

White Paper:
The Home Inspection Business in Ontario
A guide to getting into the business

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WHITE PAPER:

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A guide to getting into the business

For an entrepreneur looking into the home inspection industry, things can seem fairly confusing. Nobody seems to have straight answers to simple questions. This paper will help you wade through the confusion of information that exists for new or prospective home inspectors and will move you towards a successful career or business opportunity in home inspection. The focus here is on the self-starter wishing to enter the home inspection business as an independent home inspector. High cost franchise opportunities are not addressed here, though may be worth considering depending on your specific needs.

Please take note of the document date and any revisions. Things change and the information contained in this document is only correct as of the date shown in the header. It is important that you read the entire document.

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The Straight Answers on Licensing

Do you require a license to conduct home inspections in Ontario?

No. There are no such requirements. Anybody can start a home inspection company and perform inspections in Ontario. As you might expect, this has resulted in many unqualified people entering the business. The good news is that they're rarely successful.

What's an RHI and do I have to be an RHI?

RHI stands for 'Registered Home Inspector'. RHI is a designation that exists in Ontario, there is no legislation requiring a home inspector to join this organization. This designation is only for full members of the Ontario Association of Home Inspectors. There is no requirement for you to be an RHI. You can start and run a home inspection business without joining the association and without having the RHI designation.

Isn't that a contradiction? First you say I don't have to be licensed to do home inspections then you say there is an RHI designation in Ontario.

Here is a parallel example. You could go to business school and get an MBA (masters of business administration). You would have more credibility in the business world and you would have the MBA designation next to your name. That does not mean you must have an MBA to start a business.

A similar situation exists in the home inspection industry in Ontario. There is a designation called RHI that you can get by becoming a full member of the Ontario Association of Home Inspectors. This does not mean you can't do home inspections without the designation. There is currently no requirement in Ontario for home inspectors to have the RHI designation or any other designation or license.

Is training required or are there any required courses to become a home inspector?

There are no requirements for training in the home inspection industry in Ontario. The Canadian Association of Home and Property Inspectors (CAHPI) is currently working on establishing a National Certification and Accreditation for home and property inspectors, however, this has not been established. If it is established, it will only be a requirement to join CAHPI, it will not be a national requirement to open a home inspection business.

Is training available for home inspectors?

There is an abundance of training including college certificates, independent classroom training (outside the college arena), distance learning courses, field training, advanced training, and commercial building inspection training. Training is readily available and strongly encouraged. You will do much better in the industry if you are properly trained, and equipped with the business tools for success.

The Path into the Home Inspection Business

There are basically three approaches to getting into the business:

- **Method 1:** Set up your business and start doing inspections and worry about training and membership in the association later.
- **Method 2:** Get fully trained and satisfy all of the education requirements of the association you would like to join first and then start your home inspection business.
- **Method 3:** Acquire quick launch training first, then start your home inspection business. Once you are in business, work your way to membership in the association including other educational requirements.

Discussion - Method 1 - no training:

Most home inspectors that have been in the business for a very long time, got into the business without any training at all! The fact is there was no training available. The only school was the 'school of hard knocks'. Many of the people who are pushing for extensive mandatory education requirements and other barriers to entry into the profession are the same people who, ironically, started their inspection career with no training at all.

Most people within the industry would agree that starting a home inspection business without training is irresponsible. It is unfair for the unsuspecting public, and it puts the inspector at risk of lawsuits.

In summary, starting your business without any training is the quickest path into business, but it is also the quickest path out of business.

Discussion - Method 2 - complete all training first and join a membership:

With this approach, you will be fully initiated into the industry before you do your first inspection. You will have appropriate academic training. The big down side to this approach is the length of time it takes before you make any money in your new profession. There are very few people that can afford the time it takes to complete all of the educational requirements of the organizations before making the first dollar. This system may suit a younger crowd of college aged kids that are still living at home, or a retired hobbyist that is under no time pressure.

In summary, nobody can argue that more upfront training could possibly be a bad thing but at what cost?

Discussion - Method 3 – quick launch training prior to starting your business:

This method is the compromise between method one and two. You have the benefit of learning how to do an inspection, and acquire real-life experience, yet you can start your business in a matter of a few weeks.

Most of the independent training schools that offer quick launch training also teach you how to start your business, how to market your business, and how to avoid trouble along the way. More on this in a later section.

In summary, quick launch training is a good balance between acquiring practical knowledge, and moving quickly into a business opportunity.

Note: Another option for getting into the business is to apply for a job with an established multi-inspector firm that offers in-house training and field experience. More often than not, these opportunities include a restrictive “non-compete” contract, so that these companies can avoid training future competition. Many independent home inspectors today got their start with another firm, before the advent of training schools and “non-compete” contracts.

About the Home Inspection Business

The home inspection business today

Today, the need for home inspectors is unprecedented. The demand is greater than it has ever been and continues to grow. Even though new home inspection companies are cropping up all the time, demand continues to be greater than supply. The public is becoming educated on the necessity of a quality home inspection. The number of homes requiring a pre-purchase home inspection is increasing faster than the number of people getting into the home inspection business.

Five reasons why this is a popular business

- The startup costs are low – including training, tools, and fixed set-up costs, you start in this business for as little as a few thousand dollars.
- The overhead is low – you can run this business from your home when you begin (and sometimes indefinitely).
- Your most important tools for success are your ambition and an inquisitive mind
- You can make a great deal of money - A single inspector that has a full schedule of inspections will typically do 500 inspections in a year (some do many more). If we estimate a modest \$300 per inspection, that's \$150,000 gross! Of course there are costs. But even if we apply 33% overhead and costs, you are still talking six figures! And some inspectors are charging upwards of \$500 per inspection or more.
- The market needs more good home inspectors.

Five key challenges

- **Obtaining appropriate technical training:** There are many training programs available both through the college system and outside the college system. The trick is deciding which method works best for you. See discussion of course types below.
- **Obtaining practical training:** Often technical training leaves you with little practical experience. You are left to figure out how to apply the knowledge to a home inspection situation. You could be missing the mark entirely. Practical training is much harder to come by than technical training.
- **Promoting Your Business:** The home inspection business is unique. You can't learn how to run this business by reading a general book on marketing. While many of the courses available are quite solid on the technical front, they leave you high and dry when it comes to how to launch your business.
- **Dealing with complaints:** If there is one down side to the business, this is it. No matter how good you are, you will one day get a complaint from a client. If you are good with people and know how to handle the situation, you will be able to de-fuse the situation quickly and without expense. If you don't manage this properly, it could turn into a lawsuit.
- **Obtaining Insurance:** To conduct home inspections, you should ideally have errors and omissions insurance. Insurance is fairly expensive. In most cases, insurance is not available unless you have taken some baseline training first. There is no requirement for insurance, but it is a good idea for two reasons:
 - It provides (limited) protection, should you be faced with a lawsuit
 - It's marketable to consumers.

Who will hire you?

Once you are trained and ready to start inspecting, you might be able to find a job with an established inspection firm however this is not the typical scenario. Most home inspection companies are a one or two person operation. Most people that get into the business are planning to start their own home inspection company.

The future of licensing

In the United States, some States have instituted mandatory licensing of home inspectors. It is taking a long time but more and more States are moving in this direction. Many people feel that mandatory licensing is inevitable in Canada as well. Governments typically do not want to severely limit one's ability to carry on business, so the requirements tend to be pretty basic. Currently there is a Voluntary Certification being proposed in Canada.

The associations in each Canadian province have come together to create a unified voice for the industry. CAHPI, or the Canadian Association of Home and Property Inspectors, is that national voice. The idea here is that it is better to lead a national initiative from within the industry than to have licensing and regulations imposed on the industry without input.

CAHPI has proposed a two-stage approach to certification. **Candidate** – Classification given to an individual who has the appropriate training but lacks the experience and/or competence to become a 'National Certificate Holder'. **National Certificate Holder** – Classification given to an individual with the appropriate training, experience and competence.

Qualifications to become a Candidate Member

- Complete a minimum of 200 hours of training courses covering ALL aspects of home and property inspection from an accredited training institution.
- Complete a minimum of 50 hours of practical field training. This is in addition to the 200 hours of training courses.
- Complete and pass one test inspection with a peer.
- Candidates who do not become 'National Certificate Holders' within three years must reapply to CAHPI as a 'Candidate'.

Qualification to become a National Certificate Holder Member

- Must be a 'Candidate' Member for one year.
- Perform a minimum of 150 paid home and property inspections as a 'Candidate' or a minimum of 150 paid inspections using an inspection system that complies with a national Standard of Practice.
- Complete and pass a minimum of two test inspections with peer. Test inspections must be at least three months apart.

As you can see, in Canada, we are moving in small steps toward a national organization. Whether this leads to mandatory licensing or not remains to be seen. There are many challenges to face to make this happen.

The Ontario Association of Home Inspectors

As we mentioned earlier, membership in OAHI is voluntary. The question is, once you start your home inspection company, should you join? Most people would agree that you should seriously consider this.

When you first join, you will not be a full member, you will be an applicant. There are many steps involved in becoming a full member. You might as well get started down that path. The only decisions at that point are how fast you plan to work your way through the requirements. The tradeoff is, the more time you spend working on the OAHI educational requirements, the less time you are spending building your home inspection business. Here are some of the benefits of joining OAHI immediately:

- It does not have to slow you down with building your inspection business. In other words you don't have to be a full member of OAHI to do home inspections.
- One day you will be a full member and you can enjoy the credibility associated with membership.
- You will be on the right track should national licensing become mandatory.
- Stepping through the educational requirements will give you more knowledge than if you do not.
- Once you are a member, you will likely be grandfathered into whatever happens down the road with a national initiative.
- You'll meet some kindred spirits and benefit from interacting with others that have come before you. A word of caution: home inspectors tend to be head strong and opinionated. Tread carefully.

Requirements for OAHl membership

Membership in OAHl takes time. There is no right way to go about it. The following is one possible path to membership. This path assumes you have obtained quick launch training, started your home inspection business and would like to proceed down the road to membership in OAHl.

Disclaimer: The author is not claiming to represent OAHl in any way. The following is an opinion only. OAHl may institute additional requirements or change requirements. This is beyond the control of the author.

There are three phases to full membership in OAHl. Each phase may have several steps. In addition there may be options along the way that are available to some people but not others. The three phases are:

- Baseline Requirements
- Technical Background Requirements
- Practical Requirements

Baseline Requirements:

Step 1: Join as an applicant member. It is a good idea to join immediately. Once you have been a member for one year, the requirements for full membership relax a little (number of required fee paid inspections drops from 200 to 150). In addition, the cost of the defect recognition course is reduced for members.

To be an applicant member, you have to submit some of your reports for verification. Your reports will be assessed to verify that they comply with the Standards of Practice of the OAHl. Most high-quality reporting systems available in the market will comply with the Standards.

In addition, you may have to write a basic qualification exam. If you have taken a good quick start training program and undertake some basic exam preparation, you should do fine.

Step 2: Take the following two building code courses:

- Building envelope
- Health and safety

These courses are mandatory if you are considering full membership in OAHl. These courses are the standard Ministry of Housing Certificate courses. You can take them at almost any community college.

We suggest you do these two courses right away. While home inspections are not about building codes, knowing the codes gives you a fundamental basis to help your recognize defects.

Step 3: Take the defect recognition course

This course is only offered through OAHI. There are no other options. It is offered several times per year at various locations. The course is held over two weekends (4 days). The goal of the course is to learn to recognize significant defects and report these findings to your client consistent with the standards of practice. The course is ‘case study’ based. Instruction quality will vary, so you may want to ask around a little.

Step 4: Take a residential electrical course

OAHI considers residential electrical inspection to be among the core competencies of a home inspector. As such, you are required to take a course on residential electrical systems. The course must be approved by OAHI to satisfy the performance standards for residential electrical. Currently, this course is available through the community college system. Make sure it’s approved before you take it (it should be part of an OAHI certificate program). These courses are quite variable in quality. In some cases the course has just been recycled from a certificate program completely unrelated to home inspection.

- Ask if the course was designed from the ground up for home inspection.
- Find out if the instructor is experienced in home inspections.

Step 5: Take a residential heating course

Like the electrical system, OAHI considers the residential heating system inspection to be among the core competencies of a home inspector. The course must be approved by OAHI to satisfy the performance standards for residential heating inspection. Currently, this course is available through the community college system. Once again, these courses are quite variable in quality. Ask the same questions as for the residential electrical section above.

Step 6: Complete baseline requirements

The final step to complete your baseline requirement can be achieved in one of several different ways. If you have already taken a quick launch course on home inspections, you have probably already completed this step. Any course of 30 hours or more, or any group of seminars or courses that total 30 hours will likely be approved. For example, any courses or seminars approved for ASHI, CAHPI or OAHI membership renewal credits are accepted.

Another way to complete your baseline requirements is to write the ASHI or CAHPI national exam.

You have now completed the baseline requirements for RHI status. On to the next phase.

Technical Background Requirements:

This phase of the process is quite variable and depends on your experience and background. Some people will be granted this phase of the process without any additional training courses, while others will be required to seek additional training. While there are guidelines for this, the final decision is that of OAHI.

Step 1: Submit your list of qualifications to OAHI for review. If you already have a technical background and you can prove it, you are all set. If you do not, you will have to take some additional technical courses to round out your knowledge. You are deemed to possess the required technical background if you have one of the following registrations in Ontario –

- Professional Engineer
- Registered Architect
- Certified Engineering Technologist / Technician
- Certified Architectural Technologist / Technician
- Provincially Certified in one of the following trades (minimum of five years)
 - Electrician
 - Plumber
 - Carpenter
 - Gas fitter
 - Other certified trades will be considered
- Certified building code official
- Ontario New Home Warranty Builder (minimum of five years)
- Other qualifications or designations will be considered

Step 2: Additional training courses in lieu of OAHI accepted credentials

If you do not have any background training that is considered acceptable (and many successful home inspectors do not), OAHI will require you to take additional training. The additional training boils down to 320 hours of course material related to construction and/or home inspection.

Before you embark on any additional training, you should apply to OAHI for an evaluation of your experience and background. You may be exempt from part of the requirements.

Most college courses related to building inspection may be applicable. Even peripheral subjects like technical writing, law and ethics may apply.

Practical Requirements

You can be working on this phase the minute you start your home inspection business. You do not have to wait to complete the first two phases.

You must complete 200 home inspections. After working in the inspection field for one year the requirement drops down to 150 inspections. After two years, the requirement drops down to 100 inspections.

Since there is a good chance it will take you more than one year to complete all of the rest of the OAHI requirements, the goal you are shooting for is 150 fee paid inspections.

This is one good reason to join the association as soon as possible after you start your business. You can submit reports for review to make sure you are inspecting and reporting to OAHI standards.

Choosing a Training Course

There are many training courses available to you. There are different options so you will have to investigate carefully to make sure you are getting what is best for you.

College program

Almost all of the Ontario colleges have a home inspection program.

They are not all the same so you should investigate carefully. Some of the programs were simply cobbled together using a variety of pre-existing courses. Home inspection is a unique profession so you would be better served if the home inspection program was assembled from the ground up for home inspectors, and taught by experienced home inspectors.

Some of the college courses are strictly classroom based, others are mixed mode – classroom and home study. Some incorporate some online distance education as well.

One of the benefits of the college program is that the college will try to make sure that their courses satisfy as much of the OAHI requirements as possible. You cannot complete all of the OAHI requirements by taking college based courses. There are some requirements that you cannot circumvent.

The biggest down side to the college programs is that it takes a very long time to get through it. With course after course and month after month, you will eventually have the basic training to do inspections. The cost of college programs can really add up, so be sure to look at the total cost associated with this approach.

Independent course offerings

There are many very good independent course offerings. Independent course offerings generally come in two flavors, correspondence courses and classroom courses that offer quick launch training. These programs are usually taught by experienced local home inspectors, who can offer tremendous practical experience to help you get started. Check their credentials carefully, and ensure that they have formal experience in delivering home inspection education.

Classroom Based Training

The big benefit to independent course offerings versus college programs is that the course is geared to getting you up and running with all of the critical information you need to know to get into the home inspection business. This will include –

- technical training on how to inspect the key components of the home and its systems, not a lot of theory that you can't use directly in the field
- how to present your findings to your clients
- how to write a report to conform with the Standards
- how to market your business
- how to manage customer relations and stay out of legal trouble

In essence, the independent courses do a better job of packaging up the home inspection business and laying it out for you quickly.

If you plan is to get into the inspection business quickly, this is the best option for you. You can get your training right up front rather than spreading it out over a year or so.

Most classroom based independent training programs are between five and seven days long. Clearly, there are fewer hours of training here than if you took a college program spread out over a year or more. On the other hand, if you are planning to start your business concurrently, the independent program prepares you much better.

Correspondence (distance learning)

Some people learn better in a classroom environment while others work better independently and would rather not sit in a classroom. It is all a matter of preference.

If you have the discipline to sit down and work on a correspondence course, this could be a good way to do it. It has the benefit of being able to work at your own pace at a time that suits you. Maybe you like to work late at night or very early in the morning.

Most of the courses are designed to give you access to an instructor either by phone or by e-mail so your questions can be answered. Most courses have assignments that must be completed and graded as you go.

One of the biggest downsides to correspondence or distance learning is that there can be a very high dropout rate. The reason is that most people when left to their own devices will not schedule time to complete the work. People like this should enroll in a classroom course instead where things are more structured.

The quality of correspondence courses is quite variable so make sure you ask lots of questions and look at a sample before putting your money down.

Frequently Asked Questions about Inspection Training

When I am finished the training course what certification do I get?

While you might get a certificate on completion or the course provider may include their own branded certification, none of them really mean anything in Ontario. The main reason this is so is that there are no licensing or certification requirements in Ontario. On the other hand, training school “certification” can give you instant perceived credibility, particularly if the school is a recognized national or international organization.

If the course does not certify me, why should I bother taking the course?

You should not confuse certification with learning how to do inspections. You take a course to acquire the specific skills and techniques you need to succeed in this unique profession, not to get a certificate. As discussed earlier, you could start your inspection business without any training at all. Most agree that this would be foolish and irresponsible, despite your background or existing level of knowledge.

If I take a training course, do I still have to take the OAHI courses?

No training program excuses you from the OAHI training requirements. However some courses you take may be applied to your OAHI training requirements:

- You may be able to apply the training hours to part of the OAHI requirement. For example, any introductory course in home inspections in excess of 30 hours can take care of step 6 in the baseline requirements (see steps listed earlier in this document). The course must be approved by OAHI or must be approved for renewal credits for a major association (such as ASHI or NAHI etc.).
- There may be other parts of a training program that can be attributed toward the OAHI training requirements. College courses are often deemed equivalent to some of the OAHI training requirements. This should be no surprise since some of the OAHI training requirements are college courses.

Concluding Remarks

The home inspection business is exciting and lucrative. It's ideal for those with an entrepreneurial spirit. As there are many training options available, it's important to recognize which approach will work best for you. Are you a slow, methodical learner with time on your hands, or do you want to move faster through a more intensified program? Do you like studying from home, or would you prefer a more hands on approach? And while it's very tempting to launch into the business without any training or guidance at all, we believe this is a big mistake. Do it right the first time.

Here are a few final thoughts:

- When you investigate the industry carefully, you will find there are training options for everybody and every mindset. Choose one that is a good fit for you.
- Just as the home inspection industry is unregulated, so is the home inspection training industry. As usual, it's 'buyer-beware'.
- Check carefully into the credentials of the training organization and, most importantly, their instructors. The quality of your training experience is directly related to the person delivering the instruction.
- Make sure the courses were designed from the ground up for home inspectors and only home inspectors.
- Consider membership in professional organizations as part of your overall success plan, but don't let it become a barrier to entering the field of home inspection. The sooner you get started, the sooner you'll succeed.

For more information, contact AHIT Canada at 1-800-441-9411