



# CREIA INSPECTOR • Magazine

A PUBLICATION OF THE CALIFORNIA REAL ESTATE INSPECTION ASSOCIATION

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WWW.CREIA.ORG



# CALIFORNIA REAL ESTATE INSPECTION ASSOCIATION **FALL CONFERENCE**

## A G E N D A

### Associate Track

The following training sessions are included with Associate registration to the one-day conference. Associates are encouraged to participate in the Group Inspection and follow up the next morning. Associates may choose to participate in the Saturday morning Associate track or attend the alternate, experienced sessions.

#### Friday, October 25

**1:00pm – 5:00pm**

Group Inspection – Long Beach, CA

Mixer in the VUE Bar on the Penthouse level of the Holiday Inn, Long Beach. Meet with your CREIA colleagues for an informal meet and greet!

#### Saturday, October 26

**7:00am**

Breakfast/Exhibitors

**7:45am – 8:15am**

Group Inspection Wrap-up

**8:15am – 8:45am**

Steps to Becoming a CCI

**8:45am – 9:45am**

The Importance of the B&P, SoP, SoC and California Codes

**9:45am – 10:00am**

Break/Exhibitors

**10:00am – 11:30am**

Report Writing 101

**11:00am – 11:45am**

“New Inspector” Decisions

**11:45am – 12:45pm**

Awards Lunch / Legislative Update  
Dave Pace, MCI, CREIA Advocacy Chair

**12:45pm – 3:00pm**

Main Session Room with Michael Casey  
(see CCI/MCI schedule)

### CCI/MCI Track

#### Friday, October 25

**7:30am – 4:30pm**

CREIA Certified Simplified Seismic Assessment (CCSSA)  
P-50 FEMA Training (*This session is not yet confirmed at press time*)

#### Saturday, October 26

**7:00am**

Breakfast/Exhibitors

**7:45am – 9:45am**

Report Writing Standards (Advanced)  
Michael Casey, MCI/IF

**9:45am – 10:00am**

Break/Exhibitors

**10:00am – 11:45am**

Report Writing Standards (Advanced) – continued

**11:45am – 12:45pm**

Awards Lunch; Legislative Update  
Dave Pace, MCI, CREIA Advocacy Chair

**12:45pm – 1:30pm**

20 Ways to Not Get Sued

**1:30pm – 1:45pm**

Break/Exhibitors

**1:45pm – 2:45pm**

20 Ways to Not Get Sued

**All attendees and exhibitors must clear the room by 3:00pm**

**4:00pm**

VUE Bar on the Penthouse level of the Holiday Inn, Long Beach – Meet with your CREIA colleagues for an informal meet and greet!



# CREIA INSPECTOR Magazine

## IN THIS ISSUE:



### VISION

To protect lives, health, and investments

### MISSION

The California Real Estate Inspection Association promotes excellence in the real estate inspection profession and is committed in supporting every member in achieving the highest level of expertise in the industry.

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and Managing Editor

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Communications

**Dinusha Fernando**  
Administrative



## CREIA

The California Real Estate Inspection Association (CREIA) is a non-profit association dedicated to using all its resources for the benefit of members and the home buying public they serve. CREIA is an association of members for members, founded on the principle that joining and working together can avail much more to advance the home inspection profession and protect the public more than could possibly be accomplished individually.

## CREIA = TIER ONE INSPECTORS

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# CHAIRMAN'S MESSAGE

BY BRET HUSTED, CCI, CHAIRMAN OF THE BOARD

## To the Membership,

When I think of CREIA I am always humbled. If there is anything that I can say taking over the helm is that I am always amazed at the wealth of knowledge my fellow inspectors have. I have attended many conferences and training events over the years and the multitude of opinions, depth of comprehension and perspectives is impressive.

As an organization we are set apart from the pack by our willingness to share from experiences and support our fellow inspectors. With the technical information exchange and chapter meetings we stay engaged in the topics of our time. Through the legislative committee and presence in Sacramento we keep current with industry trends. Our strategies for professionalism in the industry remain preeminent with California legislators and the basis for state-wide realtor and consumer support.

As we enter the roaring twenties our organization has made significant strides toward improvement. Our recent entry into the world of background checks will provide our clients with the sense of security that is unfortunately required in this digital age. This step was taken through many hours of discussion and through careful consideration of the impact on the organization.

Our greatest challenge in the immediate future is to achieve involvement of the membership in leadership, group participation events and inter-inspector dialog. To that end, my participation as Chairperson is to ensure we all can participate, future inspectors will find support in our organization and that membership maintains an integral role in decision making.

I look forward to serving our member's interest in the coming year.

Just like you I'm an inspector too!

Best Regards,



Bret Husted,  
CCI, Chairman, ASHI & CREIA CERTIFIED INSPECTOR



P.S. Post to the TIE!



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# A MESSAGE FROM THE EXECUTIVE DIRECTOR

Happy Fall everyone!

It's hard to believe I have been your ED now for over a year. We have gotten a lot done and there is much more ahead.

First, I'd like to report that the Board of Directors would like to expand some of the committees in CREIA. Too few people and so much we want to do. We are interested in volunteers that wish to help in online education, webinars and other means of offering key content to our members. If you are interested, please e-mail me directly! We promise it won't be too much work but this is really the key to help CREIA grow and attract more members! Michele.blair@creia.org If you can't volunteer, let me know what kind of educational programs you would like to see offered.

Thank you to all of the volunteers who assisted in the CREIA exhibit booth for the CAR Annual Conference. We touted the background check program that will grant even higher confidence in CREIA inspectors. It took all summer to get this finalized and thank you to all of the members that went through this process.

The Fall One-Day conference is upon us and we are hopeful you are joining. This will include a Group Inspection Day, the day before and a track set up specifically for Associates (all for one registration fee!) Michael Casey will be on hand in the main session room to offer his superior wisdom and experience on How (Not) to Get Sued and a detailed presentation about Report

Writing Standards. Please stop by and meet our sponsors and see what they are offering! Everyone will be getting together the evening before (and following the conference) at the nearby Holiday Inn to mix and mingle and see all of your CREIA friends.

I would like to especially thank Morgan Burke for all of her help on staffing CREIA and to Group Concepts owner, Andrea (Messina) Casillas for her support to me and the organization. We have a new organizational chart, with Morgan heading up Membership and Education, Derek Kozaites, for Communication and Website, and Dinusha Fernando, Administrative Assistant (and so much more). And, a heartfelt thank you to the 2018-2019 board and to our new Board members and officers and, of course, all of the 2019-2020 Chapter Leaders. I look forward to working with you.

Best Regards,  
Michele Blair

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*Michele Blair serves as the Executive Director of CREIA effective August of 2018. For 30 years, Ms. Blair has worked as an advocate and policy expert, working with elected officials, private companies, and non-profit organizations. She has developed and implemented strategic plans, government relations, communications programs, community outreach, media relations, and fundraising initiatives. Ms. Blair graduated from the University of Maryland with a B.A. in Economics.*



## Watch Out for Troubling Tree Roots!

BY RICH ZAK, MCI, ACI, CREIA BOARD MEMBER

This picture is of a crawlspace under a newly-constructed house. A Pepper tree was apparently cut down before construction but the roots were not removed. Pepper trees spread roots far and wide which continue to sprout new trees, obviously not needing direct sunlight. An expensive under-floor tree removal job awaits!



# CREIA LEGISLATIVE UPDATE

BY DAVE PACE, MCI, CHAIRMAN OF THE LEGISLATIVE COMMITTEE

During the 2019 legislative session there were 2,579 bills introduced in the California legislature. 1,799 of those bills were introduced into the Assembly. 777 Senate bills were introduced. That does not include constitutional amendments or resolutions. Some of the bills do not move forward. Some of the bills are two year bills which could be taken up again next legislative year. September 13 was the last day for bills that have passed the legislature to be sent to Governor Newsom for signature. The governor has until October 13 to sign or veto the bills which have been forwarded to him. At the time of this writing there are bills sitting on the governor's desk which he has not decided whether to sign or to veto. At the time of our upcoming fall CREIA one day conference the governor will have made those decisions and work on the next legislative year will be in full gear. I will provide a full update of the 2019 legislative year at the fall CREIA conference.

There are some bills which have been signed, some which directly impact California home inspectors.

## **AB 1018 - REAL ESTATE APPRAISERS**

This bill adds verbiage to the Business and Professions Code relating to home inspectors.

The Legislative Counsel's Digests states:

*“Existing law, the Real Estate Appraisers’ Licensing and Certification Law, establishes the Bureau of Real Estate Appraisers for the licensure, regulation, and discipline of real estate appraisers. Existing law prohibits a person from engaging in federally related real estate appraisal activity governed by the Real Estate Appraisers’ Licensing and Certification Law or assuming or using the title of or any title designation or abbreviation as a licensed appraiser in the state without an active license. Existing law provides that a person who willfully violates this provision is guilty of a public offense punishable, as specified.*

*Existing law defines and regulates the activities of home inspectors and specifies that this law does not exempt a home inspector from other provisions that define and regulate the activities of architects, professional engineers, contractors, and structural pest control operators. This bill would prohibit a home inspector from giving an opinion of valuation on a property. The bill would specify that the law regulating home inspectors does not exempt a home inspector from law regulating real*

CONTINUED ON PAGE 7



*estate appraisers. The bill would prohibit a licensed real estate appraiser performing a real estate appraisal from acting as a home inspector performing a home inspection except as required to comply with standards set forth in law or regulation.”*

The changes made to the home inspection portion of the business and professions code are:

**SECTION 1.**

Section 7195.7 is added to the Business and Professions Code, to read:

**7195.7.**

A home inspector shall not give an opinion of valuation on a property.

**SEC. 2.**

Section 7196.1 of the Business and Professions Code is amended to read:

**7196.1.**

- (a) Nothing in this chapter shall be construed to allow home inspectors who are not registered engineers to perform any analysis of the systems, components, or structural integrity of a dwelling that would constitute the practice of civil, electrical, or mechanical engineering, or to exempt a home inspector from Chapter 3 (commencing with Section 5500), Chapter 7 (commencing with Section 6700), Chapter 9 (commencing with Section 7000), Chapter 14 (commencing with Section 8500) of Division 3, or Part 3 (commencing with Section 11300) of Division 4.
- (b) This chapter does not apply to a registered engineer, licensed land surveyor, or licensed architect acting pursuant to their professional registration or license, nor does it affect the obligations of a real estate licensee or transferor under Article 1.5 (commencing with Section 1102) of Chapter 2 of Title 4 of Part 3 of Division 2 of, or Article 2 (commencing with Section 2079) of Chapter 3 of Title 6 of Part 4 of Division 3 of, the Civil Code.
- (c) Except as required to comply with standards set forth in law or regulation, a real estate appraiser licensed under Part 3 (commencing with Section 11300) of Division 4, performing a real estate appraisal, shall not engage in the activity of a home inspector performing a home inspection.

The essence of the bill is that Home Inspectors cannot play the role of Appraiser. Appraisers cannot play the role of Home Inspector.

The text of the bill may be found at: [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201920200AB1018](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB1018)

**AB338 MANUFACTURED HOUSING: SMOKE ALARMS: EMERGENCY PREPAREDNESS.**

The Legislative Counsel’s Digests states:

*“Existing law, the Manufactured Housing Act of 1980, requires the Department of Housing and Community Development (department) to enforce various laws pertaining to the structural, fire safety, plumbing, heat-producing, or electrical systems and installations or equipment of a manufactured home, mobilehome, special purpose commercial coach, or commercial coach. Under existing law, a knowing violation of the act is punishable as a misdemeanor offense, as specified. The act, on or after January 1, 2009, requires all used manufactured homes, used mobilehomes, and used multifamily manufactured homes that are sold to have a smoke alarm that meets certain requirements installed in each room designed for sleeping. The act also requires, for manufactured homes and multifamily manufactured homes manufactured before September 16, 2002, that specified information regarding the smoke alarm be provided to the purchaser.*

*This bill would, instead, require all used manufactured homes, used mobilehomes, and used multifamily manufactured homes that are sold on or after January 1, 2020, or rented pursuant to a rental agreement entered into on or after January 1, 2020, to have installed in each room designed for sleeping a smoke alarm that is operable on the date of rental or transfer of title, is installed in accordance with the manufacturer’s installation instructions, and has been approved and listed by the Office of the State Fire Marshal. The bill also would require that specified information regarding all smoke alarms installed in the used manufactured home, used mobilehome, or used multifamily manufactured home be provided to the purchaser or renter thereof.*

*Existing law, the Mobilehome Parks Act, requires an owner or operator of an existing mobilehome park to adopt an emergency preparedness plan on or before September 1, 2010. The act requires the owner or operator, for an existing park, and for parks constructed after September 10, 2010, to post notice of the plan in the park clubhouse and another conspicuous area, as specified, and, on or before September 10, 2010, to provide information relating to accessing the plan and individual emergency preparedness information. Existing law requires an enforcement agency to determine park compliance with these provisions if certain conditions have been met. Existing law deems a violation of these provisions to constitute an unreasonable risk to life, health, or safety and requires correction by park management within 60 days of notice of the violation. Under existing law, a willful violation of the act is a misdemeanor, as specified.*

*Existing law, the Dymally-Alatorre Bilingual Services Act, requires public agencies to translate their forms and processes*

into all languages spoken by a substantial number of non-English-speaking people, as defined, served by the agency, as specified.

This bill would require every park owner or operator to post notice of the emergency preparedness plan in the park clubhouse or in another publicly accessible area, as specified, and annually to provide notice to all existing residents of how to access the plan and information on individual emergency preparedness and how to obtain the plan in a language other than English. The bill would also require the owner or operator to make a portion of the emergency preparedness plan available in English as well as in all of the languages that the department is required to translate their forms and processes into pursuant to the Dymally-Alatorre Bilingual Services Act. The bill would require the department to translate a specified portion of the emergency preparedness plan into all of the languages required by the act and to post the translations on its internet website.

Because this bill would expand the scope of existing crimes, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.”

The text of the bill is lengthy and much of the bill deals with owners and operators of mobilehome parks. However, a portion of the bill has made a modification to Section 18029.6 of the Health and Safety Code which will be of interest and is important to those who inspect mobile or manufactured homes.

## SECTION 1.

Section 18029.6 of the Health and Safety Code is amended to read:

### 18029.6.

- (a) (1) Beginning January 1, 2020, all used manufactured homes, used mobilehomes, and used multifamily manufactured homes that are sold on or after January 1, 2020, or rented pursuant to a rental agreement entered into on or after January 1, 2020, shall have a smoke alarm installed in each room designed for sleeping that is operable on the date of rental or transfer of title. Each smoke alarm shall be installed in accordance with the manufacturer’s installation instructions and have been approved and listed by the Office of the State Fire Marshal pursuant to Section 13114.

- (2) The smoke alarm manufacturer’s information describing the operation, method and frequency of testing, and proper maintenance of all smoke alarms installed in the used manufactured home, used mobilehome, or used multifamily manufactured home shall be provided to the purchaser or renter of the used manufactured home, used mobilehome, or used multifamily manufactured home.
- (b) The requirements of subdivision (a) shall be deemed satisfied if, within 45 days prior to the date of rental or of transfer of title, the lessor or the transferor signs a declaration stating that each smoke alarm in the manufactured home, mobilehome, or multifamily manufactured home is installed pursuant to subdivision (a) and is operable on the date the declaration is signed.
- (c) The department may adopt rules and regulations to clarify or implement this section.
- (d) For sales of manufactured homes or mobilehomes installed on real property pursuant to subdivision (a) of Section 18551, as to real estate agents licensed pursuant to Division 4 (commencing with Section 10000) of the Business and Professions Code, the real estate licensee liability provisions of subdivisions (e), (f), and (g) of Section 13113.8 shall apply to the disclosures required by this section.

The full text of the bill may be found at: [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB338](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB338)

## AB892 TRANSFER OF REAL PROPERTY

The Legislative Counsel’s Digests states:

“The Real Estate Law establishes, within the Business, Consumer Services, and Housing Agency, the Department of Real Estate for the licensure and regulation of real estate brokers and salespersons. Existing law requires a licensed real estate broker to retain for 3 years copies of certain documents relating to transactions for which a real estate broker license is required, as specified.

Existing civil law provides that a multiple listing service (MLS), as defined, may be used by real estate agents and appraisers to prepare market evaluations and appraisals of real property and makes an agent or appraiser responsible for the truth of their representations and statements, as specified.

This bill would require a multiple listing service to retain and make accessible on its computer system, if any, all listing and other information placed in the multiple listing service by an agent or appraiser for no less than 3 years from the date the listing was placed. The bill would prohibit these provisions relating to multiple listing services from altering the obligations

*of a licensed real estate broker to retain documents relating to transactions for which a real estate broker license is required, as specified.*

*Existing law imposes certain disclosure requirements on the transferor of single-family residential property, including requiring the transferor to provide a specified real estate transfer disclosure statement and to disclose certain natural hazards. Existing law makes those provisions applicable to, among other transfers, a lease with an option to purchase, any other option to purchase, or a ground lease with improvements. Existing law specifically exempts certain transactions from those disclosure requirements.*

*This bill would revise the form for the real estate transfer disclosure statement to include a check box indicating that there are no substituted disclosures for the transfer. The bill would specifically exempt from the above-described disclosure requirements the sale, creation, or transfer of any lease, except a lease with an option to purchase or a ground lease coupled with improvements.*

*Existing law imposes a duty on a real estate broker or salesperson to a prospective buyer of single-family residential property or a manufactured home to conduct an inspection of the property offered for sale and to disclose to that prospective buyer all facts materially affecting the value or desirability of the property, if the broker has a written contract with the seller to find a buyer or the broker acts in cooperation with that broker.*

*This bill, instead, would impose that duty on a real estate broker or salesperson to a prospective buyer of residential real property improved with one to 4 dwelling units or a manufactured home.*

*Existing law defines various terms for specified provisions affecting the duties of real estate professionals to prospective sellers and buyers of real property.*

*This bill would define the terms “single-family residential property” and “single-family residential real property” for specified provisions.*

*The bill would also make technical and clarifying changes to related provisions affecting residential real property disclosures.”*

The text of the bill is quite long, but places specific requirements on a seller and Real Estate Professionals which will be of interest to the home inspector.

The text of the bill may be found at: [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201920200AB892](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB892)

## SB326 COMMON INTEREST DEVELOPMENTS

The Legislative Counsel’s Digests states:

*“The Davis-Stirling Common Interest Development Act governs the management and operation of common interest developments. Existing law also sets forth the duties and responsibilities of the association and the owners of the separate interests with regard to maintenance and repair of common and exclusive use areas, as defined. Unless otherwise provided in the common interest development declaration, the association is generally responsible for maintaining, repairing, and replacing the common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to that interest.*

*This bill would require the association of a condominium project to cause a reasonably competent and diligent visual inspection of exterior elevated elements, defined as the load-bearing components and associated waterproofing systems, as specified, to determine whether the exterior elevated elements are in a generally safe condition and performing in compliance with applicable standards. The bill would require the inspector to submit a report to the board of the association providing specified information, including the current physical condition and remaining useful life of the load-bearing components and associated waterproofing systems. The bill would require the inspector to provide a copy of the inspection report to the association immediately upon completion of the report, and to the local code enforcement agency within 15 days of completion of the report, if, after inspection of any exterior elevated element, the inspector advises that the exterior elevated element poses an immediate threat to the safety of the occupants. The bill would require the association to take preventive measures immediately upon receiving the report, including preventing occupant access to the exterior elevated element until repairs have been inspected and approved by the local enforcement agency. The bill would authorize local enforcement agencies to recover enforcement costs associated with these requirements from the association. The bill would authorize the association board to enact rules or bylaws imposing requirements greater than those imposed by these provisions.*

*The act provides that an association has standing to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with its members in specified matters, including enforcement of the governing documents.*

*The bill would provide that, subject to compliance with other specified provisions described below, and notwithstanding any provision to the contrary in the governing documents, a board has the authority to commence legal proceedings*

against a declarant, developer, or builder of a common interest development, except as specified.

The bill would, with certain exceptions, prohibit an association's governing documents from limiting a board's authority to commence legal proceedings against a declarant, developer, or builder of a common interest development. The bill would make these provisions applicable to governing documents, irrespective of when they were recorded, and claims initiated before the effective date of this bill, except if those claims have been resolved through an executed settlement, a final arbitration decision, or a final judicial decision on the merits.

The act requires the board, prior to the filing of certain civil actions by the association against the declarant or developer, or within 30 days of filing the civil action if the association has reason to believe that the applicable statute of limitations will expire before the association files the civil action, to provide members of the association a written notice specifying, among other things, that a meeting will take place to discuss problems that may lead to the filing of a civil action.

This bill would require that notice to inform members that the potential impacts of filing a civil action, including financial, to the association and its members will also be discussed.”

Again the text of the bill is quite long. Among other provisions, it sets forth definitions and specific requirements regarding inspections of “elevated elements” in an association of a condominium project.

The text of the bill may be found at: [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201920200SB326](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB326)

### **SB 1343. EMPLOYERS: SEXUAL HARASSMENT TRAINING: REQUIREMENTS.**

The Legislative Counsel's Digests states:

“The California Fair Employment and Housing Act makes specified employment practices unlawful, including the harassment of an employee directly by the employer or indirectly by agents of the employer with the employer's knowledge. The act requires employers with 50 or more employees to provide at least 2 hours of prescribed training and education regarding sexual harassment, abusive conduct, and harassment based upon gender, as specified, to all supervisory employees within 6 months of their assumption of a supervisory position and once every 2 years, as specified.

This bill would instead require an employer who employs 5 or more employees, including temporary or seasonal employees, to provide at least 2 hours of sexual harassment training to

all supervisory employees and at least one hour of sexual harassment training to all nonsupervisory employees by January 1, 2020, and once every 2 years thereafter, as specified. The bill would require the Department of Fair Employment and Housing to develop or obtain 1-hour and 2-hour online training courses on the prevention of sexual harassment in the workplace, as specified, and to post the courses on the department's Internet Web site. The bill would also require the department to make existing informational posters and fact sheets, as well as the online training courses regarding sexual harassment prevention, available to employers and to members of the public in specified alternate languages on the department's Internet Web site.”

Note that this bill applies to companies that employs 5 or more employees including temporary and seasonal employees. Of particular note is that the bill is broader than sexual harassment to include abusive conduct.

The text of the bill may be found at:

[https://leginfo.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB1343](https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1343)

### **AB 5. WORKER STATUS: EMPLOYEES AND INDEPENDENT CONTRACTORS.**

The Legislative Counsel's Digests states:

“Existing law, as established in the case of *Dynamex Operations West, Inc. v. Superior Court of Los Angeles* (2018) 4 Cal.5th 903 (*Dynamex*), creates a presumption that a worker who performs services for a hirer is an employee for purposes of claims for wages and benefits arising under wage orders issued by the Industrial Welfare Commission. Existing law requires a 3-part test, commonly known as the “ABC” test, to establish that a worker is an independent contractor for those purposes.

Existing law, for purposes of unemployment insurance provisions, requires employers to make contributions with respect to unemployment insurance and disability insurance from the wages paid to their employees. Existing law defines “employee” for those purposes to include, among other individuals, any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee.

This bill would state the intent of the Legislature to codify the decision in the *Dynamex* case and clarify its application. The bill would provide that for purposes of the provisions of the Labor Code, the Unemployment Insurance Code, and the wage orders of the Industrial Welfare Commission, a person providing labor or services for remuneration shall be considered an employee rather than an independent contractor unless the hiring entity demonstrates that the person is free from the control and direction

**CONTINUED FROM PAGE 10**

of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity's business, and the person is customarily engaged in an independently established trade, occupation, or business. The bill, notwithstanding this provision, would provide that any statutory exception from employment status or any extension of employer status or liability remains in effect, and that if a court rules that the 3-part test cannot be applied, then the determination of employee or independent contractor status shall be governed by the test adopted in *S. G. Borello & Sons, Inc. v. Department of Industrial Relations* (1989) 48 Cal.3d 341 (Borello). The bill would exempt specified occupations from the application of *Dynamex*, and would instead provide that these occupations are governed by Borello. These exempt occupations would include, among others, licensed insurance agents, certain licensed health care professionals, registered securities broker-dealers or investment advisers, direct sales salespersons, real estate licensees, commercial fishermen, workers providing licensed barber or cosmetology services, and others performing work under a contract for professional services, with another business entity, or pursuant to a subcontract in the construction industry.

The bill would also require the Employment Development Department, on or before March 1, 2021, and each March 1 thereafter, to issue an annual report to the Legislature on the use of unemployment insurance in the commercial fishing industry. The bill would make the exemption for commercial fishermen applicable only until January 1, 2023, and the exemption for licensed manicurists applicable only until January 1, 2022. The bill would authorize an action for injunctive relief to prevent employee misclassification to be brought by the Attorney General and specified local prosecuting agencies.

This bill would also redefine the definition of "employee" described above, for purposes of unemployment insurance provisions, to include an individual providing labor or services for remuneration who has the status of an employee rather than an independent contractor, unless the hiring entity demonstrates that the individual meets all of specified conditions, including that the individual performs work that is outside the usual course of the hiring entity's business. Because this bill would increase the categories of individuals eligible to receive benefits from, and thus would result in additional moneys being deposited into, the Unemployment Fund, a continuously appropriated fund, the bill would make an appropriation. The bill would state that addition of the provision to the Labor Code does not constitute a change in, but is declaratory of, existing law with regard to violations of the Labor Code relating to wage orders of the Industrial Welfare Commission. The bill would also state that specified Labor Code provisions of the bill apply retroactively to existing claims and actions to the maximum extent permitted by law while other provisions apply to work performed on or after January 1, 2020. The bill would additionally provide that

the bill's provisions do not permit an employer to reclassify an individual who was an employee on January 1, 2019, to an independent contractor due to the bill's enactment.

Existing provisions of the Labor Code make it a crime for an employer to violate specified provisions of law with regard to an employee. The Unemployment Insurance Code also makes it a crime to violate specified provisions of law with regard to benefits and payments.

By expanding the definition of an employee for purposes of these provisions, the bill would expand the definition of a crime, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason."

This is a bill that multi-inspection firms should carefully review. The text of the bill may be found at:

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB5](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB5)

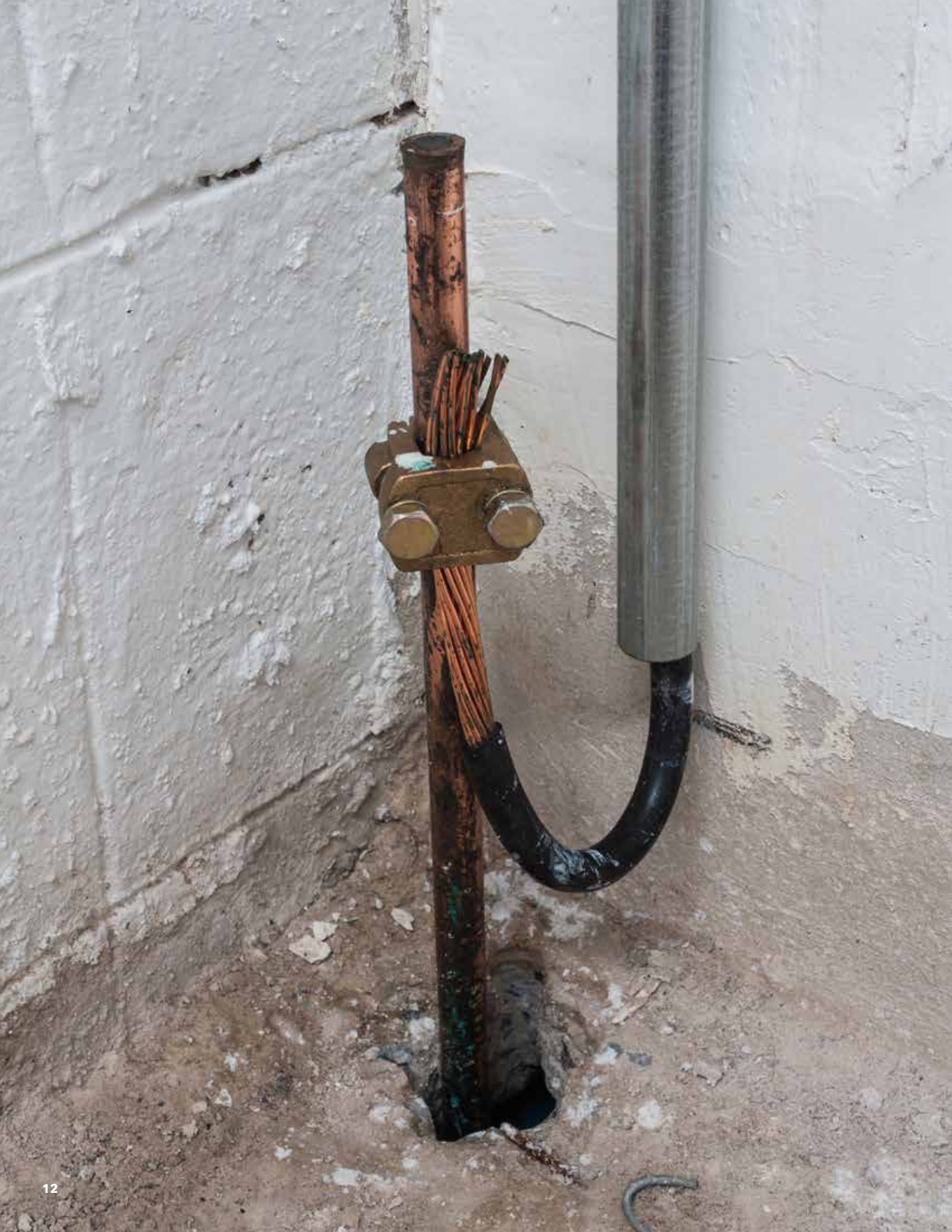
**AB1024 LICENSURE OF HOME INSPECTORS**

This bill, as of the time of this writing, remains in the Senate Business, Professions and Economic Development Committee. This bill could be taken up again this new legislative year. Jerry Desmond and I are scheduling meetings for next week (The week of October 6) with the office of Assembly member Frazier to discuss the legislation.

**IN OTHER MATTERS:**

I had the opportunity to give a presentation to the Risk Management and Consumer Protection Forum at the California Association Conference in Los Angeles on September 27. I reirrigated the commitment of CREIA to protect lives, health and investments. I gave an overview of our legislative work and how we have worked with CAR on matters of mutual concern. I gave an overview of our background check program and our commitment to continuing education.

It is critical that we move forward with support to CHILAC. Having a voice in the legislative process is of paramount importance.



# BUSTING THE #1 ELECTRIC SYSTEM MYTH: THAT CURRENT DISSIPATES INTO THE GROUND OR DIRT

MICHAEL CASEY, MCI/IF, EDUCATIONAL AFFILIATE MEMBER, ACI, MCI & ASHI TECHNICAL COMMITTEE

I often read or hear smart people say that electrical current wants to go to the ground (or “dirt”) and that this is the reason for the grounding electrode and “grounding.” This is just not true. It takes a heck of a lot of voltage to push current through the soil, and this amount of voltage is generally not available in a residence.

The grounding electrode (also known as ground rod or Ufer ground) is primarily installed to provide a path to ground (the dirt or “earth”) should lightning strike near or at the building and to dissipate static charges instead of letting them build up in a building’s metal systems. Secondarily, the grounding electrode at the house reintroduces the earth reference to maintain the voltage potential of 120 volts to ground (or the grounded conductor, also known as “neutral”).

## A REVIEW OF BASIC ELECTRICITY TERMINOLOGY

**Voltage:** A term of measurement to indicate the pressure behind the electrons to get them where we want the work done. This is analogous to water pressure: the higher the pressure (voltage), the greater potential for a leak and the greater the push behind electrons to induce current into a material.

**Amperage:** A term of measurement to indicate the volume of electrons (current) being pushed by the voltage (pressure) through a conductor. This is analogous to gallons per minute: the more gallons you want (or current), the larger the pipe or conductor must be to obtain the desired volume without damage or loss from resistance.

**Resistance (measured in ohms, also known as impedance):** A term of measurement that indicates the amount of resistance a material has to current flow. Plastic has high resistance, and most soil has high resistance. Metals have low resistance, but some are better conductors than others. We often use copper as a conductor in cables. We also use aluminum; however, aluminum has more resistance than copper, so we must upsize aluminum at least one wire size to get the same safe current capacity as copper. When we try to shove too much current (amperes) through an inadequate conductor, the result is heat, which could mean melting insulation or metal failure.

## A REVIEW OF THE BASIC COMPONENTS OF ELECTRICAL SERVICE

**Transformer:** Most homes have a transformer to step down distribution voltage (generally, this is rather high [2,400-20,000 volts], but it could be higher) to the convention used inside most homes in the United States [120/240 volts].

Generally, the service to the house is three conductors—two ungrounded and one grounded (created at the transformer). Some utilities provide a grounded conductor (or “neutral”) with distribution conductors in the street, some don’t. If they do, the utility neutral is connected to the common neutral connection.

**Grounded conductor:** Also known as the “neutral,” this usually white insulated conductor is created at the

transformer by connecting a “neutral” conductor to the center tap, along with another wire that is run to a metal rod stuck in the dirt (this grounding electrode conductor can be seen at many electric utility poles, if not stolen) to introduce the earth reference, or 120 volts to ground potential.

The neutral is not needed for a 240-volt circuit. This earth potential is again reintroduced at the building by the grounding electrode(s) at the building. This would be the Ufer, ground rod(s) and any other available electrode, such as a metal underground pipe in contact with earth for 10 feet or more. The grounded conductor is the primary return path to the transformer for a 120-volt circuit current. Electricity always wants to return to the transformer once it leaves through the ungrounded conductor(s).

The reason we don’t connect neutrals and equipment grounds in subpanels is to prevent the induction of current into the equipment grounding system from the neutral. Note that some optional systems at a house, such as an emergency generator, are separately derived systems, meaning that the neutral is created at the generator so that current returns to the generator, and thus not going into the non-emergency circuits or the grid.

**Ungrounded conductor:** Also known as “line” or the “hot,” the ungrounded conductor is usually black or red and insulated (most houses have two), created at the transformer and

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## CONTINUED FROM PAGE 13

supplying current pushed by voltage to power household appliances.

The hots or lines will most likely have 120-volt potential to ground (neutral) and 240-volt potential between them. In rare cases of residential homes, there could be 208 volts hot to hot (line to line) and 120 volts hot to neutral (or ground). Note that “line” is incoming power, and “load” are downstream devices, such as receptacles, where power would be used by devices.

**Equipment grounding conductors:** Also known as the “ground” or “safety ground,” these equipment grounding conductors are usually bare or green insulated wires, and they are the emergency path for current back to the main panel neutral or ground terminal bar should there be a current “leak” (also known as a ground fault).

A leak could be current being induced into the metal frame of an appliance, such as a clothes washer, due to damaged insulation at the flexible power supply cord. The equipment grounding wires are connected to the neutral terminal bar in the main panel to provide a path for current back to the transformer. This allows current flow to “clear the circuit” by tripping a breaker or fuse.

Equipment grounding wires help prevent the potential for a person to be in a “series” path to the transformer, like bonding wires. You always want to keep people in a parallel path with any potential current path, and most of the current will flow in the lower resistive path that would be a metal wire—generally, an equipment ground or bonding wire.

**Bonding wires:** Often confused with “ground wires,” bonding wires are used to connect metal components (not designed as part of the circuit current carrying components) that might become energized with undesired current. These could include metal piping or ductwork systems in the house

or metal enclosures. Bonding wires are connected to the neutral terminal bar in the main panel to provide a path for current back to the transformer to allow current flow to “clear the circuit” by tripping a breaker or fuse.

If current does not flow to trip the breaker, it will wait for a potential path, which could be through a person. Bonding wires help prevent the potential for a person to be in a “series” path to the transformer. Again, you always want to keep people in a parallel path with any potential circuit. Most of the current will flow in the lower resistive path, which would be a metal wire. We also use grounding or bonding wires to create equal current potential to ground in all metal should something become energized.

### PRACTICAL TIPS

Once current leaves the transformer with 120 or 240 voltage (pressure) behind it, the current’s only function is to return back to the transformer. We direct this current through the breakers or fuses in panels to branch circuits and panel feeders to our devices, such as switches and receptacles (so electricity is readily available to plug in a cord-connected appliance) and to our appliances, such as air-conditioning units and water heaters.

Once we use the voltage (pressure) and current to operate our appliances, current (in amperes) returns to the transformer through the grounded conductor (the neutral), although with less voltage. Think of the hot or line side as the pressure side and the neutral as the drain pipe. I like using plumbing analogies because I can picture them well. What comes out must go to the drain, or it’s a “leak.” With 240-volt circuits, each hot takes a turn being the return to the transformer with an alternating current, as each leg is 180 degrees out of phase.

I experienced the difficulty of trying to induce current into the soil in a house I once lived in. A contractor working at the

street cut the neutral conductor from the transformer to our house. I was out back working in the yard, and my wife told me the cooktop was not working and the house seemed kind of dark.

Of course, I went in and had to be sure that the cooktop did not work! Also, I did notice that the lights seemed to be dimmer than usual. I went to the main panel and checked voltage with several different multimeters at one of the buses to ground (80 volts), and then I checked between the buses (160 volts).

Next, I walked to the end of the driveway and could see the problem. The contractor had called our local power supplier. The reason for the low voltage at my panel was because the neutral was cut. As a result, current was trying to return to the transformer at the street through the grounding electrode, which was close to and connected by a bond wire to the copper water service pipe to our house, which passed by the transformer grounding electrode at the street that used to create the neutral conductor.

Due to the high resistance of soil, we experienced a significant voltage drop in the house, because much of that voltage (pressure) was being used by the neutral current trying to return to the transformer to complete the circuit. Once the neutral was repaired, all voltages returned to normal.

I hope these examples and insights help inspectors better understand electricity and how it works. My experience is that once you understand the theory, you can confidently inspect just about anything.

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# Accidental Marketing

BY JOHN GAMACHE, CCI, FORMER CREIA OFFICER AND BOARD MEMBER

I've recently had a string of condo inspections. It's funny how things usually come like bunches of bananas. And, well for whatever reason I've been scheduling a lot of condos lately. And, like most of us, I charge a little less for a condo or townhome than I normally do for a single-family residence (SFR). Well... somehow, I had accidentally been quoting the wrong prices! I had been quoting my SFR prices for the condos and townhomes. Now here's where it gets interesting. At the conclusion of the inspection I've made sure that I've gotten my signatures on the inspection agreement and gone through my verbal overview of discoveries. I then mention to the buyers that I had made an error when I had quoted them my inspection fee. That's when the agents look up with that "Oh Golly Gee" look on their face. And the buyers look up already reeling from hearing about the discoveries and now they are just told they are going to get even more bad news! I then tell them that I had misquoted the price and I would like to **lower** the amount of the inspection fee, and if that be okay with them. I cannot describe the look that comes over both the agent's and buyer's faces. It is beyond classic! So, what's

the bottom line? Yes, I'm out a couple bucks. That's true. But the amount of good will made from this small reimbursement gesture is huge! The agents, in the eyes of their clients look like geniuses for recommending this beyond honest home inspector. And the buyers are completely blown away that their home inspector would actually take less money than what was agreed to a few days earlier. Do you think the agent and buyers are going to have any reservations about referring me to other buyers and/or friends and family? This accidental over-charging and downward price adjusting is working out to be a great marketing tool. And the fact of the matter is that it really didn't cost me much of anything. Are there any domino players out there? I used to play dominos a lot when I was in the military to pass the time away when things weren't totally crazy. Well in dominos we used to say that "not all money is good money." So yes, I could have charged the larger fee. But, in life, as in dominos, not all money is good money. But the dividends of honesty, good will and many more future referrals? Well that's going to be good money! Just food for thought.

# MANUFACTURED (MOBILE) HOMES (PART. 1)

BY GUNNAR ALQUIST, CCI, CREIA BOARD MEMBER



Factory-built homes include a fairly wide variety of types, including manufactured (mobile), modular, pre-fab, panelized, kit, & timber-frame.

As you no doubt gathered from the name, much of the construction takes place a factory and often uses standardized parts. Each type will have varying amounts of assembly required on-site, but these differ greatly between types.

In this article, we will be looking only at the exteriors of manufactured homes. Commonly referred to as "mobile homes", these structures are constructed on a metal chassis, largely complete prior to moving, and hauled to the home site in one or more sections. We will be exploring many of the differences and similarities an inspector will come across when inspecting a manufactured home in comparison to site-built homes.

The primary differences between manufactured and most other types of factory-built homes is that the latter are constructed to state and local building codes while the former are constructed to the "Manufactured Housing Construction and Safety Standards" (MHCSS) and overseen by "Housing and Urban Development" (HUD) on the national level. California oversees manufactured and mobile homes through "Housing and Community Development" (HCD). HUD has jurisdiction until the first sale, then it transfers to the state. Site placement, on-site assembly, and any subsequent repairs are overseen in California by HCD. This means that any inspectors of manufactured homes are based in Sacramento, inspectors

are spaced rather thinly, and I have found that much post-installation work performed on these homes is not permitted or inspected. HCD also has some specific requirements for manufactured homes constructed for California including seismically braced water heaters, exterior fire protection in WUI areas and fire sprinklers (when required by local jurisdictions).

Mobile homes became manufactured homes in 1976 when the U.S. Congress passed the "Manufactured Housing Statute" (Title 42, Sec. 5401) which created the MHCSS. Prior to that, there were voluntary standards (ANSI) and some states had started regulating mobile homes, but the differences in the requirements encouraged the Mobile Home Manufacturers Association to approach the Federal Government to enact a national standard. A national standard meant that a home could be constructed in one location for pretty much anywhere in the U.S. and shipped where needed rather than built to specific local codes. This standardized manufacture which helped to reduce costs.

In practice, many manufactured homes are set in mobile home parks; however, I do find them on private land (occasionally with an attached garage). As home inspectors, we do not verify site placement or lot lines. HCD standards do exist, but we will not be addressing them here.

## Grade & Drainage.

While proper grading and drainage is required by statute (Title 25, §1116), parks are often poorly graded and drained, and marginally maintained. Generally homes are owned by fixed and low-income folks who don't want to experience increases in their space rent, so they don't make demands. Look at grade and drainage and make appropriate comments, but don't expect any real corrective work to be done. Water that enters under the home will decay the wood pads under the support blocks/jacks, promote settling of the home as well as allow excess humidity/moisture to attack wood framing



CONTINUED ON PAGE 19

members and rust metal. If nothing else, getting roof water out to the road will often help.

**Roof and Attic.** For the most part, roofs will either be metal (generally aluminum) panels, and asphalt-comp shingle. I have seen an occasional foam and single-ply membrane, but these are rare in my area. Only



one roof layer is allowed. With this exception, shingle roofs are handled the same as those on site-built homes (flashing, nailing, etc.). Metal roofs are a different animal entirely. These are crimped-together at seams and rely on sealant/caulking (elastomeric/polyurethane) that is applied to the marriage line, through-penetrations and perimeter. As the caulking material ages, it will crack and separate. Aged caulking should be cleaned-off and reapplied. Depending on the local climate, usually 7-10 years (your mileage may vary). The original baked-on enamel on the panels will last for years, but eventually will require recoating. There are a number of products that are available. Best bet is to check with the manufacturer to see what product they recommend. Recoating will NOT correct leaks. If a roof is leaking, it will need to be corrected by a licensed roofing contractor. Attics are rarely, if ever, accessible. Roof framing is truss construction and the plywood sheathing is often 3-ply and can flex frighteningly when walked-on. Be careful when walking on these roofs, they are slippery when wet. Attic venting is typically handled with one or more through vent penetrations. It's often difficult to know which is an attic vent and which is a plumbing vent. I disclaim the entire attic stating that it is not accessible.

**Carports & Enclosures.**

Generally attached to the home at the roof and supported by metal or wood posts at the side, these covers are lightweight structures that provide some protection from the sun



and rain. Not much to talk about here, just look for leaking where they attach to the home, bent/damaged supports and disclaim water-tightness of the roof (they will often leak). Occasionally, exterior decks/patios will be completely enclosed and will enclose a required exit from a home. HCD allows this (Title 25 §1429) with certain specific requirements and exceptions.

**Decks & Stairs.** Decks in park-set homes are usually plywood covered with an exterior carpet or "astro-turf". Since these

decks are often covered by awnings without exterior walls, I will often find decayed plywood and/or girders underneath at the perimeter. The guardrails are often rickety aluminum numbers with wide baluster spacing that might hold some teeny elderly lady, but won't do much for someone on the large side. Also, look at exterior steps for damage, rise/run consistency as well as sturdy/graspable handrails.

**Siding and Windows.**

Older homes are generally aluminum-sided. Newer homes use current materials like Hardie and LP products. Newer products have the standard known



issues, so keep an eye out for damage. The older homes tend to leak at the perimeter of windows/doors as well as the outside corners. These homes did not have flashings and relied on caulking at the perimeter of the windows/doors, and the caulking will dry-out and fail over time (if the siding is aluminum, the caulking has probably failed). Awnings over window and door openings do help to deflect water away from these vulnerable areas and I rarely find damage at the interior when awnings are present. If accessible at the interior, I probe (with a thin-bladed screwdriver) for damage into the window sills and floors under the windows, as well as at the corners of the home. Since the bottom closure blocks visual review from below, I am often more successful in finding damage of this sort by probing from the top. I know what you're thinking... we are not pest inspectors. But, I argue that if we don't find and describe damage and conditions that will contribute to damage, we are not doing our job.

Replacement vinyl windows are usually installed over the siding and rely completely on the exterior caulking. This can be problematic with profiled sidings as large amounts of caulking will be necessary to fill voids. High quality polyurethane caulking tends to perform the best in these cases. Short of documenting potential issues and making recommendations about installation of awnings and periodic resealing/recaulking of the perimeter of windows, there isn't much more we can do.

We will continue looking at the systems (heating, electrical, plumbing) as well as the interior and substructure in future issues.

# TECHNICAL INFORMATION EXCHANGE (TIE)

COMPILED BY GUNNAR ALQUIST, CCI BOARD MEMBER AND TIE CHAIR

## EXCERPTS FROM THE TECHNICAL INFORMATION EXCHANGE

One of my favorite resources that CREIA offers is the TIE. For so many reasons. This forum gives us the chance to post questions and photos describing conditions found on an inspection, ask about a specific code (even though we aren't doing code inspections), search through past threads to pick-up new information, or gripe about something/someone on a recent inspection. Plus, since CREIA is a California organization, the questions and responses are California specific.

I have been using the TIE since I became a member and have been moderating for the past several years. Over this time, my participation has given me the chance to get to know a number of wonderful people and I have had the opportunity to learn volumes about my chosen profession. We are privileged to have a number of recognized specialists that include Douglas Hansen, Michael Casey, Abe Simantob, Neal Muckler, among others who share their knowledge and insights. Also, unlike many other message boards, the posts on the TIE are respectful and thoughtful. However, the sad fact is that many of our members do not use the TIE, possibly because they are unaware of this resource or choose not to. I feel that those folks are missing out. So, to that end, we are including some recent excerpts in the hopes that we can encourage more traffic.

### ELECTRICAL - TOPIC: 3-WIRE FEED

#### Phil Kaznowski

I inspected a 2008 home today where

the service panel is located at the detached pumphouse. There is a 3 wire feed from the service panel to the sub panel in the home. Per CEC 250.32 this is permissible if there are no continuous metal paths between the buildings and the neutral is then bonded to the sub panel and the ges (not isolated). I am trying to find if this was allowable for the age of the home? If not, does anyone know a date?

#### Douglas Hansen

It would have been allowed under the code at that time. If the permit application for this 2008 home was applied for in 2008, they would have been using the 2005 NEC as the model code. If the application was in 2007, it would have been the 2002 NEC.

As to whether it matters, it shouldn't if those are the only two structures on the property. If it is a rural setting with barns, horses, etc., then it could be a problem. These rules changed in the 2008 NEC (both in article 250 and article 547). California didn't adopt the 2008 NEC until 2011.

#### Phil Kaznowski

I guess the premise of my question was I have seen this hundreds of times, but in the opposite direction (service panel at home-sub panel at detached building). There were other outbuilding without power. What would be the issue?

#### Gunnar Alquist

I am certainly not going to disagree with Douglas here, but I am going to carry this thought out a bit farther. I believe the reason for the change in code is that modifications are made to homes without taking into consideration other systems and codes.

For example, in this particular case, I am going to presume that the water line between the pump house and main house is some kind of plastic (this is pretty common). If so, then an equipment grounding conductor would not have been required when the home was constructed. So far, so good. If the water line from the pump house to the main house was originally copper, then an equipment grounding conductor would have been required as a part of the feed. However, can we be completely sure that the buried water line is plastic? What if the pipe is replaced? Will the plumber (or homeowner) know that the electrical feed would need to be corrected if replaced with metal? It might be unlikely that a plastic water line would be replaced with metal, but not inconceivable.

Then again, what about cable TV or telephone lines? If the electrical service comes into a detached building, it seems reasonable that other services would as well. Would TV or phone cable be considered a "continuous metallic path" between these two buildings? Are we going to go to the trouble to be absolutely certain that there is no metal connection between the two buildings?

When I see an electrical feed between buildings that does not have an equipment grounding conductor, I describe what I see, state that it might have been acceptable at time of construction, notify them that conditions can change and these changes might not be visible in a home inspection, and recommend review by a licensed electrical contractor. This might be over-cautious, but I can't be certain.

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### Phil Kaznowski

I did have a visual on the water supply and it was indeed pvc from the well pressure tank (visible in the ground box and crawl).

### PLUMBING – TOPIC: THREAD DRIFT FROM ELECTRICAL 3-WIRE FEED

#### Gunnar Alquist

(Phil Kaznowski wrote on 09/06/2019 12:38:38 PM)

I did have a visual on the water supply and it was indeed pvc from the well pressure tank (visible in the ground box and crawl).

That brings up another quandary... (WARNING—THREAD DRIFT)

Can PVC be used within the building envelope?

I know one (former) home inspector (actually, I believe he was a building official at one point) who maintains that PVC is not approved for use as water supply pipe within the building envelope.

According to the 2016 CPC (Table 604.1), PVC is approved for "Building Supply Pipe and fittings" but not for "Water Distribution Pipe and Fittings". The problem is where does the "Building Supply" become "Water Distribution". My colleague states that "Building Supply" is outside of the foundation in the same sense that the "Building Sewer" begins outside of the foundation.

Building Supply. The pipe carrying potable water from the water meter or other source of water supply to a building or other point of use or distribution on the lot.

The code could be clearer.

#### Steve Bosserman

I always report PVC within the "footprint" of the building as a violation. Remembering back to all of

the houses I have inspected, I have seen PVC used as the supply from the water utility up to the building and then transitioning to metal, but I have never seen it continue through the building wall and into the building such that it is within the "footprint" of the home. Has anybody else ever seen PVC supplied through the exterior wall?

#### Phil Kaznowski

Doing rural inspections with wells, 98% of supply piping is PVC into the crawlspace. At that point it transitions to copper, pex or galvi. My interpretation is to within the foot print of the home.

#### Gunnar Alquist

I see it periodically under homes as distribution piping, although generally used to supply water to hose bibbs or sprinkler valves. I still see this as distribution and mention it in the report.

Like Phil, I also inspect rural properties. In my case, the "Building Supply" rarely enters the foundation area directly. Generally, as Steve mentioned, it goes to a shutoff valve at the exterior and transitions to copper (or whatever) at that point. Most of the time there is no issue. But on occasion, I do see PVC "Building Supply" enter the foundation crawlspace area.

### ELECTRICAL - SUBJECT: AFCI REQUIREMENTS

#### Bradley Taylor

Looking for some advice: Last week I did an inspection on a property which had received damage from the Thomas Fire 2 years ago. The side of the garage where the main panel was located received the worst of the damage which required the replacement of the main panel. The new panel was observed to lack any AFCI breakers. I contacted the local Building Dept. Inspector who told me that the new panel did not require AFCI protection because the existing circuits nor receptacles were affected or replaced. This prompted me to dive into the electrical codes a little deeper which has prompted a few unanswered questions:

1. Is the information I was given correct?
2. If any receptacle is changed in the home, the code (if I'm reading it correctly) states that it must be replaced with an AFCI device. But, does this apply if the circuit is protected with AFCI breakers?
3. Does the current code also include Exterior receptacles?
4. Are there any tools to check AFCI receptacles? And should all AFCI recptacles which are readily accessible be tested?

I greatly appreciate your feedback!

#### Peter Walker

1. AFCI s required on a change out.
2. No because it already is protected by AFCI
3. No.
4. My test in vacant house consists of check all receps. Note deficiencies. Trip AFCI s, check what is covered by AFCI and what is not. There are always differences. Report accordingly. Do not know of any testing device.

#### Douglas Hansen

There are a few nuances in addition to what Peter said.

1. AFCIs are required when branch circuit wiring is modified, extended or replaced. The protection can be either at the breaker or at the first receptacle outlet of an existing branch circuit. In our current (2016) California Electrical Code, see 210.12(B). In the 2019 California Electrical Code, going into effect in January, the section is 210.12(D). Simply replacing a panel does not trigger a requirement for AFCIs. Even if the old panel is turned into a junction box and there is a new one next to it, if the wiring for the extensions of the existing circuits is less than 6 ft., AFCI protection is not required.

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2. No. Replacement receptacles in areas that require AFCI protection must either be outlet-branch circuit AFCI types or have AFCI protection upstream. Bear in mind however, that replacing a receptacle does not require a permit.
3. Exterior receptacles per se are not required to have AFCI protection, but almost always they will be on a circuit that has other outlets that do require AFCI protection. Similarly, exterior lights don't require AFCI protection, but if the switch is in an area that requires AFCI protection, they do require it. (2016 code change in CEC)
4. The test button built into the AFCI is the only tester listed for that purpose. Like Peter says, you walk a lot verifying these things.

**Gunnar Alquist**

One thing that was not addressed in the previous posts is the leeway that the building officials and the building inspectors have when addressing this type of situation or interpreting code in the field.

In my area, I have seen panel upgrades/replacements without AFCI that were allowed by the inspector. The argument was that it was an unreasonable burden on the homeowner to require AFCI in a panel upgrade when it was not required on the original build. I believe this was originally because there was no way to protect multi-wire branch circuits with AFCI breakers. This appears to have changed. I looked at some of the breaker manufacturers websites and see that they do have double-pole AFCI breakers that will work on MWBCs. However, the Schneider Electric site states that theirs are only for 120/240 volt systems and not for 120/208 volt systems (I don't believe I have ever seen a residential 120/208 system). Other manufacturers may have the same requirement. <https://www.schneider-electric.us/en/faqs/FA234663/>

Certainly, it is acceptable for the home

inspector to interpret differently from the official interpretation, particularly since we have a level of liability that the local building departments do not.

Don't forget that light fixtures and (I believe) a hard-wired smoke alarm are considered to be "outlets". AFCI protection is not just for receptacle outlets.

Similar to Pete, I check AFCI circuits in vacant homes by tripping off the breakers, checking the receptacle outlets and lights, then verifying that they do indeed have power after I reset the breakers. Occupied homes are a bit more difficult. If I don't test AFCI, I recommend they verify operation before they move in while the home is vacant and then as recommended by the manufacturer.

**Robert Fennema**

I recently has my old (1960) zinsco panel replaced and the City did not require AFCI or GFCIs. Made a big deal of grounding electrodes.

**Gary DeWitt**

I ran into 120/208V yesterday on a 1998 tall condo building, but it's very rare I see one.

Los Angeles Building & Safety does not require AFCI on panel change out for the financial reason you gave.

No one in my service area is adding AFCI breakers when remodeling, even when the panel, wiring and/or outlets are replaced or added. Evidently, the AHJs are not requiring it despite the code, or the work is not permitted. I only see AFCI in buildings built since they have been required.

**Gunnar Alquist**

Isn't 120/208 generally three-phase? Someday I am going to have to study up on that aspect.

**Douglas Hansen**

In our city, our underground residential distribution is 120/208, and our overhead comes from single-phase transformers. In a 120/208 system, the

utility still just supplies 3 conductors and the loads are all single-phase, but what they are giving you is 2 out of the 3 ungrounded conductors from their 3-phase transformer, plus its neutral.

It does behave differently. You are getting 2 120-volt-to-ground conductors that are 120 degrees out of phase with each other, instead of 180 degrees. As a result, multiwire circuits always carry a load on the neutral. In a perfectly balanced multiwire circuit, it will be the same amount of current as on the phase conductors, whereas on a 120/240 system you would have zero.

You also have less power to operate appliances than you do with a 240-volt system.

Look at the label on an oven, and you will see the wattage is shown for 208 and for 240. The difference between the 2 is not just the arithmetic ratio of 208 to 240 - its the ratio of the square of 208 to the square of 240, which is just over 75%. Air conditioners will typically give a minimum and maximum voltage on their labels. The minimum will be 208 minus 5%, the maximum 240 plus 5%.

**FIREPLACES AND CHIMNEYS – SUBJECT: ETHANOL FIREPLACES**

**Jerry Carlisle**

Looked at a house today with an "Ethanol Fireplace" no exterior source of combustion air, no vent to atmosphere, no U.L tag on the listing label, this does not look right to me, this installation contradicts everything I thought I knew about lighting a fire inside a building. Does anyone know where I can obtain information about these units?

**Gunnar Alquist**

I had never heard of an "ethanol fireplace" before. I just googled it and found that they are indeed ventless. I went to <https://ecosmartfire.com/ca/en/downloads/> and attempted to download a technical document, but it took so long I gave up before I responded to your post. If you want to follow-up, you could download

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their documentation or email them and ask if they are approved for CA. According to another website, ventless are not allowed in CA.

<https://discountfireplaceoutlet.com/blog/ventfree-fireplaces-not-allowed-in-california/>

If I remember correctly, ventless fireplaces are not allowed in California. I am tired right now and can't think of where to look it up. If it were me, I would cite my concerns, flag as potentially unsafe and recommend that the clients contact the local building department to see if it was permitted/approved, as well as defer to a gas fireplace specialist.

**Jerry Carlisle**

What I have learned from a reliable source (Dale) is that these Ethanol burning buckets of gas are not regulated. They burn hot so clearances to combustibles is important.

**Richard Zak**

Jerry, good topic. Just wanted to put in a plug for Dale Feb, the "Dale" I think you are referring to. I have been in touch with Mr. Feb this past week to ask him if there were any updates to pre-cast chimneys (AKA "Rampart General") as that pertains to his past articles about them. He is going to get back to me in early 2019. Also, for any of you out there that do not know about Dale Feb, Rampart Generals, etc., I strongly advise taking one of his 'Home Inspector and the Fireplace' courses. 2019 schedule in the works, Dale said more info on that coming. here is his website <http://www.fireassociates.org/>

**FIREPLACES AND CHIMNEYS – RICHARD ZAK: HALLOWEEN SCARY CHIMNEY**

**Richard Zak**

This is a sub-floor view of the bottom of an abandoned in place two story single wall chimney. The two story building reportedly had been moved onto it's new site and foundation. They obviously left the chimney's footing



behind and didn't bother to support it at the new location (Happily the fireplace was walled in in the interiors and was not in use). The interior floors and walls showed plenty of stress at the places where the chimney stacked passed through as it was obviously dropping slowly down to earth.

Imagine watching a scary movie and suddenly the chimney falls to earth taking one on the branch circuits with it.

**Gary DeWitt**

Some of the stuff we see is just hard to imagine how it got that way. "Oops, sorry. We placed a new 'foundation' around the perimeter, but the guy who was supposed to form up the chimney foundation was out sick..."

CMU foundation is sometimes an indication of less than professional work. My wife points out that one of the posts appears to be leaning. I'm sure you had a field day with this house.

**Gunnar Alquist**

I don't know what you're complaining about. That Romex is holding it up just fine. I wonder what the tensile strength of Romex is...

**Richard Zak**

Haha, it was more like 'one of the posts wasn't leaning' ! So many issues.

Your CMU comment brings up an interesting point, maybe we should take to "Foundations" section; in my 'JLC Field Guide to Residential Construction, a manual of best practices', I learned that there are different block Grades and Types (see photo of the page from the book). I don't know how we could tell them apart, maybe Peter the wise will know. And

you are correct, CMU foundation can indicate less than professional work.

**FOUNDATION, BASEMENT AND UNDER-FLOOR AREAS – SUBJECT: RUST AT CRACK IN SLAB FOUNDATION**

**Rich Lester**

Quick question on your opinion on this crack in a slab foundation... (2003 yr home in an area that does not have excessive settling issues; there is a wetlands area not too far away).



The crack is pretty straight and has rust colored staining around the crack. At first I was thinking that this was a cold joint but it is awfully straight for that and the presence of rust is alarming. Now, I'm thinking that this may be shallow rusting/corroding piece of rebar that has put the concrete on tension. What are your thoughts and what would your recommendations be?

**Gary DeWitt**

Is that an exterior wall on the right? Was there any displacement? I'm not sure this is not a cold joint between perimeter and slab. I'm not too concerned about the rust as slabs tend to absorb moisture from the ground. All concrete cracks. I usually call them expected cracks (thanks Mike Casey).

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**Gunnar Alquist**

Interior of the home or garage? I am not seeing tack strip at the wall, so I am assuming garage, but could be wrong.

In my area, the vapor retarder usually extends under the garage slab, but I don't know if it is required to. Not knowing your soil type or drainage issues for that area, I am at a bit of a loss to be able to provide more information without knowing more.

The rust stains do indicate excessive moisture and I think I would be inclined to defer to a structural engineer for further evaluation.

**Gary DeWitt**

I'm going to have to agree to disagree re: engineer. Unless there are other, undisclosed up until now indications of structural distress, I'm not inclined to spend a client's money on an engineer. I don't see a structural problem from this picture alone. But that's just one opinion, from someone not licensed to practice engineering :)

**Rich Lester**

Interior of the home and interior wall. No vertical displacement, no other signs of structural problems.

**Peter Walker**

Ist up need post pictures correctly, hard to turn my screen on its side. I see a moisture barrier that was short hence the moisture. I see poor rebar overlap from the foundation to the slab hence the cracks. I would be looking for poor grading, lack of or incorrectly installed gutters and downspouts at the very least. Did you moisture test the slab [out of sight of client of course.] Defer to live another day.

**Gunnar Alquist**

You may be right. I was looking at the moisture and corrosion stains as a water problem. Might be more in the realm of a civil engineer rather than SE. I would hate to get a phone call in 3 months when the living room starts filling with water.

**Richard Zak**

2003 built house is probably Post-Tension slab right? The straight line course of the cracks worries me; could be moisture following a cable or rebar. I think Peter is right about the outside moisture concerns. Rich, Did you happen to get a good look at the slab edges at exterior and see any rusted post tension cable cleats or maybe a blown-out cable?

**Abe Simantob**

IMHO this is not a Post Tensioned slab!! I dont think the crack is due to corrosion of rebar as you would expect to see more cracks due to corrosion of the neighboring rebars!

I think the crack may be either a cold joint or due to settlement or expansion of the underlying soils. The stains you are seeing appear to be water that came up the crack and settled on the sides of the crack staining the slab!! As Peter and others have said check the drainage around the house and make sure that there are no pipe leaks! Either there is no vapor barrier or if one was installed it may have failed!

**HEATING AND COOLING –  
TOPIC: RETURN AIR INSIDE  
LAUNDRY CUBICLE**



**Ricky Sailors**

The return air was located in the ceiling above the stacked washer and gas dryer unit. The laundry cubicle is open to the hallway and not designed to be closed in. I think this is a bad location to place a return air due to the moist air and lint from dryer regardless of it being opened to the house. I can't find any

code violations but still recommend a licensed HVAC. Your thoughts?

**Pierre Coulombe**

It falls into the category of "What were they thinking?"

**Duane Morrison**

I sometimes explain to our customers the code is a basic standard to follow. And that sometimes we need to do what makes sense, based on each individual homeowner's specific needs. In this case, I would recommended relocating. Good catch!

**Michael Casey**

I think that location might fall into the "objectionable odors" note in the CMC regarding return air sources, however, subject to interpretation. I agree I would mention the location is unconventional.

**Gary DeWitt**

First thought: Warm moist air into a duct in an unconditioned space, possible condensation during cold weather.

Second thought: What happens when the exhaust fan is on, as well as the dryer?

Third thought: The dryer and exhaust are dumping a good portion of the air outside before it gets to return. Not very efficient.

Fourth thought: If there were doors between the dryer and the house and the furnace/ac, exhaust fan and dryer were running at the same time, would there be enough air for the dryer to operate properly? This springs to mind because I've taken a BPI course that teaches how to inspect a Combustion Air Zone for safety. I highly recommend reading up on this.

BTW: I love when the laundry is in a separate space that can be isolated from the house and opened to the outside, and I tell my clients this is the most efficient way to use the dryer, close the door to the house and open the room to the exterior during drying.

**Phil Kaznowski**

When I was still framing, it was always comical when the hvac contractor would show up to the job, walk up to the general and ask "so where do you want the furnace." No mechanical plan and zero planning. This photo falls closely into that category. It's not far off from the ceiling register installation in a bathroom that's located adjacent to the exhaust fan.

**Craig Funabashi**

Is that louvered grill in the rear wall combustion air supply for a gas dryer? I think you could apply the no return air within 10 feet of combustion air supply as a practical application.

**Neal Muckler**

Yea, this is a tricky one especially if a builder is going strictly by the code.

**CMC 311.0 HEATING OR COOLING AIR SYSTEMS.**

311.3 Prohibited Sources. Outside or return air for a heating or cooling air system shall not be taken from the following locations:

(6) Rooms or spaces containing a fuel-burning appliance therein. Where such room or space serves as source of return-air.

Exceptions:

(1) This shall not apply to fireplaces, fireplace appliances, residential cooking appliances, direct-vent appliances, enclosed furnaces, and domestic-type clothes dryers install within the room or space.

But I think Gary is right on all levels so I would write up my opinion and not just rely on what the code says.

**SUBJECT: REPORTING INACCESSIBLE AREAS**

**Gunnar Alquist**

One thing that I struggle with is how to document/report inaccessible areas.

More importantly, how big a deal do I make it in the report?

Obviously, it's necessary to document inaccessible areas. If, for instance, the garage is full of stuff, I will take a couple of pics and use one of a couple of different ready-made comments that document the limitations (my two comments are basically "stuff in garage" or "excessive amounts of stuff in garage"). Same with cleaning supplies in sink cabinets, furniture and personal property in the interior of the home, insulation in attics and under floors, etc. These typically get written in boldface type so it's easier to see in the text of the report.

The concern that I have about this type of documentation is that it can get buried in the text of the report, even in boldface. So, is it better to also put comments about inaccessibility into the summary section (if the inspector uses a summary)? If yes, then to what degree?

For example, the foundation crawlspace area is a big part of a home inspection. There is a good chance that I will find a significant defect there. But, if it is blocked or otherwise inaccessible for some reason, then a valuable portion of the inspection is missing. To me, that would be a big deal and should go into the summary.

I think the same is true with a furnace. If it's in the garage and inaccessible due to too much personal property, might be good to put that in the summary as well.

What about the roof? I fully believe that the only way to properly inspect the roof is by walking on it. There is a lot that cannot be seen from the eaves. However, there are some roofs that I can not or should not walk on. Sure, that gets documented, but should the limitation appear in a summary?

Then we get to the attic. I usually get at least part way in to the attic, but I can't get all the way into the eaves, I can't see through insulation, and low attics may be inaccessible.

Ok... let's say if I can't get into the attic at all, I put that in the summary, but if I can access enough to be comfortable, I don't. At what point do I stop putting things that I can't see into the summary? If a bedroom has a lot of stuff in it, or if there is a wood-burning insert in the masonry fireplace, or stuff in the cabinet under the sink? Do I put those in the summary as well? The problem now becomes the summary might end-up watered-down with too many items that aren't really problematic, just inaccessible. There must be a point at which it makes sense to stop.

Much of what we do is communicate to our clients (and the agents representing them). This means knowing what (and what not) to say. How do you report limitations and why?

**Gary DeWitt**

I do not use a summary, so can't answer your questions/concerns about one.

That being said, I start with a section near the beginning, before the foundation, called General Information, which contains the usual conditions at the time. One sub-item is called Building Contents. It contains one of these comments:

The building was vacant at the time of the inspection.

The building was occupied and access to some items such as; electrical outlets/receptacles, windows, wall / floor surfaces, and cabinet / closet interiors may be restricted by furniture or personal belongings. Any such items are excluded from this inspection report.

The home was staged for sale. Access to some items such as electrical outlets/receptacles, windows, wall/floor surfaces, and closet/cabinet interiors may be restricted by furniture or decorations. Any such items are excluded from this inspection and report.

Some personal items and furniture were still there. Access to some items such as; electrical outlets/receptacles, windows, wall / floor surfaces, and cabinet / closet

interiors may be restricted. Any such items are excluded from this inspection report.

The software form I use came with most of this already, and once in a great while something comes up I have to improvise. I also tell my client it is his responsibility to inspect any area not visible or accessible when the stuff has been removed. Obviously, if it's a crawl, attic or technical area like a furnace, I let them know they need to make access and inspect/hire an inspector before closing.

I have heard over and over from insurance people, lawyers and Mike Casey how important it is to describe what was not inspected and why, down to what parts if not all of the crawl, attic, etc. so that's how I report. Even a low deck or one without access. If I can only inspect an attic from the hatch and furnace platform due to ducts or low height, that's what I say. In the case of whole attics or majority of crawls, where I can't see even from a bit away, I always recommend access be made and the area inspected before close of contingencies or the transaction. Hidden defects may be discovered. I have encountered crawls and attics with NO access at all.

Regarding roofs, if it's not safe or there is potential for damage, I inspect from the eaves or with a drone. I always find enough defects to call for repairs anyway, and let my client know the roofing specialist may find more defects.

Bottom line, report what you saw, report what you didn't see and why, both with recommendations.

**Richard Zak**

Excellent question and topic, Gunnar, and great response Gary. To add, Mike Casey has also stated that something really needs to be stated in a report only once, though I am in favor of a little overkill when it comes to inaccessible spaces that should or would normally be accessible, such as

jam-packed garage, a sub-floor space with no access, or a locked room or closet. I note those kinds of restrictions in my preface or opening section of the report. I then go on to repeat the lack of access and any recommendations for making a space accessible and having it inspected within the inspection period in the pertinent section of the report.

As for the underside and support framing of decks close to ground, decks covered with carpet or slats, chimney flues/chase covers/crowns above an inaccessible roofs, roofs systems that I could not walk, view from above, or access, and portions of an attic or a sub-floor space that were not inspected or accessible, I note how much (estimated %) of and which parts (ie; "North and NE portion of sub-floor not accessible due to...") those systems were or were not inspected and advise FE if applicable. In the case of a roof deck or coated deck surface I could not see, a roof I could not walk, an attic I could not crawl, or a sub-floor I could not enter and crawl, I always advise that the system or space be made accessible and inspected by a qualified person before removal of inspection contingencies.

**Michael Casey**

Rich and others: thanks for the reference to me! I am more leaning towards a bit of overkill when it comes to inaccessible areas. In particular attics and crawls, I now note the specific locations not accessible, photos, that they should be made accessible, and damage may exist. As for the common filled garage, I will include a photo and state I was unable to inspect the slab, walls, vehicle door hardware, etc. and that damage may exist and be discovered upon occupant removal of their storage. I'm seeing lots of claims about areas that were inaccessible, however, the inspector failed to mention it in the report. So certainly make it clear!!

**Phil Kaznowski**

Depending on the situation, I state if component or general area is inaccessible or obstructed other than what is typical (say standard bedroom furniture vs. stacked boxes wall to

wall). I believe it is important to be clear and upfront with the client, agent and parties involved in the transaction. I do like to throw a dig at the listing agent or seller when there is obstructed access to a component or crawl access since it's in the CARR contract for them to make accessible for any and all inspections.

**Neal Muckler**

I have a section in my report titled: Unknown Condition and Deferred. Here is were I specifically confront areas / components / systems that were not accessible (and those components / systems in those areas), or I have no idea what a component / system is and it should be evaluated by someone specializing in that component/system.

My whole report is my summary!

**PART I, II AND III: RESIDENTIAL – SUBJECT: SOP'S**

**Peter Walker**

I am and always have been a very strong proponent of the CREIA SOP's. My question is related to the legality of and/or legal requirement to use the CREIA SOP's in California.

Can an inspector use any published SOP's in California as adopted by anyone.

Can an inspector mix and match any other standards into the report.

Is there a legal requirement to use only CREIA SOP's in California.

Are CREIA SOP's the definitive requirement in California.

Will complying with CREIA SOP's provide my best legal protection.

If CREIA SOP's are accepted in the courts as the "standard" in California does that mean all other standards are not acceptable.

To be in compliance with the CREIA SOP's when inspecting a slab home I am required to note in my report that

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foundation framing is not applicable to this property. True or False.

If the home I am inspecting does not have a fireplace I am required to note that a fireplace is not applicable to this property. True or False.

When inspecting an all electric home I always write up the absence of carbon monoxide detectors. True or false.

When inspecting a fixed glass gas burning appliance and I note the temperature of the glass is above 172 degrees I am required to write this as a safety hazard. True or False.

When inspecting an electrical panel and the breakers are labeled as "conv" I am required to call out the description as needing correction. True or False.

When noting the age of a furnace as manufactured in 1990/5 I am required to note it is "beyond its normal life". True or False.

### **Gunnar Alquist**

Interesting topic Pete,

I suspect you already have made your own decision and are doing this primarily to provide a topic rather than to gather information.

I am not a lawyer and never played on TV, but I will throw my opinions into the arena.

Legality: I doubt that this really has much, if anything, to do with this. It is unlikely that any of us will be brought into any criminal court. Criminal negligence or fraud would be the only possible conditions that I can imagine. What you are most likely referring to is what will hold up in civil court. Whether an attorney can defend (or undermine) the standards used by an inspector.

In CA, there are a few standards that could be used. The only one in statute is in the B&P code and that is vague. Recognized standards include CREIA and ASHI; however, there is nothing to prevent someone from making up their

own standards. In order to have them stand up in court; however, I believe it would be necessary have some track record and CREIA's (and ASHI's) SOPs have that. So, CREIA's standard would not be the only one that could be used in CA to stand up to scrutiny.

I suspect that an inspector could combine standards without creating problems. I think that mixing standards would be difficult to defend, but that would require an attorney's opinion. I am not qualified.

If something is not present, I do not comment on it. As for "required", I don't see any of this as "required". Certainly "advisable."

### **Mike Schindler**

As a retired expert witness I can tell you with certainty the the CREIA and ASHI SOP is in the preamble of the B & P code and is not codified in the law. The standard or reference that is codified in the law is to conduct a home inspection with the degree of care that a reasonably prudent home inspector would exercise.

The final arbiter in determining the degree of care that a reasonably prudent home inspector would exercise is going to be the most qualified and more importantly the most convincing expert witness involved in the case.

I could give a convincing argument that the defective electrical outlet that was not inspected was because it was obscured by household furnishings and a reasonably prudent home inspector would not move furniture nor is required to. Further I would note that the inspector made mention in the report that a number of outlets were not accessible due to stored personal effects and or furnishings. And if the client is concerned by this fact that a reinspection is performed before the close of escrow and when these items are accessible.

An electrical outlet not tested in a vacant house that was accessible to the inspector is not what a reasonably prudent home inspector would exercise.

An inspector that does not access a crawl space or attic due to the inspectors fear of spiders or dark places would also not fair well in court. Perhaps the inspector is in the wrong business.

It is just as important to note in a report what you did not inspect and a reason why. This is where a number of inspectors get into trouble.

### **Gunnar Alquist**

In you example, you refer to an unreported defective receptacle outlet due to furnishings. I struggle with the issues surrounding typing multiple specific disclaimers in occupied homes. Is a blanket disclaimer going to carry any weight or is it necessary to be specific? If specific, how specific is necessary? For example, would it be acceptable to state:

"The presence of personal property and furniture restricted review of the interior of this home."

Or, would it be necessary to state:

"Receptacle outlets behind furniture could not be tested. Proper operation should be verified once personal belongings have been removed".

The first would cover a multitude of issues that might crop up, particularly when dealing with a home that has a lot of personal property (holes in walls, soft spots in flooring, windows blocked by furniture, etc.) that might have been obscured/covered. The second would require multiple disclaimers (electrical, flooring, walls, etc.)

The reason I ask is that the contract covers a lot, including not moving furniture (actually, obstructions). I still provide a specific disclaimer when I don't operate the dishwasher because it is full of plastic bags or the oven because it is full of Tupperware. But, when it comes to furnished interior rooms, I tend to use blanket disclaimers and provide pictures when there is a lot of personal property (garages for instance).

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I await your response with breathless anticipation.

**Mike Schindler**

I take the approach in report writing to tell them, then tell them again and again and finally to remind them again. You can't tell them enough has been my experience in claims cases.

My agreement specified areas/items not accessible not being inspected and further review is necessary. My report was broken into sections/systems with a general overview of what was to be inspected and just as importantly what was not and why in the INTRODUCTION and again at each section/system header.

Lets take "INTERIOR ROOMS" as an example.

And using Electrical and Closet as examples.

Electrical: A number of plug outlets were not tested due to furnishings and or personal effects.

I do not list the number or specific location for defensive purposes. The term "A number" can mean one to infinity. Using the term "furnishings and or personal effects can be edited down to just furnishing or just personal effects or left intact. I would on purpose edit out words or add words when the same conditions appeared in multiple rooms so it did not look like boiler plate disclaimers.

Closets and built in cabinetry: Interior of closet was not fully visible due to stored personal effects, not inspected.

At the close of my report was a section called "Beyond The Scope". In this section a statement was made that areas or items not accessible were not inspected and that a reinspection should be performed before the close of escrow or sooner if required in the contract.

So in essence the client was told:

First in the contract.

Second in the report Introduction.

Third in the report system/section header.

Fourth in the line specific item.

Fifth in the Beyond the Scope section.

**James Koeppel**

My take on the subjects

Can an inspector use any published SOPs in California as adopted by anyone?

It Depends, what the inspector is contracted to do for the client.

It Depends, what the Scope of Work is, for the contract between the inspector and the client.

It Depends, on what the inspector and the client agreed would be done, how it would be done, and to what Standard of Practice would be followed.

If there is no verbal or written contract between the inspector and client, the inspector may do as he/she pleases. So can the client.

If there is no Scope of Work the inspector may do as he/she pleases. So can the client.

If there is no Standard of Practice contracted for, the inspector may do as he/she pleases. So may the client.

Can an inspector mix and match any other standards into the report?

It Depends, what the inspector is contracted to do for the client.

It Depends, what the Scope of Work is, for the contract between the inspector and the client.

It Depends, on what the inspector and the client agreed would be done, how it would be done, and to what Standard of Practice would be followed.

It Depends, on what the inspector and client agreed to; for the type, and extent of the Report.

If there is no specific Standard of Practice contracted for, the inspector may do as he/she pleases. So may the client.

Is there a legal requirement to use only CREIA SOPs in California?

It Depends, what the inspector is contracted to do for the client.

It Depends, what the Scope of Work is, for the contract between the inspector and the client.

It Depends, on what the inspector and the client agreed would be done, how it would be done, and to what Standard of Practice would be followed.

It Depends, on what the inspector and client agreed to; for the type, and extent of the Report.

If there is no specific Standard of Practice contracted for, the inspector may do as he/she pleases. So may the client.

Are CREIA's SOPs the definitive requirement in California?

Not Necessarily. Without any definitive requirements defined in an agreement between the inspector and the client, the inspector might be held to any definitive requirement the court decides is appropriate for the actions undertaken by the inspector for the client. It might include home inspection as defined in the B&P Code or it might include babysitting (consoling) the client which is not included in the B&P Code.

It Depends, what the inspector is contracted to do for the client.

It Depends, what the Scope of Work is, for the contract between the inspector and the client.

It Depends, on what the inspector and the client agreed would be done, how it would be done, and to what Standard of Practice would be followed.

It Depends, on what the inspector and

**CONTINUED ON PAGE 29**

client agreed to; for the type, and extent of the Report.

If there is no specific Standard of Practice contracted for, the inspector may do as he/she pleases. So may the client.

Will complying with CREIA SOPs provide my best legal protection?

It Depends, what the inspector is contracted to do for the client.

It Depends, what the Scope of Work is, for the contract between the inspector and the client.

It Depends, on what the inspector and the client agreed would be done, how it would be done, and to what Standard of Practice would be followed.

It Depends, on what the inspector and client agreed to; for the type, and extent of the Report.

If there is no specific Standard of Practice contracted for, the inspector may do as he/she pleases. So may the client.

If CREIA's SOPs are accepted in the courts as the "standard" in California does that mean all other standards are not acceptable?

Not necessarily. The courts in California have not given blanket acceptance of CREIA SOPs as a "standard" to be adhered to. It Depends, on what the inspector and the client agreed would be done, how it would be done, and to what Standard of Practice would be followed.

If there is no specific Standard of Practice contracted for, the inspector may do as he/she pleases. So may the client.

To be in compliance with the CREIA SOPs when inspecting a slab home I am required to note in my report that foundation framing is not applicable to this property. True or False.

False. The CREIA SOPs refer to

foundations, and to floor framing as separate issues. The SOPs do not address foundation framing per se. We believe it would be incumbent for an inspector to inspect and report the foundation of a slab home as it is found at the time of the inspection, and describe any visible material defects in the report following the preferred method, or the LIDER method, to alert the client to these material defects and to guide the client toward an appropriate professional for additional action, by a date certain. If the foundation was for some reason not visible, we recommend the inspector alert the client to this, and why, and recommend further investigation, or action by an appropriate professional, by a date certain.

If the home I am inspecting does not have a fireplace I am required to note that a fireplace is not applicable to this property. True or False.

True. Fireplaces are an item in the SOPs that is required to be inspected and reported. If there is no fireplace, the client should be advised to this fact and advised that no action is necessary.

When inspecting an all electric home I always write up the absence of carbon monoxide detectors. True or False.

False. The absence of Carbon Monoxide Alarms are required to be reported according to the CREIA SOPs. Carbon Monoxide detectors are not required to be reported according to the CREIA SOPs, although this might be noted as a compliment to the client, as added information.

When inspecting a fixed glass burning appliance and I note the temperature of the glass is above 172 degrees I am required to write this as a safety hazard. True or False.

True. CREIA SOPs require that we alert the client to anything that may be a Safety Hazard. The act of taking a temperature of a specific component or feature is not required. The sensing of something that is overheated and is a potential hazard to the client or occupants is something that should be

reported with a recommendation the client take further action or defer to an appropriate professional for further action by a date certain.

When inspecting an electrical panel and the breakers are labeled as "conv" I am required to call out the description as needing correction. True or False.

True. The term "conv" means nothing to the client or inspector without some other form of definition. The directory of each electrical panel is now required to be clearly labeled with permanent marker that allow the untrained personnel and safety personnel the ability to discern which circuit is controlled. We recommend the client be alerted to the situation, and make a referral to an appropriate professional for further action by a date certain.

When noting the age of a furnace as manufactured in 1990/5 I am required to note it is "beyond its normal life" True or False.

False. The typical life span for a furnace varies by manufacturer. The specific date, or range, may be stated if known for certain. The statement "beyond its normal life" is not a requirement of the CREIA SOPs. Alerting the client to the fact that the equipment is at or near the end of the useful life is a more appropriate response. We recommend the client be alerted to the situation, and make a referral to an appropriate professional for further action by a date certain.

#### **Peter Walker**

Thank you to the participants BUT. Correct me if I am wrong.

As this is a CREIA member site only is it reasonable to assume I/we are speaking to CREIA inspectors? I think so. With that in mind are we promoting CREIA through our discussions with the potential client when we explain our service, our scope and our limitations? I think so.

Typical inquiry of my services starts

**CONTINUED FROM PAGE 29**

with me explaining "I do my inspection in accordance with the CREIA Standards of Practice and the Standards are embodied in my report" IE, what I am required to do prefacing the report in the exact order of the SOPs. At the end of each section [again in SOP order] are my " we do not inspect....".

I explain they can see what I am required to do and not required to do. So with that in mind I am required to report on the framing, ventilation, bolting, cripple walls and insulation when I am reporting on a slab foundation. That said I will be reporting that the framing, ventilation, cripple, and insulation are not applicable to this structure.

I will of course state that the bolting is not observable due to design [unless bolts are observed in the garage. I believe this is the correct way to interpret and report per the SOPS.

So when we say "it depends" what/how are inspectors explaining their service. I know that if I err I most probably will end up facing a certain MC and not mc hammer.

**Rick Hartmann**

I follow the SOP's per line item in my report. Every single system and component that is required to be inspected, gets inspected, written that it was inspected, how it was inspected(operated, viewed from the upper deck, observed) and findings written(deficient or otherwise) or is stated why it wasn't.

God forbid I ever see the inside of a courtroom, but they're gonna see my report, inspection agreement and SOP's before they hear my testimony, so providing them with the least amount of ammo is in my best interest.

When I first greet a client, I always ask them if they know what I am doing here. They usually chuckle and say yes. I go on to explain that I perform a visual inspection per the ASHI(at the moment) SOP's. Those are attached to the inspection agreement you signed. (I quit asking if they read them, because they usually say no. I kind of don't care...they signed the inspection agreement) I then go on to tell them that if during the inspection/ wrap-up, if there is something they don't understand, please stop me and I will explain it further. I mention that again at the end. Come to think of it, I probably ask them 6 times if they have any questions. I also ask the real estate agent a few times as well.

FWIW, I don't get very many e-mails/ phone calls with questions afterwards. Probably 1 out of every 100 from clients with usually silly stuff. IMO, if you get a phone call asking questions about the inspection/report for every 5-10 inspections, you're not doing it right.

**Geoff Stewart**

From CREIA glossary of terms:

Representative Number: Example, an average of one component per area for multiple similar components such as windows, doors, and electrical outlets.

From CREIA SOPs:

- 6. Electrical
  - A. Items to be inspected:
    - 1.S ervice equipment
    - 2. Electrical panels
    - 3. Circuit wiring
    - 4. Switches, receptacles, outlets, and lighting fixtures

Question...Is it all accessible receptacles or a representative number?

**Gunnar Alquist**

Put it this way.

If it is a vacant building where you didn't check every receptacle outlet and one of the outlets that you did not check is

unsafely wired, and someone is injured as a result... then you will be sued. But, you would be sued if one of the outlets behind a huge, heavy piece of furniture in an occupied building was unsafely wired, even if you disclaimed it.

The SOPs create an even (more or less) field and help to protect us, but the armor is imperfect.

It's more likely that you will be sued over something more significant than an inoperable outlet though.

**Peter Walker**

I attempt to do my best for the client, I believe the "one per" is BS and does not serve the client. I test everything I can get to within reason and within the guidelines of the SOP. Sample testing will bite you in the bum.

**Mike Schindler**

Facts of life for Home Inspectors 101.

Being the low price leader will attract the worst home buyers and the worst homes to inspect.

The biggest defects will be in the farthest corner of the crawl space or attic.

Trust your gut. If a piece of furniture, throw rug, art poster or tub mat looks out of place inspect behind or under it. Don't be surprised later.

Just when you think you have seen it all you will see something new. Uncle Bucks have incredible imaginations and few skills.

**Rick Hartmann**

"Trust your gut. If a piece of furniture, throw rug, art poster or tub mat looks out of place inspect behind or under it. Don't be surprised later."

I know an inspector who didn't move a tub mat in a fiberglass one piece shower/tub and when the seller removed and the buyer found the giant crack and shoddy attempt at a patch, he got a phone call asking for a new tub. Don't know what eventually happened. Think he wiggled out of it....





# Top 5 General Liability Claims

BY STEPHANIE JAYNES, INSPECTORPRO INSURANCE, PREMIER AFFILIATE MEMBER

*Note: This article was originally published on the InspectorPro Insurance website.*

If you've followed our series on the top claims against home inspectors, you know that most industry allegations involve errors or omissions, which mean they are filed against inspectors' E&O coverage. However, like E&O claims, there are certain types of general liability (GL) claims that are more prevalent than others. We discuss the top 5 general liability claims against home inspectors and how you can avoid them.

## WHAT IS GENERAL LIABILITY INSURANCE?

Unlike errors and omissions (E&O) claims, general liability claims don't typically question the quality of your home inspection or service. Rather, GL claims involve any bodily injury or property damage that result from the inspection.

There are many reasons to carry general liability insurance coverage. In our survey of over 450 home inspectors, we found that the top three reasons inspectors choose to carry both E&O and general liability insurance are to:

1. **Avoid large payouts for claims.** According to The Hartford, a general liability claim can average more than \$75,000 per case to defend and settle when a lawsuit is involved.
2. **Receive claims handling and defense.** When you work with an insurance company familiar with the home inspection industry, their claims team can minimize or

eliminate your potential liability by properly handling claims. In many cases, our claims team's industry knowledge enables them to resolve liability claims quickly, saving insured precious time and money.

3. **Fulfill licensing and state requirements.** As of September 2019, the following states have general liability requirements: Alabama, Arkansas, Florida, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Montana, Nevada, New York, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, Tennessee, Virginia, and West Virginia.

What types of liability claims against home inspectors are most common?

## HERE AT INSPECTORPRO, MOST GL CLAIMS RESULT FROM:

1. Water damage
2. Power outage
3. Ceiling hole
4. Garage door
5. Frozen plumbing

## WE GO THROUGH EACH ONE OF THESE COMMON GENERAL LIABILITY CLAIMS SCENARIOS:

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### 1. Water Damage

**Claim Example:** During the inspection, a home inspector turned the water on to inspect the water system. The inspector did not terminate a quarter inch water supply line in the basement properly. As a result, the water supply line released water for a full two days after the inspection, resulting in flooding and over \$4,500 in damage.

**Why It's Common:** To inspect the water system, you must run water from a lot of appliances and fixtures. With so many systems and components to examine, it's easy to forget to shut off just one water supply line. And, when you do, the leak can cause a lot of damage quickly—especially if the leak goes unnoticed for an extended period.

**What You Can Do:** While it's tempting to save time, never turn on the water and walk away. Inspect every property systematically so that you're less likely to miss important steps, like turning off the water. And, before leaving the property, be sure to check that the water is off in all places it could be on.

### 2. Power Outage

**Claim Example:** While testing the exterior wall outlets, a home inspector tripped the GFCI breaker in the garage. Due to excessive storage in the garage, the inspector couldn't locate the wall outlet to reset the GFCI. He made a note of this in his report. Unfortunately, those that read the report overlooked the tripped breaker, leading the seller, a scientist, to find out some time later. The seller had three refrigerators in the garage to store rare seeds. She demanded the home inspector pay \$500,000 to compensate for the loss of the rare seeds. Lucky for the inspector, the seller dropped the claim for reasons unrelated to the inspection.

**Why It's Common:** Tripped breakers and GFCIs can lead to a lot of issues. However, the most common allegation we receive involves food. According to the Food and Drug Administration (FDA), during a power outage, a refrigerator will keep food cold for about four hours while a half-full freezer will keep temperature for about 24 hours. If power isn't restored before the cool time is up, food can spoil. While not every seller is a food scientist, increased interest in healthy and organic foods gives sellers more to lose if the power goes out.

**What You Can Do:** Depending on the inspection property, the power may be on or off when you arrive. Note the power's status when you start the inspection and restore the power to that status at the end of your inspection. Assuming the power is supposed to be on, test the power in multiple areas of the home—especially problem areas like refrigerators and freezers—before you leave. Be sure to securely close any refrigerator or freezer doors you may open, too. If the

power shuts off and you cannot turn it back on, do not simply note it in your report. Inform the current home occupants immediately so they can take urgent action to restore the power and prevent potential loss. Some home inspectors in areas where hunting is common may opt not to test breakers and GFCIs in properties with large freezers.

### 3. Ceiling Hole

**Claim Example:** While inspecting an attic, a home inspector accidentally stepped through the ceiling. The fall formed a hole and caused damage to the kitchen below. It cost \$900 to repair the damage.

**Why It's Common:** Many attics lack safe walking surfaces. Instead, attics are riddled with trusses, framing, and loose boards that are unstable to walk on.

**What You Can Do:** Be cautious. Do not enter an attic without a walkway and adequate head room. We don't recommend walking an attic when insulation completely obscures the ceiling joists, either. Be skeptical of makeshift walkways made of planks laid across joists. Ultimately, you do not want to enter an attic that poses a risk of damaging the property or injuring yourself. If it's unsafe to traverse the attic, inspect the attic through an opening and note that you did so and why in your report.

### 4. Garage Door

**Claim Example:** While testing the resistance of the reverse jam function on an automatic garage door, the function failed to reverse. As a result, the center arm broke off and two of the panels were damaged. The claim cost \$1,020 in repairs.

**Why It's Common:** Garage door systems are more than just panels and frames. The systems have openers, springs, and cables, and each individual piece can have problems. Some garage door servicemen recommend that homeowners make a preventative maintenance call for their garage once a year. However, most homeowners don't service their garage doors until there's a problem. And, because they aren't having a professional come out and test the door, homeowners often don't discover issues until they have a home inspection.

**What You Can Do:** Virtually every garage door-related claim we receive comes from the performance test. Note that there is no provision in the American Society of Home Inspectors' (ASHI) Standard of Practice (SoP) requiring home inspectors to inspect or test the pressure-activated auto reverse of a garage door opener. As such, to best avoid liability, home inspectors should not test the auto reverse function and say that they did not test it in their report. However, if you choose to test the feature, be careful when executing performance tests to not cause damage.

### 5. Frozen Plumbing

**Claim Example:** During an inspection in the northeast in the late winter, a home inspector turned off the boiler to inspect the chimney flu. Following the flu inspection, the inspector forgot to turn the boiler back on. After the inspector left, the low temperatures in the home caused the piping to freeze and burst. It cost nearly \$6,000 to repair and replace the frozen plumbing lines.

**Why It's Common:** When checking major systems and components, you often must turn those systems off. With so many items to examine during your inspection, it's easy to forget to turn things back on. In most of our frozen plumbing claims, home inspectors neglect to leave the heater or boiler on during a winter inspection. Occasionally, inspectors fail to adequately seal crawlspace access.

**What You Can Do:** To avoid mistakes, make sure to inspect every home the same way. Do not deviate from one house to the other. By being consistent across inspections, you develop a routine that better prevents you from forgetting important steps. Additionally, if you're inspecting in the winter, double-check that the heating is on before you leave.

Protect your business against general liability claims.

Now that you know the most common general liability allegation types, you are better equipped to avoid those claims. However, even when you inspect your best, you still can make mistakes. That's why it's essential to carry general liability insurance to protect your business from bodily injury and property damage claims. Apply today at <http://ipro.insure/CREIA-Inspector> to receive a quote at no obligation.



*Stephanie Jaynes is the Marketing Director of InspectorPro Insurance, CREIA's Premier Insurance Affiliate. As a journalism graduate and industry advocate, Jaynes aims to provide home inspectors with thorough and accurate risk management education. Through pre-claims assistance, straightforward coverage, and Jaynes' articles, InspectorPro helps inspectors protect their livelihood and avoid unnecessary risk. Learn more about how Jaynes and the rest of the InspectorPro team can give you peace of mind and better protection at [inspectorproinsurance.com](http://inspectorproinsurance.com).*

<p style="text-align: center;"><b>Certified Residential Thermographer (CRT) Class Schedule</b></p> <p>Oct. 4-5      PHOENIX, AZ                  Oct. 9-10     READING, PA                  Oct. 15-16    HOUSTON, TX                  Oct. 17-18    DALLAS, TX                  Oct. 17-18    KANSAS CITY, MO                  Oct. 29-30    BOULDER, CO                  Nov. 7-8      MINNEAPOLIS, MN                  Nov. 12-13    BRUNSWICK, ME                  Nov. 14-15    WALTHAM, MA                  Nov. 20-21    ROBBINSVILLE, NJ                  Dec. 10-11    SAN DIEGO, CA                  Dec. 12-13    SAN FRANCISCO, CA                  Jan. 9-10     DES PLAINES, IL                  Jan. 17-18    NEW ORLEANS, LA</p> <p style="text-align: center;"><b>If you'd like to schedule a winter or spring CRT class in your area, please call us at 800.221.0163.</b></p>		<p><b>Bob Matthews Home Inspections, Inc.:</b> "The 2-day Certified Thermographer Course you presented was excellent. I learned more in your 2 day course about how to use my Flir E40bx and understand the information provided with the camera in your course than I had learned in a 4-day Level I Certification course and another 2-day IR class. Any home inspector who wants to understand how to use infrared in their business should definitely take the CRT Course. Money well invested."</p>
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# HOW TO PRICE YOUR SERVICES

BY IAN ROBERTSON, INSPECTOR TOOLBELT

As home inspectors, we are in business because we love what we do. But we also need to make a living. We should not simply “get by,” we should thrive. We have a lifetime of knowledge and information that is sorely lacking in modern society, and very much needed—especially by those buying or selling a home.

Our profession can't be outsourced to another country and the vast majority of people won't buy a home without us. But with our profession so needed, pricing our services is still one of the hardest things for a home inspector to do, especially if we are new to the industry. Sometimes we feel that we need to compete on price to start—and stay—in business. So how can we properly price our services? In this article we are going to discuss four topics:

- The cost of doing business
- The pitfalls of charging too little
- How to determine your inspection fee
- How to charge more and MAKE more
- Average Home Inspection Fee

## COST OF DOING BUSINESS

I was young when I started my first home inspection company: before marriage, before kids and starting fresh. I had grown up surveying and contracting with my family, so home inspections fit right in. I remember doing one of my first inspections and the agent telling me I was “cheap.” I recoiled at this. I had done my research, saw what my competitors were charging and based my fee on that. But in the end, she was right—I was too cheap.

The cost of doing business, especially to new inspectors as I learned, creeps up

in ways that may not be expected. As we grew, took on other inspectors and branched out, the expenses grew even more. What are some of those expenses? Some are obvious: gas, truck, inspection software, etc. Some inspectors may say, “what else do you need?”

You can go barebones and use a clipboard and a pen to write your reports, only accept checks to avoid credit card fees and wear unlettered T-shirts, but that won't help you grow a business. To run a business properly, there is going to be overhead and the more you grow, the more your overhead grows. So let's do some quick math. Let's say you want to make \$100,000 gross in your inspection business annually. Use the chart below to see how many inspections you would need to do (See Figure 1).

How Many Home Inspections Must an Inspector Perform to Gross \$100,000 in Revenue?	
Fee	Number of Inspections
\$250	400
\$275	363
\$300	333
\$325	307
\$350	285
\$375	267
\$400	250
\$425	235
\$450	222
\$475	210
\$500	200

Figure 1

Now let's analyze this even further. Let's say you are charging about the national

average of \$300–\$350 per inspection (way too low—the national average today is about the same as it was 30 years ago, which means we are making less per inspection now because of inflation). So at \$325 per inspection, you would need to perform about 307 inspections to gross \$100,000 dollars. Sounds easy, right? After all, that is only two inspections a day, three days a week. But that's before expenses.

For instance, according to a 2017 study by the Automobile Association of America, the average vehicle costs about \$9,000 per year to operate (gas, repairs, maintenance, etc.). As an inspector, you will beat your vehicle up quite a bit, so let's increase that number slightly and say \$10,000 per year total.

Then you have inspection software. Let's say \$50 per month (depending on if you have subscription software or if you buy one outright, just average the cost over two years). Then you will have a website, hosting, email service, scheduling software and other office items (again, you can do paper, clipboard, and a calendar hanging on your wall—but that is no way to run a business).

Let's say that is all on the very cheap end of \$200 per month. Then you have marketing costs. If you do two real estate office visits where you bring food each month, that is \$50. Need cards, logo shirt, promotional items, trade show display items, etc? Then that is even more. On a low-end budget, let's say your advertising cost is \$500 per month.

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Then there is home inspection insurance (E&O/GL), legal fees if something comes up, association dues, and a million other things. There will be expenses that you don't even expect. All in all, you will likely spend about \$25,000 to stay in business. So really you only net \$75,000—and the government takes about \$15,000 of that. So you hauled butt all year to make \$60,000 if you were pinching every business penny possible.

We did a cost calculation of what it costs for us to get out of bed in the morning and inspect if averaged out to every inspection, and we took into account every last expense. It turned out to be about \$125 per inspection. If we charged \$325 per inspection, we would only make \$200 per inspection. So the cost of doing business is important to understand. Many home inspection companies don't last more than a year because they don't realize what I'm sharing with you now. Even then, if you don't start putting more money into your business, you will limp along and never grow. Now that we better understand the cost of doing business, that brings us to our next point—why charging too little hurts you and your company.

### PITFALLS OF NOT CHARGING ENOUGH

I was on the phone with a home inspector who charges WAY too little for his services. Here are his reasons:

- He worries about not getting enough work (i.e. cheap prices mean more volume).
- He worries no one will hire him if his prices are too high.
- He has startup costs and bills to pay and just needs to get working.
- He is not confident in his abilities.

Have those thoughts ever crossed your mind? Well, they were at the top of his. A lot of inspectors think they need to start off cheap to get things going. Some do it just to undercut their competition

and try to “take their market share.” But here are the problems with each of those points:

**Not getting enough work:** This is working off the assumption that everyone cares about price first. That is simply not true. Yes, there are price shoppers (and we will talk about how to deal with price shoppers in part two) but they aren't everyone. Cheap prices attract price shoppers, and higher prices attract people who don't care as much about price but prioritize getting a great inspection. Do a lot of price shoppers call you? If so, you may be attracting them and it may be time to raise your prices or change your marketing approach.

**No one will hire you if your prices are too high:** To be honest, some people won't hire you if your prices are too LOW either. For example, I recently saw a Groupon for half off Lasik surgery... umm, not really something I want to get done cheaply—I will gladly pay full price for something that important. That company will lose clients like me for being too inexpensive. A friend of mine had kittens he wanted to give away free and put them on Craigslist—no one called for a week. He then went back in and charged \$5 per kitten—they all went in just a few days. The point is that a cheap price or the word “free” can devalue your service, and make your service look less appealing. In fact, you may get more calls from price shoppers if your prices are too low because that is the clientele a cheap price will attract.

**Bills and startup costs:** we all have bills but that does not mean you should go cheap. There is an inspector I helped get started. He charged \$250 for a home inspection. I charged more than double what he did. I told him to raise his prices but he said “I will lose inspections” and I said “Good!” I did the math for him. At \$500 per inspection, he would only need to do half as many to make the same amount as if he charged \$250. He would also cut his vehicle, travel, and gas expenses in HALF. So even if he lost half his business (which he didn't) he would literally make more money and work

half as much. Don't worry about losing inspections, worry about the bottom line. Today he charges \$550 and does about 250 inspections a year (he has more time off, more money and less stress).

**Not confident:** none of us would probably admit that we are not confident in ourselves, but if we are totally and completely confident in our abilities, wouldn't we charge more? There is an inspector I know who charges some of the highest fees I have ever seen. When asked why he charges so much, he says “I'm worth it.” He is a very busy inspector. People sense his confidence on the phone, on his inspections and everywhere else. The point is to know that your knowledge of a home and how it works is becoming rarer in the world, and a more valuable and desired skill every day. Be confident and people will be more inclined to pay your higher fees.

If you are the “cheap inspector” right out of the gate, you tend to get known for that—and not in a good way. There is a “cheap inspector” who I know who became known for his ridiculously cheap inspections. After his first year, he realized he couldn't make a living on those prices. The problem was that his entire customer base—both agents and clients—expected that, so he was stuck. Don't get stuck, start off on the right foot by charging the right price. So how much should you charge? Let's talk about that.

### HOW TO DETERMINE INSPECTION FEES

My wife was staring at me funny. I had taken time off work and even turned down clients—why? I was sitting at the table calling and emailing inspectors. But this work was very important because it would make me more money and help me price my services properly in the long run. I was doing a market survey. I called and emailed every home inspector I could find in my service area, gave them the same size inspection with the same exact add-on

## CONTINUED FROM PAGE 36

services and got their prices. I learned so much from it that I did it almost every year after that. Some inspectors put their prices on their website, some who I knew really well just told me and some I would just message and call. I would take the average of all the inspection fees and use that as a starting point for setting my prices.

You don't have to go that far, but it helps. You can also use the InterNACHI Fee Calculator. You can also use the posted prices on inspector websites, join a local chapter of inspectors and ask around; some agents are happy to share that info to an extent. However you do it, every market is going to be different but don't choose the low-end price. My motto has always been to take the average number and tack some money onto it.

### HOW TO CHARGE MORE AND MAKE MORE

If you are just starting out, or you have been inspecting for many years, there are things we can do to raise our prices, grow our bottom line and have our business in good order. Here are some things we have done to raise our prices over the years:

1. **Do it slowly.** If you charge \$199 for an inspection now, then you don't have to jump right up to \$500 per inspection. You can do it slowly. We found that if we raised our fees \$25-\$50 every six months, most people never even notice.
2. **Time it properly.** If it is mid-January and the housing market is crazy slow, then that's not really the time to raise your prices. Our busiest times are always April/May and October—so that is when we would raise our prices. When you raise your prices when you are busier, no one really complains when they stay that way in the slow season.
3. **Don't apologize or make a big deal about it.** Don't feel bad because you raise your fees. Don't tell a

client the fee and fear they will be unhappy with it. Say it confidently and make them feel great about hiring you for that fee. Also, don't announce it or send out an apology email to agents that refer you—that just draws attention to it.

4. **Add value.** Add more value to your inspections to show you are worth it. Every time we add value, we raise our prices. When we started using infrared, we raised our prices. When we got a series of new certifications, we raised our prices. Provide more than just a "standard inspection" and people will pay you above-standard fees. (Editor's Note: E&O coverage from OREP includes most extra add-on services at no additional fee. Please ask your OREP agent for details or ask your agent if not OREP.)
5. **Add services.** Make every inspection count. You already have your overhead for being there, so add additional services to your arsenal. Offer sewer scopes, radon testing, pest inspections, pool inspections, and anything else that may be valuable to your client. When we added septic inspections to our services, we ended up getting a lot of people who wanted us because they could bundle everything together. We loved it because we were already on site, we gave them an awesome inspection, and they were thrilled—and we were too. Adding services helps the bottom line, and increases overall inspection volume. Always give your client the best services. Don't give anything sub-par just to add a service on. Make sure you always have the proper training and equipment.
6. **Be the best.** Easier said than done, right? But it pays to work hard to be the most knowledgeable and capable inspector in town. You will have a fan club of clients who love you because you take care of them. You will attract the right kind of agents who refer you—agents who want you because you really take care of your clients. Always work

hard to be the best in your market.

7. **Don't go overboard.** Don't start throwing out big prices just because you want to charge more. That is why I encourage inspectors to find out what others are charging and only go over the average a bit. After that, slow and incremental increases are usually best.

### BOTTOM LINE

The lead inspector for one of my inspection companies was worried about raising our prices because he thought we would lose work. We raised them anyway, and work actually increased. Why is that? Because people saw more value in our service. We were also in a different range of clients. The clients we were marketing to cared less about price and more about who we are, what we do and getting a good inspection. We received fewer price shoppers and got busier every time we raised our prices.

The scourge of the home inspection business is low prices. But people would not be able to properly buy homes without us. We have years of experience, training, and knowledge that the average consumer truly needs and we can't be outsourced or replaced—so why wouldn't we charge more?

### ABOUT THE AUTHOR

*Ian Robertson is a veteran home inspector, owner of three inspection companies, owner of Full View Home Inspector Marketing, and one of the founders of Inspector Toolbelt. Inspector Toolbelt is simple administrative and scheduling software for home inspectors that makes running your inspection business easy and automated.*

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# ANNOUNCEMENTS

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## CREIA ROADSHOWS

Be sure and open your email alerts to keep up with the latest educational programs hosted by Chapters and organized by Bob Guyer and Sam Jabuka. These informative programs about a variety of current subject areas may be coming your way and offer CECs. If you have ideas for programs, email [info@creia.org](mailto:info@creia.org).

## CREIA ONE-DAY FALL CONFERENCE

CREIA is planning a one-day conference to be held in Long Beach, CA on October 26, 2019. Group Inspection for Associates – October 25 (see agenda inside front cover)

## CREIA ANNUAL SPRING CONFERENCE

DoubleTree Hilton San Diego Mission Valley – April 29 - May 3, 2020

## CREIA STORE ITEMS

There are many items available to you at the CREIA store! We have newly designed Comfort Crawl gloves, Bahama type Camp Shirts, Stationery Work lights, Pool Safety Brochures and Coding Books. Go to [CREIA.org](http://CREIA.org) then Members and click on CREIA store.



FOR THE LATEST CREIA INFORMATION, VISIT OUR WEBSITE AT  
**[WWW.CREIA.ORG](http://WWW.CREIA.ORG)**



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# CREIA ADVERTISING POLICY: CREIA INSPECTOR MAGAZINE

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## GENERAL

Display advertising in the *Inspector Journal* shall comply with the criteria specified for display and classified advertising. CREIA is not responsible for any claims made in an advertisement. Advertisers may not, without prior consent, incorporate in a subsequent advertisement the fact that a product or service has been advertised in a CREIA publication. CREIA's acceptance of advertisements shall in no way imply a direct affiliation between CREIA and its advertisers. The appearance of advertising on any CREIA forum is neither a guarantee nor an endorsement by CREIA of the product, service, or company or the claims made for the product in such advertising. As a matter of policy, CREIA will sell advertising space to any advertiser when the content of the advertising does not interfere or directly conflict with the mission, policies, statements, objectives or interests of CREIA. CREIA, in its sole discretion, retains the right to decline any submitted advertisement or to discontinue posting of any advertisement previously accepted.

## CIRCULATION

650+ (Members, subscribers, schools, libraries, prospective members). Printed twice yearly.

## DISPLAY AD SUBMISSION

Display ads should be submitted as a high resolution (300 dpi or higher) TIF, PDF, or JPG with fonts embedded in the file. Display ads must be exactly measured according to the listed ad sizes. To determine size correctly, measure ad from outside border to outside border. Include a safety margin for all ads that print edge-to-edge. A compressed file can be sent to [info@creia.org](mailto:info@creia.org). Please e-mail the CREIA office with any questions: [info@creia.org](mailto:info@creia.org).

## PAYMENT

Payment must accompany ads. Ads submitted without payment will not be printed. CREIA does not bill for advertisements in the *Inspector Journal*. Advertising rates are subject to change without notice. CREIA advertising is non-commissionable.

## DEADLINE

The advertising deadline for the Spring edition is mid April. The advertising deadline for the Fall edition is mid September.

## DISPLAY AD RATES - ALL LEVELS ARE SUBJECT TO AVAILABILITY.

CREIA Affiliates receive 25% off of all a la carte selections with the exception of cover ads CREIA Educational and Premier Affiliates receive 50% off a la carte selections with exception of cover ads.

Size	Width x height	Rate
Inside Front Cover*	8.75"x11.25"	\$950
Inside Back Cover*	8.75"x11.25"	\$800
Outside Back Cover Page*	8.5"x 5.5"	\$500
Full page with bleed*	8.75"x11.25"	\$625
Full page w/o bleed	8"x10.5"	\$625
Half page horizontal with bleed*	8.75"x5.75"	\$380
Half page horizontal w/o bleed	8"x5"	\$380
Half page vertical with bleed*	4.5"x11.25"	\$380
Half page vertical w/o bleed	3.75"x10.5"	\$380
Quarter page (no bleed)	3.75"x5"	\$250
Business Card (no bleed)	3.5"x2"	\$200

\*All ads with bleeds include .125" bleed on each side and should include a minimum of 3/8-inch safety area between the edge of the ad and any text. Full page ad print size is 8.5"x11". Half page horizontal ad print size is 8.5"x5.5". Half page vertical ad print size is 4.25"x11".

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**Attention Members: If you have editorial ideas or would like to submit an article for Inspector Journal, please do so at anytime to the CREIA office at [info@creia.org](mailto:info@creia.org).**

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## THANK YOU TO THE CREIA AFFILIATE MEMBERS!

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### ASSOCIATIONS & ORGANIZATIONS

**International Code Council (ICC)**

**North American Deck and Railing Association**  
[www.nadra.org](http://www.nadra.org)

**American Society of Home Inspectors**  
[www.homeinspector.org](http://www.homeinspector.org)

### BUSINESS SERVICES

**Life Deck Coating Installations**  
[www.lifedeck.com](http://www.lifedeck.com)

**TWM Roofing, Inc.**  
[www.roofingsince1978.com](http://www.roofingsince1978.com)

**Carson Dunlop & Associates, Ltd.**  
[www.carsondunlop.com](http://www.carsondunlop.com)

### EDUCATION & TRAINING PROVIDER

**Inspection Certification Associates (ICA)**  
[www.icaschool.com](http://www.icaschool.com)

**Monroe Infrared Technology**  
[www.monroeinfrared.com](http://www.monroeinfrared.com)

**IAPMO**  
[iapmo.org](http://iapmo.org)

**McKissock 100% Education**  
[www.mckissock.com](http://www.mckissock.com)

### PRO-LAB

**Home Inspection University**  
[www.homeinspectioninstitute.com](http://www.homeinspectioninstitute.com)

**OCL Real Estate LLC DBA American Home Inspectors Training**  
[www.ahit.com](http://www.ahit.com)

**Michael Casey & Associates**  
[www.michaelcasey.com](http://www.michaelcasey.com)

**United Infrared**  
[www.unitedinfrared.com](http://www.unitedinfrared.com)

**Professional Home Inspection Institute**  
[www.homeinspectioninstitute.com](http://www.homeinspectioninstitute.com)

### ENVIRONMENT TESTING SERVICES

**Hovey Environmental**  
[www.hoveyenvironmental.com](http://www.hoveyenvironmental.com)

**Analytical Consulting Group, Inc.**  
[www.AnalyticalConsultingGroup.com](http://www.AnalyticalConsultingGroup.com)

**Radalink, Inc.**  
[radalink.com/landing.php?ad=103](http://radalink.com/landing.php?ad=103)

### FRANCHISES & MULTI-INSPECTOR NETWORKS

**DeBerry Inspection Services**  
[www.deberryinspections.com](http://www.deberryinspections.com)

**Paul Davis Restoration of North County San Diego**  
[north-sandiego.pauldavis.com](http://north-sandiego.pauldavis.com)

### INSPECTION REPORTING PRODUCTS & SYSTEMS

**Spectacular Home Inspection System**  
[www.spectacularapp.com](http://www.spectacularapp.com)

**Applied Consultants**  
[www.applied-consultants.com](http://www.applied-consultants.com)

**Mountain Property Inspections**  
[MountainPropertyInspections.com](http://MountainPropertyInspections.com)

### INSURANCE

**Allen Insurance Group, Inc.**  
[www.allenins.com/commercial-products/coverage-for-specific-industries/home-inspectors-insurance](http://www.allenins.com/commercial-products/coverage-for-specific-industries/home-inspectors-insurance)

**Capstone Partners Financial and Insurance Services, LLC**

**QuoteWizard**  
[quotewizard.com/home-insurance/california](http://quotewizard.com/home-insurance/california)

**InspectorPro Insurance**  
[www.inspectorproinsurance.com](http://www.inspectorproinsurance.com)

### OTHER ANCILLARY SERVICES

**Ed Daher Plastering Forensic Stucco Consultant**

**John White Sewer Line Video Inspections**  
[SewerVideo.com](http://SewerVideo.com)

**Synergy Pool & Spa Inspections**  
[www.poolandspainspections.com](http://www.poolandspainspections.com)

**Always Sparkling Pool & Spa Inspections**  
[Www.AlwaysSparklingPoolAndSpa.com](http://Www.AlwaysSparklingPoolAndSpa.com)

**Private Eyes Engineers**  
[www.peengineers.com](http://www.peengineers.com)

**Foundation Repair of CA**  
[www.foundationrepairofca.com](http://www.foundationrepairofca.com)

**Ram Jack Pacific**  
[www.ramjackpacific.com](http://www.ramjackpacific.com)

**ASI Hastings Heating & Air**  
[www.asiheatingandair.com](http://www.asiheatingandair.com)

**English Pool Consulting**  
[www.poolinspections.com](http://www.poolinspections.com)

**SD Engineering**  
[www.sdengineeringsandiego.com](http://www.sdengineeringsandiego.com)

# CHAPTER CALENDAR 2019

## **DELTA CHAPTER**

2nd Wednesday of each month 6 p.m.  
Platano Bar & Grill  
14725 Harlan Rd  
Lathrop, CA 95330

## **GOLDEN GATE CHAPTER**

1st Tuesday of each month 7 p.m.  
Buttercup Grill & Bar  
660 Ygnacio Valley Rd.  
Walnut Creek, CA 95496

## **GREATER SACRAMENTO CHAPTER**

3rd Wednesday of each month 6 p.m.  
Sam's Hof Brau  
2500 Watt Ave.  
Sacramento, CA 95821

## **GREATER SAN GABRIEL VALLEY CHAPTER**

2nd Wednesday of each month 5 p.m.  
Zapata Vive  
101 S. 1st Ave.  
Arcadia, CA 91006

## **INLAND EMPIRE CHAPTER**

3rd Wednesday of each month 7 p.m.  
Carrows  
11669 E. Foothill Blvd.  
Rancho Cucamonga, CA 91730

## **KERN COUNTY CHAPTER**

3rd Tuesday of each month 6 p.m.  
Casa Munoz Restaurant  
Corner of E. 18th Street & Union Ave.  
Bakersfield, CA 93305

## **LA-MID VALLEY CHAPTER**

1st Tuesday of each month 6 p.m.  
Mimi's Cafe  
2925 Los Feliz Blvd  
Los Angeles, CA 90039

## **LA/VENTURA CHAPTER**

3rd Thursday of each month 5:30 p.m.  
Knights of Columbus Hall #3601  
21433 Strathern Street  
Canoga Park, CA 91304

## **LA WEST/SOUTH BAY CHAPTER**

3rd Wednesday of each month 5 p.m.  
Hometown Buffet  
3520 W. Carson St.  
Torrance, CA 90503

## **NORTH BAY CHAPTER**

Last Wednesday of each month 6:30 p.m.  
McIness Golf Center  
350 Smith Ranch Road  
San Rafael, CA 94903

## **NORTH SAN DIEGO/TEMECULA VALLEY CHAPTER**

2nd Thursday of each month 5:30 p.m.  
Castle Creek Golf Course \$40  
8797 Circle R Drive  
Escondido, CA 92026

## **ORANGE COUNTY CHAPTER**

3rd Monday of each month 5:30 p.m.  
The Hometown Buffet  
1008 East 17th Street  
Santa Ana, CA 92704

## **PALM SPRINGS CHAPTER**

3rd Thursday of each month 6 p.m.  
CoCo's Diner  
\$15 chapter fee plus the cost of your meal  
78375 Varner Road  
Palm Desert, CA 92211

## **SAN DIEGO CHAPTER**

1st Tuesday of each month  
5:30 p.m. pre-meeting;  
6:30 main meeting start  
Elijah's  
7061 Clairemont Mesa Drive  
San Diego, CA 92111

## **SAN FRANCISCO PENINSULA CHAPTER**

4th Tuesday of each month 6:00 p.m.  
Peter's Café  
10 El Camino Real  
Millbrae, CA 94030

## **SAN JOAQUIN VALLEY CHAPTER**

3rd Wed. of each (odd) numbered month  
Jan, Mar, May, July, Sept, and Nov  
Yosemite Falls Café  
5123 N. Blackstone Ave  
Fresno, CA 93710

## **SAN LUIS OBISPO CHAPTER**

3rd Tuesday of each month 6 p.m.  
Apple Farm Restaurant  
2015 Monterey St  
San Luis Obispo, CA 93401

## **SHASTA/CASCADE CHAPTER**

1st Tuesday of each month 5 p.m.  
Sailing Board Restaurant  
2772 Churn Creek Rd.  
Redding, CA 96002

## **SILICON VALLEY CHAPTER**

2nd Wednesday of each month 6 p.m.  
Blue Pheasant Restaurant  
22100 Stevens Creek Blvd.  
Cupertino, CA 95014

## **TRI-COUNTIES CHAPTER**

2nd Wednesday of each month 6 p.m.  
Mimi's Cafe  
400 N Moorpark Rd  
Thousand Oaks, CA 91360

For more information go to [www.creia.org/state-chapters](http://www.creia.org/state-chapters)



CREIA  
320 Pine Ave., Suite 1050  
Long Beach, CA 90802

**S A V E   T H E   D A T E !**



# **CREIA 2020**

## **S P R I N G   C O N F E R E N C E**

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**DOUBLETREE HILTON SAN DIEGO MISSION VALLEY**  
APRIL 29 - MAY 3, 2020