

A Handbook: Getting Started as a Home Inspector

About

Buying a home, at any stage in life, is a big step. Whether that home is a starter home in rural America, a historic fixer-upper or a mansion in Beverly Hills, outward appearances can be deceiving. To the untrained eye, a home might seem solid as a rock, when, in fact, it harbors issues that could haunt homeowners for years to come.

Home inspectors are the professionals trained to identify issues that the average person buying a home wouldn't realize exist, such as safety, structural or mechanical issues. Home inspectors, in essence, arm buyers with the information they need to make good financial decisions.

The service is so valuable and necessary that an estimated 77 percent of homes in the U.S. are inspected.

“...the reason I chose inspecting was due to the low startup costs. What other business is there with a \$100,000 first year income potential that costs less than \$10,000 to start? It was by far the lowest startup of all of the businesses I evaluated before taking the AHIT course in 1994. It still is today!”

– AHIT Technical Trainer and experienced home inspector
Steven R. O'Donnell

Is now a good time to be a home inspector?

AHIT Technical Trainer and experienced home inspector Steven R O'Donnell says it's a great time to be a home inspector. The real estate market has bounced back, and it has become a sellers' market in most parts of the country, with few exceptions.

The even better news, however, is that it's never a terrible time to go into the business. Home inspection is a stable business for those who are committed to the profession. It's always a good time to make the transition to become a home inspector. The business doesn't experience the extreme ups and downs many other real estate-related industries do because even when the residential market slows, consumers continue to buy homes. The best inspectors remain strong during the slowdowns because they have their clients' best interests in mind, they're professionals and keep good clients, while the fly-by-night inspectors falter in slow economic times, according to Chris Chirafisi, technical training manager, American Home Inspectors Training (AHIT), and a licensed home inspector in Wisconsin, Kentucky and Florida.

There will always be real estate transactions regardless of whether prices go up or down. The media tends to emphasize price changes; whereas, home inspectors worry about the number of closings. The price of the home doesn't matter, but the fact that it's inspected does, according to O'Donnell.

The home inspection business is stable because these professionals are valuable assets for consumers who want to be educated about the condition of a home they're about to buy. Consumers don't want to move in and a month later have to spend thousands of dollars on a new roof or a foundation problem. Knowing those problems ahead of time arms them with options they can discuss with their real estate agent, according to Chirafisi.



Pros and cons of being a home inspector

PROS

There are lots of pros to being a home inspector. Among them:

You're helping people.

There's never a dull moment. Home inspectors work with and meet new people.

Home inspectors have flexible hours and can make time for the important things, like their children's recitals or sports events.

The income potential is good for those who are willing to work.

The work offers variety, including working indoors and outdoors. It's not tied to a desk.

And you are your own boss, according to Chirafisi.

Other pros, according to O'Donnell, include a solid income (often nearing \$400 an inspection) and relatively low startup costs.

CONS

There are things about being a home inspector that people should consider before committing to the career.

It's not a career for slackers. It can be hard to juggle the need to do inspections and the need to market the business. When you first start, your days often are full steam ahead with inspections. The need to market between inspections could result in your working six days a week until your business gets established, and you can start hiring people, according to Chirafisi.

It's a good business, but it's probably not for everybody. For example, if you don't like crawling under houses, it's probably not for you. It can be strenuous, according to Kevin O'Malley, founder of the first home inspector school in the nation and author of the book "Marketing & Operating a Profitable Home Inspection Business, 2nd Edition" (<http://www.ahit.com/products/books/Mktg-Profitable-Home-Inspection-Business.htm>). Crawl spaces are most inspectors' least favorite part of the inspection because they are typically dark, damp and sometimes can be tight to maneuver through. But remember, you are only spending a short period of time in that one area and not the whole inspection.

Inspector liability is an important consideration for anyone getting into the business. Inspectors can protect themselves by having the proper insurance and professional training needed to detect and report issues with the home. They should have clients with them on the inspections, if possible, as well as have professionally done inspection agreements and inspection reports. Doing business as a LLC, sole proprietorship or S Corp can also hedge against potential liability.

AHIT offers unlimited technical support for inspectors with questions while in the field inspecting. If the inspector isn't sure what something is or how to report on it, there are 6 instructors on call five days a week to field these technical questions.

“If a person is serious about becoming a home inspector and passing their state or national exam, I can’t imagine where they could get any better training than AHIT!”

– Fred S., Cincinnati

General requirements to become a home inspector

What you’ll need to gain entry into the profession depends on the state in which you plan to practice. Some states have licensing requirements or are regulated; other states don’t have many—if any—requirements for home inspectors.

While it’s true that some states have no licensing requirements for home inspectors, the majority of states do have some type of licensing, certification or registration requirement. These range from paying a fee and requiring basic general liability insurance to multiple week courses, mentoring requirements and minimum number of supervised inspections, according to O’Donnell.

Regardless of a state’s licensing requirements, home inspectors need to have the knowledge and understanding to perform professional home inspections. This includes a solid understanding of home structures; exteriors; roofs; electrical systems; plumbing; heating and cooling; interiors; insulation and ventilation; and business and marketing. AHIT’s extensive home inspection training prepares inspectors for residential structures, including multifamily dwellings (up to four units), new construction and light commercial properties.

With the AHIT training program for home inspectors, it doesn’t matter if you don’t have a construction background. In fact, you can start from any prior career or education level (college degrees are not required). AHIT instructors will teach you not only how to perform a technical home inspection but also how to properly fill out the inspection report. The training even goes into customer services training, which includes dealing with client concerns and questions. For those who aspire to start their own home inspection businesses, AHIT provides the information necessary to market, grow and run a successful home inspection company, according to Chirafisi.

AHIT has been a leader in home inspection training since 1993. Taught by successful home inspection entrepreneurs, AHIT’s instructors have more than 200 years of industry experience. These qualified instructors are affiliated with ASHI, InterNACHI, CREIA, FABI as well as with U.S. colleges and universities.



Home inspector pay and income potential

Yet another pro in the home inspection business is that you're paid at the time of the inspection. There are no commissions, and you don't have to wait 30 to 60 days for your pay. Inspectors do not invoice for their work. They generally get paid the day of the inspection, before the home inspector releases a copy of the report to the client, according to Chirafisi.

More than 90 percent of the time, that client is the property's buyer.

Average price of a home inspection is \$375, although that varies from state to state. The fee is generally based on the size and features of the home. The larger and more complex the home, the more expensive the fee. There are also added services that can be included at the client's request for a home inspection, such as pool/spa inspections, radon testing, well/septic evaluations, termite/wood destroying insect inspections, asbestos testing, mold testing and lead-based paint testing, according to O'Donnell.

A full-time home inspector can easily perform about 250 inspections a year. There are also opportunities with multi-inspector firms that pay a percentage of the inspection fee. These firms may be set up as an Independent Contractor (IC) or employee type business with a higher percentage paid to the IC, according to O'Donnell.

The income potential for a home inspector the first year and in subsequent years comes down to where the inspector works and how hard that individual is willing to work. While salary average estimates differ depending on the source, the average home inspector in the U.S. makes in the neighborhood of \$50,000 to \$70,000 each year.

In urban areas, inspection prices typically are higher than what they are in rural areas. In higher population areas—Chicago, for example—inspectors who market heavily can make close to a six-figure income. But, like any business, the more you market, the more referrals. The more referrals, the more business and the higher the income.

There are multi-inspector firms making in the high hundreds of thousands of dollars. Some even make a million dollars or more. Don't expect that to happen overnight, however. It takes hard work and earned industry trust to get there, according to Chirafisi.

“There are a lot of training programs for home inspectors, but I don't see how any could be better than AHIT.”

– Paul, Arizona

What do you need to get started as a home inspector? And what about maintenance costs?

Startup costs for a home inspection business can vary but tend to be relatively low compared to many other types of business startups. Costs can vary due to licensing requirements. In states that have no such requirements, startup costs can be lower.

Regardless of whether the state in which you live requires licensing, professional home inspection training, reporting software, a device on which to work (such as a tablet), insurance, attire, business cards, brochures, a website and marketing expenses might cost the new home inspector between \$5,000 and \$10,000, depending on the state's requirements, according to O'Donnell.

Ongoing costs for the home inspection business include licensing renewal and, potentially, subsequent continuing education requirements. Marketing materials, from business cards to online maintenance and updates for your website, to gas and insurance costs are among the expenses you can count on consistently.

What's great is home inspectors don't need to have inventory or buy product. Home inspection is a service industry. You might upgrade a tablet or to more advanced tools over time but there isn't much risk associated with those purchases because the general rule is there's much more money coming into the business than going out of it, according to Chirafisi.

“Your class was very informative. It covered 150% of the material we would need.”

– Shawn M. Arkansas

Tips for success from top home inspection experts

Experts in the field offer these tips for successful home inspection careers.

“Don't be discouraged if the phone doesn't ring immediately. Stick with it, work hard and stay positive,” Chirafisi says.

While buyers often are the ones to pay home inspectors for their services, it's often real estate agents, lenders and banks that make referrals to home inspectors and home inspection companies. Those who refer want to work with individuals who have the proper training and skills. An AHIT Certification is well respected and helps to differentiate home inspectors from their competitors in the industry.

Become as technically knowledgeable as possible before you start your marketing. “Do your practice inspections. We recommend a minimum of about 25 inspections with/for friends, family, neighbors, coworkers, etc., [before] you start marketing,” O'Donnell says.

“I think one of the things that has been very helpful was the ability to communicate back to some of the AHIT instructors. As recently as a couple of years ago, I was relying on them quite a bit. It's kind of nice to have that lifeline. In that first year or two when you run into some unusual situations — things you just haven't seen before — it was very helpful to get on the phone and hook up with an instructor real time. Not a day goes by that I don't learn something new,” says AHIT alumnus Dan Kutchin, who owns Northern Wisconsin-based HomeEx home inspection service.

Ready to get started?

Give AHIT a call at 877-204-0696
to enroll, and you will be on your way to becoming
an AHIT Certified home inspector!

