



Deficient Reporting

By **BRUCE BARKER, ACT**

Once again, The Word invites you to travel into the dark realm of subjects that are sometimes misunderstood by home inspectors. The Word hopes you will find this trip informative and maybe a little entertaining.

The Word's subject this month is **deficient reporting**. The Word finds this subject interesting because deficient reporting is a common reason why inspectors get into trouble. Deficient reporting is a problem that hurts not only individual inspectors, but also hurts the industry. **The good news is that deficient reporting is a problem that is relatively easy to fix.**

I MANY WAYS, the report is the inspection. The world's most technically competent inspection is worth far less when it is communicated by a technically incompetent report.

Deficient reporting causes confusion and misunderstanding. At best, this means that you waste time answering questions that should have been answered in the report. At worst, it causes people to make bad decisions that cost them time, money and, in extreme cases, injury or even death.

Reporting basics

Write your reports with three simple words in mind and you will comply with our Standards Practice (SoP) reporting requirements.

1. **Identify:** Tell your clients what deficiency you saw.
2. **Explain:** Tell your clients why they should care about that deficiency.
3. **Advise:** Tell your clients how you recommend they address that deficiency.

The better report more precisely describes the nature of the cracking as stair-step cracking. The better report more accurately describes the cracking as in the mortar, not through the bricks.

Is this important information? You bet! Structural brick is different from brick veneer. Stair-step cracking usually has different causes versus straight-line cracking. Cracks through the brick often are more serious than cracks in the mortar alone. The better report also gives the location of the deficiency. This is useful information and might save you from answering a question that should have been answered in the report.

An even better report would add something like: "The cracking appears less than 1/8 inch wide, running about 12 feet horizontally and about 6 feet vertically from the visible lower right corner." The even better report adds information that improves both accuracy and precision. Is this important information? You bet! We now know that the crack is not wide and is relatively limited in scope.

Explain

Explaining the implication of a deficiency may be the most important part of reporting a deficiency, and it's the part most frequently omitted. Our clients rely on us not only to identify deficiencies, but also to educate them about those deficiencies. The inspector who fails to explain fails to do what he has been hired to do and fails to comply with our SoP.

The requirement to explain makes sense when you think about clients' reasonable expectations from a home inspection. Clients expect information they can use to help them make good decisions. How can clients make good decisions if they don't understand the implications of the deficiencies you identify? They can't; and if they make a bad decision, they are likely to look for someone to blame. High on that list is you, the home inspector.

We deal with deficiencies in homes every day. The implications of those deficiencies are obvious to us. Not so for our clients. The majority of conditions we deal with daily are completely alien to the vast majority of our clients. So, put yourself in your client's shoes when writing your report. Is the implication of a deficiency self-evident to your ordinary client? If not, then an explanation is necessary.

Being a codes and standards geek, The Word List is to add a fourth word, citation, to this list. A citation is a reference to an authoritative source that supports the findings and recommendations. Citing an authoritative source gives your recommendation more gravitas; your recommendation isn't just the opinion of some home inspector. Citations aren't required, but they help make your report more complete as a professional. Citations also help reduce the time you have to spend answering questions and challenges.

You'd think that identifying deficiencies would be the easy part of reporting. In many ways, it's the most difficult. Accuracy and precision are critical, and these elements frequently are overlooked. Accurate means conforming exactly to act. Precise means clearly expressed.

An inaccurate and imprecise report might state something like: "We observed cracks in the home's brick wall." A better report would state something like: "We observed stair-step cracking in the mortar of the brick veneer at the right front corner of the home." See the difference? The better report tells us we're dealing with brick veneer, not structural brick.

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The explanation need not be long; in fact, it usually shouldn't be. Too much information sometimes can be as confusing as too little. A simple sentence usually will suffice. A particularly complex or unusual deficiency may need two or even three sentences, nothing more. Writing *War and Peace* is neither necessary nor desirable.

When explaining the implications of an uncovered junction box, use a simple statement like: "This is an electrical-shock hazard and a fire-ignition hazard." The ordinary client should understand the implications of getting shocked and of being a fire victim. The same or a similar statement may be used for numerous common electrical deficiencies.

The implications of a water leak should be self-evident to the ordinary client. Still, you might want to use a simple statement like: "Water can damage the home and provide moisture for mold growth." If the M-word doesn't get their attention, nothing will.

Explaining a structural deficiency, say a cut floor joist, may need a few more words like: "This can cause problems such as sagging floors and cracking drywall. Structural failure, while unlikely, is possible in extreme and unusual conditions." The client should now understand both the likely and the worst case scenarios.

So far, we've focused on explaining the risks posed by a deficiency. Sometimes our clients would like to know more about the implications of a deficiency than the risks. They would like some actionable guidance to help them evaluate the deficiency in a more complete and meaningful context. Returning to our brick veneer crack, an example of actionable guidance might be: "This cracking appears typical of brick veneer in this area." This statement provides context that the client can use. When we combine actionable guidance with a realistic explanation of the risks, we give our client a more complete picture of the situation.

The actionable guidance part will cause great consternation among some readers and not without good reason. Stating an opinion involves risk. The benefit of taking this risk is that your service will be far more valuable to your client. Providing superior value to clients will get you more referral business, which is the key to long-term success.

Now, before you consider providing actionable guidance, remember three things. First: The SoP does not require providing actionable guidance. Second: You should provide actionable guidance only if you have the experience and confidence to state an opinion on the subject. Finally, you should not use actionable guidance to diminish or soften your report. Actionable guidance based on experience and conviction is a valuable client service. Actionable guidance based on anything else may get you into trouble.

Advise

Our SoP gives us three options for advising our clients about what action they should take based on our finding. You may advise them to correct the deficiency, monitor it for future action or have the deficiency evaluated by a qualified person who can provide a more technically exhaustive analysis of the deficiency (see the definition of technically exhaustive in the SoP).

In many, if not most, cases, a deficiency worth reporting is a deficiency worth correcting. Think of correction as your default advice. You should use the others only under certain conditions. You should recommend that any correction be performed by a qualified person; qualified being defined as someone who has the necessary license and experience to do the job.

Monitoring is best used when something is not deficient during the inspection, but may become deficient in the future. Components nearing the end of their service lives are good examples of when monitoring is good advice. Be sure to advise the client to have a qualified person evaluate the component if the client believes something may be wrong as he monitors the component. You may wish to provide some parameters that the client might use to determine if evaluation is prudent.

Further evaluation is the most misunderstood and misused advice recommendation. Proper uses of the further evaluation advice include the following:

1. You see evidence of a possible deficiency, but the deficiency itself is concealed or inaccessible. This situation includes many scenarios involving structural and water-related deficiencies, and anything else located in concealed or inaccessible areas. This is when Mike Holmes gets to fly in, do his superhero shtick and tear out walls.

2. You see evidence of a possible deficiency, but determining the nature and extent of the deficiency is out of scope of a home inspection. Your client needs more

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information than you can provide to make a good decision and your advice is to go get that information. This situation includes all components, equipment and appliances that require special knowledge and tools to fully evaluate (a technically exhaustive inspection).

3. You see a system, component or condition with which you are unfamiliar. That's ok; none of us knows everything about everything, if you believe you can't provide a thorough and professional inspection of something, do the best you can, admit your limitation and recommend further evaluation by someone who can properly do the job.

The further evaluation advice option can be misused as a defensive reporting technique whereby the inspector attempts to shift risk to the client by recommending further evaluation on many or even most findings. The inspector, and the industry as a whole, loses credibility when this happens. What's the point of a home inspection, people legitimately ask, if the inspector recommends paying many other people to do the home inspector's job?

The further evaluation advice option is subjective, but don't give in to its siren song. Before you use it, ask yourself if you are doing it to advance your client's interests or your own. An honest answer will tell you whether or not you should advise further evaluation.

Standards of Care

It is an important equation to remember. Standards of Practice are not equal to Standards of Care (SoC). We all know about SoP, but what the heck are SoC? SoC are how a

reasonable (average) inspector would report in a similar situation. Let's look at an example of how this difference between SoP and SoC might work.

You see evidence of animal entry into an attic, including significant amounts of fecal material. Are you required to report this situation? No, according to our SoP and all other SoP known to The Word. Anything to do with animals, pests or whatever word you want to use is clearly out-of-scope. But what would you do in this situation?

The Word would report this situation like any other deficiency using the identify, explain, advise formula. The Word suspects that many inspectors also would report this situation. If many inspectors report a situation, it may become a SoC.

You could be held liable for failing to conform to a SoC, even if the SoC directly contradicts the SoP. This liability happens; in fact, it's not at all unusual. So, how do you protect

yourself? If a deficiency is clearly visible, the safe play is to report it in writing. This is especially true for potentially serious deficiencies such as large quantities of animal feces, which can be quite toxic and expensive to remove.

Now, The Word doesn't like this SoC thing any more than you probably do, but it's reality, like it or not. It's better to proactively deal with reality.

Report format

Which is better, checklist or narrative? The Word probably will live to regret addressing this question, but it won't be the first or last time he does something that he shouldn't have.

The Word has seen only one checklist-style report format that, when used correctly, fully complied with our SoP. The Word makes no claim to have seen every checklist-style report, so others may exist. The Word's point is this: If you use a checklist-style report, make sure that you address all the required

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elements (Identify, Explain, Advise). Checklists usually do a reasonable job on the Identify and Advise elements, but fall down on the Explain element.

Define your terms

There are many ways to describe a component's condition and The Word isn't sure that any term is better than any other, so long as you define the term in your report. The Word uses the term "acceptable condition" to describe components that are functioning as intended. The Word defines this term in his report, as follows: "Acceptable condition means that the component functioned as intended during the inspection. Components in acceptable condition present normal wear and tear that is appropriate given the estimated age of the component and the age and type of structure in which it is installed. Such components present cosmetic and functional deficiencies that do not have a significant impact on the operation of the component."

Descriptions

Our Sol' requires that we describe several components such as siding and water supply and drain, waste and vent pipes. Some may question the need for descriptions, but so long as they are required, you should be accurate and precise because inaccurate and imprecise descriptions can and will be used against you.

A description should help the reader distinguish the component from similar components. Wood siding may be an accurate description, but it is not precise. There are many types of siding made from wood and wood products. A better description would be hardboard lap siding, plywood panel siding, or whatever tells the reader enough that they know precisely what type of siding is installed. Plastic DWV pipe may be an accurate description, but it is not precise. ABS or PVC are precise descriptions of the most common plastic DWV pipes.

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Affirmative versus exception reporting

Affirmative reporting is when you state the condition of all inspected components, whether good or bad. Exception reporting is when you state the condition only of those components that are deficient. Our SoP allows exception reporting. The Word believes that affirmative reporting is better because you tell the client about the condition of every component inspected. An affirmative report is more precise. An affirmative report provides more information. An affirmative report is required in some states such as Arizona.

Professionalism

Do not like to think of ourselves as professionals. If you wish to be regarded as and paid as a professional, then you must provide a professional report. Here are some suggestions to help make your report more professional.

Proofread it. Professional reports use proper grammar, sentence structure, punctuation and spelling. Nobody's perfect. The Word's reports go out with an occasional typo, but the professional report contains as few proofreading errors as possible.

Type it. The days of handwritten reports are over. The professional report is typewritten.

Provide pictures. Pictures inform your client. Pictures protect you. The professional report contains pictures.

Use boilerplate to inform. Look at your boilerplate and ask yourself if it serves your client's interest or yours. If it serves only you, then it may need to go. The professional report limits the use of boilerplate.

Make important information easy to find. Use larger size fonts to highlight headings and sub-headings. Use color, if possible, to highlight important information. The professional report is easy to use and read.

The Bottom Line

The old saying that the job isn't over until the paperwork is done. This is doubly true for home inspectors. A professional report won't save an unprofessional inspection, but an unprofessional report will diminish and potentially kill an otherwise professional

reporting takes time. You owe it to your client, to yourself and to the industry

to invest that time. At the end of the day, people may not remember the effort that went into the inspection. They will remember the effort that went into the report.

Memo to the gods of professionalism: The Word does not reside on Mt. Olympus (just at its base) and welcomes other viewpoints. Send your lightning bolts or emails to Bruce@[DreamHomeConsultants.com](mailto:Bruce@DreamHomeConsultants.com). The thoughts contained herein are those of The Word. They are not ASHI standards or policies. •

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Bruce Barker, Ad, has been contributing articles to the *ASHI Reporter* since 2004. Since then, he has written 36 installments of "The Word." In addition, he has authored articles on inspecting pools, inspecting flexible HVAC duct, solar photovoltaic systems and more.

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