outline a few reporting requirements, though the key component that does the most to protect the consumer is the description of prohibited acts.

1.2 Governmental Administration of Regulatory Programs

In those states that have enacted legislation to license and regulate home inspectors more extensively, most have made accommodations for an agency that determines the particulars of the regulation, administers the day to day facets of the regulation, and acts as enforcers of the regulation. There are two primary methods used that determine who will be in charge of administering the regulation. After discussing these methods, staffing issues and enforcement are covered.

Agency Regulation

The first method for administering regulation involves authorizing an already established state agency to be the sole regulatory agency for home inspectors. This might be the case in states where licensing of other building professions is already regulated by an existing office, or where a central office handles all of the licensing for the state. Ultimately, though, this method is used primarily in cases where a state's regulation of the home inspection industry is not as broad.

For instance, North Dakota has enacted legislation that regulates home inspectors in that state. However, the requirements of the regulation are fairly minimal. The legislation stipulates that an applicant must only meet the following requirements:

1. Must be at least eighteen years of age;
2. Shall submit proof of satisfactory completion of an examination on home inspection offered by the American Society of Home Inspectors, the National Association of Home Inspectors, the National Association of Certified Home Inspectors, the Examination Board of Professional Home Inspectors, or the International Code Council;
3. Shall submit proof of current errors and omissions insurance coverage in an amount of one hundred thousand dollars or more covering all home inspection activities; and
4. Shall pay a fee of two hundred dollars. (ND Code Chapter 43-54-03)

There are few other components of the 2-page North Dakota statute, including a few definitions, an exception clause, and stipulations for renewal. Consequently there was no necessity to introduce a new licensing agency. Instead, home inspectors are only required to register with the already-established Licensing Division of the Secretary of State, as per the above requirements.

Alabama's home inspection licensing is more extensive than North Dakota's, but it still demonstrates the use of an established state agency to regulate the industry along fairly broad lines. The Alabama Building Commission (ABC) was charged with the task of regulating home inspectors in Alabama. The ABC itself carries out all of the requirements set forth in Alabama's home inspection licensing law. While there are staffing positions allocated to administering the

licensing, there is no separate organization within the ABC that deals specifically with determining the parameters of the home inspection regulation. Where decisions must be made in implementing the law, the Alabama statute delegates the power to one individual:

(4) The Director shall be the official of the Building Commission responsible for and empowered to implement, supervise and carry out the requirements of this Alabama Home Inspectors Registration Program. The Director's powers shall include, but shall not be limited to, the decision to accept, reject, approve or disapprove of any and all applications (whether initial, renewal or reconsideration) for licensure, to revoke or suspend licensure, imposition of fines and making a final decision on all complaint procedures, disciplinary hearings and enforcement. (AL Code 170-X-24-.01)

However, the Alabama statute by and large does not leave much to be determined by the ABC. In general the law only requires that inspectors be registered, take and pass a home inspection exam and an ethics exam, and carry general liability and errors and omissions insurance, in addition to covering protocols for penalties and complaints. Because there are not a number of other components to the regulations, Alabama is an example where a new state agency would not be necessary to regulate the industry. In addition, the law specifically states what the registration fee will be and which tests will act as the state exams for licensing. These are details that are often left to the regulating agency or board in other states. Because they are defined by the implementing legislation in Alabama, it further reduces the need for a new agency.

Similarly, in Alaska the Division of Corporations, Business, and Professional Licensing, under the Department of Commerce, handles the licensing of home inspectors there. Unlike Alabama, Alaska's agency is the general licensing agency for the state, rather than one specifically related to the building industry. Like Alabama, the Alaska agency has no separate staff or department that makes determinations for the home inspection industry.

The Alaska statute however does give somewhat more leeway to the Division to make a few general determinations for licensing. The licensing fees are left to this agency with a stipulation that the fee must only be commensurate with the cost of administering the licensing program. The Division also has leeway in choosing the licensing exam and the continuing competency requirements. On the latter topic, the statute states:

Sec. 9. AS 08.18.031 is amended by adding a new subsection to read:

(c) A certificate of registration as a home inspector may not be renewed unless the home inspector has complied with the continuing competency requirements established by the department. The department shall adopt regulations establishing the continuing competency requirements. The regulations must provide that a continuing competency activity approved by one of the following entities satisfies the continuing competency requirements of this subsection if the activity meets the requirements established by the department in regulations adopted under this subsection:

- (1) Alaska Housing Finance Corporation;
- (2) University of Alaska;
- (3) American Society of Home Inspectors Alaska Chapter;
- (4) a chapter of the International Conference of Building Officials Alaska;
- (5) Alaska State Homebuilders Association; or
- (6) a state agency that offers an activity that meets the requirements set by the department.

Regardless of the fact that the Alaska law grants some authority to the Alaska Division of Corporations, Business, and Professional Licensing (and does not contain all licensing particulars itself), the overall regulatory requirements as defined by the legislation are not extensive enough to warrant a new regulatory agency. For instance, the main components of the regulation are testing, prohibited acts, a few reporting requirements, and an insurance requirement. There is also a minimal continuing education requirement. Ultimately, compared to other states with more extensive regulation, the Alaska requirements are not as far reaching; therefore, the administration was left to an established state organization rather than initiating a new one. It may also be inferred that the size of the Alaskan market may not lead to a large number of inspectors requiring more regulatory administration. In fact, there are only approximately 80 licensed home inspectors in Alaska at this time.

As seen in the above examples, the impetus for using an existing agency to regulate the home inspection industry may be the convenience of the existing agency being related to the building industry or the state's licensing body. However, it seems more apparent in the previous examples that the introduction of a new agency was not necessary because of the limited scope of the regulations.

Regulatory Boards

The second method of administering regulation entails the creation of a new state entity. In states that have chosen this route, this new entity is almost always a state board (or committee, council, etc.) of home inspectors. In general state boards are widely used to regulate and enforce a number of industries and professions. The application of a regulatory state board to the home inspection industry mirrors established methods of using a state board to regulate other industries. The board is usually set up within, or under the auspices of, an established state department that is related to either the building industry, the real estate industry, consumer protection, or the state's general licensing agency. For example, Indiana's Home Inspector Licensing Board is under the Indiana Professional Licensing Agency, while Connecticut's Home Inspection Licensing Board is under the Department of Consumer Protection, Occupational and Professional Licensing Division.

In states with a state board of home inspectors, the board is usually comprised of seven or nine members. In some instances, such as the seven member Louisiana State Board of Home Inspectors, the members of the board are all professional home inspectors, each representing a different Louisiana Congressional district. However, more common is the practice of having a board that represents a wider array of professionals from the real estate industry. For example, Arkansas's state board is made up of seven members: four members are registered home inspectors, one member is a licensed real estate professional, one member is a licensed real estate appraiser, and one member is an at-large member who serves as a consumer advocate. Indiana's board has a similar lineup except, rather than an appraiser, one member is a home builder. In most cases, the members of the board are appointed by the governor, often with legislative approval of the candidate.

State home inspector boards are predominantly volunteer positions, with per diem allowances and business expenses. The amount allocated to these expenditures is usually outlined in the state's standard administrative code. Boards are usually required to meet at least twice a year,

but sometimes as often as four or more times a year. In addition there are stipulations that the board meet more often when it is necessary to discharge its duties.

Variations in the implementing legislation from state to state create a range of autonomy designated to the board, from a more authoritative and independent board, to a board that acts primarily as an advisor to the overseeing agency. The latter is the case with the Mississippi Home Inspector Board. While this board is charged with certain duties, Mississippi's licensing legislation gives most of the power to license and regulate home inspectors to the Mississippi Real Estate Commission. The legislation reads:

Administration and enforcement by Mississippi Real Estate Commission; duties and powers. This act shall be administered and enforced by the Mississippi Real Estate Commission, which shall have the duties and powers to:

- a) Receive applications for licensure as a home inspector under this chapter, establish appropriate administrative procedures for the processing of applications and issue licenses to qualified applicants pursuant to the provisions of this chapter;
- b) Implement recommendations made to the commission by the Home Inspector Regulatory Board with respect to upgrading and improving the experience, education and examination requirements that are required for a home inspector license. [MS Code § 73-71-3]

In Mississippi's case, the legislation empowers the licensing board only with a few powers, primarily relating to experiential requirements, disciplinary actions, and enforcement. On establishing the powers of the Mississippi board, the legislation reads:

- 1) The Home Inspectors Regulatory Board shall have the duties and powers to:
 - a) Be responsible for matters relating to home inspectors code of ethics and standards, home inspector qualifications, testing standards and disciplinary functions.
 - b) Hold meetings, public hearings and administrative hearings and prepare examination specifications for licensed home inspectors.
 - c) Conduct investigations, subpoena individuals and records, administer oaths, take testimony and receive evidence and to do all other things necessary and proper to discipline a person licensed under this act and to enforce this act. [...]
 - d) Further define by regulation, the type of educational experience, home inspector experience and equivalent experience that will meet the statutory requirements.
 - e) Recommend suspension or revocation of licenses pursuant to the disciplinary proceedings provided for in this chapter. [MS Code § 73-71-7]

Illinois's Home Inspector Advisory Board, which initially served as advisor to the Office of Banks and Real Estate (OBRE), plays a similarly less authoritative role as the Mississippi Home Inspector Board. Section 25-10 (j) of Illinois's administrative code reads:

The Board may make recommendations to OBRE concerning the consistency of the rules with the provisions of this Act and the administration and enforcement of the rules.

OBRE shall give due consideration to the recommendations of the Board prior to promulgating rules.

Presently, the home inspector regulation in Illinois is administered by the Home Inspection Division of the Department of Financial and Professional Regulation. However the Board still acts only in an advisory capacity, while the Division has final say. In the development of the Administrative Rules to the Statute, the Division, the Advisory Board, private industry groups, and citizens all have input in the rulemaking process by way of the Joint Committee on Administrative Rules.

The above examples of Mississippi and Illinois demonstrate a less authoritative board that, while authorized to make certain recommendations or even determinations for the regulation, ultimately must acquiesce to the overseeing agency.

As opposed to those boards with less authority described above, more often the state law empowers the board to make most of the decisions in the implementation of licensing regulation. The latter also contrasts with the system of using an established state agency to regulate the industry without the creation of a regulatory board, where the agency has little leeway in implementing the regulations. Rather, in the case of a board with more authority, the board is obligated only to the details of the law itself, which usually sets general limits on a number of licensing issues. The board is empowered by the law to determine the exact particulars of the licensing requirements.

The regulatory particulars the more authoritative state boards determine involve a number of primary issues in licensing. Fees, education requirements, testing, and insurance requirements are often called for in the legislation, but the board finalizes the exact requirements. For instance, the following two passages from the Indiana code demonstrate the flexibility designated to the board:

IC 25-20.2-6-4 Continuing education requirements

Sec. 4. Before the end of each license period, each licensee must complete the continuing education required by the board. This requirement may not exceed twenty (20) hours per year. As added by P.L. 145-2003, SEC. 7.

IC 25-20.2-6-5 Adoption of rules concerning continuing education

Sec. 5. (a) The board shall adopt rules concerning the continuing education required for the renewal of a license under this chapter.
(b) The rules must do the following:

- (1) Establish procedures for approving organizations that provide continuing education.
- (2) Establish a fee for each hour of continuing education that is required after a license is issued or renewed.
- (3) Prescribe the content, duration, and organization of continuing education courses that contribute to the general competence of home inspectors. As added by P.L. 145-2003, SEC. 7.

In instances of an authoritative board, the period of most activity is usually directly after the legislation has been enacted. It is during this time that the board meets frequently to make a number of determinations for the implementation of the regulation. This goes beyond simply

deciding on continuing education requirements and licensing fees but includes virtually all of the details necessary to get the licensing program up and running. Issues such as the application material, board logo, letterhead, and wording may all be established at this time.

For example, legislation that regulates the home inspection industry was enacted in Kentucky during the summer of 2004. Through the fall of 2005 and the spring of 2006 the Kentucky Board of Home Inspectors has been meeting twice a month to finalize a multitude of issues before the licensing takes effect July 1, 2006. The website for the Kentucky Board of Home Inspectors (<http://www.ohbc.ky.gov/boardscommittees/BoardHomeInsp.htm>) contains the minutes from these Board meetings between November, 2005 and February, 2006. They are highly illustrative of the details that must be decided to finalize the regulatory and administrative requirements of a licensing program.

While a more authoritative board has power to make many decisions affecting the implementation of licensing, it usually still works in conjunction with an established state agency that helps with the day to day operations of the regulations. This is the case in most states that license inspectors. The established agency receives the application material, processes fees, maintains the official list of licensed inspectors, and handles license renewals. All of these tasks are primarily administrative. The following chart is representative of the relationship between the licensing board of a number of states and the state agency that handles the administrative requirements:

State	Board	Administrative Agency
Connecticut	Home Inspection Licensing Board	Occupational & Professional Licensing Division
Indiana	Home Inspectors Licensing Board	Indiana Professional Licensing Agency
Massachusetts	Board of Registration of Home Inspectors	Division of Professional Licensure
North Carolina	Home Inspector Licensure Board	Division of Engineering and Building Codes
Oklahoma	Committee of Home Inspector Examiners	Department of Health, Occupational Licensing

One final example of a state licensing board is one that has almost total autonomy, the Louisiana State Board of Home Inspectors (LSBHI). While initially under the Office of Economic Development, this board recently has been placed under the Office of the Governor. The LSBHI makes all of its own determinations regarding the implementation of the Louisiana licensing law without any outside agency influence, except the governor. In addition, rather than utilizing the

staff of another state agency, the LSBHI maintains its own staff and budget to handle all of the aspects required to implement the licensing program.

There are a few states whose statute does not fit any of the administrative practices described above. Naturally, this is the case when the legislation does not require licensing outright, as in California and Georgia. As discussed earlier, these states have primarily defined some industry terms and described a number of prohibited acts, such as offering to repair defects uncovered during the inspection. In these instances, no governmental administration is necessary. Any enforcement of violation against the legislation is left to the judicial system.

One other state is worth mentioning in describing the administration of a home inspection licensing program. Pennsylvania's law is fairly unusual in that it seemingly attempts to regulate the industry without having to provide any direct governmental oversight. Rather than have the state bear the responsibility of administering a full licensing program, home inspectors in Pennsylvania are required to be members of a national home inspector association that:

- (1) Is operated on a not-for-profit basis and is not operated as a franchise.
- (2) Has members in more than ten states.
- (3) Requires that a person may not become a full member unless the person has performed or participated in more than 100 home inspections and has passed a recognized or accredited examination testing knowledge of the proper procedures for conducting a home inspection.
- (4) Requires that its members comply with a code of conduct and attend continuing professional education classes as an ongoing condition of membership. (SB 1032, 1999; §7502)

This shifts the responsibility of maintaining qualified home inspectors in the state onto the professional associations. By meeting the membership requirements of one of these associations, the inspector is presumed to be qualified. However, there are a number of issues with this particular law. The above definition of a national home inspector association is open to interpretation. In addition, Pennsylvania has no agency or regulatory body that ensures inspectors are meeting this membership requirement. Instead the law simply states:

SB 1032, 1999; § 7510. RELIANCE BY BUYER.

A buyer shall be entitled to rely in good faith, without independent investigation, on a written representation by a home inspector that the home inspector is a full member in good standing of a national home inspection association.

As with California and Georgia's limited statutes, all enforcement of the Pennsylvania program is left to the courts. With no other enforcement, the potential for exploitation is greater than it might be with a regulatory agency in power.

Staffing

In the above examples, the personnel of the administrative agency provides the staffing required to operate a regulatory program. The number of staff dedicated solely to home inspection regulation varies. In most cases, staff responsibilities are diversified to the point that it becomes

difficult to say how many are utilized to administer the home inspector licensing program. However, a few states dedicate staffing positions to a home inspection licensing program.

For instance, in Alabama, the Alabama Building Commission, which is the home inspector licensing agency, maintains one staff position, a “Home Inspector/EIFS Coordinator” (EIFS = Exterior Insulation Finishing System).

Similarly, in Illinois, under the Bureau of Real Estate Personnel, there is only one position dedicated to the “Home Inspector Section,” the title for which is simply “Administrator.” Presently, this position is held by Debbie Niemann. In a phone interview, she indicated that her primary responsibility is following up on complaints made against any of the approximately 3,000 licensed inspectors in the state. The administrator also serves as the liaison to the inspection industry, other government offices, and the public, and fills any other duties as required. Other positions in the office handle the licensing applications, renewals, and other administrative facets of all of the state’s licensing programs, of which home inspection is only one. However, Ms. Niemann indicated that at least one more staffing position would be a great help to her and the execution of her duties associated with Illinois’s home inspection licensing program.

The staffing needs of the Louisiana State Board of Home Inspectors (LSBHI) are also demonstrative of the overall personnel needs to administer licensing. Because the LSBHI handles the administration of licensing internally, its staffing setup represents the personnel requirements an average state may encounter. Outside of the seven member board, the LSBHI utilizes three full-time employment positions to handle the licensing of 400 to 450 home inspectors. These positions consist of a chief operations officer (COO), an assistant to the COO (who also serves as office manager), and a receptionist.

Enforcement

In a few cases, the court system (or perhaps the attorney general’s office) is the only enforcement component of a home inspection regulatory program. This is the case, for instance, when no regulatory agency is in charge of the actual program, such as in Pennsylvania or in the states discussed earlier that have very minimal regulations.

More often, though, the agency in charge of a larger licensing and regulatory program is empowered by the legislation to enforce the regulation. In most cases, the disciplinary authority given to the regulating agency mirrors the general setup of that agency in administering the licensing program. For instance, if a state uses an established state agency to regulate its licensing program, that agency is also in charge of enforcement. This is the case in Alaska. As discussed earlier, Alaska’s home inspectors are licensed under the Department of Commerce, Community and Economic Development. The Alaska legislation stipulates:

If the Department of Community and Economic Development determines that a home inspector or a person acting in the capacity of a home inspector is in violation of this chapter, the department may give written notice to the person prohibiting further action by the person as a home inspector.” (HB 9, Sec. 26, 3-7).

This section of the legislation is a component of the overall authority granted to the established state agency to enforce the regulatory requirements.

Similarly, in states where a licensing board is the overseeing regulatory agency, the board is usually empowered with the authority to enforce the regulatory requirements. In Indiana, the statute includes the following brief clause for the Home Inspectors Licensing Board: "IC 25-20.2-8-1 Disciplinary actions; Sec. 1. The board may take disciplinary actions against or impose sanctions on a licensee under IC 25-1-11." This clause is followed by a list of grounds for pursuing disciplinary actions.

It is important to note that the overall authority of the board is also reflected in its ability to follow through with disciplinary action. The case of Indiana mentioned above is yet another example of a more authoritative board with wider powers. In those states with a less authoritative advisory board, the board may not be empowered to take enforcement actions against home inspectors. For instance, in the case of Illinois (discussed earlier), the Board does not have enforcement powers. Rather, the Illinois state agency with oversight (the Department of Financial and Professional Regulation) is the enforcement element of the licensing regulations there.

There are essentially three components of the enforcement/disciplinary element of home inspector licensing regulation. The three components are usually addressed in the implementing legislation or otherwise codified in statute. The regulatory agency then has the authority to implement disciplinary actions in each of these three areas.

The first enforcement element entails the regulatory agency or board's responsibility to follow up on complaints made against a home inspector. The source of the complaint may be a consumer who had a bad experience with a particular home inspector, or a real estate agent, or any number of other sources. Upon receiving a complaint, the regulatory agency must determine if the complaint has validity and, if so, what actions must be taken. For example, a complaint might arise from the inspector overlooking a defect that eventually cost the consumer in subsequent repairs. The regulatory agency must determine if the inspector was indeed negligent or otherwise did not adhere to the state's regulation of the industry. If such a determination is made, subsequent disciplinary actions are warranted and authorized by the regulation.

The law in Louisiana states the following regarding the procedure for filing a complaint against an inspector:

§703. Complaints

A. Anyone who believes that a licensee is or has been engaged in any conduct proscribed by the Law or these Rules, may file a written complaint with the board against that licensee. The board may, upon its own motion and upon passing by a vote of the majority of all board members, initiate an investigation of a licensee, person or company, based upon a complaint or its own knowledge.

Although complaints are perhaps the most frequent way that the regulating agency becomes aware of any alleged impropriety on the part of home inspectors, the agency is usually empowered to engage in a more general monitoring of the industry to ensure that the all regulations are being adhered to. This authority to monitor is the second area of enforcement given to the regulating agency. Infractions in this area usually relate to practicing as a home inspector without being licensed, but also include failing to meet ongoing licensing requirements (such as continuing education requirements or insurance requirements), failing to pay fees or fines, or making false or misleading representations.

For example, in the Indiana licensing code, the following section outlines the parameters for instances where a cease and desist order is being considered in dealing with an inspector practicing without a license:

IC 25-20.2-8-4 Show cause order; cease and desist order

Sec. 4. (a) If the board determines that an individual not licensed under this article is engaged in or believed to be engaged in activities for which a license is required under this article, the board may issue an order to that individual requiring the individual to show cause why the individual should not be ordered to cease and desist from such activities. The show cause order must set forth a date, time, and place for a hearing at which the affected individual may appear and show cause why the individual should not be subject to licensing under this article.

(b) If the board, after a hearing, determines that the activities in which the individual is engaged are subject to licensing under this article, the board may issue a cease and desist order that identifies the individual and describes activities that are the subjects of the order.

(c) A cease and desist order issued under this section is enforceable in circuit courts.

The third component of the agency's disciplinary authority involves the regulating board's legal recourse to actually enforce the regulation. This recourse can include levying cease and desist orders, fines, license suspension, or criminal prosecution. The statute itself may, in general terms, define which penalties apply to particular situations, but often the board or regulating agency makes individual determinations of penalties. Part of this component is the authority of the agency to conduct hearings when investigating infractions, which also allows the accused inspector a channel for defense. Ultimately, if internal disciplinary actions as part of this component fail, the regulating agency may turn to the court system.

Summary

The administration of a regulatory program for the home inspection industry ranges widely. Some states have opted to simply empower an existing state agency to handle the regulation. In these cases, the regulating agency usually only implements the new law, perhaps with some leeway in determining specific regulations. More often, states have created a new regulatory agency, usually a licensing board. The autonomy of this board generally ranges from an advisory position to almost complete control over the regulation of the home inspection industry. In addition, the board can rely on another state agency to handle much of the routine duties in administering a licensing program or it can have a staff of its own to discharge these duties.

Staffing to fulfill these duties ranges widely, particularly because most states use established agencies to handle the routine duties. Since these agencies are diversified in the number of industries they might administer, it is difficult to quantify the number of positions involved in (let alone devoted to) home inspection licensing alone. Generally speaking it appears most states average one to three positions to administer a home inspector licensing program.

Enforcement powers are necessary to ensure regulations are being adhered to. For this reason implementing legislation empowers the overseeing agency or board with some level of authority

to follow up on complaints, monitor the inspection industry and licensed inspectors, and use legislatively authorized penalties following an appropriate enforcement code.

1.3 Existing Licensing Requirements

Similar to the diverse range of administrative policies for managing a home inspection regulation program, the actual licensing requirements vary widely in those states that have implemented a licensing program. Following is a discussion of those requirements, broken down by the common initial requirements and related issues, followed by licensing renewal requirements.

Initial Licensing Requirements

The initial licensing requirements are some of the most important facets of an effective home inspector licensing program. In those states with a licensing program, the initial requirements may range from only a few hours of education and a licensing exam to a long-term training or “associate inspector” program with numerous other requirements. Following is a description of a number of initial licensing requirements that are widely utilized components of states’ licensing programs. In addition a number of other issues relevant to the initial licensing of a home inspector are discussed.

In states with the most extensive initial licensing requirements, the core of these requirements is the triad between education, field experience, and examination. The combination of these three elements and the relationship between them is the primary approach to ensuring that only qualified inspectors are licensed in those states with requirements in all three areas. Most states, though, have opted to have requirements in only one or two of these areas.

In those states with requirements in fewer than all three areas, the most common single requirement for licensing is an examination. If only two of these three areas are required, the second requirement is almost always field experience. A prelicensing education requirement exists only in states that have requirements in the first two areas.

It is important to note that the method for finalizing the exact requirements vary from state to state. In some cases, the implementing legislation itself sets the requirement parameters. In other cases the regulating agency or board determines the exact requirements. The most common situation involves a statute stipulating general parameters on a number of issues and requiring the board or regulating agency to determine the final requirement within those parameters.

Testing

Except the four or five states with minimal regulatory guidelines that do not include licensing, every state with any regulation of the home inspection industry has a testing requirement to become a licensed inspector. In six states, this exam is one that the state itself creates, administers, and maintains. More common, however, is the use by 18 other states of the National Home Inspector Exam (NHIE), created by the Examination Board of Professional Home Inspectors (EBPHI).

By using a state exam, the administrating agency is responsible for creating the test, administering it in designated testing facilities, and maintaining and updating it. This level of added responsibility is fairly great when considering all of the particulars involved in carrying out these tasks, such as ensuring the test is comprehensive and fair, and maintaining testing facilities. Because of this, most states have adopted the use of the NHIE because all of these numerous responsibilities are assumed by the EBPHI.

Formed in 1999, the EBPHI is an independent examination organization started by the American Society of Home Inspectors (ASHI), one of the largest national home inspector associations. Initially the intention was to expand the technical elements of the ASHI membership exam into a more uniform national exam. Since then the NHIE has been changed and expanded considerably and it is now independent of its roots as the ASHI exam. EBPHI's objective is "to promote excellence and exemplary practice within the home inspection profession and to serve the public through its quality assurance efforts."¹

In conjunction with psychometric testing consultants, the EBPHI has worked extensively at developing the NHIE. It has completed a role delineation (job analysis) study, which determined the knowledge and skills needed to be a competent professional in the industry so that those elements can be incorporated into the test. This is essential in creating a test that is content-valid, meaning that the test score is an accurate representation of what the test is intended to measure. In addition to content-validity, the EBPHI has strived to ensure that the test is also reliable, which along with validity is the foundation of a comprehensive test that is legally defensible. These testing practices are in keeping with federal regulation and manuals.

The following states have adopted the NHIE (according to EBPHI, February 2006):

Alabama	Kentucky	Pennsylvania
Alaska	Louisiana	Rhode Island
Arizona	Massachusetts	South Dakota
Arkansas	Mississippi	Tennessee
Illinois	New Jersey	Virginia
Indiana	Oklahoma	Wisconsin

In the statutes or codes of the above states, the NHIE is not necessarily cited as the licensing examination the state will use. In cases where the licensing board makes many determinations regarding the licensing criteria, the regulation states that a "board certified examination" or "examination chosen by the board" will be used. Only in a few instances is the NHIE cited in the implementing legislation itself.

Of the three main licensing requirements of testing, field experience, and education, for a few states (such as Alaska and North Dakota) the testing requirement is the only requirement to obtain a home inspector registration or license. More common, though, is the addition of field experience in conjunction with the licensing exam to acquire the state license.

¹ From the EBPHI website, www.homeinspectionexam.org.

Field Experience

While a testing requirement is nearly universal for states with home inspector licensing programs, the second most common requirement is experience in the field. In general, this usually comes in the form of a certain number of inspections performed under the auspice of a fully licensed inspector in the state. However, the particulars of this requirement vary considerably from state to state, which is representative of the more complicated nature of this area of licensing and licensing requirements.

On the simpler end of this range are requirements that stipulate the number of fee-paid inspections the inspector must complete to become licensed. The most common number of inspections required is 100, although state mandates range from 25 to as many as 250. These inspections must be performed under an established, licensed inspector who usually must sign off on the inspection report, accepting responsibility for the report's accuracy and content. Documentation of the inspections must be provided to the regulatory agency.

Pre-licensing field experience issues become more complicated in states which allow the option of the field experience and or an educational component. For instance, Connecticut requires 200 home inspections before one may become a fully licensed home inspector; this requirement is reduced to 100 if the applicant has completed a home inspection training program. New Jersey has a similar program that varies the number of inspections required for licensing based on the educational program completed.

The number of inspections required may also be contingent on a state's decision to have variable licensing levels. For instance Massachusetts requires an applicant to complete 25 inspections to become registered as an associate home inspector, which is not a fully licensed home inspector certification. Only after having completed an additional 100 inspections, along with the other pre-licensing requirements, is the home inspector able to become fully licensed.

Some states do not specifically use a definitive number of completed home inspections to meet the experiential requirements for licensing. Instead, these states mandate certain hours of field training or experience. Louisiana requires 30 to 40 hours of field training for licensing, while New York requires 40 hours of field training or 100 inspections. Nevada requires that inspectors "observe" 25 inspections.

Education

Education is perhaps where the process begins for prospective inspectors who have no other experience in the construction field. The education requirement usually comes in the form of a minimum number of classroom hours (academic instruction) in home inspection training. In states with education components the hourly requirement ranges from the 40 hours required in Nevada to as many as 180 hours required in New Jersey. More common are requirements in the 60 to 80 hour range. In addition, it should be noted that in every state with a regulatory program involving licensing (or some form of registration) the inspector must have completed high school or an equivalent.

Aside from simply enacting an education requirement, the greater difficulty in maintaining this requirement is determining who shall offer the instruction and what the curriculum shall include. The primary method of addressing this issue has been the implementation of a sub-licensing program that licenses (or otherwise authorizes) public or private education institutions in the state to offer home inspector training courses. No institution can offer home inspection training

without being approved by the state. This creates another level of administration on the part of the regulating agency in determining the training curriculum, what the requirements of the educational institution shall be, and processing the applications from educational institutions.

Indiana's code provides an example of regulation that addresses these issues, outlining the requirements of the educational institution that proposes to offer home inspector training:

(b) Applicants for approval of a home inspector's prelicensing course shall provide the board with the following:

- (1) The name and address of the school's owner.
- (2) A list of all instructors who will be teaching the course and include evidence to indicate that these instructors have demonstrated competence in the area of home inspection education for which the instructor will be providing instruction.
- (3) A statement of objectives, which the course should achieve for its participants.
- (4) A statement explaining how the provider intends to provide for the following:
 - (A) Adequate administration of the course, including a responsible person to coordinate and administer the course.
 - (B) Maintenance of proper records.
- (5) A statement indicating how the course will be planned and designed to meet the requirements of 878 IAC 1-3-2.

(c) Applicants for approval of a home inspector's prelicensing course shall require a comprehensive examination, which its students must pass with a minimum score of seventy-five percent (75%) in order to successfully complete the course. Applicants shall submit the most current version of this examination at the time of filing the application for approval.

(d) Applicants for approval of a home inspector's prelicensing course shall provide the board with the following:

- (1) Documentation verifying adequate funding for the educational course undertaken.
- (2) An evaluation form devised and used to measure the course's effectiveness.
- (3) A statement indicating the manner in which the provider will provide its course participants a meaningful record of course completion. (878 IAC 1-4-2; Sec. 2)

This section of the Indiana regulation does not set forth the idea of an established curriculum, instead relying on the educational institution to define the parameters of the course or "objectives, which the course should achieve for its participants." Paragraph (5) above further touches on the subject matter of the academic instruction in the relevant code, which outlines those areas in which the home inspector applicant must receive training, including heating systems, roofs, and foundations. In this respect the code is not as extensive in its parameters for curriculum establishment, instead only providing general guidelines.

The Indiana code is also noteworthy for addressing other areas. Paragraph (2) is important in that it requires the educational institution to provide credentials for the instructors of the proposed courses, helping to eliminate the potential for unqualified instructors. The training course must also include a comprehensive examination with a minimum passing score. In the case of Indiana, this is in addition to the later licensing examination applicants must pass. Lastly, the education provider is required to evaluate and measure the course's effectiveness, which contributes to improvements of the course over the long term.

Similar to Indiana, Connecticut's Home Inspection Licensing Board must approve all home inspection training courses. Connecticut's home inspection regulation stipulates a number of subjects a board-approved training program should include:

(Home Inspector Regulation, Sec. 20-491-23. Course content, Para. C)

Generally acceptable courses may include, but shall not be limited to:

- 1) Laws and regulations pertaining to the home inspection licensing profession;
- 2) structural systems;
- 3) foundations;
- 4) interior walls, doors, ceilings and floors;
- 5) exterior walls and doors, windows and door glazing;
- 6) fireplace and chimney;
- 7) roof, roof structure and attic;
- 8) porches and decks;
- 9) mechanical systems (heating, cooling and solar work);
- 10) inspection guidelines for appliances;
- 11) inspection guidelines for cooling systems other than evaporative coolers;
- 12) inspection guidelines for evaporative coolers;
- 13) inspection guidelines for heating systems;
- 14) inspection guidelines for ducts, vents (including dryer vents) and flues;
- 15) plumbing systems (drain, waste, vent, water and gas);
- 16) inspection guidelines for plumbing systems;
- 17) electrical systems (for heat, light, power and other purposes);
- 18) telecommunications, data, low voltage systems;
- 19) service entrance and panels;
- 20) branch circuits, connected devices and fixtures;
- 21) home inspection documents, forms, contracts and warranties;
- 22) water supply (drilled wells/community water supplies);
- 23) fire protection sprinkler systems;
- 24) rodents, pests and insects; and
- 25) environmental contaminants, such as radon, asbestos, lead paint, or lead solder, and other related courses which may be acceptable to the Home Inspection Licensing Board.

In addition to training in actual home inspection practices, it is not uncommon for a state's regulation to require that the educational component of the licensing program involve other topics. Issues such as ethics, business practices or business law, other legal matters (as mentioned in the Connecticut regulation above), or specialized areas of home inspection practices are often additional required educational components.

Initial Requirements: Other Issues

Despite the general effectiveness of the three primary areas for requirements (testing, field experience, and education) in ensuring qualified licensed home inspectors, there are naturally numerous other issues and requirements related to the process of becoming a licensed inspector. Following is a discussion of those areas, ranging from other requirements the license applicant must meet to some of the logistical and practical issues with which the regulating agency must contend.

Tiered Licensing Levels

As mentioned in the field experience discussion above, some states maintain a system of licensing inspectors in a tiered fashion. This usually involves terms such as “associate inspector” or “apprentice inspector” for those still in the training phase, or “licensed inspector” or “professional inspector” for those who have completed all licensing requirements. These different levels of official recognition primarily apply to the issue of field experience as discussed above, but may also play a role in other components of initial licensing requirements.

Often states with tiered licensing programs are those that require a minimum number of inspections as field experience in order to meet licensing requirements. This approach helps to ensure that the inspector performing those initial inspections has some level of guidance by requiring such a lower-tiered licensee to act under the auspices or supervision of a fully licensed home inspector.

Texas maintains one of the most extensive programs that licenses home inspectors at different levels. Texas regulation establishes three levels: Apprentice Inspector, Real Estate Inspector, and Professional Inspector. The applicant must first apply for a license as an Apprentice Inspector, which is the first level of licensure in the three-tier progression.

Apprentice Inspectors must be sponsored by an existing Professional Inspector who accepts responsibility for the Apprentice's inspection activities. In order to complete the apprenticeship, the Apprentice Inspector must be licensed for a minimum of 90 days and perform 25 inspections under the direct supervision of the Professional Inspector or a Real Estate Inspector under the supervision of the same licensed Professional Inspector. During this apprenticeship period the inspector must also perform 90 classroom hours in real estate inspection courses. Even after completion of these requirements, an Apprentice Inspector may only perform under direct supervision.

The intermediate level of licensure in the three-tier progression in Texas is the Real Estate Inspector. In order to acquire a Real Estate Inspector license an Apprentice Inspector licensee must pass a state licensing exam, and also be sponsored by an existing Professional Inspector who accepts responsibility for the applicant's inspection activities. A Real Estate Inspector license permits the holder to perform real estate inspections under indirect supervision of the licensed Professional Inspector. Before applying for the final stage of licensure, a Real Estate Inspector must complete a minimum of 12 months at this licensing level and perform a minimum of 175 inspections in addition to those performed while an Apprentice Inspector. In addition the Real Estate Inspector must perform 38 classroom hours of study including a minimum of 8 hours covering standards of practice, legal issues, and ethics related to home inspecting.

The third level of licensure in Texas's three-tier progression is the Professional Inspector. A Professional Inspector must pass a second state exam and provide verification of completion of the 175 inspections during the Real Estate Inspector licensing level. After these requirements have been met, the inspector may voluntarily associate with any other inspector but will no longer require another inspector's sponsorship.

Massachusetts has a similar law. Although not quite as extensive or complex, in order to apply for the Associate Inspector license, inspectors in training are required to perform 25 home inspections under the direct supervision of a licensed home inspector, pass the National Home Inspection Exam, and purchase \$250,000 worth of Errors and Omissions insurance. During the following 12 months, the Associate Inspector must perform 100 additional inspections under the

direction of a licensed inspector. After fulfilling this requirement, the inspector may apply for a full license.

Connecticut's home inspection licensing program uses the term "Intern Inspector" for inspectors who are training to be licensed. To apply as an Intern Inspector, the applicant must: have successfully completed high school or its equivalent; have enrolled in and completed a board-approved training program; and have an identified supervisor who is licensed as a home inspector in Connecticut, is in good standing with the state as a home inspector, and has agreed to perform supervisory functions as described in the regulations.

As an Intern Inspector in Connecticut, the inspector must perform 100 home inspections under the supervision of a licensed home inspector, the first ten of which must be under the licensed home inspector's direct supervision. During this period the Intern Inspector also must pass the state licensing exam. After completing these requirements, the inspector may apply for a full home inspector license.

It is evident that a tiered licensing program is closely related to the three primary licensing requirements (examination, field experience, and education) discussed above. The primary variation among those states with a tiered program depends on which of these requirements is associated with a particular level of licensing. In addition there may be other requirements associated with a particular licensing level.

Insurance Requirements

Approximately 18 states require that licensed inspectors carry a certain minimum level of insurance coverage. This coverage must be purchased before the license is issued. The insurance coverage is intended to provide a financial safety net for the inspector in the event of a judgment against the inspector stemming from his or her inspection and/or business practices. In addition to protecting the inspector, the coverage also ensures that there is enough money available to the plaintiff to recover costs caused by an inspector's negligence. If the inspector has lost a lawsuit and is not insured, the plaintiff may still have no way of recovering funds if the inspector declares bankruptcy or goes out of business.

Regulatory requirements for insurance usually stipulate that the inspector carry general liability insurance, errors and omissions insurance, or both. General liability coverage is used by a variety of businesses to protect assets if the company is sued for any actions that resulted in bodily injury or property damage to someone else. However, general liability insurance will not cover claims where clients allege that work performed on their behalf was done incorrectly or otherwise contains errors that cost the client money or caused harm. The client also may claim that the work failed to achieve results promised in the contract. In these cases an errors and omissions insurance policy would cover the claim. Businesses where the service entails providing advice, recommendations, assessments, or consultation should carry errors and omissions insurance.

In states that require general liability insurance, the stipulated coverage amount ranges from \$25,000 to as much as \$250,000. Despite general liability insurance's limited protection of home inspectors and clients, some states only require this type of insurance. Similarly, some states only require that the home inspector carry errors and omissions insurance. Of all states that require errors and omissions insurance, the coverage amounts generally range much higher than the amounts required for general liability. On the low end, several states require \$100,000 of errors and omissions insurance. New Jersey requires the most coverage at \$500,000. The

state may also make stipulations regarding the amount of the deductible. For instance, in Louisiana the regulation limits the deductible to \$2,000.

Licensing Fees

All states with a home inspector licensing program require a licensing fee. The licensing state may use a fee that is a single dollar amount covering everything involved in the licensing process, or the state may use a more complicated fee structure that is broken down by a number of components, such as application fee, testing fee, and licensing issuance fee. Because most states are not interested in acquiring the additional financial responsibility of funding a licensing program, the fee or fees are usually intended to cover the cost of administering the licensing program and are set accordingly.

The smallest initial fees in regulating states are \$25 in Virginia and \$53 in Wisconsin, but in these states the regulations are minimal and do not involve a full licensing program. More common are fees in the \$200 to \$450 range, with New Jersey at the high end with an initial licensing fee of \$650. If a state uses a more complicated fee structure instead of a single dollar amount, usually the application fee is in the \$25 to \$50 range, and the licensing fee is several hundred dollars. In Oklahoma, the application fee is \$30 while the licensing fee (charged when the license is issued after all requirements have been met) is \$250. In addition, a state may charge a different fee depending on the type of license being issued in cases where the state uses a tiered licensing system. Massachusetts charges an initial fee of \$225 for an Associate Inspector license and an additional \$338 for a full license.

The funds each state receives from the licensing fees are handled quite differently in the state's overall budget. In some instances the board or licensing agency has sole control of the funds and maintains them individually in a separate account. Conversely, the funds may be deposited into a more general account of the larger administering agency or even into the state's general revenue fund. In these cases the agency that regulates the home inspection industry may not have any financial relationship to the funds it brings in through licensing fees. If funded by the greater state budget, there may not be any direct accountability for the agency to be financially self-sufficient from fees.

Grandfathering

When a state enacts regulation of the home inspection industry, there is often a clause in the regulation that stipulates the procedure by which established and practicing home inspectors will be licensed when the regulation takes effect. Referred to as "grandfathering" or "grandparenting," this practice assumes established inspectors are generally qualified to be licensed and allows them to receive a license without fulfilling all of the typical requirements of new inspectors.

Grandfathering does not allow an inspector to receive a license without providing some documentation of credentials. The following passage from the New Jersey regulation demonstrates the documentation an inspector must provide in order to be licensed under its grandfather clause:

13:40-15.4 Requirements for initial licensure as home inspector (grandfathering)

- (a) Pursuant to N.J.S.A. 45:8-72, by May 29, 2003, persons may apply for licensure as a home inspector by completing and submitting to the Committee an application which will require information that the applicant:
1. Is of good moral character;
 2. Has successfully completed high school or its equivalent;
 3. Has, as of December 31, 1999, passed the examination offered by the American Society of Home Inspectors (ASHI) or has, since January 1, 2000, passed the National Home Inspection Examination administered by the Examination Board of Professional Home Inspectors (EBPHI);
 4. Has practiced as a home inspector for at least three years prior to June 3, 2002 performing home inspections for which the client was charged a fee;
 5. Has performed at least 300 home inspections as defined in N.J.A.C. 13:40-15.2 on or before June 3, 2002, for which the client was charged a fee; and
 6. Maintains an errors and omissions insurance policy in the minimum amount of \$500,000 per occurrence.
- (b) An applicant for licensure under this section shall:
1. Pay an application fee as set forth in N.J.A.C. 13:40-15.23;
 2. Submit copies of income tax returns, business incorporation papers or similar documentation to verify that the applicant was in the business of performing home inspections for at least three years prior to June 3, 2002; and
 3. Submit a list of 300 home inspections completed for compensation by June 3, 2002.

The inspector must pass the licensing examination as well as document having been a home inspector for three years prior to the implementation of licensing. The New Jersey requirements are typical of states with grandfathering provisions, though the details (such as the number of paid inspections performed or the number of years in business) vary from state to state.

Despite the potential expectation on the part of established inspectors for a grandfathering clause to be part of the regulation, some states have made no such provisions and require all inspectors to follow the standard licensing requirements for new home inspectors. In addition, the grandfathering clause usually has a “sunset” component, meaning that after a pre-determined date (for instance, one year after the regulation goes into effect) no inspector will be permitted to be licensed under the grandfather provision.

Miscellaneous Components

In addition to the topics described above, there are a few other minor issues worth mentioning relating to the initial licensing of home inspectors. While these issues are not necessarily essential, some states make them part of the initial procedure of issuing a home inspector license in order to assure a more comprehensive process.

The comprehensiveness of the licensing application form and other initial printed material is an issue during this stage of the licensing process. This material can range from a simple two page application to multiple applications to document various requirements. Components of the application material often include basic information about the applicant, education and field

experience, information about meeting insurance requirements (where applicable), and information on the sponsoring home inspector (where applicable). The application is often required to be notarized.

Some states issue a photo ID to the home inspector after being licensed. Similar to a driver's license, the identification provides consumers or other members of the public proof that the inspector has met the licensing requirements. If a photo ID is issued, the state will require passport-size photos to be submitted with the application material.

Some states require a few extra components during the initial application process to determine the applicant's character. Almost all states require that the applicant not have a criminal record in certain areas, or as the Indiana licensing legislation states, "convicted of a crime that has a direct bearing on the individual's ability to perform competently and fully as a licensee." (IC 25-20.2-5-2, Section 1, Para. C, Subsection ii) Several states require that the applicant undergo a background check, and at least one state, Arizona, requires that a licensed home inspector's fingerprints be kept on file.

Licensing Renewal Requirements

The initial licensing requirements described above are usually the bulk of a home inspector licensing program, but renewal requirements and other issues relating to the reissue of the license are important factors of the program as well. Following is a discussion of common renewal requirements and of the more general issues of this facet of a licensing program.

Continuing Education

The primary renewal requirement for most states with a home inspector licensing program is continuing education credits. The licensed inspector is required by the regulation to complete a prescribed amount of educational instruction before the license expires and a renewed license is issued. The requirement is usually in the form of a number of hours within a year or a number of hours over the course of the license period of validity. The lowest requirement is Alaska's requirement of four hours of continuing educational instruction per year, while the highest is New Jersey's forty hours per year. Because the license in some states is valid for two years, the continuing education credits may be acquired over that period of time instead of yearly. Both Rhode Island and South Dakota's regulations require 24 hours of continuing education over two years.

The requirement for continuing education credit is closely related to the initial educational component required in most regulatory programs. Similar to the issues relating to the pre-licensing education program, the home inspector licensing board or other regulating agency must define the parameters of a continuing education course or course provider, or what in general will be accepted as continuing education credit. This creates another significant administrative responsibility.

License Duration

Home inspector licenses in regulating states are valid for either one or two years. However, the actual expiration date varies considerably from state to state. Some states use a system where the expiration date is exactly one or two years after the date of issue, but as common is a system where all licenses expire on the same date. For instance all licenses may expire June 30 of each year, as is the case in North Dakota, or November 30 of even numbered years, such as in Illinois. In Kentucky a home inspector license expires biennially on the last day of the inspector's birth month.

Renewal Fee

Because it constitutes a regular (annual or biennial) monetary contribution, the licensing renewal fee does more than the initial license fee to financially maintain the regulating agency in cases where that agency is required to generate its own revenue. For this reason the renewal fee is an important part of the licensing program. Naturally, this fee varies widely from state to state and does not strictly depend on whether or not the regulating agency is supported by the larger state budget.

Generally the license renewal fee is less than the initial licensing fee. This may be justified by the higher administrative costs involved in processing an initial application. Nonetheless the renewal fees still run in the hundreds of dollars. As with the largest initial fee, New Jersey has the largest license renewal fee of \$500, but the license there is valid for two years. Arizona has the largest annual renewal fee of \$310. Wisconsin has the lowest annual renewal fee of \$53; similar to its initial licensing fee, this probably relates to the overall limited range of the Wisconsin regulation.

Other Licensing Issues

In addition to the initial licensing requirements and the renewal requirements discussed above, there are a number of other issues pertinent to the licensing of home inspectors that do not fit in the previous categories. Following is a discussion of those issues and how they have been addressed in various states in which they are a component of the home inspector licensing regulation.

Standards of Practice

Following the lead of many of the home inspection industry professional associations, a number of states have adopted standards of practice that licensed home inspectors in the state must follow. These standards of practice outline what a home inspection does (and in some cases does not) cover. More specifically the standards of practice may indicate which components of major building systems need to be inspected, and which components the home inspector is not obligated to inspect. Standards of practice may also include a glossary of terms relevant to a home inspection, such as the following example from Alabama's standards of practice:

(1) Definition of Terms. As used in Rules 170-X-25-.01 and .02, the following terms shall have the following meanings:

- (a) Alarm Systems. Warning devices, installed or free-standing, including but not limited to: carbon monoxide detectors, flue gas and other spillage detectors, security equipment, ejector pumps and smoke alarms.
- (b) Architectural Service. Any practice involving the art and science of building design for construction of any structure or grouping of structures and the use of space within and surrounding the structures or the design for construction, including but not specifically limited to, schematic design, design development, preparation of construction contract documents, and administration of the construction contract.
- (c) Component. A part of a system.
- (d) Decorative. Ornamental; not required for the operation of the essential systems and components of a home.
- (e) Describe. To report a system or component by its type or other observed, significant characteristics to distinguish it from other systems or components.
- (f) Dismantle. To take apart or remove any component, device or piece of equipment that would not be taken apart or removed by a homeowner in the course of normal and routine home owner maintenance. (Alabama Code, 170-X-25-.01)

The following from Louisiana's standards of practice for home inspectors provides an example of the requirements and exemptions in a home inspection, in this case pertaining to the inspection of roofs:

§ 315. Roofing System

A. The home inspector shall inspect:

- 1. roof coverings;
- 2. roof drainage systems;
- 3. flashings;
- 4. skylights, chimneys, and roof penetrations; and
- 5. signs of leaks or abnormal condensation on building components.

B. The home inspector shall:

- 1. describe the type of roof covering materials; and
- 2. report the methods used to inspect and access the roofing system and any limitations.

C. The home inspector is not required to:

- 1. walk on the roofing;
- 2. inspect interiors of flues or chimneys which are not readily accessible; or
- 3. inspect attached accessories including but not limited to solar systems, antennae, and lightning arrestors. (LSBHI Standards of Practice, § 315)

Louisiana's standards of practice go on to describe similar inspection practices for other building components, such as plumbing, electrical, heating, interior, ventilation, and insulation systems, as well as built-in kitchen appliances. It is important to note that Louisiana, like a number of other states, uses standards of practice adopted from the American Society of Home Inspectors (ASHI), one of the largest and most active national home inspector associations.

Code of Ethics

Just as the standards of practice for the most part dictate what home inspectors should or must do, a code of ethics outlines what home inspectors may not do. For those states that have adopted a code of ethics, the primary intention of the code is to prohibit home inspectors from engaging in any activity that may be perceived as a conflict of interest. For instance, the code of ethics may prohibit inspectors from offering to make repairs on defects they report. The following excerpt from the Indiana licensing regulation code of ethics describes some of the other prohibited acts:

(c) Licensees shall not:

(1) inspect properties:

(A) for compensation in which they have, or expect to have, a financial interest; or

(B) under contingent arrangements whereby any compensation or future referrals are dependent on reported findings or on the sale of property;

(2) directly or indirectly compensate realty agents, or other parties having a financial interest in closing or settlement of real estate transactions, for the referral of inspections of or inclusion on a list of recommended inspectors, preferred providers, or similar arrangements;

(3) receive compensation for an inspection from more than one (1) party unless agreed to by the client or clients;

(4) accept compensation, directly or indirectly, for recommending contractors, services, or products to inspection clients or other parties having an interest in inspected properties; or

(5) repair, replace, or upgrade, for compensation, systems or components covered by the minimum standards of competent performance found in section 1 of this rule for one (1) year after the inspection. (878 IAC 1-2-2, Sec. 2)

As with the case of Louisiana's standards of practice, the Indiana code of ethics also originated with ASHI. This trade association is the source of standards of practice and codes of ethics provisions for a number of other states.

Disciplinary Actions and Penalties

In cases where an inspector does not adhere to the standards of practice or code of ethics of a regulating state, or otherwise is accused of or is guilty of an infraction, generally the regulating agency is empowered to follow up with an investigation and to impose penalties.

The parameters of these disciplinary actions and penalties, like virtually every other aspect of home inspector regulation, vary from state to state. Generally speaking, the process begins when the board or other regulating agency becomes aware of a possible infraction. Unless the board discovers this on its own, the most common reason for becoming aware of a potential problem is a complaint filed against an inspector. Therefore, usually a component of the regulation allows for the regulating agency to accept and process complaints. In addition to

complaints, legal actions may be taken against a home inspector, in which case other regulatory provisions enforce disciplinary actions on the inspector if the legal process determines guilt.

The following section from the Nevada regulation provides an example of the regulatory parameters for pursuing disciplinary action:

Grounds for disciplinary action; authorized disciplinary action; limitations on reissuance of certificate after revocation; orders imposing discipline deemed public records.

1. Grounds for disciplinary action against a certified inspector are:

- (a) Unprofessional conduct;
- (b) Professional incompetence; and
- (c) A criminal conviction for a felony or any offense involving moral turpitude. (Nevada Revised Statutes 645D.700)

After becoming aware of a possible infraction, the regulating agency is responsible for researching the matter and determining cause for disciplinary action. Again, the parameters for these actions are usually outlined in the home inspector regulation, such as in the following from Massachusetts:

Section 206; Chapter 146 of the Acts of 1999. The board may, by a majority vote and upon determination made after a hearing pursuant to chapter 30A, find that a home inspector or associate home inspector is liable for a violation of the provisions of sections 202 to 205, inclusive, and may impose the following fines and penalties:

- (1) suspend, revoke, cancel or place on probation the license of the home inspector or associate;
- (2) reprimand or censure the licensee;
- (3) order the licensee to complete continuing education or training or both as a condition of retention or future consideration or reinstatement of such license;
- (4) order the licensee to participate in a drug or alcohol rehabilitation program or undergo drug testing or both as a condition of reinstatement of such license;
- (5) order the licensee to practice under appropriate supervision for a period of time to be determined by said board as a condition of retention of future consideration of reinstatement of such license;
- (6) order financial restitution, where appropriate; and
- (7) assess an administrative penalty of not more than \$1,000 for each violation.

Enforcement provisions are necessary in a home inspector licensing or regulatory program because no law or regulation is effective without these provisions. Consequently disciplinary and enforcement components are a part of virtually all moderately comprehensive home inspector regulations.

Reciprocity

Approximately 16 states have a reciprocity clause in their home inspection regulation. The clause allows home inspectors who are licensed in other states to acquire a license in the reciprocating state without having to fulfill all the normal licensing requirements. The clause usually stipulates that the state under which the inspector is licensed must have licensing requirements equal to or greater than the reciprocating state. In addition it may be required that

both states have a reciprocating agreement with each other specifically for home inspector licenses; in this case, one state does not simply rely on accepting the overall standards of the other without the other reciprocating through agreement. This is the case in Illinois, whose reciprocity clause states:

(225 ILCS 441/5 20) Sec. 5 20. Reciprocity; consent to jurisdiction.

(a) A nonresident who holds a valid home inspector license issued to him or her by the proper licensing authority of a state, territory, possession of the United States, or the District of Columbia that has licensing requirements equal to or substantially equivalent to the requirements of the State of Illinois and otherwise meets the requirements for licensure may obtain a license without examination, provided that:

- (1) OBRE [Office of Banks and Real Estate] has entered into a valid reciprocal agreement with the proper licensing authority of the state, territory, or possession of the United States or the District of Columbia;
- (2) the applicant provides OBRE with a certificate of good standing from the applicant's licensing authority;
- (3) the applicant completes and submits an application provided by OBRE; and
- (4) the applicant pays all applicable fees required under this Act.

If two states do not have a reciprocity agreement, the board or regulating agency must determine if another state's licensing requirements are equal to or greater than its own. In states with no reciprocity for home inspectors, any incoming inspectors must meet all the licensing requirements as a new home inspector would.

Statue of Limitations

A few states have a component of their home inspection regulation that sets a time limit following the inspection after which the client may no longer file a complaint against the home inspector. The intention of this regulatory component is to protect the home inspector from a client who might blame the home inspector for negligence or oversight in the inspection report many years after the inspection. The logic behind this limitation in essence says that the more time that passes after the inspection, the less likely a recently discovered default existed during the inspection and should have been detected at that time. Hence the inspector is not liable for not reporting the default.

This period of limitation could be three or five years, but in Louisiana and Alaska it is as short as one year. The Alaska Home Inspection Statute states:

Sec. 08.18.085. Legal actions against home inspector.

- (a) Notwithstanding contrary provisions of AS 08.18.081 or AS 09.10, a person may not bring an action against an individual registered under this chapter based on a home inspection report unless the action is commenced within one year.
- (b) The limitation in (a) of this section applies to all actions based on a home inspection report, regardless of whether the action is based on breach of contract, personal injury or death, property damage, or another source of liability except that (a) of this section is not applicable to an action based on gross negligence or intentional misconduct by the home inspector. The limitation may not be waived by contract.

- (c) A person may not bring an action against an individual registered under this chapter for damages that arise from an act or omission relating to a home inspection performed by the individual unless the person
- (1) was a party to the real estate transaction for which the home inspection was conducted;
 - (2) received the home inspection report with the written consent of the party for whom the home inspection was originally performed; or
 - (3) acquired the property for which the home inspection report was conducted by inheritance or bequest from a person who could have brought an action under (1) or (2) of this subsection.
- (d) Contractual provisions that purport to limit the liability of a home inspector to the cost of the home inspection report are contrary to public policy and void.

In addition to limiting the window for complaints or litigation against a home inspector, the regulation is noteworthy for defining the individuals who may make a complaint to those who had a connection to the real estate transaction. In addition it forbids contractual agreements that waive the limitation or that limit the inspector's liability to the cost of the inspection report.

Standard Inspection Forms

Of all states that regulate home inspectors, only Texas requires all inspectors to use an official standard state inspection form when performing inspections. A copy of this form is included in Appendix J. Overall this form is fairly general and serves primarily as a list of building issues and components to be inspected. For each of these, the inspector is only required to indicate that the component was inspected, not inspected, not present, or not functioning. A brief written description provides more details. While this standardized five page form may not be entirely comprehensive, inspectors are permitted to attach additional pages of information to complete the report.

Real Estate Agent Referrals

One issue that is widely discussed in the home inspection industry is the perception that some real estate agents encourage clients to use specific home inspectors who will perform an inspection that is ultimately favorable to completing the real estate transaction. Since real estate agents only earn their commission if the house sells, a home inspector who performs a comprehensive inspection that uncovers numerous defects may ruin the deal. Because of this relationship, some real estate agents may be inclined to steer clients toward inspectors who will not endanger the transaction with an overly thorough inspection report.

Whether or not this actually is a pervasive activity among real estate agents in the industry is difficult to ascertain. Regardless, one state has taken steps with its home inspection regulation to address this issue. The legislation regulating home inspectors in Massachusetts includes the following clause:

Section 87YY>. At the time of the signing of the first written contract to purchase, real estate brokers and salesmen, or the seller if no broker or salesperson is involved in the sale, shall distribute a brochure, published by the office of consumer affairs and business regulations, educating consumers about the home inspection process. Real estate brokers and salesmen shall not directly recommend a specific home inspection company

or home inspector but may, upon request, provide a complete list of licensed home inspectors prepared by the board.

By forbidding real estate agents from recommending any specific inspector, the Massachusetts regulation attempts to eliminate the potential conflict of interest that may arise from a real estate agent recommending what might be termed “soft inspectors.”

2 Project Surveys

2.1 Methods of Implementing Project Surveys

This project involved extensive work in designing and implementing surveys relating to the home inspection industry. Three groups were surveyed: real estate agents, home inspectors, and recent homebuyers. There were two goals in using the surveys. The real estate agent and home inspector surveys were intended to gauge how effective licensing requirements are in ensuring inspectors are competent, while the homeowner survey was intended to demonstrate to what extent there is a need to license inspectors in the state of Ohio. Following is a description of how the surveys were carried out.

Real Estate Agent Survey

The real estate agent survey sought to quantify the experiences of real estate professionals in dealing with home inspectors and to ascertain the impact of inspectors on real estate transactions. To compare the data's relevance to the home inspection licensing issue, real estate agents in six states were chosen for the mailing: three states with a licensing requirement for home inspectors and three states without.

Rather than randomly choosing three licensing states for the survey, the goal was to survey three states with the strongest licensing requirements. These three survey states were chosen based on a document published yearly by the American Society of Home Inspectors (ASHI), the *Position Statement on Regulation of Home Inspectors*. The report documents ASHI's recommendations for states that are considering licensure or other regulatory requirements for home inspectors. In addition, the report provides an analysis and ranking of the existing state requirements in the 30 states that presently regulate the home inspection industry. By awarding points based on the strength of various components of a state's licensing requirements, an overall ranking of all licensing states is determined. The criteria used to rate the home inspection requirements include education and examination requirements, standards of practice, the governing board, reciprocity, penalties, and other criteria. ASHI's 2005 "Grading of Existing State Laws Regulating Home Inspectors" within the *Position Statement* lists the top three states for the strength of their licensing requirements as New Jersey, Louisiana, and Texas. Appendix B contains a copy of the "Grading of Existing State Laws Regulating Home Inspectors."

While there may be some concern about using a home inspection industry organization's ratings to choose the survey states, independently ranking the states as part of this project would most likely have resulted in similar conclusions. The top three states had scores of 110 or higher, out of a possible score of 123. Considering that the lowest scores ranged in the 12 to 30 range, there is certainly enough disparity in the rankings to consider the overall ranking system to be fairly objective. Consequently, it was determined that the ASHI rankings would be

representative of the regulating states as a whole, regardless of any potential industry sentiment.

With survey data from three licensing states for comparison, three states without licensing requirements were chosen. Naturally, Ohio was one of these states. The other two were chosen because of their proximity to Ohio as Midwestern states: Michigan and Indiana.

With the six states chosen, the licensing bureau in each that maintains the list of licensed real estate agents was contacted and a request for that list was made. This process varied from state to state. Some states were able to provide this information from a website, while others sent a file either on a disk or via email. Almost all of the states required some sort of fee, and this varied as well. Ohio's charge for the list was only \$5, while other states ranged from \$250 to \$500. A special note, however, needs to be made regarding New Jersey.

Because of the state's pricing system (which charges per name), to acquire a list of every licensed real estate agent in New Jersey would have cost over \$1,500. In order to reduce this cost, another approach was devised. The state list could be broken down by each of the 21 counties and purchased accordingly. To determine which county lists would be purchased, all 21 counties were listed according to their populations. One county from each of the 100,000 population increments was randomly chosen. For example, one county was chosen randomly from the six counties with populations between 100,000 and 199,999, and one county was chosen from the three with populations between 500,000 and 599,999. This method worked for all 100,000 increments except for the largest and the smallest. Since there was only one county (the smallest) with a population less than 99,999 and only one (the largest) with a population more than 800,000, both of these counties were included. With this method, a sampling of a wide range of counties was achieved (assuming population relates to urban versus rural settings) while paring the cost down to around \$650. Appendix D contains a table showing the breakdown of New Jersey real estate agents by county and the counties that were used for the survey.

While this groundwork to acquire the lists of real estate information continued, two events changed the plan of target survey states. The first was the realization that the information indicating Indiana as a non-licensing state had been out of date, and that Indiana had enacted licensing requirements. Because of the urgency to choose another state, Missouri was chosen due to the easy availability of that state's real estate agent data while still being a Midwestern state. Other nearby states either had licensing or were otherwise unaccommodating in providing the necessary information to complete the survey.

The other change came when Hurricane Katrina devastated southern Louisiana at the end of August, 2005. Because of the concern that a survey of this nature would not be a priority among both real estate agents and home inspectors, Louisiana was ousted from the target survey states. Instead, Arizona, the fourth state rated in the ASHI document, was used.

After each state's list of licensed real estate agents was received, the list was formatted into a Microsoft Access database. If a state's list contained a field for inactive licenses (or otherwise suspended or revoked), those entries were removed, and each active entry was numbered from one to the maximum number of agents on each state's list. The following chart shows the number of real estate agents by state from which the random sampling was taken:

Arizona	47,784
Michigan	50,020
Missouri	23,662
New Jersey	26,402
Ohio	34,947
Texas	68,207

An online random number generator (www.random.org) was used to generate the sample of survey agents for each state. 500 random numbers were generated between one and the highest number of agents listed for each state. Those 500 numbers were used to choose the agents by filtering the entire state list based on those ID numbers assigned to each agent when the list was created. For example, there were 34,947 listed agents for Ohio, and that list was numbered from 1 to 34,947. 500 random numbers between 1 and 34,947 were generated by the website and, using the database software's filter, the random numbers were matched with the number assigned to each agent listing. After being repeated for each state of the six survey states, a mailing list of 3,000 names was created and mailing address labels printed.

While the compilation of the 3,000 names continued, finalization of the survey questions and formatting was carried out. The responses to the questions were intended to determine two main objectives. First, the responses were to document the practical elements of the real estate agent/home inspector relationship, such as the frequency inspectors are used in real estate transactions, how often those inspections affect the transaction, and with what type (full time, part time, etc.) of home inspector the agent usually deals. Second, the surveys were to reveal the agent's opinions regarding the competence and quality of the inspectors. With the survey content finalized, the layout was completed using publishing software to ensure a quality, professional appearance. In addition, a cover letter was finalized that would accompany the survey in the mail.

In order to get the surveys in the mail, other logistical issues were finalized as well. Envelopes were printed that matched the survey/cover letter stationary, and Belmont Technical College business reply envelopes were obtained for use by survey recipients. After all the materials had been printed, 3,000 envelopes were stuffed with the cover letter, survey, and return envelope, and the address labels were affixed. The real estate agent survey was mailed October 18, 2005. See Appendix A for a copy of the real estate agent survey.

Home Inspector Survey

Implementation of the home inspector survey was similar to the real estate agent survey, but required a different approach when data was not readily available. The same six states (Arizona, Michigan, Missouri, New Jersey, Ohio, and Texas) used in the real estate agent survey were used for this survey. Since three of these states (Arizona, New Jersey, and Texas) had licensing for home inspectors, each state office that maintains the list of licensed inspectors was contacted and the list acquired. This process went smoothly with each state of the three states. In fact, the information from Arizona and Texas was easily downloaded from those states' websites at no cost, while New Jersey sent a CD with the information for a small fee of around \$26. Similar to the real estate agent lists, the state lists of inspectors were transferred to

a Microsoft Access database, and inactive inspectors were culled from the list. The following chart shows the number of licensed inspectors for each state, as used for the random selection:

Arizona	949
New Jersey	364
Texas	3,459

Acquiring a list of home inspectors for the states without licensing proved to be more challenging because there is no one private organization or governmental body that maintains such a list. Research into how to compile the list revealed the limitations of certain obvious avenues. For instance, using membership lists from home inspector professional associations excludes inspectors who may not be members of the chosen sample associations or of any association at all. In addition, using this source for data would potentially draw a limited picture of inspectors in the state because the membership criteria presumably would bring the more qualified or successful inspectors to the fore. Another method with limitations involves the numerous “Find An Inspector” websites, where searches can be performed geographically. Unfortunately, it seems too often these websites feature only inspection agencies that pay a premium to be listed, or at least to be listed with any detailed information. Traditional yellow page phone books also showed their limitations, both in the limited information for most listings (most only included a phone number) and the logistics of acquiring phone books for distant states.

Ultimately the solution for compiling the home inspector lists became a combination of phone book records and internet sites. Two websites were decided upon since they appeared to have the most objective business listings. These sites, www.superpages.com and www.smartpages.com, are maintained by Verizon and SBC/AT&T/BellSouth, respectively. Because these two companies operate as local telephone companies in addition to their nationwide services, it was apparent from the websites that the listings were compiled from the local yellow page listings. By performing a search for “home inspector” in the whole state of Ohio, for example, several hundred company names appeared. These names formed the foundation of the finished lists.

These search results still required processing. Three students each worked on one of the three non-licensing states. After the initial search for “home inspector” in the assigned state, the student read through the list and entered every complete listing (with an address) into a Microsoft Access database. Any listing that did not contain at least a business name and mailing address was disregarded, in addition to any search result that was obviously not a home inspection agency, such as a termite/pest inspector or engineering service. Search results from both websites were sifted in this manner to ensure a more comprehensive search. After the lists were completed, any duplicate entries were removed. Other information, where available, was also compiled, such as a website for the inspection service, the name of the business owner, and any indication of membership in a professional association. Following are the number of home inspection listings that were compiled from which the random samplings were taken:

Michigan	341
Missouri	170
Ohio	371

With the home inspector databases compiled for the six survey states, the process for choosing the random survey recipients again mirrored the process used in the real estate agent survey. However, because of the smaller proportion of inspectors, only 100 recipients per state were chosen from the databases to receive the home inspector survey. Using the same online random number generator, each inspector list was filtered with 100 random numbers. From the list of random samples, address labels were printed in preparation for mailing.

Finalization of the inspector survey content and cover letter were completed during this time. The survey content was intended to quantify the potential differences in qualifications or competence of home inspectors between the states with licensing requirements and those without. Therefore, survey questions cover such issues as training, experience, participation in continuing education, and insurance. The survey and the survey cover letter were formatted in the same manner as the real estate agent survey. See Appendix A for a copy of the home inspector survey. After all survey components were finalized, printed, and stuffed, the home inspector survey was mailed November 8, 2005.

Homeowner Survey

The third and final survey of the project documented the experience of individuals who had recently purchased a home in Ohio. The primary objective was to ascertain whether or not the homebuyer had used a home inspector and, if so, whether it was a positive or negative experience. In order to accomplish this systematically, the first decision was to choose a target month of real estate transactions. Because spring is normally a period of higher real estate activity, April of 2005 was chosen as the target month. A further benefit of this target month was the time that had elapsed since the transaction, allowing the homeowner the opportunity to discover any problems with the property.

Rather than surveying every individual in the state, the survey was limited to 10 randomly chosen Ohio counties. Again, this process was akin to the process for randomly choosing the real estate agents and home inspectors. To further ensure a more equal dispersion of the 10 survey counties, all 88 counties were divided into two lists: counties with populations over 100,000, and counties with populations under 100,000. From each of these two lists, five random counties were chosen using the online random number generator. The ten random counties chosen were:

- Ashtabula
- Belmont
- Carroll
- Clinton
- Columbiana
- Geauga
- Lorain
- Medina
- Montgomery
- Morrow

During the initial planning of the project, it was anticipated that each courthouse of the ten survey counties would have to be visited in order to acquire the real estate transaction information for the target month. However, in September of 2005, a real estate marketing agency, First American Real Estate Solutions (FARES), was identified that could provide information for 9 of the 10 counties. FARES claimed it could provide names and addresses relating to all of the real estate transactions for the target month, in addition to removing sales that were for land only, or otherwise would not involve a home inspection. FARES could not offer data for Belmont County, but this did not present a significant problem since that information could be gathered locally with no difficulty.

Before FARES eventually provided the data, they did indicate that there were approximately 3,000 entries that met the criteria for survey recipients. Because of the concern that fewer people would be inclined to respond to this survey, it was decided that a survey would be sent to every individual from the transaction list, rather than performing a random sample. In combination with the approximately 100 transactions from Belmont County for April 2005, the total survey count would be around 3,100. This necessitated acquiring more materials such as stationary to meet the higher-than-anticipated survey number. However, once the FARES data arrived, it was obvious that a large number of the entries were invalid. These invalid entries were comprised of listings for banks and mortgage companies or contained no mailing addresses. Because of these inadequate entries, the final mailing was comprised of 2,700 pieces.

The content for the homeowner survey covered basic information such as what type of home was purchased, how much it cost, and whether or not a home inspector was used. If an inspector was used, the homeowner's experience was documented, such as the method of choosing the inspector, whether the inspector missed any significant defects in the property, and the client's overall satisfaction. See Appendix A for a copy of the homeowner survey. Once again, a cover letter and return envelope accompanied the survey. With the printed materials finalized, the envelopes were stuffed and the homeowner survey was mailed on January 5, 2006.

2.2 Survey Returns and Data

Following are the data results from the surveys in chart and graph form.

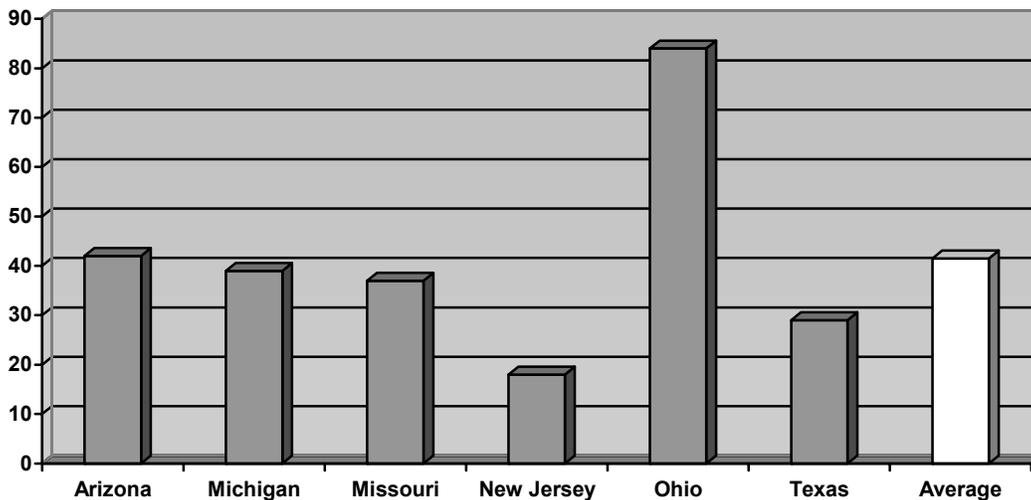
Real Estate Agent Survey

Survey Response Rates

For the 3,000 real estate agent surveys that were sent out to the six survey states (500 to each state), the following rates of response were attained:

State	Returns	Response Rate
Arizona	42	8.4%
Michigan	39	7.8%
Missouri	37	7.4%
New Jersey	18	3.6%
Ohio	84	16.8%
Texas	29	5.8%
Total Returns/Average Rate	249	8.3%

Real Estate Agent Survey: Number of Returns



Survey Data

The following four pages contain data tables from the real estate agent survey responses. The data are arranged by the survey questions along with each question's replies; each figure indicates the number of times a particular reply was checked. Beside each figure is the ratio for the individual reply as a percentage of the total replies for that particular question. There are instances where the total number of replies for one question does not match the number of responses from a state. This may be attributed to a question where more than one reply was checked (e.g., "Urban" AND "Suburban") or where no reply was checked. This should be considered when evaluating the percentages; in order for the sum of the percentages to be 100.0%, each percentage is based on the sum of the responses per question and not based on the total replies for a state.

For brevity, each survey question and the replies are somewhat abbreviated; referencing a copy of the original survey in Appendix A may be helpful.

	Home Inspection Licensing Study												Non-License States												Totals							
	Arizona (42)				New Jersey (18)				Texas (29)				Totals (89)				Michigan (39)			Missouri (37)			Ohio (84)			Totals (160)			All States			
	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for	Question	Reply	% of Replies for		
2	Urban	11	23.4%	4	20.0%	9	29.0%	24	24.5%	9	20.5%	8	19.0%	22	20.8%	39	20.3%	63	21.7%													
	Suburban	23	48.9%	13	65.0%	14	45.2%	50	51.0%	19	43.2%	22	52.4%	61	57.5%	102	53.1%	152	52.4%													
	Rural	13	27.7%	3	15.0%	8	25.8%	24	24.5%	16	36.4%	12	28.6%	23	21.7%	51	26.6%	75	25.9%													
	How many days allotted for home inspection:																															
	under 3	0	0.0%	1	5.9%	1	3.8%	2	2.4%	2	5.3%	1	2.7%	3	3.8%	6	3.9%	8	3.3%													
	4 to 6	2	4.8%	1	5.9%	2	7.7%	5	5.9%	4	10.5%	1	2.7%	6	7.5%	11	7.1%	16	6.7%													
	7 to 9	4	9.5%	3	17.6%	12	46.2%	19	22.4%	16	42.1%	5	13.5%	18	22.5%	39	25.2%	58	24.2%													
	10 to 12	33	78.6%	7	41.2%	11	42.3%	51	60.0%	15	39.5%	29	78.4%	42	52.5%	86	55.5%	137	57.1%													
	more than 12	3	7.1%	5	29.4%	0	0.0%	8	9.4%	1	2.6%	1	2.7%	11	13.8%	13	8.4%	21	8.8%													
	How many buyers in 10 have a home inspection?																															
Less than 1	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6	7.4%	8	5.2%														
1	0	0.0%	1	5.9%	1	3.6%	2	2.3%	2	5.4%	2	5.7%	4	4.9%	8	5.2%	10	4.2%														
2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3	3.7%	7	4.6%	7	2.9%														
3	0	0.0%	0	0.0%	1	3.6%	1	1.1%	1	2.7%	0	0.0%	0	0.0%	1	0.7%	2	0.8%														
4	1	2.4%	0	0.0%	2	7.1%	3	3.4%	3	7.4%	0	0.0%	2	2.5%	4	2.6%	7	2.9%														
5	0	0.0%	0	0.0%	1	3.6%	1	1.1%	0	0.0%	1	2.9%	1	1.2%	2	1.3%	3	1.3%														
6	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4	10.8%	0	0.0%	7	8.6%	12	7.8%	12	5.0%														
7	4	9.5%	0	0.0%	0	0.0%	4	4.6%	9	24.3%	7	20.0%	11	13.6%	27	17.6%	31	12.9%														
8	20	47.6%	3	17.6%	5	17.9%	28	32.2%	6	16.2%	12	34.3%	15	18.5%	33	21.6%	61	25.4%														
9	17	40.5%	13	76.5%	18	64.3%	48	55.2%	7	18.9%	12	34.3%	32	39.5%	51	33.3%	99	41.3%														
10	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%														
5 What is the client's first priority for a home inspector?																																
Qualifications	19	47.5%	9	52.9%	11	37.9%	39	45.3%	18	47.4%	14	38.9%	39	45.9%	71	44.7%	110	44.9%														
Reputation	15	37.5%	4	23.5%	11	37.9%	30	34.9%	11	28.9%	17	47.2%	22	25.9%	50	31.4%	80	32.7%														
Membership to professional assn.	3	7.5%	1	5.9%	3	10.3%	7	8.1%	3	7.9%	1	2.8%	5	5.9%	9	5.7%	16	6.5%														
Price	2	5.0%	3	17.6%	3	10.3%	8	9.3%	6	15.8%	4	11.1%	14	16.5%	24	15.1%	32	13.1%														
Other	1	2.5%	0	0.0%	1	3.4%	2	2.3%	0	0.0%	0	0.0%	0	0.0%	5	3.1%	7	2.9%														
6 How do you assist clients in choosing a HI?																																
Provide name of inspector I prefer my clients use	7	16.3%	3	17.6%	6	20.7%	16	18.0%	8	21.1%	4	11.1%	7	8.5%	19	12.2%	35	14.3%														
Provide list of inspectors firm uses on regular basis	32	74.4%	13	76.5%	21	72.4%	66	74.2%	20	52.6%	26	72.2%	65	79.3%	111	71.2%	177	72.2%														
Provide list of inspectors from local yellow pages	2	4.7%	0	0.0%	1	3.4%	3	3.4%	4	10.5%	3	8.3%	3	3.7%	10	6.4%	13	5.3%														
Provide no help	1	2.3%	1	5.9%	0	0.0%	2	2.2%	6	15.8%	0	0.0%	6	7.3%	12	7.7%	14	5.7%														
Other	1	2.3%	0	0.0%	1	3.4%	2	2.2%	0	0.0%	3	8.3%	1	1.2%	4	2.6%	6	2.4%														
7 How often do you deal with:																																
Professional full-time inspector	40	95.2%	16	88.9%	24	85.7%	80	90.9%	26	66.7%	34	94.4%	64	76.2%	124	78.0%	204	82.6%														
almost always	2	4.8%	1	5.6%	4	14.3%	7	8.0%	9	23.1%	2	5.6%	14	16.7%	25	15.7%	32	13.0%														
sometimes rarely	0	0.0%	1	5.6%	0	0.0%	1	1.1%	4	10.3%	0	0.0%	6	7.1%	10	6.3%	11	4.5%														
never	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%														
Contractor/tradesperson who inspects on the side	0	0.0%	2	11.1%	1	4.2%	3	3.7%	0	0.0%	0	0.0%	1	1.4%	1	0.7%	4	1.8%														
almost always	6	15.4%	2	11.1%	2	8.3%	10	12.3%	9	24.3%	8	25.8%	12	16.4%	29	20.6%	39	17.6%														
sometimes rarely	13	33.3%	5	27.8%	11	45.8%	29	35.8%	16	43.2%	11	35.5%	31	53.4%	66	46.8%	95	42.8%														
never	20	51.3%	9	50.0%	10	41.7%	39	48.1%	12	32.4%	12	38.7%	21	28.8%	45	31.9%	84	37.8%														
Professional from another field	0	0.0%	1	5.9%	0	0.0%	1	1.3%	0	0.0%	0	0.0%	2	2.8%	2	1.4%	3	1.4%														
almost always	3	7.7%	1	5.9%	0	0.0%	4	5.0%	5	13.9%	1	3.3%	8	11.1%	14	10.1%	18	8.3%														
sometimes rarely	4	10.3%	4	23.5%	2	8.3%	10	12.5%	13	36.1%	9	30.0%	25	34.7%	47	34.1%	57	26.1%														
never	32	82.1%	11	64.7%	22	91.7%	65	81.3%	18	50.0%	20	66.7%	37	51.4%	75	54.3%	140	64.2%														
Other (buyer or family member inspects property, etc)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	2.7%	0	0.0%	1	1.4%	2	1.4%	2	0.9%														
almost always	3	7.7%	3	17.6%	1	4.2%	7	8.8%	16	43.2%	7	22.6%	18	24.7%	41	29.1%	48	21.7%														
sometimes rarely	19	48.7%	7	41.2%	8	33.3%	34	42.5%	14	37.8%	13	41.9%	34	46.6%	61	43.3%	95	43.0%														
never	17	43.6%	7	41.2%	15	62.5%	39	48.8%	6	16.2%	11	35.5%	20	27.4%	37	26.2%	76	34.4%														

Home Inspector Licensing Study Real Estate Agent Survey Results 249 of 3,000		License States												Non-License States												Totals							
		Arizona (42)				New Jersey (18)				Texas (29)				Totals				Michigan (39)				Missouri (37)				Ohio (84)				Totals			
		% of Replies for		Question		Reply:		% of Replies for		Question		Reply:		% of Replies for		Question		Reply:		% of Replies for		Question		Reply:		% of Replies for		Question		Reply:			
		Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:	Question	Reply:				
14 Ratings: 1 to 10		Knowledge of building construction		1	0	0.0%	1	5.9%	0	0.0%	0	0.0%	1	1.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	0.7%	2	0.8%							
		2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%							
		3	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	1.3%	2	0.9%							
		4	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3	3.8%	4	1.7%							
		5	2	5.0%	0	0.0%	0	0.0%	0	0.0%	2	2.3%	2	2.3%	0	0.0%	0	0.0%	7	8.9%	9	5.9%	11	4.6%	11	4.6%							
		6	0	0.0%	2	11.8%	1	3.4%	3	3.5%	3	3.5%	3	3.5%	2	5.4%	2	5.6%	3	3.8%	7	4.6%	10	4.2%	10	4.2%							
		7	5	12.5%	2	11.8%	3	10.3%	10	11.6%	10	11.6%	10	11.6%	3	8.1%	2	5.6%	5	6.3%	10	6.6%	20	8.4%	20	8.4%							
		8	6	15.0%	6	35.3%	7	24.1%	19	22.1%	19	22.1%	19	22.1%	4	10.8%	10	27.8%	16	20.3%	30	19.7%	49	20.6%	49	20.6%							
		9	13	32.5%	4	23.5%	8	27.6%	25	29.1%	25	29.1%	25	29.1%	11	29.7%	9	25.0%	20	25.3%	40	26.3%	65	27.3%	65	27.3%							
		10	14	35.0%	2	11.8%	10	34.5%	26	30.2%	26	30.2%	26	30.2%	12	32.4%	13	36.1%	24	30.4%	49	32.2%	75	31.5%	75	31.5%							
		Accuracy of report		1	0	0.0%	1	5.9%	0	0.0%	0	0.0%	1	1.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	2.6%	3	1.7%							
		2	2	4.9%	0	0.0%	0	0.0%	0	0.0%	2	2.3%	2	2.3%	0	0.0%	0	0.0%	1	1.3%	1	0.7%	3	1.3%	3	1.3%							
		3	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	1.3%	3	2.0%							
		4	1	2.4%	0	0.0%	1	3.6%	2	2.3%	2	2.3%	2	2.3%	2	5.4%	0	0.0%	1	1.3%	3	2.0%	5	2.1%	5	2.1%							
		5	1	2.4%	0	0.0%	0	0.0%	0	0.0%	1	1.2%	1	1.2%	2	5.4%	0	0.0%	5	6.4%	7	4.7%	8	3.4%	8	3.4%							
		6	2	4.9%	3	17.6%	0	0.0%	5	5.8%	5	5.8%	5	5.8%	3	8.1%	1	2.9%	5	6.4%	9	6.0%	14	5.9%	14	5.9%							
		7	4	9.8%	2	11.8%	2	7.1%	8	9.3%	8	9.3%	8	9.3%	2	5.4%	2	5.7%	5	6.4%	9	6.0%	17	7.2%	17	7.2%							
		8	8	19.5%	6	35.3%	7	25.0%	21	24.4%	21	24.4%	21	24.4%	5	13.5%	10	28.6%	20	25.6%	35	23.3%	56	23.7%	56	23.7%							
		9	10	24.4%	3	17.6%	6	21.4%	19	22.1%	19	22.1%	19	22.1%	11	29.7%	14	40.0%	20	25.6%	45	30.0%	64	27.1%	64	27.1%							
		10	13	31.7%	2	11.8%	12	42.9%	27	31.4%	27	31.4%	27	31.4%	9	24.3%	8	22.9%	18	23.1%	35	23.3%	62	26.3%	62	26.3%							
		Professionalism of report		1	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	1.3%	2	1.3%							
		2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	1.3%	1	0.7%							
		3	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	2.6%	3	1.3%							
		4	2	5.0%	0	0.0%	0	0.0%	2	2.4%	2	2.4%	2	2.4%	2	5.4%	0	0.0%	0	0.0%	0	0.0%	2	1.3%	4	1.7%							
		5	1	2.5%	0	0.0%	0	0.0%	1	1.2%	1	1.2%	1	1.2%	1	2.7%	0	0.0%	7	9.0%	8	5.3%	9	3.8%	9	3.8%							
		6	4	10.0%	3	17.6%	0	0.0%	7	8.2%	7	8.2%	7	8.2%	1	2.7%	0	0.0%	3	3.8%	4	2.7%	11	4.7%	11	4.7%							
		7	2	5.0%	2	11.8%	2	7.1%	6	7.1%	6	7.1%	6	7.1%	5	13.5%	2	5.7%	2	2.6%	9	6.0%	15	6.4%	15	6.4%							
		8	3	7.5%	6	35.3%	2	7.1%	11	12.9%	11	12.9%	11	12.9%	5	13.5%	5	14.3%	12	15.4%	22	14.7%	33	14.0%	33	14.0%							
		9	11	27.5%	1	5.9%	9	32.1%	21	24.7%	21	24.7%	21	24.7%	12	32.4%	12	34.3%	22	28.2%	46	30.7%	67	28.5%	67	28.5%							
		10	17	42.5%	4	23.5%	15	53.6%	36	42.4%	36	42.4%	36	42.4%	9	24.3%	16	45.7%	28	35.9%	53	35.3%	89	37.9%	89	37.9%							
		Satisfaction of client		1	0	0.0%	1	6.3%	0	0.0%	1	1.2%	1	1.2%	1	2.7%	0	0.0%	2	2.6%	3	2.0%	4	1.7%	4	1.7%							
		2	2	5.3%	0	0.0%	0	0.0%	2	2.4%	2	2.4%	2	2.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	0.9%							
		3	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	2.7%	0	0.0%	0	0.0%	0	0.0%	1	0.7%	1	0.4%							
		4	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	2.6%	2	1.3%	2	0.9%	2	0.9%							
		5	1	2.6%	0	0.0%	0	0.0%	1	1.2%	1	1.2%	1	1.2%	3	8.1%	0	0.0%	3	3.9%	6	4.0%	7	3.0%	7	3.0%							
		6	4	10.5%	1	6.3%	0	0.0%	5	6.0%	5	6.0%	5	6.0%	0	0.0%	0	0.0%	4	5.2%	4	2.7%	9	3.9%	9	3.9%							
		7	1	2.6%	3	18.8%	2	6.9%	6	7.2%	6	7.2%	6	7.2%	4	10.8%	1	2.9%	6	7.8%	11	7.4%	17	7.3%	17	7.3%							
		8	4	10.5%	6	37.5%	7	24.1%	17	20.5%	17	20.5%	17	20.5%	9	24.3%	7	20.0%	16	20.8%	32	21.5%	49	21.1%	49	21.1%							
		9	14	36.8%	3	18.8%	6	20.7%	23	27.7%	23	27.7%	23	27.7%	9	24.3%	14	40.0%	22	28.6%	45	30.2%	68	29.3%	68	29.3%							
		10	12	31.6%	2	12.5%	14	48.3%	28	33.7%	28	33.7%	28	33.7%	10	27.0%	13	37.1%	22	28.6%	45	30.2%	73	31.5%	73	31.5%							
		Agents recommend "soft inspectors"		1	2.4%	0	0.0%	0	0.0%	1	1.2%	1	1.2%	1	2.7%	2	5.6%	4	5.4%	7	4.8%	8	3.4%	8	3.4%								
		2	3	7.3%	7	41.2%	5	17.9%	15	17.4%	15	17.4%	15	17.4%	9	24.3%	5	13.9%	7	9.5%	21	14.3%	36	15.5%	36	15.5%							
		3	3	7.3%	0	0.0%	2	7.1%	5	5.8%	5	5.8%	5	5.8%	6	16.2%	3	8.3%	8	10.8%	17	11.6%	22	9.4%	22	9.4%							
		4	8	19.5%	3	17.6%	5	17.9%	16	18.6%	16	18.6%	16	18.6%	3	8.1%	12	33.3%	12	16.2%	27	18.4%	43	18.5%	43	18.5%							
		5	26	63.4%	7	41.2%	16	57.1%	49	57.0%	49	57.0%	49	57.0%	18	48.6%	14	38.9%	43	58.1%	75	51.0%	124	53.2%	124	53.2%							
		Legislation should address issue w/ "soft inspectors"		1	15	38.5%	5	35.7%	11	42.3%	31	39.2%	31	39.2%	14	37.8%	11	31.4%	31	40.3%	56	37.6%	87	38.2%	87	38.2%							
		2	8	20.5%	2	14.3%	8	30.8%	18	22.8%	18	22.8%	18	22.8%	12	32.4%	8	22.9%	23	29.9%	32	21.5%	50	21.9%	50	21.9%							
		3	7	17.9%	3	21.4%	5	19.2%	15	19.0%	15	19.0%	15	19.0%	7	18.9%	8	22.9%	23	29.9%	38	25.5%	53	23.2%	53	23.2%							
		4	3	7.7%	2	14.3%	2	7.7%	7	8.9%	7	8.9%	7	8.9%	2	5.4%	3	8.6%	7	9.1%	12	8.1%	19	8.3%	19	8.3%							
		5	6	15.4%	2	14.3%	0	0.0%	8	10.1%	8	10.1%	8	10.1%	2	5.4%	5	14.3%	4	5.2%	11	7.4%	19	8.3%	19	8.3%							

Home Inspector Licensing Study <i>Real Estate Agent Survey Results</i> 249 of 3,000	License States						Non-License States						Totals			
	Arizona (42)		New Jersey (18)		Texas (29)		Michigan (39)		Missouri (37)		Ohio (84)		Totals		All States	
	Reply:	% of Replies for Question	Reply:	% of Replies for Question	Reply:	% of Replies for Question	Reply:	% of Replies for Question	Reply:	% of Replies for Question	Reply:	% of Replies for Question	Reply:	% of Replies for Question	Reply:	% of Replies for Question
15) I encourage inspections because it protects me																
Strongly agree	28	68.3%	9	52.9%	20	74.1%	18	50.0%	21	61.8%	44	55.7%	83	55.7%	140	59.8%
Somewhat agree	6	14.6%	6	35.3%	4	14.8%	9	25.0%	9	26.5%	24	30.4%	42	28.2%	58	24.8%
No Opinion	1	2.4%	0	0.0%	0	0.0%	4	11.1%	1	2.9%	7	8.9%	12	8.1%	13	5.6%
Somewhat disagree	2	4.9%	1	5.9%	0	0.0%	2	5.6%	0	0.0%	1	1.3%	3	2.0%	6	2.6%
Strongly disagree	4	9.8%	1	5.9%	3	11.1%	3	8.3%	3	8.8%	3	3.8%	9	6.0%	17	7.3%
Licensing is a benefit to real estate industry																
Strongly agree	29	70.7%	11	64.7%	26	92.9%	22	61.1%	18	52.9%	52	65.8%	92	61.7%	158	67.2%
Somewhat agree	8	19.5%	6	35.3%	1	3.6%	7	19.4%	6	17.6%	13	16.5%	26	17.4%	41	17.4%
No Opinion	1	2.4%	0	0.0%	0	0.0%	3	8.3%	3	8.8%	6	7.6%	12	8.1%	13	5.5%
Somewhat disagree	1	2.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4	11.8%	2	2.5%	7	3.0%
Strongly disagree	2	4.9%	0	0.0%	1	3.6%	4	11.1%	3	8.8%	3	8.8%	6	7.6%	16	6.8%

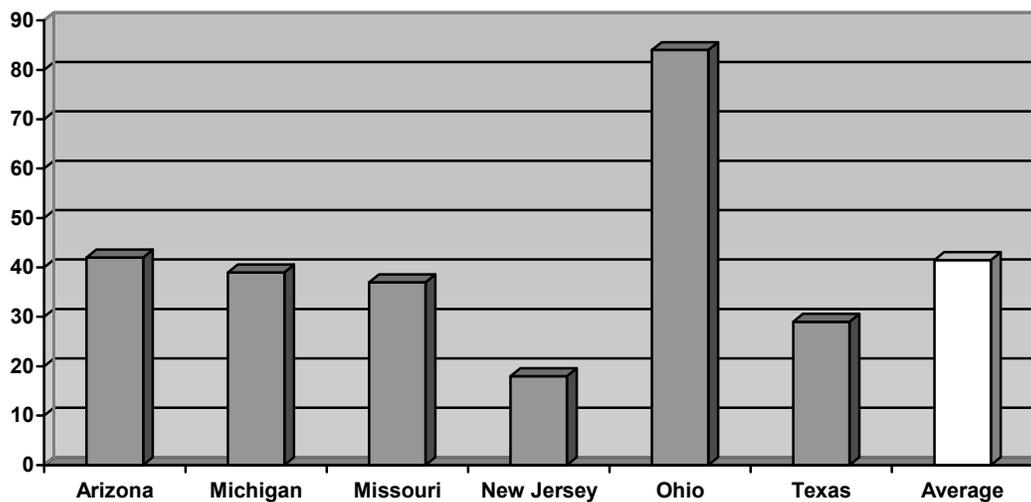
Home Inspector Survey

Survey Response Rates

For the 600 home inspector surveys that were sent out to the six survey states (100 to each state), the following rates of response were achieved.

State	Returns	Response Rate
Arizona	23	23%
Michigan	28	28%
Missouri	22	22%
New Jersey	30	30%
Ohio	32	32%
Texas	21	21%
Total Returns/Average Rate	156	26%

Home Inspector Survey: Number of Returns



Survey Data

The following data from the home inspector surveys are displayed similar to the data from the real estate agent surveys. The succeeding two pages contain data tables from the responses to this survey. The data are arranged by the survey questions along with each question's replies; each figure indicates the number of times a particular reply was checked. Beside each figure is the ratio for the individual reply as a percentage of the total replies for that particular question. There are instances where the total number of replies for one question does not match the number of responses from a state. This may be attributed to a question where more than one reply was checked (e.g., "Urban" AND "Suburban") or where no reply was checked. This should be considered when evaluating the percentages; in order for the sum of the percentages to be 100.0%, each percentage is based on the sum of the responses per question and not based on the total replies for a state.

For brevity, each survey question and the replies are somewhat abbreviated; referencing a copy of the original survey in Appendix A may be helpful.

Home Inspector Licensing Study <i>Home Inspector Survey Results</i> 156 of 600		License States						Non-License States						Totals					
		Arizona (23)		New Jersey (30)		Texas (21)		Totals		Michigan (28)		Missouri (22)		Ohio (32)		Totals			
		Replies for Question	% of Replies for Question	Replies for Question	% of Replies for Question	Replies for Question	% of Replies for Question	Replies for Question	% of Replies for Question	Replies for Question	% of Replies for Question	Replies for Question	% of Replies for Question	Replies for Question	% of Replies for Question	Replies for Question	% of Replies for Question		
12	Do you carry E&O insurance?	12	54.5%	23	76.7%	4	19.0%	39	53.4%	12	42.9%	13	59.1%	16	50.0%	41	50.0%	80	51.6%
	Yes	10	45.5%	7	23.3%	17	81.0%	34	46.6%	16	57.1%	9	40.9%	16	50.0%	41	50.0%	75	48.4%
	No																		
	If yes, how much?																		
	\$100,000	3	21.4%	1	4.3%	0	0.0%	4	9.8%	2	16.7%	1	8.3%	4	23.5%	7	17.1%	11	13.4%
	\$250,000	2	14.3%	0	0.0%	0	0.0%	2	4.9%	1	8.3%	3	25.0%	2	11.8%	6	14.6%	8	9.8%
	\$500,000	2	14.3%	15	65.2%	2	50.0%	19	46.3%	3	25.0%	3	25.0%	8	47.1%	14	34.1%	33	40.2%
	Other	7	50.0%	7	30.4%	2	50.0%	16	39.0%	6	50.0%	5	41.7%	3	17.6%	14	34.1%	30	36.6%
13	Where do you get most of your business?																		
	Advertising	0	0.0%	0	0.0%	1	4.8%	1	1.4%	1	3.6%	3	14.3%	3	9.7%	7	8.8%	8	5.3%
	Real estate referral	15	68.2%	19	65.5%	11	52.4%	45	62.5%	17	60.7%	14	66.7%	15	48.4%	46	57.5%	91	59.9%
	Word of mouth	5	22.7%	9	31.0%	7	33.3%	21	29.2%	8	28.6%	3	14.3%	8	25.8%	19	23.8%	40	26.3%
	Website	2	9.1%	0	0.0%	0	0.0%	2	2.8%	2	7.1%	0	0.0%	3	9.7%	5	6.3%	7	4.6%
	Other	0	0.0%	1	3.4%	2	9.5%	3	4.2%	0	0.0%	1	4.8%	2	6.5%	3	3.8%	6	3.9%
14	Have you paid to be on a preferred list?																		
	Yes	0	0.0%	2	6.7%	0	0.0%	2	2.7%	5	17.9%	0	0.0%	1	3.1%	6	7.3%	8	5.1%
	No	23	100.0%	28	93.3%	21	100.0%	72	97.3%	23	82.1%	22	100.0%	31	96.9%	76	92.7%	148	94.9%
15	What do you charge for an average inspection?																		
	Less than \$150	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	\$150-\$200	0	0.0%	0	0.0%	2	10.5%	2	2.9%	2	7.1%	2	9.1%	1	3.2%	5	6.2%	7	4.7%
	\$200-\$300	18	85.7%	3	10.7%	14	73.7%	35	51.5%	19	67.9%	16	72.7%	27	87.1%	62	76.5%	97	65.1%
	\$300-\$400	3	14.3%	15	53.6%	3	15.8%	21	30.9%	7	25.0%	4	18.2%	3	9.7%	14	17.3%	35	23.5%
	More than \$400	0	0.0%	10	35.7%	0	0.0%	10	14.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10	6.7%
16	Do you perform other inspections?																		
	Termite	0	0.0%	21	33.9%	1	7.7%	22	27.8%	8	13.6%	8	21.6%	10	29.4%	26	20.0%	48	23.0%
	Radon	2	50.0%	27	43.5%	2	15.4%	31	39.2%	19	32.2%	15	40.5%	16	47.1%	50	38.5%	81	38.8%
	Well	1	25.0%	6	9.7%	4	30.8%	11	13.9%	17	28.8%	5	13.5%	3	8.8%	25	19.2%	36	17.2%
	Other	1	25.0%	8	12.9%	6	46.2%	15	19.0%	15	25.4%	9	24.3%	5	14.7%	29	22.3%	44	21.1%
17	Do you offer cost-to-repair estimates?																		
	Yes	0	0.0%	3	10.0%	0	0.0%	3	4.1%	4	14.3%	2	9.1%	4	12.5%	10	12.2%	13	8.3%
	No	23	100.0%	27	90.0%	21	100.0%	71	95.9%	24	85.7%	20	90.9%	28	87.5%	72	87.8%	143	91.7%
18	Agents recommend "soft inspectors"																		
	Strongly agree	6	27.3%	7	24.1%	2	10.0%	15	21.1%	8	28.6%	5	22.7%	6	20.0%	19	23.8%	34	22.5%
	Somewhat agree	4	18.2%	14	48.3%	10	50.0%	28	39.4%	7	25.0%	6	27.3%	11	36.7%	24	30.0%	52	34.4%
	No Opinion	5	22.7%	2	6.9%	1	5.0%	8	11.3%	3	10.7%	2	9.1%	5	16.7%	10	12.5%	18	11.9%
	Somewhat disagree	5	22.7%	5	17.2%	4	20.0%	14	19.7%	4	14.3%	5	22.7%	6	20.0%	15	18.8%	29	19.2%
	Strongly disagree	2	9.1%	1	3.4%	3	15.0%	6	8.5%	6	21.4%	4	18.2%	2	6.7%	12	15.0%	18	11.9%
	Legislation should address issue w/ "soft inspectors"																		
	Strongly agree	7	31.8%	18	60.0%	9	45.0%	34	47.2%	12	42.9%	10	45.5%	17	56.7%	39	48.8%	73	48.0%
	Somewhat agree	6	27.3%	4	13.3%	5	25.0%	15	20.8%	7	25.0%	6	27.3%	4	13.3%	17	21.3%	32	21.1%
	No Opinion	8	36.4%	3	10.0%	4	20.0%	15	20.8%	5	17.9%	1	4.5%	5	16.7%	11	13.8%	26	17.1%
	Somewhat disagree	0	0.0%	4	13.3%	1	5.0%	5	6.9%	1	3.6%	0	0.0%	2	6.7%	3	3.8%	8	5.3%
	Strongly disagree	1	4.5%	1	3.3%	1	5.0%	3	4.2%	3	10.7%	5	22.7%	2	6.7%	10	12.5%	13	8.6%
	Mentoring is effective for training inspectors																		
	Strongly agree	14	63.6%	11	37.9%	8	42.1%	33	47.1%	7	25.9%	8	36.4%	9	30.0%	24	30.4%	57	38.3%
	Somewhat agree	7	31.8%	11	37.9%	7	36.8%	25	35.7%	15	55.6%	6	27.3%	12	40.0%	33	41.8%	58	38.9%
	No Opinion	0	0.0%	1	3.4%	2	10.5%	3	4.3%	1	3.7%	3	13.6%	2	6.7%	6	7.6%	9	6.0%
	Somewhat disagree	0	0.0%	2	6.9%	1	5.3%	3	4.3%	3	11.1%	2	9.1%	3	10.0%	8	10.1%	11	7.4%
	Strongly disagree	1	4.5%	4	13.8%	1	5.3%	6	8.6%	1	3.7%	3	13.6%	4	13.3%	8	10.1%	14	9.4%
	Licensing is a benefit to the industry																		
	Strongly agree	17	77.3%	20	66.7%	18	90.0%	55	76.4%	11	40.7%	8	36.4%	17	56.7%	36	45.6%	91	60.3%
	Somewhat agree	3	13.6%	8	26.7%	0	0.0%	11	15.3%	7	25.9%	7	31.8%	3	10.0%	17	21.5%	28	18.5%
	No Opinion	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3	11.1%	1	4.5%	1	3.3%	5	6.3%	5	3.3%
	Somewhat disagree	0	0.0%	2	6.7%	0	0.0%	2	2.8%	3	11.1%	3	13.6%	2	6.7%	8	10.1%	10	6.6%
	Strongly disagree	2	9.1%	0	0.0%	2	10.0%	4	5.6%	3	11.1%	3	13.6%	7	23.3%	13	16.5%	17	11.3%

Homeowner Survey

Survey Response Rates

When filtered by county, the data from First American Real Estate Solutions (FARES) for real estate transactions during April, 2005 showed the following number of entries. However, during the envelope labeling process, approximately 300 of these entries were culled from the mailing because they were obviously for a mortgage company or someone other than a homeowner, or were otherwise incomplete addresses. The exact number of mailings by county is not known. Nonetheless, these figures offer some explanation of the number of responses also shown below. Based on these figures, the average response rate was approximately 6.6%.

County	Number from FARES Data	Number of Responses	Response Rate**
Ashtabula	181	10	5.5%
Belmont	71*	6	8.5%
Carroll	31	2	6.5%
Clinton	67	7	10.4%
Columbiana	116	12	10.3%
Geauga	84	1	1.2%
Lorain	731	45	6.2%
Medina	294	20	6.8%
Montgomery	1,402	92	6.6%
Morrow	28	1	3.6%
Other	N/A	17	N/A

* Data for Belmont County not from FARES, but this is the number of real estate transactions for April, 2005 used for the survey

** Based on numbers from FARES data, which are not exactly the number mailed; for general information only

Survey Data

The following page shows the data from the homeowner survey. Like the data from the other two surveys, the table is organized by survey question and the number of positive responses to the question replies. Once again, in order for it to add up to 100.0%, the percentage is based on the sum of the replies and not the total number of responses. This should be considered when evaluating data from questions with more than one potential reply. Referencing a copy of the original survey in Appendix A may be helpful in clarifying the abbreviated questions.

Home Inspector Licensing Study Homeowner Survey Results 213 of 2,700		Reply:	% of Replies for Question	Reply:	% of Replies for Question	Reply:	% of Replies for Question
1	In which Ohio county is the home located?						
	Ashland	10	4.7%				
	Belmont	6	2.8%				
	Carrill	2	0.9%				
	Clinton	7	3.3%				
	Columbiana	12	5.6%				
	Geauga	1	0.5%				
	Lorain	45	21.1%				
	Medina	20	9.4%				
	Montgomery	92	43.2%				
	Morrow	1	0.5%				
	Other	17	8.0%				
2	How would you describe the area?						
	Urban	34	16.7%				
	Suburban	129	63.5%				
	Rural	40	19.7%				
3	How would you describe the home?						
	Townhouse/condo	24	11.5%				
	Single family home	180	86.1%				
	Multi-family home	5	2.4%				
	Farm	0	0.0%				
4	How much did you pay for this home?						
	Less than \$50,000	13	6.2%				
	\$50,000-\$100,000	62	29.5%				
	\$100,000-\$250,000	112	53.3%				
	\$250,000-\$500,000	23	11.0%				
	More than \$500,000	0	0.0%				
5	How old is the home?						
	Brand new	6	2.9%				
	1-5 years	14	6.7%				
	5-10 years	12	5.7%				
	10-20 years	30	14.4%				
	20-50 years	92	44.0%				
	50-100 years	47	22.5%				
	More than 100 years	8	3.8%				
6	Did you have a home inspection?						
	Yes	133	63.6%				
	No	76	36.4%				
6a	If not, why not?						
	Did not feel it was necessary	16	20.5%				
	Comfortable with own ability to assess	37	47.4%				
	Bad experience in the past	1	1.3%				
	Too expensive	6	7.7%				
	Other	18	23.1%				
6b	Since owning, had any problems?						
	Yes	15	20.0%				
	No	60	80.0%				
7	What led you to use an inspector?						
	Real estate agent recommended	54	40.6%				
	Individual decision	60	45.1%				
	Regretted not having inspection in past	4	3.0%				
	Other person recommended	15	11.3%				
8	How did you choose the inspector?						
	Used inspector RE agent recommended	92	71.3%				
	Used inspector friend recommended	19	14.7%				
	Used inspector from RE office list	8	6.2%				
	Researched on own to find inspector	10	7.8%				
9	What was your first consideration?						
	Qualifications	24	20.2%				
	Price	15	12.6%				
	Reputation	47	39.5%				
	Membership	8	6.7%				
	Other	25	21.0%				
10	How much did you pay for the inspection?						
	Less than \$150	12	9.5%				
	\$150-\$200	30	23.8%				
	\$200-\$300	56	44.4%				
	\$300-\$400	20	15.9%				
	More than \$400	8	6.3%				
11	Ratings, 1 to 10						
	Knowledge of building construction						
	1	7	5.4%				
	2	1	0.8%				
	3	1	0.8%				
	4	1	0.8%				
	5	5	3.9%				
	6	5	3.9%				
	7	10	7.8%				
	8	25	19.4%				
	9	23	17.8%				
	10	51	39.5%				
	Accuracy of report						
	1	9	6.8%				
	2	5	3.8%				
	3	0	0.0%				
	4	2	1.5%				
	5	8	6.1%				
	6	7	5.3%				
	7	13	9.8%				
	8	21	15.9%				
	9	21	15.9%				
	10	46	34.8%				
	Professionalism of report						
	1	6	4.5%				
	2	1	0.8%				
	3	3	2.3%				
	4	1	0.8%				
	5	6	4.5%				
	6	4	3.0%				
	7	8	6.1%				
	8	17	12.9%				
	9	31	23.5%				
	10	55	41.7%				
	Overall satisfaction						
	1	13	9.8%				
	2	0	0.0%				
	3	2	1.5%				
	4	3	2.3%				
	5	8	6.1%				
	6	6	4.5%				
	7	8	6.1%				
	8	22	16.7%				
	9	19	14.4%				
	10	51	38.6%				
12	Did inspection affect real estate transaction?						
	Yes	40	29.4%				
	No	96	70.6%				
13	Did you walk away from any other homes?						
	Yes	15	11.0%				
	No	121	89.0%				
14	Did you find any defects inspector missed?						
	Yes	55	40.4%				
	No	81	59.6%				
15	Did any defects cost more than \$500?						
	Yes	39	28.9%				
	No	96	71.1%				
16	Would you use an inspector again?						
	Yes	124	91.2%				
	No	12	8.8%				

2.3 Data Analysis

On many accounts, the raw data on the preceding pages shows little difference between licensing and non-licensing states. In order to determine if these differences (or lack thereof) are substantiated statistically, the following section provides a statistical comparison of the survey data that meet the following two conditions: they are comparable mathematically (i.e., have numerical responses); and, they quantify the differences between the data from licensing states and non-licensing states specifically on issues that demonstrate any disparity in qualifications among home inspectors from these two groups. The final section compares some of the data from the Ohio homeowner survey to data from licensing states of the real estate agent survey.

The analyses are organized by the survey questions. Each analysis is arranged by first providing the basic data for comparison as either a percentage or mean. Following the data for comparison are the standard errors and standard deviations, where appropriate.

The data are compared using various statistical tests, which include providing a null and an alternative hypothesis. All tests used a level of significance of 0.05. Following the hypotheses, the comparative values are provided as well as the p-value to compare with the level of significance. Based on the p-value's relationship with the level of significance, the null hypothesis was either accepted or rejected and a conclusion, provided at the end of each analysis, was drawn. Statistics definitions are included in Appendix H.

Real Estate Agent Survey

Real Estate Agent Survey

Question 10: In general, how many inspection reports in 10 that you've seen in the past year do you consider inadequate?

Null Hypothesis: There is no difference in the average number of reports rated inadequate by real estate agents for licensed versus non-licensed states.

Alternate Hypothesis: States with licensed inspectors have more reports rated inadequate by real estate agents than states without licensing.

Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	1.48	1.44
Standard Error of Mean	0.25	0.21
Standard Deviation	1.82	1.86
Variance	3.31	3.47
Observations	52	78
P(T<=t) one tail	0.4461	

Conclusion:

Since the p-value of 0.4461 is greater than the level of significance 0.05, we accept the null hypothesis. There does not appear to be a significant difference in the number of reports rated inadequate by real estate agents between states with home inspection licensing and those without.

Real Estate Agent Survey

Question 11: In transactions you've been involved with in the past year, how many buyers in 10 later discovered problems with their property despite having had a home inspection?

Null Hypothesis: There is no difference in real estate agents' ratings of the number of buyers in ten who later found problems in licensed versus non-licensed states.

Alternate Hypothesis: States with licensed home inspectors have more buyers in ten who later found problems than states with non-licensed inspectors.

Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	1.35	1.22
Standard Error of Mean	0.22	0.16
Standard Deviation	1.67	1.58
Variance	2.80	2.50
Observations	57	94
P(T<=t) one tail	0.3196	

Conclusion:

Since the p-value of 0.3196 is greater than the level of significance 0.05, we accept the null hypothesis. There does not appear to be a difference between licensing and non-licensing states in real estate agents' ratings of the number of buyers in ten who report problems.

Real Estate Agent Survey

Question 14: On a scale of 1 to 10 (1 being worst and 10 being best), rank the home inspectors you've worked with in the past year on: *Knowledge of building construction*

Null Hypothesis: Inspectors' knowledge of building construction is rated the same by real estate agents in licensing states as real estate agents in non-licensing states.

Alternate Hypothesis: Inspectors' knowledge of building construction in licensing states is rated higher by real estate agents in licensing states than in non-licensing states.

Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	8.56	8.36
Standard Error of Mean	0.16	0.15
Standard Deviation	1.50	1.82
Variance	2.25	3.30
Observations	86	152
P(T<=t) one tail	0.1901	

Conclusion:

Since the p-value of 0.1901 is greater than the level of significance 0.05, we accept the null hypothesis. There does not appear to be a difference between real estate agents' ratings of home inspectors' knowledge of building construction when comparing licensed to non-licensed states.

Real Estate Agent Survey

Question 14: On a scale of 1 to 10 (1 being worst and 10 being best), rank the home inspectors you've worked with in the past year on: *Accuracy of report*

Null Hypothesis: There is no difference in real estate agents' ratings of the accuracy of inspection reports when comparing licensed and non-licensed states.

Alternate Hypothesis: The accuracy of reports was rated higher in licensed states.

Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	8.29	8.09
Standard Error of Mean	0.21	0.16
Standard Deviation	1.91	2.00
Variance	3.64	4.01
Observations	86	150
P(T<=t) one tail	0.2222	

Conclusion:

Since the p-value of 0.2222 is greater than the level of significance 0.05, we accept the null hypothesis. There does not appear to be a difference in real estate agents' ratings of the accuracy of home inspection reports between licensing and non-licensing states.

Real Estate Agent Survey

Question 14: On a scale of 1 to 10 (1 being worst and 10 being best), rank the home inspectors you've worked with in the past year on: *Professionalism of report*

Null Hypothesis: There is no difference in the professionalism of reports when comparing licensed and non-licensed states.
 Alternate Hypothesis: The professionalism of reports was rated higher in licensed states.
 Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	8.65	8.45
Standard Error of Mean	0.19	0.16
Standard Deviation	1.74	1.95
Variance	3.02	3.79
Observations	85	150
P(T<=t) one tail	0.2236	

Conclusion:

Since the p-value of 0.2236 is greater than the level of significance 0.05, we accept the null hypothesis. There does not appear to be a difference between real estate agents ratings of the professionalism of home inspector reports in states with licensing versus states without.

Real Estate Agent Survey

Question 14: Rank the home inspectors you've worked with in the past year on a scale of 1 to 10 (1 being worst and 10 being best): *Satisfaction of client*

Null Hypothesis: There is no difference between the levels of customer satisfaction ratings in licensing versus non-licensing states.
 Alternate Hypothesis: Customer satisfaction ratings are higher for licensing states.
 Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	8.49	8.43
Standard Error of Mean	0.20	0.15
Standard Deviation	1.82	1.81
Variance	3.30	3.26
Observations	83	149
P(T<=t) one tail	0.3975	

Conclusion:

Since the p-value of 0.3975 is greater than the level of significance 0.05, we accept the null hypothesis. There does not appear to be a difference in how real estate agents rate the satisfaction of home inspection clients in licensing versus non-licensing states.

Home Inspector Survey

Home Inspector Survey

Question 4: Is home inspection your primary occupation?

	License States	Non-License States
Number of Inspectors who Responded to Question	85	90
Number who Indicated "Yes"	55	60
Percentage who Indicated "Yes"	64.7%	66.7%

Null Hypothesis: The percentages of home inspection who have home inspection as their primary occupation are the same in licensing and non-licensing states.

Alternate Hypothesis: The percentage of home inspectors in licensing states who have home inspection as a primary occupation is less than the percentage in non-licensing states.

Level of Significance: 0.05

	Statistics
Pooled Estimate of proportion, \bar{p}	65.71%
Pooled Estimate of the complement, \bar{q}	34.29%
n_1	85
n_2	159
$n_1 \bar{p}$	56
$n_1 \bar{q}$	29
$n_2 \bar{p}$	104
$n_2 \bar{q}$	55
z-Test Statistic	-0.27
Associated p-value	0.6076

Conclusion:

Since the p-value of 0.6076 is greater than the level of significance 0.05, we accept the null hypothesis. There is no significant difference between the percentages of home inspectors who indicated home inspection as their primary occupation.

Home Inspector Survey

Question 5: How many residential inspections have you performed in your career?

Null Hypothesis: Licensed and non-licensed inspectors have performed the same number of residential inspections in their careers.

Alternate Hypothesis: Non-licensed inspectors have performed more inspections in their careers than licensed inspectors.

Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	847.95	981.48
Standard Error of Mean	62.90	50.81
Standard Deviation	537.37	457.26
Variance	28,8780.44	20,9090.27
Observations	73	81
P(T<=t) one tail	0.0489	

Conclusion:

Since the p-value of 0.0489 is less than the level of significance 0.05, we reject the null hypothesis. Non-licensed inspectors have performed more inspections in their careers than licensed inspectors.

Home Inspector Survey

Question 7: How many inspections do you perform in a year?

Null Hypothesis: Licensed and non-licensed inspectors perform approximately the same number of inspections per year.

Alternate Hypothesis: Licensed inspectors perform more inspections per year than non-licensed inspectors.

Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	213.70	208.02
Standard Error of Mean	13.79	12.15
Standard Deviation	117.85	109.39
Variance	13,889.60	11,966.05
Observations	73	81
P(T<=t) one tail	0.3785	

Conclusion:

Since the p-value of 0.3785 is greater than the level of significance 0.05, we accept the null hypothesis. Licensed and non-licensed inspectors performed approximately the same number of inspections per year.

Home Inspector Survey

Question 10: How many hours do you devote to a typical home inspection?

Null Hypothesis: Non-licensed and licensed inspectors spend the same amount of time on an inspection.

Alternate Hypothesis: Non-licensed inspectors spend more time on an inspection than licensed inspectors.

Level of Significance: 0.05

t-Test: Two Sample Assuming Unequal Variances

	License States	Non-License States
Mean	2.79	2.94
Standard Error of Mean	0.08	0.07
Standard Deviation	0.68	0.64
Variance	0.46	0.41
Observations	71	81
P(T<=t) one tail	0.0767	

Conclusion:

Since the p-value of 0.0767 is greater than the level of significance 0.05, we accept the null hypothesis. There does not seem to be a difference in the amount of time spent on an inspection when comparing licensed and non-licensed inspectors.

Home Inspector Survey

Question 11: How many hours of continuing education did you perform in the past year?

Null Hypothesis: Inspectors in licensed and non-licensed states completed the same number of hours of continuing education in the past year.

Alternate Hypothesis: Inspectors in licensed states completed more hours of continuing education in the past year.

Level of Significance: 0.05

t-Test: Two Sample Assuming Equal Variances

	License States	Non-License States
Mean	19.79	17.34
Standard Error of Mean	1.19	1.23
Standard Deviation	9.98	10.97
Variance	99.59	120.41
Observations	70	79
P(T<=t) one tail	0.0795	

Conclusion:

Since the p-value of 0.0795 is greater than the level of significance 0.05, we accept the null hypothesis. There does not appear to be a difference in the number of hours of continuing education completed when comparing licensed to non-licensed inspectors.

Home Inspector Survey

Question 12: Do you carry Errors & Omissions Insurance?

	License States	Non-License States
Number of Inspectors Who Responded to Question	73	82
Number who carry E&O Insurance	39	41
Percentage who carry E&O Insurance	53.42%	50.00%

Null Hypothesis: The percentage of inspectors who carry E & O insurance is the same for licensed and non-licensed states.

Alternate Hypothesis: Licensed inspectors carry E & O insurance more frequently than non-licensed inspectors.

Level of Significance: 0.05

	Statistics
Pooled Estimate of proportion, \bar{p}	51.61%
Pooled Estimate of the complement, \bar{q}	48.39%
	73
	82
$n_1 \bar{p}$	37.68
$n_1 \bar{q}$	35.32
$n_2 \bar{p}$	42.32
$n_2 \bar{q}$	39.68
z-Test Statistic	0.43
Associated p-value	0.3351

Conclusion:

Since the p-value of 0.3351 is greater than the level of significance 0.05, we accept the null hypothesis and reject the alternate hypothesis. The difference in the percentage of inspectors who carry E&O insurance is not significant when comparing licensed to non-licensed states.

Homeowner Survey

Though the homeowner survey did not cover two groups from which data can be compared, the following statistical analysis compares data from the homeowner survey question 11 and the real estate agent survey question 14, both of which ask survey recipients to rate the home inspector(s) they have dealt with. The real estate agent survey data is from licensing states only.

Homeowner Survey

Question 11: On a scale of 1-10 (1 being worst and 10 being best), rank the home inspector you used on the following issues: *Knowledge of building construction*

Null Hypothesis: On inspectors' knowledge of building construction, the ratings of real estate agents for licensed home inspectors and the ratings of Ohio homebuyers are the same.

Alternate Hypothesis: On inspectors' knowledge of building construction, the ratings of real estate agents for licensed home inspectors are higher than the ratings of Ohio homebuyers.

Level of Significance: 0.05

t-Test: Two Sample Assuming Unequal Variances

	Homeowner	Real Estate Agent
Mean	8.20	8.56
Standard Error of Mean	0.21	0.16
Standard Deviation	2.37	1.50
Variance	5.60	2.25
Observations	129	86
P(T<=t) one tail	0.0889	

Conclusion:

Since the p-value of 0.0889 is greater than the level of significance 0.05, we accept the null hypothesis. There is no significant difference in the ratings of home inspectors' knowledge of building construction between real estate agents and Ohio homeowners.

Homeowner Survey

Question 11: On a scale of 1-10 (1 being worst and 10 being best), rank the home inspector you used on the following issues: *Accuracy of report*

Null Hypothesis: On the accuracy of inspection reports, the ratings of real estate agents for licensed home inspectors and the ratings of Ohio homebuyers are the same.

Alternate Hypothesis: On the accuracy of inspection reports, the ratings of real estate agents for licensed home inspectors are higher than the ratings of Ohio homebuyers.

Level of Significance: 0.05

t-Test: Two Sample Assuming Unequal Variances

	Homeowner	Real Estate Agent
Mean	7.70	8.29
Standard Error of Mean	0.24	0.21
Standard Deviation	2.71	1.91
Variance	7.32	3.64
Observations	132	86
P(T<=t) one tail	0.0312	

Conclusion:

Since the p-value of 0.0312 is less than the level of significance 0.05, we reject the null hypothesis and accept the alternate hypothesis. At the 5% level of significance, the data indicate the ratings for the accuracy of reports for the real estate agents in licensed states is higher than Ohio homeowners' ratings.

Homeowner Survey

Question 11: On a scale of 1-10 (1 being worst and 10 being best), rank the home inspector you used on the following issues: *Professionalism of report*

Null Hypothesis: Real estate agent ratings of the professionalism of licensed home inspector reports are the same as the ratings from Ohio homeowners.

Alternate Hypothesis: Real estate agent ratings of the professionalism of licensed home inspector reports are higher than the ratings from Ohio homeowners.

Level of Significance: 0.05

t-Test: Two Sample Assuming Unequal Variances

	Homeowner	Real Estate Agent
Mean	8.30	8.65
Standard Error of Mean	0.21	0.19
Standard Deviation	2.37	1.74
Variance	5.63	3.02
Observations	132	85
P(T<=t) one tail	0.1099	

Conclusion:

Since the p-value of 0.1099 is greater than the level of significance 0.05, we accept the null hypothesis. There is no significant difference between the real estate agents' ratings of the professionalism of licensed inspectors' reports and Ohio homeowners' ratings.

Homeowner Survey

Question 11: On a scale of 1-10 (1 being worst and 10 being best), rank the home inspector you used on the following issues: *Overall satisfaction*

Null Hypothesis: Real estate agent ratings of clients' overall satisfaction with home inspectors are the same as the ratings from Ohio homeowners.

Alternate Hypothesis: Real estate agent ratings of client's overall satisfaction with home inspectors are higher than the ratings from Ohio homeowners.

Level of Significance: 0.05

t-Test: Two Sample Assuming Unequal Variances

	Homeowner	Real Estate Agent
Mean	7.73	8.49
Standard Error of Mean	0.25	0.20
Standard Deviation	2.83	1.82
Variance	8.03	3.30
Observations	132	83
P(T<=t) one tail	0.0082	

Conclusion:

Since the p-value of 0.0082 is less than the level of significance 0.05, we reject the null hypothesis and accept the alternate hypothesis. The data indicate real estate agents from licensing states rate clients' satisfaction higher than Ohio homeowners' ratings of their overall satisfaction with their home inspection.

Summary

The raw survey data shows little overall difference between states with home inspection licensing and those without. The intention of this statistical analysis was to determine if the small difference that may exist is significant for comparable numeric data. In virtually every case, the difference was not significant.

In cases where the data is not statistically different, the following conclusions can be drawn:

- Real estate agents in licensing and non-licensing survey states both:
 - said approximately 15% of home inspection reports they've seen are inadequate
 - said approximately 13% of homeowners have later discovered problems with their home despite having had a home inspection
 - rated home inspectors they've dealt with between 8 and 8.5 (on a scale of 1 to 10) on knowledge of building construction, accuracy of the inspection report, professionalism of the inspection report, and overall client satisfaction.
- Home inspectors from both licensing and non-licensing survey states both:
 - perform an average of 211 home inspections per year
 - devote between 2 ³/₄ and 3 hours to a home inspection
 - completed an average of 18 ¹/₂ hours of continuing education last year.
- Approximately 66% of home inspectors in both licensing and non-licensing survey states are full-time home inspectors.
- Approximately 52% of home inspectors in both licensing and non-licensing survey states carry Errors & Omissions Insurance.
- Ohio homeowners rated the home inspector they used the same as real estate agents from licensing survey states on knowledge of building construction and the professionalism of the inspection report.

In the few cases where the data did show a significant statistical difference, the following conclusions can be drawn:

- Home inspectors in non-licensing survey states have performed an average of 134 more inspections in their career than home inspectors in licensing survey states.
- Ohio homeowners rated the home inspector they dealt with 7.7 on a scale of 1 to 10 on the accuracy of the inspection report, while real estate agents from licensing survey states rated home inspectors 8.3 for report accuracy.
- Ohio homeowners rated the home inspector they dealt with 7.7 on a scale of 1 to 10 on their overall satisfaction, while real estate agents from licensing survey states rated client satisfaction 8.5.

3 Analysis and Recommendations

The Education and Research Advisory Committee of the Ohio Real Estate Commission requested this study to determine the applicability of state licensing for home inspectors in Ohio. While real estate agents and appraisers are required to pass a state exam and meet other stringent licensing requirements in order to practice, home inspectors in Ohio are unregulated at the state level. This situation has perhaps the most bearing on the issue of home inspector licensing.

The primary intention of the survey component of this study was to quantify the differences in qualifications between home inspectors in states with licensing and in states without licensing requirements. The natural assumption was that significant differences between the two pools would be evident if licensing did indeed ensure an overall higher level of qualifications among home inspectors. The survey data did not show or prove a direct correlation between regulation and the quality of home inspectors' credentials or the number of inadequate inspection reports.

When comparing survey data from states with licensing to states without licensing, virtually no significant difference exists. Why, then, has there been such a strong outcry for licensing? The following section is an assessment of the issues surrounding the home inspection industry in Ohio, including conclusions based on both the data and the write-in comments from the surveys. Following that are recommendations for pursuing a regulatory program in Ohio.

3.1 Issues Analysis

The Roles of Real Estate Agents, Home Inspectors, and Clients in the Real Estate Transaction

Fundamental to the whole issue of licensing home inspectors is an understanding of the overall dynamic between home inspectors, real estate agents, and clients in the completion of a real estate transaction. Real estate agents exist primarily to facilitate real estate transactions. They represent the buyer or seller and are personally responsible for guiding and protecting their client during the process and for processing the wealth of paperwork in order to complete the transaction. While agents abide by a Code of Ethics conceived in large part to protect the client and the industry, they do not receive compensation for their work until the sale is completed, and this compensation is most often based on a percentage of the sales price. In Ohio, real estate agents must pass a state licensing exam after completing 120 hours of certified classroom instruction in order to prove their competency and earn their license. They also are required to complete 30 hours of continuing education yearly in order to remain up-to-date with current practices and laws.

Home Inspectors are not currently licensed in Ohio. While there are a number of independent professional organizations that have evolved to support the field, anybody in Ohio can claim to be a home inspector regardless of professional competency.

Over half (53%) of the inspectors who replied to the survey from Ohio (this figure is the highest of all inspectors surveyed) have worked in the construction field as well as completed a home inspector training course. The rest have learned the trade in a variety of ways, which range from being self taught to shadowing or working for an existing home inspector. Home inspectors receive the majority of their referrals from real estate agent lists or word-of-mouth and are paid upon completion of the inspection regardless of whether or not the real estate transaction is ever completed.

This difference between how home inspectors and real estate agents are compensated is a major issue. Inspectors have not made an issue of agent competency, in large part as it has no effect on their compensation or their ability to do their job. On the other hand, real estate agents have at times lost compensation or faced financial retribution due to the incomplete or incompetent work of a home inspector. The fact that the real estate agents in Ohio are licensed while the home inspectors are not simply adds to the perception of inequality.

Homebuyers are often overwhelmed by the process of purchasing a home, especially if it is their first time. Since they are unfamiliar with this definition of roles between real estate agents and inspectors, homebuyers may see the home inspector and real estate agent (for better or worse) as a team in the transaction. This may prove to be detrimental to both the real estate agent and the home inspector in the event that the inspection turns out to be inadequate and costs the homeowner in related repairs.

Home Inspector Professional Associations

Perhaps the primary reason for the level of qualifications among home inspectors from non-licensing states is the high level of membership in major industry professional associations. Only 16% of home inspectors from non-licensed states surveyed were not members of any professional association. Because of these associations' membership requirements, including testing and continuing education, inspectors from non-licensed states are still fulfilling requirements that are usual components of a normal licensing program. The interest in maintaining membership in a professional association may stem from the increased marketing appeal that membership has among clients.

However, passively requiring home inspectors to be members of a professional association as a way to qualify them (such as the case in Pennsylvania described elsewhere in this report) is not an effective method without strong monitoring and enforcement components. This requires some administrative agency and staff but does not make provisions for their financial support if there is no official license with associated fees. In addition, this system has the potential to create a rivalry situation between different professional associations, as it has done (to some extent) in Pennsylvania. We do not recommend this option be pursued in Ohio.

“Fly-by-Night” Home Inspectors

Because of the present lack of regulation among home inspectors in Ohio, one of the primary issues is the concern over “fly-by-night” home inspectors. These inspectors may be defined as practitioners who are not committed to a long-term career in home inspection but rather see an opportunity to make “easy” money without having sufficient qualifications. In the event that a different opportunity comes along or in a worst case scenario, that they are accused of negligence, the “fly-by-night” inspector moves on to another venture. Without regulation, there is nothing preventing such an inspector from preparing inspection reports for a fee.

While it is true that the methodology used to implement the survey did not guarantee the inclusion of part-time and amateur home inspectors, the surveys of real estate agents and homeowners clearly identified patterns associated with the hiring of home inspectors and their professional qualifications.

Though in some respects the survey results indicate that real estate agents want to remove themselves from the home inspector selection process, clients who obtain a home inspection (generally 8 out of 10, according to real estate agents) find the real estate agent the most logical and convenient source for information concerning the availability of qualified inspectors. Of those surveyed homeowners who had a home inspection performed, 71% indicated that they used a home inspector the real estate agent recommended. This figure coincides with the 72% of real estate agents surveyed who indicated that they provide clients with a list of home inspectors their firm uses on a regular basis. Here, the surveys indicate an important difference. While most real estate agents indicated that they provide an office list, the majority of clients seem to feel the agent is “recommending” a home inspector.

With the list comes the assumption that the inspectors on it are considered to be “qualified,” at least by the maker of the list. It is also assumed that real estate agents and brokers will typically update the list on a regular basis, removing the names of home inspectors that have proven to be less than desirable and adding the names of new inspectors as they break into the market. In this way, at least, “fly-by-night” inspectors are minimized, if any inspector who remains consistently unreliable in terms of his or her commitment to performing quality inspections is no longer a part of a list.

Would licensing minimize the number of “fly-by-night” inspectors? Yes. Licensing, if modeled after the states that were studied in this report, would minimize the number of “fly-by-night” inspectors simply through the sheer volume of time and effort necessary to obtain a license. Would this significantly reduce the number of poor inspections performed yearly? Given that there is little overall difference in real estate agents’ ratings of the number of inadequate inspection reports between states with licensing and states without, probably not.

State Database of Qualified Inspectors

While a real estate agent or broker list might help weed out the “fly-by-night” inspectors, there is merit to the idea of creating a statewide list of qualified inspectors through a home inspector licensing program. It was clear from the survey data and the write-in comments that some real estate agents are not comfortable recommending home inspectors but often feel pressured to do so by their clients. The real estate agent might be viewed by the client as someone who has inherent knowledge about which inspector is good and which is not based on the agent’s extensive experience selling homes in the area. Real estate agents may be reluctant about making recommendations in large part due to the perceived legal liability involved. While the role of the home inspector is growing in today’s real estate market, real estate agents typically do not want the responsibility of picking home inspectors for their clients and ideally would distance themselves from the inspection as much as possible in case of the rare occasion where an inadequate inspection would lead to significant monetary damages for their client.

It is clear from the homeowner’s subjective comments that, generally speaking, homeowners had a positive experience with their home inspection process. They were asked in question #16 if they would hire a home inspector if they purchased another house. While the majority of survey respondents said yes, a good number of them stated that they would NOT use an inspector recommended by the agent (see write-in comments in Appendix E). Along with the 71% of homeowners who indicated that they used a home inspector the real estate agent recommended, these sentiments seem to reconfirm the notion that clients perceive real estate agents as recommending home inspectors. Consequently agents are therefore seen as equally responsible when inspections fail to uncover significant problems.

A state list would benefit real estate agents by helping to distance the agents from the home inspector as all agents in the state of Ohio could draw from the same list instead of taking the responsibility of creating a list and in essence “qualifying” local inspectors. Though it may be more difficult to change consumers’ perceptions that real estate agents recommend home inspectors, a state list would at least help in this regard. Ultimately, the need to distance the agent and the inspector in the real estate transaction is eminent.

Real Estate Agents Referring “Soft” Inspectors

Most real estate agents or brokers are motivated to create a legitimate list of home inspectors from which clients can choose. However, there is a sentiment, particularly among home inspectors, that at least some real estate agents encourage clients to use “soft” inspectors. These inspectors may perform less than thorough inspections and are unlikely to report problems that will scare the buyer away from the deal, thereby costing the agent the commission. While this may occur routinely with no consequence, the practice puts the consumer at significant risk.

While at least 50% of real estate agents surveyed strongly disagreed that this practice occurs, the responses from home inspectors indicated otherwise, with the largest percentage (34%) saying they somewhat agree that agents recommend “soft” inspectors. Regardless of the prominence of this practice among real estate agents, the creation of a statewide list of licensed home inspectors would further assist in reducing the incidence, particularly if a component of the regulation prohibits real estate agents from recommending one inspector or even a group of inspectors. Instead, a regulation could only permit a real estate agent to offer the entire state list.

Mentoring

Respondents of both licensed and non-licensed home inspectors stated that mentoring is a positive influence on the industry. The most positive aspect of mentoring is the experiential learning that takes place from doing numerous home inspections while under the supervision of someone who is familiar with the business. Experienced home inspectors can impart knowledge learned over years of practice that couldn't possibly be covered in a textbook or short-term class.

Mentoring, however, does have its drawbacks, the primary one being that it involves training the inspector's future competition. In rural areas where there are only a few practicing home inspectors, someone entering the field might have a difficult time finding an established inspector to accept them as a trainee. Even in urban areas, unless the market was quite large many home inspectors might resist training their competition unless there was a well conceived policy that would protect the trainers.

When the Home Inspector Reports Serious Problems

In four out of five cases when the inspector discovers serious problems, the buyer and seller either renegotiate the price or the seller fixes the problems identified in the home inspection. In about one-fifth of such cases, the buyer walks away from the deal. While the survey did not go into depth concerning why the buyer walked away, write-in comments both from the real estate

industry and from the homeowner surveys suggest that in many cases the property owner purposely withheld information from the listing agent in order to deceive the parties involved.

Survey responses seem to indicate that home buyers who purchased property without having a home inspection did so with full knowledge of the risk. Their decision wasn't dictated by any one specific reason but varied from having enough confidence in their own ability to inspect the property to relying on the fact that the property carried a home warranty.

Reasons for Pursuing Home Inspection Regulation

Despite the survey data offering little evidence that licensing home inspectors minimizes poor inspections, in our opinion, it appears the fundamental reasons for pursuing a licensing program are to:

- Help to distance real estate agents and home inspectors from each other in the real estate transaction by:
 - Removing the responsibility of “qualifying” home inspectors from real estate agents and transferring it to the state; and
 - Creating a legal barrier to limit liability for real estate agents in the event of a bad inspection.
- Address the professional disparity between home inspectors and real estate agents, appraisers, and all other professionals associated with a real estate transaction who are required to be licensed.
- Provide the public with a formal recourse for filing complaints against home inspectors, and otherwise have a governmental agency to enforce penalties.
- Further professionalize the field of home inspection.

3.2 Recommendations

While statistically there seems to be very little difference in the qualifications of home inspectors between states with licensing and states without, current trends in the real estate and home inspection industries clearly indicate that licensing is becoming the standard.

With more and more homeowners requesting home inspections, the home inspection industry is becoming an integral part of the residential real estate transaction. Home inspectors are currently the only professionals involved in residential real estate transactions who are not licensed. With current lobbying efforts for state licensure in Ohio and elsewhere, it appears to be only a matter of time before licensure occurs.

Assuming that licensure is inevitable, what form should it take? The following recommendations are broken down by area of significance.

Pursuing Limited Regulation

Given that the statistics do not support the claim that a full licensing program will minimize or eliminate inadequate inspections, the natural response is not to implement any regulations. This is shortsighted and does not take into consideration other facets of the real estate industry described here. Nonetheless, even if regulation is pursued, the data still support the notion that regulation should be limited.

Limited regulation is certainly an option and might be modeled after states that have pursued this model described elsewhere in this report. If Ohio wishes to pursue this option, we recommend the adoption of a licensing or registration program with, at the minimum, the following components:

- A testing requirement
- A code of ethics and standards of practice
- Minimum insurance coverage requirements
- Defined enforcement powers and clear recourse for dissatisfied clients

These components are described more in-depth in the following section.

A Comprehensive Licensing Program

A limited regulation program would satisfy the momentum towards home inspection regulation, and we do feel it is a potentially viable option. But in order to address all of the issues associated with the real estate and home inspection industries described here, a comprehensive

licensing program would be the most effective. Following are our recommendations for such a program.

An Independent Board of Home Inspection for Ohio

While we agree that the last thing most governments and taxpayers want is to establish another layer of bureaucracy, it appears that only by creating an independent board can the home inspection industry and its regulation advance effectively. The Board should not serve only as an advisory council as in other states described in this report; instead, it should be empowered to regulate the home inspection industry without influence from other state agencies, such as the Real Estate Division. This independence is key to our earlier point that home inspectors and real estate agents should maintain a properly separated relationship.

In addition, flexibility is essential for an independent home inspector board. We recommend that any legislation to create a licensing program should empower the Board to finalize many of the licensing requirements, rather than have every detail stipulated in the legislation itself where it is much harder to change. For instance, regarding a particular requirement such as continuing education requirements, the legislation may stipulate that the annual requirement be between 15 and 30 hours, leaving the ultimate requirement up to the Board. This would provide the Board with the flexibility to adapt the home inspection regulation over time so as to adjust requirements and other facets of the regulation to more optimal levels if deemed necessary.

Rather than a board made up entirely of home inspectors, we recommend that the Board be composed of a number of people from the larger real estate and construction industries. The effectiveness of such an arrangement comes from the benefit of different perspectives from within these industries. We suggest the creation of a nine member board composed of the following members:

- Four full-time, practicing home inspectors whose primary source of income is home inspection and who are licensed under the state regulation
- Two licensed, practicing real estate agents
- One licensed real estate appraiser
- One person from the construction industry (builder, contractor, etc.)
- One member from the public at large.

A member of the Governor's staff would be appointed as an ex-officio member and the governor would be responsible for appointing members to the Board. Members of the Board would be assigned three-year terms and would alternate such that each year three members would leave the Board and three new members would be appointed. Candidates appointed to the Board should be approved by the legislature or a legislative committee to remove potentially political appointments.

The primary role of the Board would be to oversee the licensing program by:

- Determining or finalizing licensing requirements as stipulated in the enacting legislation
- Implementing the statutory licensing requirements
- Maintaining all records leading to licensure
- Granting licenses when all requirements are met by candidates
- Maintaining an accurate list of licensed home inspectors and making this list readily available to the public either via quarterly mailings or via an Internet site

- Establishing testing procedures and monitoring the adopted state exam
- Developing or approving licensure-based education programs and curricula, as well as continuing education credit offerings (both of these would need to be made readily available to the public)
- Researching complaints filed against home inspectors and enforcing disciplinary actions.

Education

We recommend an educational component of the regulation that is at least similar to what is required of real estate agents. Most of the major trade organizations offer training courses that last from a few days to a week or more. While these courses are ideal for the roughly 66% of the home inspectors surveyed who enter the field with a construction background, they are severely inadequate for those individuals who have no previous experience involving building construction. A one-size-fits-all mentality will not work in this situation. While short courses focus on exam preparation through memorization, they often fail to develop the analytical skills necessary to properly identify and evaluate buildings.

There are two options when creating a state-mandated home inspector training program. First, the state board could create a training curriculum that would be the required curriculum for all home inspection training institutions. This would ensure consistency in the curriculum across the state but would entail a fair amount of effort on the part of the Board to create and oversee this curriculum. The other option would allow the separate educational institutions to create their own training curriculum and have the curriculum approved by the Board.

Despite the somewhat greater effort, it is our recommendation that the state develop a home inspector training curriculum that must be adopted by any institution that wishes to offer home inspector training at its facility. The primary goal of pursuing this option is to ensure that the training being offered across the state is consistent. There are already a number of established home inspector training curricula from which the Board could draw in creating a curriculum for Ohio.

The training facilities themselves could be located at existing community/technical colleges, non-profit headquarters, or for-profit training schools. The curriculum would lead to a certificate that would qualify the recipient to sit for the state exam. Credit for previous career experience should be figured into the equation in order to take into account the various backgrounds of those entering into the field. Experienced individuals could test out of some or all of the rudimentary training, but should nonetheless still have to fulfill some training requirements, particularly in standards of practice and ethical issues.

A suggested home inspector training curriculum is included in Appendix K.

State Exam

We recommended that the state of Ohio adopt an examination for home inspectors. While exams are not “catch-alls,” they do tend to establish at least a minimal baseline of knowledge. There are two main philosophies regarding the adoption of an exam. First, Ohio could write, administer, and monitor its own home inspection examination. This method would require significant start-up and on-going costs that could be better spent on other aspects of the licensing effort.

The second method would be to adopt an already-established national exam, which is our recommended option. In the case of a national exam, the research has already been completed and the examination company uses the profits from the exam to maintain its current relevancy. The Examination Board of Professional Home Inspectors (EBPHI) is a 501(c)(6) organization whose primary activity is to administer and monitor the National Home Inspector Examination (NHIE). The EBPHI has spent considerable effort evaluating and testing its examination to the point it would seem redundant and a misuse of funds to start from scratch again. It should be noted here that although the EBPHI is an “independent organization,” it has origins in the leading national home inspection trade organization, the American Society of Home Inspectors. Currently, almost one-third of the home inspectors from non-licensed states surveyed have already taken and passed this exam.

Mentoring

Experiential learning through a mentoring program is a benefit to the industry and should be a requirement of any licensure legislation. The question then becomes how much mentoring should exist and what form should it take? In terms of the number of inspections a new inspector must complete under the auspices of an established inspector before becoming fully licensed, we recommend at least 50 home inspections. However, new home inspectors who enter the field from outside the construction industry should be required to mentor longer than those who enter from inside the industry. Many of the “part-time” home inspectors who responded to the survey were either full-time engineers or actively involved in some aspect of the construction industry, giving them impressive credentials (See write-in comments in Appendix E). However there were a handful of inspectors from the surveys who brought to the table less than relevant credentials (i.e. a nurse, a firefighter/paramedic, a heating, ventilating and air conditioning installer, etc.). It is in these cases that long-term mentoring could be a valuable tool in building knowledge and confidence while introducing them to the field. It is our recommendation that a sliding scale be created to determine the mentored inspections needed based on the education and past experience of the inspector.

In addition, because of the concern that a new inspector may not have access to an established inspector with whom to train, a secondary component of the educational curriculum should be made available that the new inspector can complete in lieu of meeting the mentoring requirements. For instance, if an inspector-in-training is located in a rural area with very few established licensed inspectors and is having difficulty finding one with whom to train, the inspector-in-training may take an additional 30 or 40 hours of education to make up the difference. This secondary education component, when utilized, should primarily emphasize hands-on inspection techniques.

Real Estate Agent Referrals

Because of our basic premise of the need to distance real estate agents and home inspectors, we recommend that any legislation regulating the industry include a clause prohibiting real estate agents from recommending a specific home inspector or group of home inspectors. Instead, if asked, the agent should only be permitted to provide the client with the entire list of licensed home inspectors, though provisions could be made for limiting that list to geographic areas or zip codes.

Additionally, while our research does not indicate that the practice is widespread, there are reported instances of real estate offices charging inspectors a fee in order to appear on a list of home inspectors provided to clients. We feel this is highly unethical and counterproductive to protecting the consumer, but the above requirement also would eliminate this practice.

Insurance Requirements for Home Inspectors

Litigation may be needed when mistakes are discovered. Even the best home inspectors may occasionally miss significant items that ultimately lead to the homebuyer being left with a major repair. In order to protect all parties involved, licensed home inspectors should be able to provide some financial relief so that the home buyer or real estate agent doesn't need to bear the financial burden of the inspector's mistake. Both Errors & Omissions Insurance (E&O) and bonding would provide significant relief. Though some states have E&O coverage requirements as much as \$500,000, we recommend mandated coverage between \$100,000 and \$200,000. In addition, some states require certain levels of general liability coverage that equal the E&O requirement, but we do not recommend this. General liability coverage would most likely not cover most claims associated with an inadequate home inspection, and any inspector committed to an inspection business should carry it regardless. If absolutely necessary, general liability insurance requirements should be in the \$50,000 to \$100,000 range. It may be necessary to mandate maximum insurance deductibles as well, to further ensure that the inspector is financially capable of meeting the obligations of a claim.

According to the survey, approximately half of the responding inspectors carry E&O insurance. It is very possible, given the number of inspectors who come from a construction background, that a majority of the other half are bonded through their construction or engineering companies as part of an All-Risk package. Therefore, requiring insurance or bonding should not create an economic hardship for most of the practicing home inspectors and in the long run would guarantee home buyers at least some level of recourse in the event of a claim.

Continuing Education Requirement

Approximately two-thirds of the current home inspectors in non-licensed states reported taking between 10 and 30 hours of continuing education last year. This coincides closely with the number of hours taken by inspectors in licensed states and seems like a reasonable number to mandate as necessary in order to maintain a home inspection license. As mentioned previously, this range of 10 to 30 hours could be written into the licensing regulation while allowing the licensing board the flexibility to finalize the continuing education requirement.

Statute of Limitations

In order to prevent undue litigation, we recommend the adoption of a statute of limitations of one year following the home inspection. After this time period, the homeowner would not be permitted to file a complaint or lawsuit against the home inspector. One year is a reasonable amount of time to allow any major defects to surface.

Reciprocity

There are two major issues surrounding reciprocity that need to be addressed. The first deals with building inspectors whose radius of work incorporates more than one state. It is unreasonable to expect these inspectors to pay full fees to all the states in which they practice. Therefore, we suggest adopting a sliding scale of reduced fees in order to maintain some level of fairness when an inspector practices in more than one state that requires licensing (currently Indiana and Kentucky are the only adjoining states that have licensing requirements and fees). The Board of Home Inspection immediately could enter into negotiation with these adjoining states in an attempt to have them offer the same kind of agreement to Ohio inspectors. It is expected that inspectors from these boarder states meet the minimum requirements set forth by Ohio regulation.

The second issue deals with inspectors who are trained in other states and then return or move to Ohio to set up practice. In these cases, we suggest that anyone entering into the state to practice must at least meet the minimum requirements as set forth by the licensing statute. If an inspector is coming from a state that currently has no licensing authority, they will be required to complete all requirements set forth in Ohio law. If the inspector is coming from a state that has a licensing program, the inspector can have his or her experience, test scores, education and continuing education credits transferred to Ohio as long as they meet the minimum Ohio standards as determined by the Board.

Grandfather Clause

If enacted, home inspectors currently practicing in the state of Ohio should be required to register with the Ohio Board of Home Inspection within one year of the establishment of the regulation. We recommend that current inspectors pay the initial registration fee but not have to meet the new education, testing and mentoring requirements. Instead, established inspectors should be required to provide proof of having been in the business of home inspecting for at least three years (by providing tax documents, etc.) and proof of having performed at least 250 home inspections for compensation.

After being licensed under a grandfather provision, inspectors must continue to meet all ongoing licensing requirements, such as licensing renewal fees and continuing education requirements. The grandfathering provision should expire one year after the establishment of home inspection regulations, after which all individuals wishing to perform home inspections in the State of Ohio will be required to meet the minimum standards set forth in the regulation.

Code of Ethics and Standards of Practice

We recommend that licensing legislation include a Code of Ethics and Standards of Practice for home inspectors. The Code of Ethics should be designed to cover the basic issues in the inspection industry where a conflict of interest may be perceived. Standards of Practice are intended to cover basic inspection methods and reporting requirements and are a further benefit to the regulation of the industry. A Board of Home Inspection in Ohio may create a Code of Ethics and Standards of Practice of its own, but we recommend that the state adopt versions of these documents from those of the American Society of Home Inspectors (ASHI). ASHI has created a comprehensive baseline in these two areas, in large part eliminating the necessity of a state starting from scratch. Many states have adopted ASHI's versions of these documents.

Standard Inspection Forms

Only one state, Texas, uses standard inspection forms for all inspectors. All home inspections in Texas begin with this form (a copy of the form is included in Appendix J). The complaint among inspectors elsewhere regarding this practice stems from their perception that standardized forms limit their ability to differentiate themselves to clients in terms of the comprehensiveness of their inspections. However, this is a short-sighted complaint since the form, such as the case with Texas, could be added to as much as the inspector deems necessary. Though not more widespread, the advantage of using a standard inspection form is the ability to more efficiently and easily comprehend different inspection reports, such as when researching a complaint against an inspector or other form of investigation. While we don't feel that standard inspection forms are a necessity, we recommend that at least some consideration be given to this option.

Penalties

If an individual or business is found to be in violation of the home inspector regulation, we recommend that the Ohio Board of Home Inspection employ legal representation and file a cease and desist order preventing the offending individual or business from performing home inspections until the violations are resolved. The Board also should investigate any complaints filed against a licensed home inspector. Complaints should be kept on file, and if determined to be legitimate, could be made public via the Board's website. If it is determined that a home inspector has failed to meet the professional and ethical standards set forth by the Ohio Board of Home Inspection, they should have their license revoked for a minimum period of three years. Fines may be another component of the penalty as determined by the Board. After the penalty period, they may apply for reinstatement and should be required to meet all licensing requirements including retaking the exam, passing an approved course of study, and performing the required hours of mentoring as defined by the legislation. A home inspector who feels they have been unjustly penalized by the Board may call for a review of their case by a licensed arbitrator agreed upon by both parties. Upon review of the case, the arbitrator's decision should be binding and the losing party should be required to pay all arbitration fees associated with the case.

Staff

Based on our research of home inspector licensing boards in other states and other licensing boards in Ohio, three positions should be sufficient to administer and operate the home inspector licensing program. However, meeting this staffing goal is wholly dependent on financial issues. It is our recommendation that staffing include at least a full-time manager to run the day-to-day operations of the Board of Home Inspection. The duties of this position would involve: establishing practices and procedures of the office; reporting to the Board on issues surrounding the office; reviewing and approving educational programs, instructors, and continuing education requirements; confirming that all applicants meet licensing requirements and monitor; and approving test results.

If financially feasible, support staff should also be hired, including one full-time assistant to the manager, to be responsible for handling all office communications, including: renewal notices, confirmation letters, monitoring and directing incoming phone calls, requests for information, etc. A third position should be added, again depending on finances, to help further administer the

program, with the focus of this position being investigation of complaints against home inspectors, etc.

Revenue Generation

The staffing issues described above, and all other aspects of implementing and maintaining a licensing program can only be financially supported by levying fees on some component of the program. It is very unlikely that such a program can be supported by the General Revenue Fund. The most common method of generating revenue is through licensing application and renewal fees. How much these fees should be is the question. Based on research into other states' home inspector boards and information provided by the Ohio Legislative Service Commission, which formulates a report on all licensing and regulatory boards in Ohio each year, we recommend that a Home Inspection Board in Ohio should attempt to work with an initial annual budget of between \$100,000 and \$120,000. While the particulars of the office budget, including salaries, benefits, rent, utilities, equipment, travel, etc., are beyond the scope of this report, this amount should cover one or two initial staffing positions and other associated costs.

To generate revenue in this amount, licensing fees will need to be based on the number of anticipated licensees. For the survey component of this study, we created a mailing list of 371 Ohio home inspectors from internet yellow page records. Anticipating around 400 licensees and an annual budget of \$120,000, the licensing fees and renewal fees need to be \$300 per person. This figure is very much in keeping with licensing fees in other states.

However, we recommend a funding technique used by the Louisiana home inspector licensing program that can both lower the licensing fees while at the same time generate more revenue. Louisiana levies a \$5 fee per inspection on the inspector, but the cost is ultimately passed on to the consumer, in essence creating a system where the people who use the program are also in large part funding it. Assuming 400 licensed home inspectors in Ohio, and a conservative average of 10 home inspections performed by each inspector per month (Ohio survey respondents indicated they perform an average of 16 home inspections per month), the revenue generated would equal \$240,000. The money generated this way should not take the place of licensing fees but should instead augment them, allowing the licensing fees to be reduced significantly. With a licensing renewal fee of \$150 and 400 licensed inspectors in addition to the \$5 fee per inspection, approximately \$300,000 per year could be generated. This is a fairly conservative estimate but could fund a licensing program quite effectively, including three staff positions (or possibly more).

Consideration should be given to participation in Ohio's Occupational Licensing and Regulatory Fund (Fund 4K9), which is a fund set up specifically for Ohio's regulatory boards. The fund is designed so that those state boards that participate in it can pool their financial resources and have access to funds when their own revenue stream is limited. The fund could most likely assist a home inspection board with start-up costs.

It is essential that the implementing legislation give the Board of Home Inspection the power to monitor and adjust fees without legislative approval in order to ensure the financial security of the operation.

Photo ID

We recommend that all licensed home inspectors be required to present to potential clients an official photo ID issued by the Board of Home Inspection. This will help ensure real estate agents and homeowners that the inspector is indeed licensed and will be included as a benefit of the licensing fee. Lost or stolen photo IDs would be replaced at a cost to the home inspector.

Summary

A multitude of issues within the home inspection and real estate industries create a need for home inspection regulation despite the evidence that such regulation will not reduce the number of inadequate inspections. To address the basic issues, a minimal home inspection regulation program might be sufficient, but a larger licensing program in keeping with the licensing requirements placed on real estate agents would be the most effective. Such a program should include a range of requirements in education, testing, experience, and other areas, while addressing such issues as ethics, penalties, and reciprocity. The logistics of implementing such a program entail creating a regulatory board, hiring staff, and generating revenue.

Conclusion

Upon hearing that home inspectors in Ohio are not licensed, a common reaction from much of the general public is one of surprise. Buying a home is such a major financial investment, and the buyer puts faith in the home inspector to help ensure that the investment is sound, how can inspectors *not* be licensed? In theory, state control through licensing would equal more qualified home inspectors.

In order to address this perceived disparity, 30 states have enacted regulations to control the home inspection industry. These regulations, documented here, are diverse and quite unique to each state, yet common themes emerge in the more extensive licensing programs in such areas as testing, experience, and education.

Quantifiable data did not appear to exist as to whether or not licensing actually ensures more qualified home inspectors. As part of this project, surveys were sent to real estate agents and home inspectors in states both with licensing of home inspectors and without licensing in order to quantify the differences between these two groups. The data from these surveys does not support the idea that licensing creates more competent home inspectors. Real estate agents from both groups were overall equally satisfied with home inspectors in their state, and home inspectors from non-licensing states did not demonstrate any distinct disadvantage over licensed inspectors in areas of education or experience.

Based on this information it would appear that licensing in Ohio should not be pursued. Why create another level of bureaucracy that might not achieve its desired effect? To be limited to this view based solely on the survey results does not take into consideration several greater issues within the real estate and home inspection industries, issues that regulation would both address and benefit.

First is the national momentum toward home inspection regulation. Considering that 30 states have already enacted regulation of home inspectors largely within in the past five to ten years, home inspection regulation may be seen as inevitable. This momentum toward regulation is not justification for regulation in Ohio, but by now is too great to be ignored. Instead it should be used for the benefit of both the realty and home inspection industries.

Second is the overall dynamic between real estate agents and home inspectors. Real estate agents and brokers have been regulated for some time, but as the home inspection industry in Ohio and elsewhere grows and remains unregulated, this professional disparity has the potential to create issues within the realty industry. This is further complicated by the compensation practices of each profession; real estate agents are paid only when the house sells, while inspectors are paid regardless. What's more, with the inspection report the home inspector can potentially affect the sale and consequently the agent's commission, which is motivation enough for the real estate industry to ensure that home inspectors are not under qualified.

Third is the potential benefit for regulation to create the proper distance between real estate agents and home inspectors for the sake of the consumer. The project surveys indicated that clients perceive a close relationship between real estate agents and home inspectors with potential buyers, often turning solely to the agent for a recommendation when choosing an

inspector. While most real estate agents respect this trust, the potential for abuse exists and can severely affect the consumer. In addition this relationship creates a liability for the agent in the event that the inspector makes a mistake and the client sues. Enacting regulation that seeks to distance the real estate agent and the home inspector in areas of referrals and liability would address these issues.

Lastly is the benefit of home inspection regulation in further professionalizing the home inspection industry. As mentioned, this industry is still relatively new, but has reached a point that it is becoming an integral part of a home purchase. Regulation would endorse the industry as a profession by helping to moving it away from the part-time, “inspector-on-the-side” to more full time professionals committed to long-term careers in home inspection.

With these benefits in mind, the extent of the regulation becomes the issue. Given that the data do not support the notion that an extensive licensing program directly affects home inspectors’ qualifications, a program with minimal components may be all that is necessary. While this is a potentially viable option, in order to fully address the more extensive issues between real estate agents, home inspectors, and consumers, a full home inspection licensing program on par with the real estate licensing program is necessary.

Copies of Project Surveys

Following are copies of the surveys sent to the following groups as part of the project:

- Real Estate Agents
- Home Inspectors
- Homeowners

Home Inspection Survey for Real Estate Agents

Please take the time to answer the following questions by checking the box next to the most appropriate answer. If you feel that you do not have enough information to answer a particular question or that it does not apply to you, leave it blank. Return the completed survey in the enclosed, postage-paid envelope. Any comments you would like to make regarding this survey or the issue of licensing of the home inspection industry would be welcomed and may be included with the returned survey. Thank you for your participation!

1. In which state(s) do you practice real estate? _____

2. How would you describe the area in which you work?

- Urban Suburban Rural

3. In sales contracts you're involved with, how many days are typically allotted to have a home inspection performed?

- under 3 4 to 6 7 to 9 10 to 12 more than 12

4. In your transactions, after a property is under contract, how many buyers in 10 choose to have a home inspection performed?

- Less than 1 1 2 3 4 5 6 7 8 9 10

5. What do you think is the first priority for a client who wishes to hire a home inspector?

- Qualifications
 Reputation
 Membership to professional association
 Price
 Other (please specify) _____

6. How do you assist clients in choosing a home inspector? (Choose all that apply)

- I provide the name of a home inspector I prefer my clients use
 I provide a list of names or inspection companies our firm uses on a regular basis
 I provide a list of names from the local yellow pages
 I provide no help and prefer that clients seek their own home inspector
 Other (please specify) _____

7. How often do you deal with inspectors described as follows:

Professional full-time inspector

- Almost always Sometimes Rarely Never

Contractor/Tradesperson who performs inspections on the side

- Almost always Sometimes Rarely Never

Professional from another field who performs inspections on the side

- Almost always Sometimes Rarely Never

Other (buyer or family member inspects property, etc.)

- Almost always Sometimes Rarely Never

8. In your experience, when an inspector reports significant defects in the property, what is the most common result?

- Buyer and seller renegotiate the price based on the new information
- Buyer is scared out of the deal and the transaction fails
- Bank or mortgage company refuses to issue loan
- Other (please specify) _____

9. In the transactions you've been involved with during the past year, how many in 10 failed because of the inspection results?

- Less than 1 1 2 3 4 5 6 7 8 9 10

10. In general, how many inspection reports in 10 that you've seen in the past year do you consider inadequate?

- Less than 1 1 2 3 4 5 6 7 8 9 10

11. In transactions you've been involved with in the past year, how many buyers in 10 later discovered problems with their property despite having had a home inspection?

- Less than 1 1 2 3 4 5 6 7 8 9 10

12. Generally speaking, if home inspectors are licensed in your state, how do you feel licensing has affected the real estate market in terms of the success of real estate transactions?

- It has had a positive effect
- It has had a negative effect
- It has had little effect
- Does not apply as my state does not have licensing

13. If licensing for home inspectors is not required in your state, if enacted, how do you think it would affect your real estate business? (Check all that apply)

- It would reduce the number of bad or inadequate inspections
- It would increase the difficulty in finding an inspector because there would be fewer in the business
- The price of inspections would increase
- It would have little effect
- Does not apply as my state has licensing of home inspectors

14. On a scale of 1-10 (1 being worst and 10 being best), rank the home inspectors you've worked with in the past year on the following issues:

Knowledge of building construction 1 2 3 4 5 6 7 8 9 10

Accuracy of report 1 2 3 4 5 6 7 8 9 10

Professionalism of report 1 2 3 4 5 6 7 8 9 10

Satisfaction of client 1 2 3 4 5 6 7 8 9 10

15. Please provide your opinion on the following statements:

Strongly Agree
Somewhat Agree
No Opinion
Somewhat Disagree
Strongly Disagree

Real estate agents recommend "soft inspectors" to protect the success of the deal.

Legislation should attempt to address this issue with "soft inspectors."

I encourage buyers to get a home inspection because it protects me from liability.

I see licensing of home inspectors as a benefit to the real estate industry.

Home Inspector Survey

Please take the time to answer the following questions by checking the box next to the most appropriate answer. If you feel that you do not have enough information to answer a particular question or that it does not apply to you, leave it blank. Return the completed survey in the enclosed, postage-paid envelope. Any comments you would like to make regarding this survey or the issue of licensing of the home inspection industry would be welcomed and may be included with the returned survey. Thank you for your participation!

1. In which state(s) do you perform home inspections? _____

2. How would you describe the area in which you work?

Urban

Suburban

Rural

3. Primarily, which type of building do you inspect?

Residential

Commercial

Industrial

4. Is home inspection your primary occupation? If not, please specify another occupation(s).

Yes

No (Other: _____)

5. How many residential inspections have you performed in your career?

Less than 100

100-500

500-1,000

More than 1,000

6. Please indicate any training you completed that prepared you to become a home inspector. (Check all that apply)

None

Worked in construction/trades

Completed a home inspection training program

Worked in building/facilities maintenance

Worked with an established home inspector

Other (please specify) _____

7. How many inspections do you perform in a year?

Less than 50

50-200

200-300

More than 300

8. Are you a full member in any of the following professional organizations? (Check all that apply)

National Association of Certified Home Inspectors (NACHI)

American Society of Home Inspectors (ASHI)

National Association of Home Inspectors (NAHI)

Independent Home Inspectors of North America (IHINA)

American Association of Home Inspectors (AAHI)

Other (please specify): _____

None

9. Have you passed any of the following home inspection exams? (Check all that apply)

National Association of Certified Home Inspectors Online Inspector Examination

National Home Inspector Examination

National Association of Home Inspectors Certified Real Estate Inspector Exam

National Institute of Building Inspectors Comprehensive Exam

State-issued exam

Other (please specify): _____

10. How many hours do you devote to a typical home inspection (on-site only; not including report writing)?

- Less than 1 hour 1-2 hours 2-4 hours More than 4 hours

11. How many hours of continuing education did you perform in the past year?

- None Less than 10 10-20 20-30 30-40 More than 40

12. Do you carry Errors & Omissions Insurance?

- Yes No

If yes, for how much coverage per occurrence?

- \$ 100,000
 \$ 250,000
 \$ 500,000
 Other amount: \$ _____

13. From what source would you say you get most of your home inspection business?

- Advertising (print media)
 Real estate agent referral
 Word of mouth
 Website
 Other (please specify): _____

14. Have you ever paid to be on a "preferred" list at a real estate office?

- Yes No

15. What do you charge for an average inspection (2,000 square foot house)?

- Less than \$ 150
 \$ 150—\$ 200
 \$ 200—\$ 300
 \$ 300—\$ 400
 More than \$ 400

16. Do you perform any of the following types of inspections in addition to the regular inspection (check all that apply)?

- Termite
 Radon
 Well
 Other _____

17. Do you regularly offer cost-to-repair estimates in your inspection reports?

- Yes No

18. Please provide your opinion on the following statements:

- Strongly Agree
Somewhat Agree
No Opinion
Somewhat Disagree
Strongly Disagree

Real estate agents recommend "soft inspectors" to protect the success of the deal.

-

Legislation should attempt to address this issue with "soft inspectors."

-

"Mentoring" is an appropriate and effective way of training new inspectors.

-

I see licensing of home inspectors as a benefit to the industry.

-

Home Inspection Survey for Homeowners

Please take a few minutes to answer the following questions by checking the box next to the most appropriate answer. If you feel that you do not have enough information to answer a particular question or that it does not apply to you, leave it blank. Return the completed survey in the enclosed, postage-paid envelope. Any comments you would like to make regarding this survey or the issue of licensing of the home inspection industry would be welcomed and may be included with the returned survey. All questions refer to your April, 2005 purchase. Thank you for your participation!

1. In which Ohio county is the home located? _____

2. How would you describe the area in which the home is located?

- Urban Suburban Rural

3. How would you describe the home you purchased?

- Townhouse/condo Multi-family home
 Single family home Farm

4. How much did you pay for this home?

- Less than \$50,000 \$250,000—\$500,000
 \$50,000—\$100,000 More than \$500,000
 \$100,000—\$250,000

5. How old is the home you purchased?

- Brand new 20—50 years
 1—5 years 50—100 years
 5—10 years More than 100 years
 10—20 years

6. Did you have a home inspection performed on this home before you purchased it?

- Yes No

6.a. If not, why did you choose not to use a home inspector?

- Did not feel an inspection was necessary
 Comfortable with own ability to assess the building
 Bad experience with a home inspector in the past
 Too expensive
 Other _____

6.b. Since owning the home, have you discovered any significant defects (i.e., cost more than \$500 to repair) that might have been reported by a home inspector?

- Yes No

Thank you. There are no further questions if you did not use a home inspector. Please return the survey.

7. What led you to use a home inspector for this purchase?

- Real estate agent recommended that an inspection be performed
 Individual decision
 Regretted not having an inspection on passed home(s) purchased
 Other person (family member, friend) recommended that an inspection be performed

8. How did you choose the home inspector?

- Used an inspector the real estate agent recommended
- Used an inspector recommended by a friend/relative
- Used an inspector from the real estate office list
- Researched individually to find an inspector (online, yellowpages, etc.)

9. What was your first consideration when choosing an inspector?

- Qualifications
- Price
- Other _____
- Reputation
- Membership in a professional organization

10. How much did you pay for the inspection?

- Less than \$150
- \$150–\$200
- \$200–\$300
- \$300–\$400
- More than \$400

11. On a scale of 1-10 (1 being worst and 10 being best), rank the home inspector you used on the following issues:

- | | | | | | | | | | | |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Knowledge of building construction | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 6 | <input type="radio"/> 7 | <input type="radio"/> 8 | <input type="radio"/> 9 | <input type="radio"/> 10 |
| Accuracy of report | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 6 | <input type="radio"/> 7 | <input type="radio"/> 8 | <input type="radio"/> 9 | <input type="radio"/> 10 |
| Professionalism of report | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 6 | <input type="radio"/> 7 | <input type="radio"/> 8 | <input type="radio"/> 9 | <input type="radio"/> 10 |
| Overall satisfaction | <input type="radio"/> 1 | <input type="radio"/> 2 | <input type="radio"/> 3 | <input type="radio"/> 4 | <input type="radio"/> 5 | <input type="radio"/> 6 | <input type="radio"/> 7 | <input type="radio"/> 8 | <input type="radio"/> 9 | <input type="radio"/> 10 |

12. In the home you purchased, did the inspector discover significant defects that affected the real estate transaction?

- Yes
- No

If yes, how did you and the seller handle the transaction?

- Renegotiated the purchase price
- Seller made repairs
- Other _____

13. Before purchasing this home, did you walk away from previous homes you were considering because of an inspection report?

- Yes
- No

14. After owning your home, did you discover any defects the home inspector missed?

- Yes
- No

15. Were any of these defects significant (i.e., cost more than \$500 to repair)?

- Yes
- No

16. If you purchased another home in the future, would you use a home inspector?

- Yes
- No

Thank you !

American Society of Home Inspectors Ratings

The following section is a portion of the 2005 *Position Statement on Regulation of Home Inspectors* from the American Society of Home Inspectors (ASHI). This section describes ASHI's method of rating the existing home inspection regulation presently in effect. The top three states rated in this document were chosen as the survey states for the project (excluding Louisiana; see text). Reprinted with permission.

Evaluation/Grading of Existing State Laws Regulating Home Inspectors

NOTE: In June of 2005, the ASHI Legislative Committee (LGC) evaluated the existing state laws regulating home inspectors or home inspections and used the following system for evaluating and ranking the laws. The LGC feels that this Position Statement, including the evaluation of laws, is a living document because statutes and rules are constantly changing and evolving and new bills are introduced every legislative session in the 50 states. Therefore, this Position Statement will be edited each year to reflect changes and it is possible that a state's grade and ranking could change.

System for Evaluating Laws Regulating Home Inspectors

Procedure:

1. Review a state's law, rule or any other regulation of Home Inspectors for each of the provisions listed on the following page.
2. Rate if the law is Good (3), Acceptable (2), Poor (1) or Bad (0) for each provision.
3. Multiply rating by the weight for each component.
4. Add up the numbers resulting from the multiplication. This total score reflects the overall quality of the regulation/law. This number can be compared to the total score derived after reviews of other states' laws.
5. Rank each state's law based on the Total Score received by each State. The highest score indicates the best law regulating home inspectors (the highest possible Total Score is 123).

Rating Criteria/Provisions of a Law

Education

Does the regulation include education of no less than 80 hours?	
Does the education include all of the components reflected in the developed body of knowledge?	
Does the regulation include education on business practices?	5 points

Experience

Does the regulation include a minimum of 25 to 100 training inspections?	
Does any grandfathering provision include a minimum of 250 fee-paid inspections?	5 points

Examination

Is an examination required?	
Is a psychometrically valid exam required?	
Does the regulation require everyone to pass the exam?	5 points

Standards of Practice

Are the Standards substantially consistent with ASHI's?	
Does the regulation describe what must be inspected?	
Does the regulation describe what does NOT need to be inspected?	5 points

Prohibited Acts

Is the Code of Ethics substantially consistent with ASHI's?	5 points
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Definition of Home Inspector and Definition of Home Inspection

Does the regulation reflect ASHI's definition of the profession and the professional?	3 points
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Governing Board

Who is on the Board? Home inspectors and consumers, or others?	
What is the Board's relationship to other Board's regulating professions? (Is the Home Inspector Board an offshoot of the Builders or Real Estate Board?)	3 points

Continuing Education Requirement

Is continuing education required?	
Is the requirement no fewer than 20 hours annually?	3 points

Liability

Does the regulation have reasonable protections for the consumer and the home inspector?	3 points
--	-----------------

Exemptions

Do exemptions only apply to individuals practicing their profession?	1 point
--	----------------

Reporting Requirements

Is a written report required?	1 point
-------------------------------	----------------

Reciprocity

Does the regulation allow those licensed in other states to practice?	1 point
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Penalties

Are the penalties reasonable?	
Do the penalties in this regulation match those for other related professions?	1 point

Note: According to the ranking criteria, the highest possible score is 123 points.

ASHI 2005 Grading of Existing State Laws Regulating Home Inspectors

	<i>Education</i>	<i>Experience</i>	<i>Examination</i>	<i>Standards of Practice</i>	<i>Prohibited Acts</i>	<i>Definitions</i>	<i>Governing Board</i>	<i>Continuing Education</i>	<i>Liability</i>	<i>Exemptions</i>	<i>Reporting Requirements</i>	<i>Reciprocity</i>	<i>Penalties</i>	<i>Total</i>
New Jersey	15	15	15	15	15	9	6	9	9	3	3	3	3	120
Louisiana	15	5	15	15	15	9	9	9	9	3	3	3	3	113
Texas	15	15	15	15	15	9	3	3	9	3	3	2	3	110
Arizona	15	15	15	15	15	9	6	0	6	3	3	2	3	107
Pennsylvania	15	15	10	15	15	9	0	9	9	3	3	0	2	105
Massachusetts	0	15	15	15	15	9	9	3	9	3	3	3	3	102
Connecticut	5	15	10	15	15	9	6	9	0	3	3	3	3	96
North Carolina	0	15	15	15	15	9	6	3	6	3	3	3	3	96
Arkansas	15	0	15	15	15	9	9	3	3	3	3	2	3	95
Indiana	5	5	15	15	15	9	9	3	6	3	3	3	3	94
Rhode Island	0	15	15	15	15	9	3	3	6	3	3	3	3	93
South Dakota	5	10	15	15	15	9	3	3	0	3	3	3	3	87
Mississippi	5	0	15	15	15	9	3	3	9	3	3	3	3	86
Virginia	5	15	15	5	15	9	3	0	3	3	3	3	3	82
Wisconsin	0	0	15	15	15	9	0	9	3	3	3	3	3	78
Oklahoma	5	0	15	15	15	9	6	3	0	3	3	0	3	77
Alaska	0	0	10	15	15	9	3	3	6	3	3	0	3	70
Illinois	5	5	15	5	10	9	6	3	0	3	3	3	3	70
Alabama	0	0	15	15	15	9	3	0	6	0	3	0	3	69
Oregon	5	5	5	15	15	9	3	3	0	3	3	0	3	69
Nevada	5	0	10	5	15	6	3	3	6	3	3	0	2	61
New York	10	5	*	*	15	9	6	*	6	1	3	3	3	61
Tennessee	15	0	*	*	15	9	6	3	3	0	3	0	3	57
Kentucky	*	*	*	15	0	9	6	3	9	3	3	3	3	54
Maryland	5	0	0	*	*	9	3	0	0	3	3	3	3	29
South Carolina	0	0	5	0	5	0	9	0	0	3	3	0	3	28
Montana	0	0	0	0	10	9	0	0	0	3	3	0	1	26
California	0	0	0	0	15	6	0	0	3	0	1	0	0	25
North Dakota	0	0	5	0	0	9	3	0	3	3	0	0	1	24
Georgia	0	0	0	0	0	9	0	0	0	0	3	0	0	12

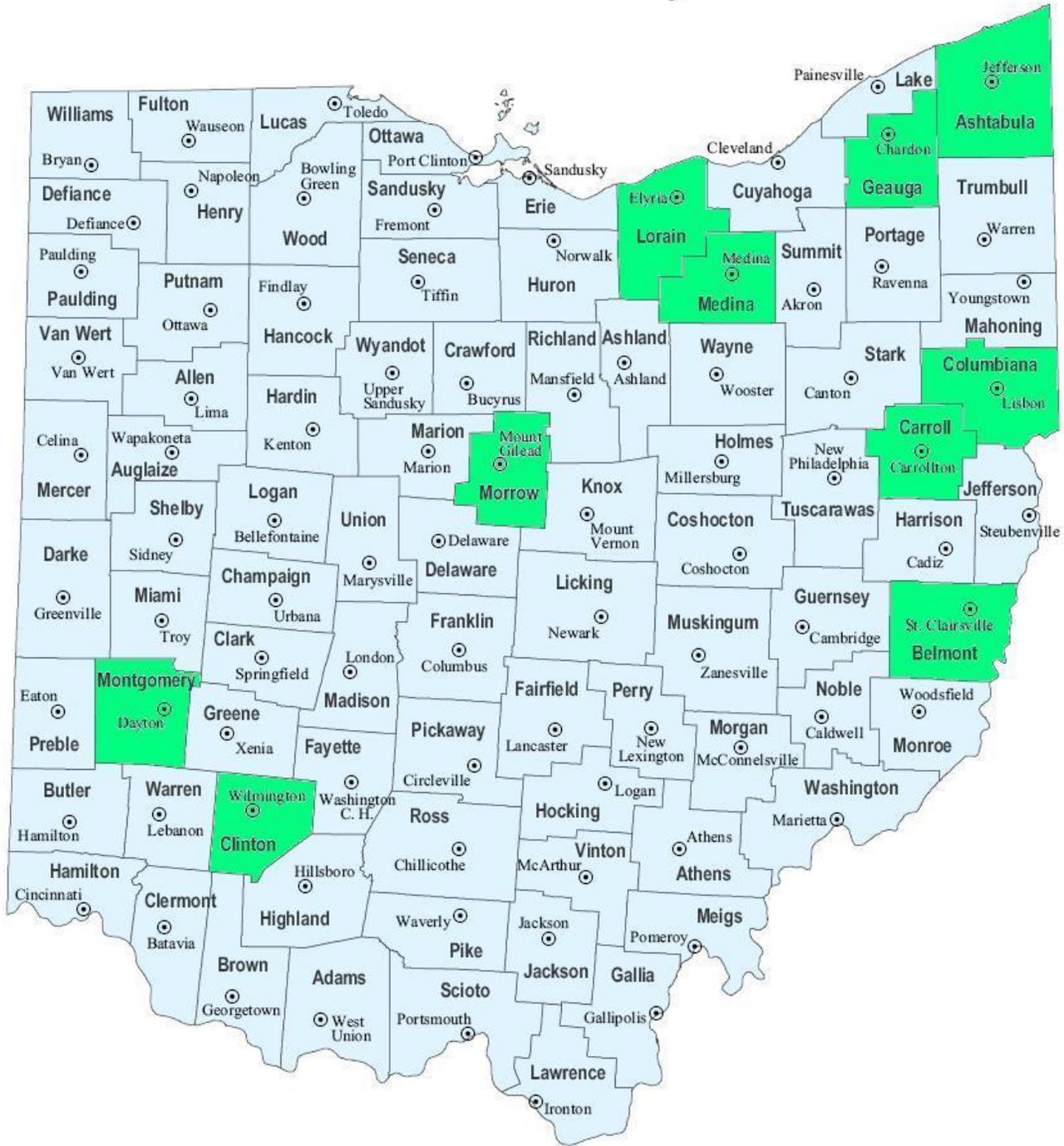
* Used in lieu of a rating for legislation that refers to rules/regulations that are pending.

Map of Ohio Survey Counties

The following map shows the randomly-chosen counties used for the survey of Ohio homeowners.

OHIO

Counties and County Seats



County
 ⊙ County Seat
 ■ County selected for Survey

New Jersey Real Estate Agents

Real Estate Sales People for New Jersey							
Counties selected for the survey are highlighted							
By County				By Population			
County	RE Agents	Population	Percentage	County	RE Agents	Population	Percentage
Atlantic	1,843	263,410	0.7%	Salem	1,513	64,854	2.3%
Bergen	6,175	897,569	0.7%	Cape May	1,798	101,845	1.8%
Burlington	2,197	444,381	0.5%	Warren	438	109,219	0.4%
Camden	4,160	513,909	0.8%	Hunderdon	428	128,265	0.3%
Cape May	1,798	101,845	1.8%	Cumberland	566	149,306	0.4%
Cumberland	566	149,306	0.4%	Sussex	577	151,146	0.4%
Essex	3,012	796,313	0.4%	Atlantic	1,843	263,410	0.7%
Gloucester	923	266,962	0.3%	Gloucester	923	266,962	0.3%
Hudson	2,834	607,419	0.5%	Somerset	3,254	311,600	1.0%
Hunderdon	428	128,265	0.3%	Mercer	3,678	361,981	1.0%
Mercer	3,678	361,981	1.0%	Burlington	2,197	444,381	0.5%
Middlesex	3,809	780,995	0.5%	Morris	22,814	483,150	4.7%
Monmouth	5,560	632,274	0.9%	Passaic	2,204	498,357	0.4%
Morris	22,814	483,150	4.7%	Camden	4,160	513,909	0.8%
Ocean	4,249	546,081	0.8%	Union	2,823	529,360	0.5%
Passaic	2,204	498,357	0.4%	Ocean	4,249	546,081	0.8%
Salem	1,513	64,854	2.3%	Hudson	2,834	607,419	0.5%
Somerset	3,254	311,600	1.0%	Monmouth	5,560	632,274	0.9%
Sussex	577	151,146	0.4%	Middlesex	3,809	780,995	0.5%
Union	2,823	529,360	0.5%	Essex	3,012	796,313	0.4%
Warren	438	109,219	0.4%	Bergen	6,175	897,569	0.7%
Total:	24,390			Total	24,390		

Compilation of Write-In Survey Comments

Compiled below are the comments survey respondents wrote in by hand. Comments are listed under the question to which they pertain. Most comments come from a designated blank space on the survey for write-in responses to particular questions, but a number of comments were written next to the other choices provided. In these cases, the choice next to which these comments were written is in parenthesis. Some comments were also written in the general area of a particular question, and generally relate to that question. These comments are also included with the other responses to the questions below. If a survey question is not reprinted below, no comments were written in relation to it. Where handwriting was difficult to read, the best interpretation of the written text was documented and indicated with question marks.

Real Estate Agent Survey

- 5) What do you think is the first priority for a client who wishes to hire a home inspector? Other (please specify):
- Referral by realtor
 - Knowledge and professionalism. Must be thorough and complete in assessments
 - I always recommend strongly that buyer has one of their own protection/knowledge
 - Endorsed by Remax
 - They all have to be licensed by the state of TX.
 - Certified
 - Knowledgeable, good equipment for testing, informative, educates buyer w/out alarming
 - Availability for client
 - State certification
 - Qualifications, reputation, quality more important than \$
 - Qualifications and reputation (most of my buyers go with one of my recommendations)
 - Seldom use inspector
 - How home inspector was recommended
 - Quality of report
 - They want to know what they can expect to find once they move into their home.
 - Realtor
 - Experience and qualifications of inspectors
 - 2nd would be membership in professional organization
 - All of the above
 - Tie between reputation and price (if I had to choose one though it would be reputation – through the eyes of the referee)
 - Qualifications, reputation, ethical
 - Qualified to protect the sale of this purchase
 - Availability

- When can it be completed?
 - Knowledge
 - Quality of report provided to the buyer
 - References
 - Certified ASHI list
 - ASCHI certified
 - Referral from attorney or friend
 - Price and/or referral
 - Also look to real estate agents for help in selection lists
- 6) How do you assist clients in choosing a home inspector? Other (please specify):
- Provide list of ASHI requested home inspectors
 - Names of three that serve our area
 - Provide ASHI list
 - Provide a web site of A2 licensed inspectors.
 - My list is for 3 inspection companies we prefer who carry 1,000,000 E&O insurance and have over 5000 inspections completed.
 - I do not refer whole house inspections, strongly urge clients to use individual contractors/inspectors that specialize in their particular trade.
 - Prefer they choose their own but give them 3-4 choices
 - I use 2-3 that are all recommended
 - I ask if they have a preference
 - I provide a list of reputable companies that I personally know to be honest.
 - I provide list of those whom I know to be experienced, punctual and provide easy to read reports.
 - If they ask for my help I give 3 names of inspectors and I tell them to call all 3 and select 1
 - I provide 3+ names & indicate ones others have used
 - Refer to ASHI website, non-ASHI inspectors rarely used in marketplace
 - Give a few names that are known, then client seeks their own – I make no final choice for them
 - Advise who I/we like and feel are thorough
 - Indicate names from Yellow Pages who other customers have hired
 - Provide list only if client requests
 - An entire list who services our area
 - I provide a list of ASHI inspectors and say who I've used
 - I also provide a list of all inspectors who wish to be listed on my company's "resource" list. I offer 2-3 company names that have done a good job – written report pictures, reputable service
 - Supply ASHI certified list
 - Clients are free to choose any inspector
 - I encourage them to locate an inspection company on their own if pressed to recommend
 - I give them a list of several of my clients have used in the past
 - Part of my team
 - Only if client asks
 - We supply state approved list to buyers
 - We are not allowed to steer to certain organizations
 - I give them a list of all approved inspectors licensed by the association
 - I provide ASHI list and also tell them that there are more inspectors available in the Yellow Pages List of ones I use regularly
 - Or give a name I prefer
 - Provide names we're familiar with, that are used in this area

- I provide a list of names of inspection co. I have used in the past

7) How often do you deal with inspectors described as follows:

- I've used to buy farms and if anything was wrong we fixed it
- Rental property only

(Contractor/Tradesperson)

- For special needs – I recommend special tradesman only after full-time inspection

(Other (buyer or family member inspects property, etc.))

- Strongly advise against this – buyer must sign document stating they refuse a licensed/bonded home inspector.
- Over my recommendation to have a professional
- Not a good idea, but some buyers prefer
- Our buyers are not like big city buyers who are scared of everything.
- Parents or family friend
- Must be qualified
- Only if buyer decides to use one of these people

8) In your experience, when an inspector reports significant defects in the property, what is the most common result? Other (please specify):

- Buyer and seller negotiate the repair price.
- Buyer fixes the major problems.
- B/S neg. repairs/price & if no solution – deal fails
- Buyer accepts home
- Requires hiring other professionals to determine accuracy of home inspection
- Both 1 & 2, sometimes 3
- Buyer and seller generally come to terms with one another i.e. monetary, adjustment or seller gets fixed. Usually do not re-negotiate sales price
- Buyer requests remedy to fix or negotiate price
- Seller offers buyer a credit towards repairs
- Buyer is glad for the knowledge and moves ahead with confidence
- Agree to split cost of required repairs, or escrow funds for repairs which present safety issues
- Inspectors recommended a “licensed” HVAC-Engineer, etc. do another inspection
- Buyer and seller negotiate which defects seller will pay for and do prior to closing
- Agent/self negotiate a fair solution – credit/repair, etc.
- Seller fixes defects per agreement of sale Home Inspection paragraph
- (Buyer is scared out of deal) Alas can't happen – 1 out of 30 deals maybe – bank doesn't see inspt. report. Seller fixes or a monetary concession is negotiated
- Compromise to some degree on issues
- Seller makes repairs/corrections
- Buyer/seller negotiate both, who fixes & price
- Seller agrees to repair or replace or agree to a mounting adjustment in price of.
- Buyer requires remedy of defects, seller usually performs
- Seller remedies issues
- After second opinion, if real problem seller resolves
- Negotiate correction, remediation of any defects

- Buyer/seller negotiate price or rectify defects before close
- Seller agrees to make any reasonable repairs
- Minor defects are almost always expected & accepted
- Call in expert in that area to verify & then correct the problem
- Buyer asks for repairs
- B/S perform requested repairs (about 50/50)
- Defects are remedied
- Buyer and seller negotiate on repairs
- Buyer is advised of pros and cons
- Buyer requests and seller fixes
- Depending on seriousness of issue, seller has repairs done or pays for it
- Seller fixes problems
- Buyer and seller negotiate what repairs seller will do or allow for via a monetary credit at closing
- Buyer requests seller to repair defects
- Buyer requests seller to make repairs
- Repairs done by seller
- Buyer and seller negotiate repairs or price reduction
- Seller makes repairs
- Buyer and seller negotiate items to be fixed and cost, or price of property – if necessary
- Ask for repairs and/or discount
- Buyer/seller negotiate repair and/or price
- Buyer and seller negotiate who will pay for defect
- Buyer usually asks seller to make repairs.
- Monies escrowed so buyer can have repairs completed after possession.
- Depends on how significant

10) In general, how many inspection reports in 10 were inadequate?

- (2) they were the only 2 done
- (5) inadequate because they “over-do”!

11) In transactions you’ve been involved in, how many buyers in 10 later discovered problems with their property despite having had a home inspection?

- There are often hidden, non-visual defects
- Inspection does not guarantee no problems – information only
- (2) they were the only 2 done

13) If (licensing for home inspectors) is enacted in your state, how do you think it would affect your real estate business?

- Is required in Ohio

(It would have little effect)

- I would still have customer choose from phonebook or business cards

(Does not apply to my state)

- ASHI certified
- However home inspector licensing is relatively new to my state, NJ, therefore it is a little early to comment on changes

(It would reduce the number of bad inspectors)

- Those just seeking business for repairs
- Not licensed in Ohio – they would have a code of ethics – a somewhat uniform report – continuing education – would be positive I believe

15) Please provide your opinion on the following statements:

- It is very IMPORTANT to have property inspected – it protects buyers & agents
- I feel that most agents strongly recommend home inspections to protect themselves from liability
- (I encourage buyers to get a home inspection...from liability) and most importantly for BUYER'S PROTECTION!
- I always advise my buyers to get a home inspection. It is the best thing they can do for themselves in one of the biggest transactions they make!
- They've gone too far. Nit picking, buyer's expectations too high. Sellers have too much – trying to make the house perfect.
- The only "licensed inspector" in my town is very unprofessional. Gives ½ page typed report and charges \$275.
- Some home inspectors are corrupt or "soft," just like the agents they work for
- Some realtors, those with poor ethics, may recommend "soft inspectors." I try to recommend people I believe are strong inspectors because if there is something wrong with the structure of the home I want my buyer client to know it if results in sale falling apart then I am satisfied knowing my clients were protected. I build relationships with my clients and want to be sure they are well cared for.
- It just makes sense to require a license from any profession with continued education. All other professions need a license (doctor, lawyer, realtor, beautician)
- It's not about me – it protects the buyer
- Unsure what a "soft inspector" is
- Home inspectors have not helped this industry. Important items are glossed over and minor repairs or codes are made to be of major importance.
- Note: Our biggest problem with inspectors is their lack of knowledge- or they should be required to bring in someone skilled in these areas. In most cases, they check a box and leave the customer hanging.

Home Inspector Survey

4) Is home inspection your primary occupation? No (Other):

- Coupled with Professional Engineering Inspections.
- Developer
- L.P.N.
- Manufacturing, small retail store owner
- Civil Engineer
- Industrial Engineer

- Construction Administration
- General Contractor
- Builder
- Telephone Business
- Construction Mgmt.
- Contractor/carpenter
- Sales of building supplies
- Somewhat, Building Maintenance
- Semi retired
- Technical Trainer
- Construction manager/consultant
- Retired
- Real Estate Appraisals
- Retired
- Contractor
- Electrical Contractor
- Firefighter/paramedic
- Avionic engineering
- X2x or y2y [sic] (Real Estate Investor)
- Owner of material testing lab
- Engineering Consultant
- I work for city government in building safety
- Rental Maintenance
- HVAC
- Home improvement and repairs
- Insurance Adjuster
- Construction/remodeling
- Union Pipe fitter
- Contractor on side

6) Please indicate any training you completed that prepared you to become a home inspector.
Other (please specify):

- Worked for architects and engineers; as design draftsman, as (on site) residential inspector, as a field inspector
- Built over \$80,000,000 as General Contractor, Licensed Prof. Civil Engineer, Construction contracting since 1964
- 30 + years rehab/houses
- Structural Engineering Degree/20 yrs work experience
- Project coordinator
- ITA and World Insp.
- Masters Degree in Eng. + 40 years industrial experience
- Worked with housing Authority/Environmental Co.
- Code courses
- Degree in Architecture
- Industrial Design I.E.
- B.S. Michigan State, State of Michigan Bldgs. License, 30 years bldg. exp.
- Michigan Residential Builder License
- Licensed Residential Builder
- Radon Measurement training/license

- Tech H.S. & 6 yrs college
- ASHI continuing education
- Construction Mgmt. Degree
- BS – Engineering, Mechanical Designer, 25+ years exp., field inspector – quality control, licensed builder
- Vocational teaching, college courses
- 17 years constr./trades, 3 years est. home inspector
- Franchise training
- ASHI
- Franchise training
- Engineering Education
- 15 years remodeling & service contracting
- Local & national exams
- BS Electricity/electronics, technical trainer, landlord
- Worked with engineering firm
- B.S. Mechanical Engineering
- Engineering work
- Licensed builder, licensed mechanical contractor
- Licensed builder – rehab over 300 houses
- Real Estate Management
- Licensed Builder
- I am a licensed Engineer.
- Journeyman Carpenter/Superintendent, Inspector for 2 engineering firms, University engineering subjects
- Rehabbed homes w/uncle
- Professional engineer in NJ
- Licensed engineer w/master's degree
- Ongoing education
- Worked as a building inspector for 6 years.
- NIBI (Housemaster)
- Real estate investor
- Firefighter training- fireman 27 years
- Adjuster
- BSME, MBA, Home Tech. Training
- Self education, online classes, training video, sbliies [sic], state licensing program
- Manufacturing, retail, construction materials
- Registered architect
- Purchased a franchise and completed training
- Structural Engineer
- ASHI Certification, 20-40 CEU's/yr
- U.S. Coast Guard training
- Worked in civil engineering, assessing, appraisal
- Private course on ELE/Heating

8) Are you a full member of any of the following professional organizations?

- (NACHI): This organization is a joke.
- (NACHI): They are blowhards.

Other (please specify):

- Texas Assn Real Estate Inspectors
- NJ ALPHI – Association of Licensed Professional Home Inspectors
- NSPE, NJSPE
- NJ ALPHI
- BBB, DABR (Dayton Area Board of Realtors)
- NJ ALPHI
- National Institute of Building Inspectors
- Grand Rapids Home Builders, National Home Builders
- Texas Association of Real Estate Inspectors
- International Code Council
- Charter member of Association of Home Inspectors
- NJ ALPHI
- Texas Association of Real Estate Inspectors
- HIF
- NJ ALPHI (new group)
- Texas Assoc. of Real Estate Inspectors TAREI, Structural Pest Control Board TX (SPCB)
- TAREI
- State licensed NI Assoc.
- IESO (mold)
- National Assoc. of Realtors
- Will join ASHI & AZ ASHI soon
- NJ ALPHI
- NJ ALPHI
- NJ ALPHI
- ICC
- Michigan Assoc. of Home Inspectors (AHI)
- TAREI
- TAREI
- Permkn [sic] Board of Realtors
- National Institute of Building Inspectors NIBI
- NJPE & NSPE + ASCE
- ICC, NFPA, IAES
- Licensed NJ
- ASCA
- Texas Real Estate Commission (TREC)
- Assn. of Constr. Inspectors/ Environmental Assment. Assn.
- Mich – AHI, FREA, REEI, FEMA
- NJ ALPHI
- SPREI
- MI ACHI
- (quit ASHI)
- NJ ALPHI

9) Have you passed any of the following home inspection exams?

- (NACHI): 'NACHI Online Exam' is a joke; my daughter passed this
- (NACHI): NACHI is a joke!

- (NACHI): joke!
- (NACHI): My wife passed this test...

Other:

- Have never taken an exam – do some teaching of other home inspectors
- WA state EIT exam, Texas PE Exam
- Hondros College 40 hr Home inspection course and exam
- ASHI – 10 years ago
- ASHI code of ethics exam
- ITA and World Inspect
- ASHI Test before it was NHIE
- National Radon Safety Board – Measurement Specialist
- NAHI
- ASHI
- ASHI exam as required by state of NJ
- Grandfathered
- Licensed Residential Builder
- ASHI Exam in 1990
- ASHI Exam (before NHIE)
- CA General Building Contractor License 1978
- Morris College
- NHI Examination evolved from ASHI Exam that I passed in 1996
- ASHI Exams
- ASHI
- Licensed MI Builder
- ASHI
- American Home Inspection Training Institute Exam
- ASHI Exam
- HUD/FHA Certification
- Have Building Lic. Real Est. Lic., worked direct with FHA VA state of Michigan & City of Detroit
- ASHI Exam for certified membership
- Builders license, State of MI exam
- ASHI
- MO State Dept. of Ag (Termite), MO State Dept. of Health (Septic & Water)
- NJPE + training – grandfathered in
- RCS NJ License
- Warrensburg City Contractors Codes Exams, 2003 ISC
- CABO 1+2 for GA state
- Old ASHI Exam prior to NHIE
- ASHI Exam
- ISHI
- AAHI
- Regional Building Consultant Exam

12) Do you carry Errors and Omissions?

- (Yes): “Rip off – claims made policy even bigger – rip off”
- Note: NJ minimum is \$500,000
- (No): Bonded

- (No): self insured
- (No): Carry required \$25,000. Bonded

13) From what source would you say you get most of your home inspection business? Other (please specify):

- Attorneys, lenders and appraisers
- Referrals from clients and repeat clients
- Yellow Pages
- Attorneys
- Attorneys, Mortgage and Title companies
- close recent – let it could be the other way around
- Phone Book
- State issued qualified inspectors list
- Past client referral
- No experience yet
- Advertisements, RE people and mostly word of mouth
- Newsletter
- Phonebooks
- Lettering on cab/truck
- Repeat business, referrals
- ASHI website
- Internet listings by associations
- Previous customer referrals
- Attorneys

14) Have you ever paid to be on a “preferred list?”

- (Yes): “what a waste!”
- (Yes): would not do again but withdrew after a short time.
- (No): Never will
- Never would
- I do not agree that this is allowed.
- It is illegal in NJ.
- It is unethical in AZ.

15) What do you charge for an avg. inspection?

- \$200-300 barely pays overhead and labor
- More than \$400 + termite and radon

16) Do you perform any of the following types of inspections in addition to the regular inspection?
Other:

- EIFS Testing, Legal expert on construction matters
- Septic systems, well sampling, mold testing
- Structural
- Commercial
- Septic
- Mold testing
- Septic Systems, waste testing

- EIFS
- Structural, HVAC, plumbing, electrician
- Septic
- Septic
- Septic
- Lead, mold
- Septic
- Structural
- cursory, radon, well & septic – if requested
- Gas, swimming pools, sprinkler
- Construction Consulting
- Septic, lead, C.O.
- Termite & radon, if requested
- Termite, radon and mold – all contracted out
- Mold, lagoon, septic, carbon monoxide, mechanical
- No
- DAQ or RAQ or PAQ?
- Mold, mildew testing
- Mold, pools-spa
- Septic
- None
- Pool/spa
- Septic systems
- Swimming pools, spas, foundation & environmental
- Septic, EMF, mold, asbestos
- No
- Home Maintenance Review, Pre-history Inspection, Commercial Survey
- Septic, lead
- Septic
- Septic
- Septic
- Septic
- Lead, asbestos, oil tank and structural
- Environmental, structural
- Subcontract termite
- Water ???, Doug [sic] residue testing
- Mechanical, plumbing & electrical only
- Apartment building
- Pool and spa
- Septic, mold, commercial
- Lead, asbestos, mold, formaldehyde
- Lead, mold, construction lending draws, consulting, rural construction
- oversight, environmental, other energy tune-up
- Mold
- Mold, air quality, water quality, septic, asbestos
- Structural, septic system
- Septic
- Visual lead, mold (IAQ)
- Mold, per (ELSO [sic]) Standards
- Septic

- Septic – FHA Certs.

17) Do you regularly offer cost-to-repair estimates..?

- (Yes): I do not repair anything
- Only on quest
- Verbally ONLY
- Not in writing

18) Please provide your opinion on the following statements:

- The NJ advisory committee tried to monopolize the industry with restrictive policies for new inspectors.
- I think taking a certified course is just as essential (as mentoring).
- If (licensing of home inspectors) like lawyers/CPAs okay – if like taxi drivers/licensed builders BAD...will never happen...at what price? Res.
- Builders Lic. Should be adequate. Only if it is done right.
- State issued, standard inspection form
- Many agents do (recommend soft inspectors) – many don't. No legislation can prevent an inspector from soft selling a problem. Yes to (mentoring) if voluntary – legislation must not require mentoring. Good real estate agents want good inspectors who will flag real problems, but not overstate small problems. Good realtors do not want to be responsible for recommending a “soft” inspector due to liability.
- Note: Just starting business.
- Being a “soft inspector” means more law suits. If licensing includes educational and training requirements then it is good.
- Proper certification and continuing education provides for a competent inspector. I have not seen evidence that licensing assures inspectors are competent.
- (Licensing of home inspectors as a benefit...) “only if it is done right”
- If standards are minimal the consumer takes a beating – as in MI, where no standards are in place
- Inspectors that don't report what they observe are at risk.

Homeowner Survey

6) Did you have a home inspection performed on this house before you purchased it?

- By separate companies that knew their expertise area.
- Builder had inspections required by city

6a) If not, why did you choose NOT to use a home inspector? (Other:)

- I felt comfortable with the seller disclosure form, a very costly mistake.
- Bank owner – as is purchase – investment
- Was a refinance – not a new purchase
- Land contract
- Newer home
- Sheriff sale
- Knew home owner (seller)

- I'm an investor and landlord.
- Repo house – An inspection wouldn't have mattered
- Previous experience not bad but not beautiful either
- Family members are construction workers
- Took a chance based on age and fact that it's a condo
- Payer had it inspected
- Had mandatory termite inspection
- I'm a master carpenter.
- Too many bids at one time
- Done previous 4 months prior to sale
- Had a house warranty
- I'm a builder and I built my home

6b) Since owning the home, have you discovered any significant defects (that cost more than \$500 to repair) that might have been reported by a home inspector?

- The home inspector I had did a poor job of inspecting my home
- I know some things needed fixing.
- Yes – hot water heater, no – gravity furnace
- Yes, I knew by my inspection.
- Yes, water heater

7) What led you to use a home inspector for this purchase?

- Did not use one!
- Required for VA loan
- Loan agency required inspection – would have used one regardless for peace of mind as we were buying in unknown area from out of state.

8) How did you choose the home inspector?

- No choice – VA loan
- My friend
- Used an inspector that inspected a home we were selling.
- Agent sent short list – we followed up phone calls to interview each inspector
- Use my self

9) What was your first consideration when choosing a home inspector? Other:

- Real Estate agent recommendations
- Recommended by real estate agent.
- Inspector chosen by real estate agent
- Real Estate agent
- Trusted RE Agent
- The loan paid it
- Realtor recommended 3
- Availability
- Friend of relative
- I personally knew the inspector and knew his qualifications and thoroughness.
- Friend
- Payer had inspector

- Seemed to be thorough
- Went on recommendation
- Wanted to make sure our home was up to par. We came from the city and know nothing about septic or cistern. Our choice was not least expensive. The inspector we ultimately chose was relatively new to this business but we were impressed with his knowledge and willingness to be thorough (esp. in our absence)
- Availability due to limited timeframe to get inspection.
- RE Agent chose- we didn't meet the inspector.
- Recommended

10) How much did you pay for the inspection?

- (more than \$400) also did termite inspection

12) In the home you purchased, did the inspector discover significant defects that affected the real estate transaction? If yes, how did you and the seller handle the transaction? Other:

- Home went to foreclosure, did not purchase from seller, bought later, cheaper, at auction
- Discovered serious foundation problems after purchase, but before moving in
- Nothing, the home inspector never saw the major flaw.
- Seller paid for repairs at closing
- Don't know, never said
- Seller made repairs and gave money for other repairs
- Seller made repairs for radon, split costs for window repair
- On one item I paid half and seller paid half of \$1,500.00
- Inspector cited current code violations not health or safety – the deal fell through.
- We split the repair & kept negotiated price.
- Sellers put money in escrow to pay for septic system (replaced 8/05)
- I've made all the repairs.
- Minor – seller made repairs
- (no) I knew of them.
- Defects were discovered but transaction was not affected.
- Seller paid estimated repair cost.
- Seller gave money at closing for repairs.
- Came down some in price – found major issues after closing

14) After owning your home, did you discover any defects the home inspector missed?

- (Yes) from roof leaks, water damage in two walls that should have been discovered by inspector
- They weren't defects- house does not have a front H2O faucet, and garage does not have electrical wall outlets. Several internal wall outlets are 2 prong instead of 3 prong. Also, attic is not insulated all the way.
- (yes) too many to talk about
- Due to winter purchase, outside yard hose connections could not be tested. Pipe had been cut off in wall and not disclosed by agent, can't blame the inspector

15) Were any of these defects significant (cost more than \$500 to repair)?

- (yes) \$50,000
- (yes) \$40,000
- Siding

- Inspector could not assess A/C due to cold weather. I finally replaced it. Freon leak and age of unit led to this decision.
- (yes) Gas water heater not vented properly

16) If you purchased another home in the future, would you use a home inspector?

- (yes) One that's qualified
- Yes, but of my own choosing, not the one recommended by a real estate agent. Feel like the report would have been more accurate had they not been "buddies."
- I'm not sure, maybe if he was a building inspector or definitely on our side
- Yes – we will choose one ourselves.
- Yes, but not the same one that real estate agent said to use.
- (yes) But I would select him on experience, reputation, etc. Definitely NOT one recommended by the real estate agent. I was very dissatisfied with the results. He either lied or could not see straight
- P.S. We believe all inspectors should have to be licensed.
- Not sure
- Yes, but a different one
- Yes, definitely!

Summary of State Requirements

There were no laws or regulations concerning home inspection before 1985, when Texas became the first of 30 states [as of early 2006] that have now adopted some form of guidelines concerning home inspections.

States with no home inspection regulation at present: Colorado, Delaware, Florida, Hawaii, Idaho, Iowa, Kansas, Maine, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, Ohio, Utah, Vermont, Washington, West Virginia, and Wyoming.

For those states that have enacted legislation, the entries below provide a brief summary of each state's regulation. While many states demand the same general requirements of home inspectors, areas of major divergence from the norm are noted when possible in each entry. Also included is information on how to contact each state for more detailed information concerning its specific rules and regulations.

Alabama

Home inspectors are required to become licensed by the Alabama Building Commission, which uses the National Home Inspection Examination to assess minimum competence and an adaptation of ASHI standards of practices and ethical codes. Alabama law also outlines the educational standards necessary to become licensed and details the fee and insurance requirements expected of home inspectors.

For more information, contact the Alabama Building Commission - by phone: (334) 242-4082; fax: (334) 242-4182; or on the web: <http://www.bc.state.al.us/index.htm>

Alaska

Home inspectors are required to become licensed by the Alaska Department of Commerce, Community and Economic Development, which uses the National Home Inspection Examination to assess minimum competence. Alaska law also defines penalties under which licensure may be suspended or revoked and details the fee and insurance requirements expected of home inspectors. Only eight hours of continuing education are required per licensing period in Alaska.

For more information, contact the home inspector licensing examiner at the Department of Commerce, Community and Economic Development - by phone: (907) 465-5470; fax: (907) 465-2974; or on the web: <http://www.commerce.state.ak.us/occ/phin.htm>

Arizona

Home inspectors are required to become licensed by the Arizona State Board of Technical Registration, which uses the National Home Inspection Examination to assess minimum competency. Arizona law also outlines the educational standards necessary to become licensed, the amount of prior experience required of inspectors, defines penalties under which licensure may be suspended or revoked, and details the fee and insurance requirements expected of home inspectors, with special emphasis on the financial assurances necessary for certification.

For more information, contact the Home Inspector Certification Program administrator of the Arizona State Board of Technical Registration - by phone: (602) 364-4930; fax: (602) 364-4931; or on the web: <http://www.btr.state.az.us/>

Arkansas

Home inspectors are required to register with the Arkansas Secretary of State, which uses the National Home Inspection Examination to assess minimum competence. Arkansas law also outlines the educational standards necessary to become licensed, defines penalties under which licensure may be suspended or revoked, and details the fee and general liability insurance of \$100,000 or more required of home inspectors. In addition, home inspectors are prohibited from performing work on any structure they inspected during the previous year's time.

For more information, contact the Arkansas Home Inspector Registration Board - by phone: (501) 683 - 3710; or on the web: http://www.sosweb.state.ar.us/ar_rules/archives/home_inspector_regboard.html

California

California law primarily concerns itself with the prohibition of unethical home inspection practices, in particular the repair of properties inspected during the previous year's time, as well as language encouraging the courts to consider state and ASHI ethical codes when called upon to rule on disputed inspections.

For more information, contact the California Contractors State License Board - by phone: 1-800-321-2752; fax: (916) 366-9130; or on the web: <http://www.cslb.ca.gov/>

Connecticut

Home inspectors are required to register with the Connecticut Department of Consumer Protection, which requires passage of a state exam and a high school diploma to assure minimum competence. Connecticut law also outlines the professional standards necessary to become licensed, and details the fee amounts required to secure licensure.

For more information, contact the Connecticut Department of Consumer Protection, Licenses Service Division - by phone: (860) 713-6145; or on the web: <http://www.dcp.state.ct.us/licensing/professions.htm>

Georgia

Georgia law primarily concerns itself with the written documentation home inspectors must provide, such as the scope of the inspection and notification of any defects found during the course of the inspection.

For more information, contact the Secretary of State, Construction Industry License Board - by phone: (478) 207-1300; fax: (478) 207-1363; or on the web: <http://www.sos.state.ga.us/plb/construct/>

Illinois

Home inspectors are required to register with the Illinois Department of Financial and Professional Regulation, which uses the National Home Inspection Examination and an additional section concerning Illinois statutes and regulations to assess minimum competence. Illinois law also outlines the age and educational standards necessary to become licensed, defines penalties under which licensure may be suspended or revoked, and details the fee and insurance requirements expected of home inspectors.

For more information, contact the Department of Financial and Professional Regulation - by phone: (217) 782-3000; fax: (217) 558-4297; or on the web: <http://www.idfpr.com/dpr/re/HomeInspect.asp>

Indiana

Home inspectors are required to register with the Indiana Home Inspectors Licensing Board, which determines fees, age and educational requirements, ethical codes and details the fee and insurance requirements expected of home inspectors. Indiana law also requires that any civil complaints based upon home inspection services be filed within two years.

For more information contact the Indiana Professional Licensing Agency - by phone: (317) 234-3009; fax: (317) 232-2312; or on the web: <http://www.in.gov/pla/>

Kentucky

Home inspectors are required to become licensed by the Kentucky Board of Home Inspectors, which outlines the age and educational requirements to become licensed, establishes license renewal criteria, outlines ethical standards and sets insurance requirements expected of home inspectors.

For more information contact the Kentucky Office of Housing, Buildings and Construction - by phone: (502) 573-0373, extension 144; fax: (502) 573-1057; or on the web: <http://www.ohbc.ky.gov/>

Louisiana

Home inspectors are required to become licensed by the Department of Economic Development, which uses the National Home Inspection Examination and completion of at least 120 hours of relevant coursework to assess minimum competence. Louisiana law also establishes rules prohibiting home inspectors from working upon homes they have inspected, sets insurance requirements, details requirements concerning the written reports and requires 20 hours of continuing education as a condition of license renewal.

For more information, contact the Louisiana State Board of Home Inspectors - by phone: (225) 248-1334; fax: (225) 248-1335; or on the web: <http://www.lsbhi.info/LSBHIweb.nsf/Home?OpenForm>

Maryland

While Maryland has established detailed rules regulating home inspectors, *“The law for the licensing and regulation of Home Inspectors has been deferred until an appropriation to fund the program is allocated. Therefore, there will be no activity relative to the licensing, training or regulation of home inspectors. At this time, there is no date available as to when the licensing program will begin.”*

For more information, contact the Maryland Division of Occupational & Professional Licensing - by phone: (410) 230-6165; fax: (410) 333-6314; or on the web: <http://www.dllr.state.md.us/license/occprof/reappr.html>

Massachusetts

Home inspectors are required to register with the Massachusetts Board of Registration of Home Inspectors, which uses the National Home Inspection Examination to assess minimum competence. Massachusetts law also outlines the age and educational standards necessary to become licensed, requires inspectors to have performed a minimum of 25 inspections with a licensed professional, and details the fee and insurance requirements expected of home inspectors.

For more information, contact the Massachusetts Board of Registration of Home Inspectors - by phone: (617) 727-4459; fax: (617) 727-2197; or on the web: <http://www.mass.gov/dpl/boards/hi/>

Mississippi

Home inspectors are required to be licensed by the Mississippi Real Estate Commission, which uses the National Home Inspection Examination to assess minimum competence.

Mississippi law also outlines the age and educational standards necessary to become licensed, requires completion of at least 60 hours of relevant coursework, defines penalties under which licensure may be suspended or revoked, and details the fee and insurance requirements expected of home inspectors. In addition, the law sets a three-year limit on recovery of damages from an inspection.

For more information, contact the Mississippi Real Estate Commission's Home Inspector Regulatory Board - by phone: (601) 932-9191; or on the web: <http://www.mrec.state.ms.us/default.asp?siteid=3>

Montana

Montana law primarily concerns itself with the written documentation home inspectors must provide, as well as defining the activities in which home inspectors may not engage.

For more information, contact the Montana Office of Building Codes and Inspection - by phone: (406) 841-2040, fax: (406) 841-2050, or on the web: http://mt.gov/dli/bsd/bc/build_info2.asp

Nevada

Home inspectors are required to become certified by the Nevada Real Estate Division of the Department of Business and Industry, which requires at least 40 hours of approved coursework, passage of a state exam and a high school diploma. Nevada law also requires an inspector demonstrate the ability to produce credible reports, submit a log of inspections on state-issued forms and details the fee and insurance requirements expected of home inspectors.

For more information, contact the Nevada Department of Business and Industry, Real Estate Division - by phone: (775) 687-4280; fax: (775) 687-4868; or on the web: http://www.red.state.nv.us/insp_licreq.htm

New Jersey

Home inspectors are required to become licensed by the New Jersey Home Inspection Advisory Committee, which allows for two licensure options: completion of a state-approved 180-hour course of study including 40 hours of unpaid home inspection under professional guidance of a licensed home inspector, or the performance of 250 paid home inspections under the

professional guidance of a licensed home inspector. In addition, New Jersey also outlines the age and minimum educational standards necessary to become licensed, defines penalties under which licensure may be suspended or revoked, and details the fee and insurance requirements expected of home inspectors.

For more information, contact the New Jersey Home Inspection Advisory Committee - by phone: (973) 504-6460; or on the web: <http://www.state.nj.us/lps/ca/nonmedical/hiac.htm>

New York

Home inspectors are required to secure a two-year license from the New York State Department of State Division of Licensing Services, which entails an initial fee of \$250 and renewal fees of \$100. New York allows for two licensure options: completion of a state-approved 140-hour course of study including 40 hours of unpaid home inspection under professional guidance of a licensed home inspector, or the performance of 100 hours of paid or unpaid home inspections under the professional guidance of a licensed home inspector. In addition, New York also outlines the age and minimum educational standards necessary to become licensed and states the requirements concerning the written reports.

For more information, contact the Deputy Secretary of State for Business and Licensing Services at the New York State Department of State Division of Licensing Services - by phone: (518) 474-4429; fax: (518) 473-6648; or on the web: <http://www.dos.state.ny.us/lcns/homeinspector.htm>

North Carolina

Home inspectors are required to become licensed by the North Carolina Department of Insurance, which outlines the educational standards necessary to become licensed, mandates completion of 100 paid home inspections after passage of a state exam, requires affiliation with a licensed home inspector, and details the fee and insurance requirements expected of home inspectors, with special emphasis on the financial assurances necessary for certification.

For more information, contact the North Carolina Home Inspector Licensure Board - by phone: (919) 662-4480; fax: (919) 662-4414; or on the web: <http://www.ncdoi.com/>

North Dakota

Home inspectors are required to register with the North Dakota Secretary of State, which uses several nationally recognized exams to assess minimum competence. North Dakota law also outlines the minimum educational standards necessary to become licensed, defines penalties under which licensure may be suspended or revoked, and details the fee and insurance requirements expected of home inspectors, with special emphasis on the financial assurances necessary for certification.

For more information, contact the North Dakota Secretary of State - by phone: (701) 328-2900; or on the web: <http://www.nd.gov/sos/homeinspector/>

Oklahoma

Home inspectors are required to become licensed by the Oklahoma Committee of Home Inspector Examiners, which uses the National Home Inspection Examination to assess minimum competence. Oklahoma law also outlines the educational standards necessary to become licensed, the amount of continuing education required of inspectors, defines penalties under which licensure may be suspended or revoked, and details the fee and insurance requirements expected of home inspectors.

For more information, contact the Oklahoma Department of Health, Occupational Licensing - by phone: (405) 271-5243; fax: (405) 271-3458; or on the web: <http://www.health.state.ok.us/program/ol/info.html#home>

Oregon

Home inspectors are required to become licensed by the Oregon Construction Contractors Board, which uses a state exam to assess minimum competence and completed continued education for renewal of certification. Oregon law also details the fee and insurance requirements expected of home inspectors, with special emphasis on the financial assurances necessary for certification.

For more information, contact the Oregon Construction Contractors Board - by phone: (503) 378-4621; fax: (503) 373-2007; or on the web: <http://www.oregon.gov/CCB/>

Pennsylvania

Pennsylvania law requires home inspectors to be a member of a national home inspection professional association that: operates as a not-for-profit; has members in at least 10 states; requires 100 home inspections and a exam for membership; requires members complete continuing education credit; and has a code of ethics. The law also stipulates that home inspectors carry Errors & Omissions Insurance.

For more information, contact the Pennsylvania Bureau of Consumer Protection - by phone: (717) 787-9707; or on the web: <http://www.attorneygeneral.gov/consumers.aspx?id=255>

Rhode Island

Home inspectors are required to become licensed by the Rhode Island Contractors' Registration Board, which uses the National Home Inspection Examination to assess minimum competence. Rhode Island law also outlines the ethical standards necessary to operate in the profession and details the fee and insurance requirements expected of home inspectors. *Full enactment of the home inspector licensing program in Rhode Island is still pending due to lack of funding.*

For more information, contact the Rhode Island Contractors' Registration Board - by phone: (401) 222-1268; fax: (401) 222-2599; or on the web: <http://www.crb.state.ri.us/inspectors.htm>

South Carolina

Home inspectors are required to become licensed by the South Carolina Residential Builders Commission, which requires current certification as a home inspector by an organization recognized by the Commission, a minimum of one year of experience as a home inspector under the supervision of a licensed inspector, and performance of at least fifty residential inspections.

For more information contact the Residential Builders Commission at the South Carolina Department of Labor, Licensing and Regulation - by phone: (803) 896-4696; or on the web: <http://www.llr.state.sc.us/>

South Dakota

Home inspectors are regulated by the South Dakota Real Estate Commission, which uses the National Home Inspection Examination to assess minimum competence. South Dakota law also outlines the ethical standards necessary to become licensed and the amount of prior experience or academic study required of inspectors.

For more information, contact the South Dakota Real Estate Commission - by phone: (605) 773-3600; fax: (605) 773-4356; or on the web: <http://www.state.sd.us/sdrec/>

Tennessee

Home inspectors are required to become licensed by the Tennessee Home Inspector Licensing Program, which outlines the 90 hours of state-approved educational standards necessary to become licensed and successful completion of a state-approved exam. Tennessee law also details the fee and insurance requirements expected of home inspectors.

For more information contact the Tennessee Home Inspector Licensing Program - by phone: (615) 253-1743; fax: 615-741-6470; or on the web: <http://www.state.tn.us/commerce/boards/hic/>

Texas

Home inspectors are regulated by the Texas Real Estate Licensing Board, which determines the fees, testing and continuing education requirements used to assess minimum competence. While applicants are generally required to work as an apprentice inspectors under the supervision of a professional licensed home inspector, educational course work and an examination can be substituted in certain cases.

For more information, contact the Texas Real Estate Commission - by phone: (512) 459-6544; fax: (512) 465-3910; or on the web: <http://www.trec.state.tx.us/inspector/default.asp>

Virginia

Home inspectors are certified by the Virginia Board for Asbestos, Lead and Home Inspectors, which uses the National Home Inspector Examination to assess minimum competence. Virginia law also outlines the educational standards of either: 35 hours of classroom instruction and 100 home inspections, or 70 hours of classroom instruction and 50 home inspections, as well as defining penalties under which licensure may be suspended or revoked, and the insurance requirements expected of home inspectors.

For more information, contact the Virginia Board for Asbestos, Lead, and Home Inspectors - by phone: (804) 367-8500; or on the web: http://www.state.va.us/dpor/asb_main.htm

Wisconsin

Home inspectors are required to become certified by the Wisconsin Department of Regulation and Licensing, which uses a state exam to assess minimum competence. Wisconsin law also outlines the ethical standards necessary to maintain licensure, prohibits home inspectors from working on structures they have inspected during the past two years, notes the difference between a reasonably competent and diligent report and one which is technically exhaustive and requires a fee to accompany application.

For more information, contact the Wisconsin Department of Regulation and Licensing - by phone: (608) 266-2112; fax: (608) 267-0644; or on the web: <http://drl.wi.gov/prof/homi/def.htm>

Matrix of Existing Regulation

The following matrix augments the descriptions of present regulation in Appendix F. Notes relating to specific issues (the column headings) are provided for each state that presently regulates home inspectors. Because of the extensiveness of each issue and the limited space, these notes are meant only to be for general comparison purposes, and should not be construed as exhaustive. Consult the individual state statute or regulation for more information, or contact the state's regulating agency. (Contact information is included in Appendix F.)

	Education before licensing (hours)	Continuing education per year (hours)	Experience before licensing (# of inspections)	Examination before licensing	Standards of Practice	Prohibited acts - Code of Ethics	Definitions	Governing Agency	Staff	Insurance - General	Insurance - E&O	Reporting requirements	State-mandated Forms for Inspections?	Reciprocity?	Penalties	Registration Fee - Initial	Renewal Fee	Registration expires	Notes			
Alabama	None	None	100	NHIE	ASHI's	ASHI's S&E Exam	Yes	Alabama Building Commission	The membership of the Alabama Building Commission consists of the Governor as chairman, the State Health Officer, the Director of Finance, the State Superintendent of Education, four (4) members from the Senate to be elected by that body at each regular session of the Legislature, and four (4) members from the House of Representatives to be elected by that body at each regular session of the Legislature. One starting position under the ABC is allocated to the Home Inspection Division, which issues licenses for Home Inspectors and EIFS applicants after confirming compliance with state laws.	\$100,000	\$250,000	Written report required	No	No	Class A Misdemeanor for working w/o a license, unable to enforce client contract if not licensed	\$300	\$300/year	Dec. 31 each year				
Alaska	None	4	None	NHIE, AHITI, NAHI	None	Prohibited: offer to repair, offer money to agent/broker, disclose info in report to 3rd party	No	Division of Corporations, Business, and Professional Licensing, under the Dept. of Commerce, Community, and Economic Development	Division of Corporations, Business, and Professional Licensing handles staffing issues.	up to \$100,000	none	Written report required, valid for 180 days	No	No	Class B Misdemeanor for criminal issues; revocation of license, etc.	\$200/biennially	June 30, biennially	Client has one year to register a complaint against an inspector from time of inspection; inspectors must also have an Alaska business license				
Arizona	80	None	100	NHIE	adapted from ASHI	Yes	Yes	Arizona State Board of Technical Registration (with a Home Inspector Rules & Standards Committee)	The Board of Technical Registration was established in 1921. It is a self-supporting board deriving its revenues from fees charged for application, examination, license renewal and other miscellaneous services rendered. The day-to-day operations of the Board are overseen by an Executive Director appointed by the Board; eighteen staff members, and an Assistant Attorney General assigned to the Board; Office operations include Administration, Licensing and Enforcement. The Board's regulatory Agency for the following professions: On-Site Workers, Insulators, Insulators, On-Site Insulators, Home Inspectors, Landscape Architects, Surveyors and Remediation Specialists. Members of the Board are appointed by the Governor for three-year terms. Initially, staffing to be provided by Secretary of State, until the board determines finances can support own staffing needs. The staff shall: 1. Be the custodian of permanent, official, home inspector registration files and shall maintain permanent records of all home inspector registration applications received since enactment of the original Arkansas Home Inspector Registration Act in 1997. 2. Maintain the permanent records of the board. 3. Receive and process all correspondence to the Board to include, but not limited to applications for initial registration and renewal of registration. 4. Respond to requests for general information, applications for registration or renewal of registration, complaint forms, or copies of documents. Matters which the Board's staff are not prepared to respond to may be referred to the appropriate Board member(s) designated by the Board chairperson. 5. Perform other administrative duties as may be assigned by the Board.	\$25,000	\$200,000	None	None	None	None	None	Yes	Fingerprint card required to be on file.	\$310	Yearly	Yearly	
Arkansas	None	14	None	NHIE	None	None defined, but applicants must take ASHI's Ethics Exam	Yes	None	Initially, staffing to be provided by Secretary of State, until the board determines finances can support own staffing needs. The staff shall: 1. Be the custodian of permanent, official, home inspector registration files and shall maintain permanent records of all home inspector registration applications received since enactment of the original Arkansas Home Inspector Registration Act in 1997. 2. Maintain the permanent records of the board. 3. Receive and process all correspondence to the Board to include, but not limited to applications for initial registration and renewal of registration. 4. Respond to requests for general information, applications for registration or renewal of registration, complaint forms, or copies of documents. Matters which the Board's staff are not prepared to respond to may be referred to the appropriate Board member(s) designated by the Board chairperson. 5. Perform other administrative duties as may be assigned by the Board.	\$100,000	none	None	No	Yes	Suspend or revoke registration, place inspector on probation, and/or issue fine up to \$1,000. Infractions published on web site	N/A	Dec. 31 each year	Yearly				
California	None	None	None	None	None	Yes	Yes	None	Various Board penalties for poor inspection practices; \$200 fine for not following requirements up to \$5,000 fine for practicing illegally	None	None	None	No	No	None	None	None	The California law prohibits unethical home inspection practices, such as repairing properties after an inspection				
Connecticut	board-approved training program	20 hours every 2 years	200/100	State exam	Yes	Yes	Yes	Occupational & Professional Licensing Division	Staff in the Occupational & Professional Licensing Division administer all licensing requirements in the state, as determined by the Board	None	None	Must give client written statement that work is regulated by Board and complaints are made to that Board	Disclosure form	Yes		\$250, \$375 which covers following year	June 30, biennially	200 inspections required before licensing, unless applicant has been through an HI training school, then requirement is 100				
Georgia	None	None	None	None	Minimum standards established by rule as adopted by DFPR	None	Yes	None	Georgia law requires home inspectors to provide written documents containing certain information with regard to inspections. This written document must include the scope of the inspection, including the structural elements and systems to be inspected, that the inspection is a visual inspection, and that the home inspector will notify, in writing, the person on whose behalf such inspection is being made of any defects noted during the inspection.	None	None	None	No	None	None	None	None					
Illinois	60	12 over 2 years	None	State exam (NHIE with state questions added)	None	Yes, though somewhat limited	Yes	The Department of Financial and Professional Regulation handles all licensing regulations for the state, including one position for home inspection.	Indiana Professional Licensing Agency handles the administrative tasks associated with licensing a variety of professions.	None	None	None	No	Yes	Improper trades practices can result in license suspension; criminal activity a Class B infraction	\$450	\$200	Nov. 30 of even numbered years	Home Inspector Entity license required for incorporated HI business			
Kentucky	TBD	TBD	TBD	NHIE	ASHI, NAHI or equivalent	TBD	Yes	10 member Kentucky Board of Home Inspectors, under the Department of Public Protection	Office of Housing, Buildings and Construction under the Department of Public Protection provides staffing	\$250,000	None	TBD	No	Yes	Suspension of license by board; cease and desist	\$250	biennially	Last day of inspectors birth month, biennially	The Kentucky Board of Home Inspectors was created by SB 34 and became effective July 13, 2004. Although the bill became effective in July of 2004, home inspectors will not be required to be licensed until July 1, 2006. During the fall of 2005 and winter 2006, the board is finalizing the licensing requirements.			
Louisiana	90 hours classroom/ 30-40 hours field training	30-40 hours	20	Board approved exam	Comprehensive	Yes	Yes	Louisiana State Board of Home Inspectors, under the Department of Economic Development	All home inspection reports shall comply with all requirements as set forth in the Standards of Practice, these Rules and the Law.	\$300,000	\$300,000	TBD	No	Yes	The Board may suspend or revoke any license, or censure, fine, or impose probationary or other restrictions on any licensee for good cause	\$200	\$100	1 year after last day of the month in which licenses issued	\$5 fee per inspection paid to Board; Though enacted in 2001, the Maryland legislature never allocated funding to implement this law; still stands in limbo			
Maryland	48	0	None	TBD	TBD	TBD	TBD	Division of Occupational & Professional Licensing is supposed to handle staffing.	Well defined in Standards of Practice. State provides condensed version of Standards of Practice so client, lawyer, etc... can double check to see if all report requirements were met.	\$50,000	none	TBD	No	Limited	Board hearing and discipline; criminal prosecution for illegal acts	\$50 for assoc. license; \$338 for permanent license	TBD	TBD				
Massachusetts	None	25 to become assoc.; then 24 add. 100	None	NHIE	Yes	Prohibition against deceptive advertising and fee setting practices	Yes	Board of Registration of Home Inspectors	Under the Division of Professional Licensure, which handles staffing.	None	\$250,000	None	None	Yes								
Mississippi	60	10	None	NHIE	ASHI's	Yes	Yes	Mississippi Real Estate Commission handles staffing, with one administrative assistant position dedicated to handling home inspection licensing.	Mississippi Real Estate Commission handles staffing, with one administrative assistant position dedicated to handling home inspection licensing.	\$250,000	\$250,000	None	No	Yes	\$1,000 fine for practicing w/o license, \$5000 for 2nd or more offense.	\$500	\$325	2 years from date of issue	Certain individuals acting under their profession or license are exempted from additional licensure by the Commission for "visual inspections"-specialty and general contractors, architects, engineers, financial institution employees, licensed real estate broker, appraiser or home builder. Montana's law only defines a few terms, describes a few reporting requirements, and outlines fundamental prohibited acts			
Montana	None	None	None	None	Minimal	Yes	Minimal	None	Prescribes what must be identified in a home inspection; written report required unless client denies in writing	None	None	None	No	NA	Minimal	None	NA	NA				

	Education before licensing (hours)	Continuing education per year (hours)	Experience before licensing (# of inspections)	Examination before licensing	Standards of Practice	Prohibited acts - Code of Ethics	Definitions	Governing Agency	Staff	Insurance - General	Insurance - E&O	Reporting requirements	State-mandated Forms for Inspections?	Reciprocity?	Penalties	Registration Fee - Initial	Renewal Fee	Registration expires	Notes
Nevada	40	20	Observe 25 inspectors	State exam	Yes	Fairly extensive, good model	Yes	Real Estate Division of the Department of Business and Industry Home Inspection Advisory Committee under the State Board of Professional Engineers and Land Surveyors	The Nevada Real Estate Division handles all staffing requirements.	\$100,000	\$100,000	Inspection shall cover details associated with: interior components, built-in kitchen appliances, insulation and ventilation systems, plumbing systems, electrical systems, heating systems, air-conditioning systems, exterior components, roofing components, structural systems, and the site of the structure	No	No	Grounds for disciplinary action against a certified inspector are: unprofessional conduct, professional incompetence, and a criminal conviction for a felony or any offense involving moral turpitude.	\$250/ biennially	biennially	biennially	The law provides that a purchaser may not recover damages from a seller on the basis of an error or omission in the disclosure form that was caused by the seller's reliance upon information provided to the seller by a certified inspector of real estate. Fingerprints kept on file.
New Jersey	180 or 250 inspections under licensed inspector	40	250 or 180 education	NHIE	Yes	Yes	Yes	Division of Licensing Services, under the Department of State, with a 7 member advisory council (6 of State, 4 inspectors and 2 at large members)	State Board of Professional Engineers and Land Surveyors handles staffing requirements	None	\$500,000	N/A	No	Yes	Yes	\$625/ biennially	biennially	April 30th of odd years	
New York	140 hours or 100 inspections under licensed inspector	TBD	40 hours in field training, or 100 inspections	State exam	Yes	Yes, fairly good/extensive	Limited	Home Inspector Licensure Board, under the Department of Insurance	The Division of Licensing Services handles the staffing requirements to administer the legislation	\$150,000 (\$500,000 aggregate)	none	Under the Duty of Care provisions, every home inspector must provide a written report to the client, indicating what components and systems were observed, and must maintain the client's wishes for confidentiality	No	Yes	Yes, fairly well defined	\$250	\$100	biennially	NY's law only went into effect Jan 1, 2006. Hence certain elements have yet to be determined. Home inspection instructors must be certified by the state.
North Carolina	None	None	100	State exam	Extensive	Yes	Yes	The Division of Engineering and Building Codes in the Department of Insurance provides clerical and other staff services, required by the Board, and administers and enforces all provisions of the legislation, subject to the direction of the Board. The Board reimburses the Division for its services to the Board.		None	None	A licensed home inspector or licensed associate home inspector must give to each person for whom the inspector performs a home inspection, a written report of the inspection the date set in a written agreement by the parties to the home inspection. If the parties to the home inspection did not agree on a date in a written agreement, the inspector must give the person the report within 3 business days after the inspection was performed.	Yes	Yes, fairly extensive	\$25 to apply, \$150 if license issued	same as initial	Sept. 30, yearly		
North Dakota	None	None	None	Tests from various professional assoc. valid	None	None	Limited	None (Registration with Secretary of State)	Staff in office of the Secretary of State handles the minimal staffing requirements to administer the ND registration requirements.	None	\$100,000	None	No	No	Class B. misdemeanor for practicing without registering	\$200	June 30	Law only requires that individual register, have E&O insurance, and have passed an exam from a national examining association.	
Oklahoma	80	5	None	NHIE	Yes	Yes	Yes	Examiners, under the Department of Health, Occupational Licensing	Occupational Licensing staff handles requirements.	\$50,000	None	None	No	No	Board defined, though law stipulates misdemeanor charge and \$1,000 fine	\$150	12 months after issued		
Oregon	N/A	30 over 2 years	N/A	State test	Yes, fairly extensive	Yes	None	Construction Contractors Board	Staff from the Construction Contractors Board handles staffing issues.	N/A	N/A	Provide a written inspection contract, signed by both the Oregon certified home inspector and client, prior to completing a home inspection that shall: (A) State that the home inspection is in accordance with standards and practices set forth in Division 8 of OAR chapter 812; (B) Describe the services provided and their cost; (C) State where the planned inspection differs from the standard home inspection categories as set forth in OAR 812-008-0205 through 812-008-0214; and (D) Conspicuously state whether the home inspection includes a wood destroying organism inspection and if such inspection is available for a fee.	No	N/A	N/A	\$75/ biennially	2 years		Very confusing and convoluted regulation; Must be certified to perform home inspections, but must be licensed (or work for a company that is licensed) as a contractor by the COB; point system used to reach certification
Pennsylvania	NA	NA	100	Assoc. test	As per assoc.	Yes	Yes	None	None	None	\$500,000 aggregate	Report must include a description of the scope of the inspection and a description of any material defects.	No	NA	Any person who violates a final order of the board is deemed guilty of a misdemeanor and, upon conviction, may be imprisoned for a term not exceeding one year, or fined not more than one thousand dollars (\$1,000) for each offense.	None	NA		Law requires that inspector be member of a national home inspection association that meets several membership requirements. No governmental body monitors inspectors.
Rhode Island	None	24 over 2 years	100	NHIE	Yes (extensive)	Yes	Yes	Contractors' Registration Board	No staffing requirements yet as law is not yet enforced.	\$250,000	\$250,000	(c) Every written report of a home inspection provided to a client by a licensee must include: (1) A notice that any complaints regarding the home inspection or the home inspector or associate home inspector who performed it may be directed to the board, and shall also include the current address and telephone number of the board. (2) Where applicable, a disclosure that an inspection was performed by an associate home inspector.	No	Yes	\$200 (biennially)	after 2 years		Though enacted several years ago, the RI regulation is still not yet in effect because of funding constraints.	
South Carolina	NA	NA	50	State exam (where applicable)	Yes	Yes	Limited	Residential Builders Commission	Staff at the Residential Builders Commission handle the personnel requirements to administer the program	None	None	None	No	No	Yes	same as initial	July 1st of each year	License issued either by being member of Board approved organization or by examination; in both instances applicant must have performed 50 inspections.	
South Dakota	40	24 over 2 years	100	NHIE	Yes	Yes	Limited	South Dakota Real Estate Commission	Staff at the South Dakota Real Estate Commission handles personnel requirements.	None	None	None	No	Yes	Yes (not extensive)	\$200 (biennial)	2 years	Dec. 31 biennially (though renewal app. must be received by Nov. 30)	2 levels: Registered Home Inspector and Licensed Home Inspector
Tennessee	32 over 2 years	90	None	TBD	TBD	TBD	Yes	Division of Regulatory Boards handles staffing requirements.		TBD	TBD	Licensing legislation enacted in 2005 and to go into effect July 1, 2006. Spring of 2006 details of license to be determined	No	Yes		TBD	2 years after issue		Fairly complicated program; three levels of inspector license: Apprentice Inspector, Real Estate Inspector, and Professional Inspector. Also can be licensed under education/ experience alternative. Different requirements apply to each level. \$100 of reg. fee goes to fund to cover suits against negligent inspectors.
Texas	128	N/A	200 (25 as apprentice, 175 as RE inspector)	State exam	Extensive	Extensive	Yes	Texas Real Estate Commission Virginia Board for Lead, Asbestos, and Home Inspectors, under Department of Professional and Occupational Licensing	Staff at Texas Real Estate Commission handles personnel requirements.	None	None	Standardized form for all inspection reports; inspector may add information to form.	Yes	Limited	Yes	\$239	\$56	2 years after issue	Not a licensing program; only a certification program; 35 hours education and 100 inspections or 70 hours education and 50 inspections.
Virginia	35 or 70	None	100 or 50	NHIE	Yes	Yes	Yes	Department of Professional and Occupational Licensing	Department of Professional and Occupational Licensing handles staffing requirements.	\$250,000	none	For the protection of both the client and the certificate holder, both parties shall sign a legible written contract clearly specifying the terms, conditions, and limitations and exclusions of the work to be performed.	No	Yes		\$25	Yearly		
Wisconsin	None	20	None	NHIE	Limited	Limited	Limited	Department of Regulation and Licensing	Department of Regulation and Licensing handles staffing requirements.	None	none	After completing a home inspection, a home inspector shall submit a written report to a client that: lists the components of an improvement to residential real property that the home inspector is required to inspect, has inspected, and describe any condition of an improvement to residential real property that is detected by the home inspector during his or her home inspection and that, if not repaired, will have a significant adverse effect on the life expectancy of the improvement.	No	No	In addition to or in lieu of proceeding under sub. (2) the department may assess against a person who has engaged in any of the practices specified in sub. (2) a forfeiture of not more than \$1,000 for each separate offense.	\$53	Dec. 31, each year	Client has two years to file complaint against home inspector	

Statistics Definitions

Alternate Hypothesis: a hypothesis or claim that is different from the null hypothesis

Count or Observations: the number of items or data values in the distribution

df: degrees of freedom

Hypothesis: a claim or unproven theory being studied

Level of Significance: the probability of rejecting the null hypothesis when it is true

Mean: average

Median: the data value in the middle of the distribution

Mode: the data value which occurs most frequently in the distribution

Null Hypothesis: a claim that there is no difference in the means or proportions between two groups

Pooled Variance: an estimate of the combined variance of two populations

Proportion: the number of items in a category divided by the total number of items

p-value: the level of significance attained based on the data

Range: the difference between the highest and lowest data values in the distribution

Standard Deviation: a number which describes the amount of variation between the raw data values and the mean

Standard Error of the Mean: the standard deviation divided by the square root of the sample size

t-stat: the calculated t-value for a Student's t-distribution equivalent to an original data value

Variance: the square of the standard deviation

Suggested Home Inspector Training Curriculum

INTRODUCTION TO HOME INSPECTION (20 hours)

The Role of Home Inspection in a Real Estate Transaction
Home inspection ethics
Ohio Licensing Requirements for Home Inspectors
Current Trends in the Home Inspection Industry

INTRODUCTION TO BUILDING CONSTRUCTION (40 hours)

History of Building Construction in America
Materials used and installation techniques for a variety of American building materials used for foundations, walls, roofs, interior finishes, etc.

BUILDING PATHOLOGY (40 hours)

Understanding how materials deteriorate and the factors leading to deterioration

- Wood
- Metals
- Masonry
- Paint
- Ceramics
- Paper

A system-by-system approach to evaluating buildings outlining cause and affect relationships and identifying leading causes of system failure.

- Foundations
- Structural Systems
- Wall and Floor Systems
- Roofing Systems
- Mechanical, Electrical and Plumbing Systems
- Insulation and Ventilation Systems
- Interior Finish Systems

Discussion of various methods used to conduct home inspections

Scope of Inspections

Checklists and other inspection aids.

Tools used during a home inspection

A number of instructor-lead home inspections will be included in this course.

OPERATING AN INSPECTION BUSINESS (20 hours)

Safety issues
Legal issues
Bonding and Insurance
Codes
Contract writing
Professional Conduct
Marketing and Advertising
Ethical Issues

FIELD SCHOOL (variable hours)

Instructor led group home inspections that require candidates to individually complete a number of home inspections that will then be reviewed and critiqued in class. Instructor will grade the student's inspections and only students with passing grades will receive two Experience Points for each home inspection certified in this class.

PRACTICAL HOME INSPECTION EXPERIENCE POINTS (50 points necessary for licensure)

HI candidates will be required to complete the equivalent of 50 points that can be earned as follows:

- a) shadowing and working on inspections completed by an Ohio Licensed HI. (1 point for every inspection certified)
- b) attend continuing education classes conducted by an approved agency. (1 point for every 4 hours of class)
- c) attend an approved field school where students conduct inspections and discuss the results under the supervision of a licensed instructor (2 points for every certified inspection)

Texas Standard Inspection Form

Only one state, Texas, uses a statewide form for home inspectors. It is included here for reference.

PROPERTY INSPECTION REPORT

Prepared For: _____
(Name of Client)

Concerning: _____
(Address or Other Identification of Inspected Property)

By: _____
(Name and License Number of Inspector) (Date)

(Name, License Number and Signature of Sponsoring Inspector, if required)

The inspection of the property listed above must be performed in compliance with the rules of the Texas Real Estate Commission (TREC).

The inspection is of conditions which are present and visible at the time of the inspection, and all of the equipment is operated in normal modes. The inspector must indicate which items are in need of repair or are not functioning and will report on all applicable items required by TREC rules.

This report is intended to provide you with information concerning the condition of the property at the time of inspection. Please read the report carefully. If any item is unclear, you should request the inspector to provide clarification.

It is recommended that you obtain as much history as is available concerning this property. This historical information may include copies of any seller's disclosures, previous inspection or engineering reports, reports performed for or by relocation companies, municipal inspection departments, lenders, insurers, and appraisers. You should attempt to determine whether repairs, renovation, remodeling, additions or other such activities have taken place at this property.

Property conditions change with time and use. Since this report is provided for the specific benefit of the client(s), secondary readers of this information should hire a licensed inspector to perform an inspection to meet their specific needs and to obtain current information concerning this property.

ADDITIONAL INFORMATION PROVIDED BY INSPECTOR

Additional pages may be attached to this report. Read them very carefully. This report may not be complete without the attachments. If an item is present in the property but is not inspected, the "NI" column will be checked and an explanation is necessary. Comments may be provided by the inspector whether or not an item is deemed in need of repair.

I=Inspected		NI=Not Inspected		NP=Not Present	R=Not Functioning or In Need of Repair	Inspection Item
I	NI	NP	R			

I. STRUCTURAL SYSTEMS

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | A. Foundations (If all crawl space areas are not inspected, provide an explanation.)
<i>Comments (An opinion on performance is mandatory.):</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | B. Grading and Drainage
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | C. Roof Covering (If the roof is inaccessible, report the method used to inspect.)
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | D. Roof Structure and Attic (If the attic is inaccessible, report the method used to inspect.)
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | E. Walls (Interior and Exterior)
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | F. Ceilings and Floors
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | G. Doors (Interior and Exterior)
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | H. Windows
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I. Fireplace/Chimney
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | J. Porches, Decks and Carports (Attached)
<i>Comments:</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | K. Other
<i>Comments:</i> |

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I	NI	NP	R			

II. ELECTRICAL SYSTEMS

A. Service Entrance and Panels
Comments:

B. Branch Circuits - Connected Devices and Fixtures (Report as in need of repair the lack of ground fault circuit protection where required.):
Comments:

III. HEATING, VENTILATION AND AIR CONDITIONING SYSTEMS

A. Heating Equipment
Type and Energy Source:
Comments:

B. Cooling Equipment:
Type and Energy Source:
Comments:

C. Ducts and Vents
Comments:

IV. PLUMBING SYSTEM

A. Water Supply System and Fixtures
Comments:

B. Drains, Wastes, Vents
Comments:

C. Water Heating Equipment (Report as in need of repair those conditions specifically listed as recognized hazards by TREC rules.)
Energy Source:
Comments:

D. Hydro-Therapy Equipment
Comments:

V. APPLIANCES

A. Dishwasher
Comments:

I=Inspected		NI=Not Inspected		NP=Not Present	R=Not Functioning or In Need of Repair	Inspection Item
I	NI	NP	R			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			B. Food Waste Disposer <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			C. Range Hood <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			D. Ranges/Ovens/Cooktops <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			E. Microwave Cooking Equipment <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			F. Trash Compactor <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			G. Bathroom Exhaust Fans and/or Heaters <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			H. Whole House Vacuum Systems <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			I. Garage Door Operators <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			J. Door Bell and Chimes <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			K. Dryer Vents <i>Comments:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			L. Other Built-in Appliances <i>Comments:</i>

I=Inspected		NI=Not Inspected		NP=Not Present	R=Not Functioning or In Need of Repair	Inspection Item
I	NI	NP	R			

VI. OPTIONAL SYSTEMS

A. Lawn Sprinklers

Comments:

B. Swimming Pools and Equipment

Comments:

C. Outbuildings

Comments:

D. Outdoor Cooking Equipment

Energy Source:

Comments:

E. Gas Lines

Comments:

F. Water Wells (A coliform analysis is recommended.)

Type of Pump:

Type of Storage Equipment:

Comments:

G. Septic Systems

Comments:

H. Security Systems

Comments:

I. Fire Protection Equipment

Comments:

Existing Regulations

The CD-ROM enclosed in the back cover of this report contains copies of regulations for home inspectors from all 30 states that have presently enacted them. Because in printed form this would have required 400 to 500 additional pages, it was decided to include them in an electronic format instead. These regulations can be consulted to gain a detailed understanding of the regulations each state has enacted or the ways states have addressed specific issues. However, these are not official copies of regulations, statutes, or legislation and should not be construed as such. They are included for information purposes only. Contact each state individually using the information in Appendix F for information on obtaining official versions of these regulations.