

The purpose of the American Society of Home Inspectors® (ASHI®) is to promote exemplary practice in property inspection services. The membership of ASHI is committed to the Code of Ethics for the Home Inspection Profession, which sets forth the ethical standards for home inspection providers. This Foreword and the Commentaries¹ are intended to aid understanding of this Code by providing context, explanations, illustrative settings, or historical background; they do not limit meaning or scope of the Code.

Ethical Standards Are Vital to the Home Inspection Profession

During the 1970s, the demand for professional home inspections grew as a result of home buyers' desire for unbiased expertise and judgment, independent from the intense, high-stakes sales motivations and emotional pressures surrounding the purchase of homes. To preserve inspection integrity and independence from sales motives, the founders of ASHI adopted a strong Code of Ethics² upon the establishment of ASHI in 1976. Over the years the ASHI Code of Ethics has become the most widely used ethical standard for the home inspection profession and has been adopted by many states as the official ethical code for home inspectors.

Developments Leading to a New Code of Ethics

By the end of the 1990s, increasing ethical challenges arose from the spread of the internet and complex marketing arrangements. To help its members resolve questions on these and other important issues, ASHI began issuing interpretations. In September of 1999, the ASHI Standards Committee issued its first response to a request for interpretation of the Code of Ethics. By 2003, twenty-nine ethics interpretations were issued to answer questions submitted by members with ethical concerns they felt were not clearly addressed in the 1976 Code of Ethics.

In 2002 several ethics scandals, costing the public billions in losses, emerged among large, publicly owned companies. These scandals involved conflicts of interest³ and severely damaged the reputation of CPAs, financial advisors, investment firms, stock markets, and businesses in general. The public's concern about ethical issues made this an appropriate time to address several questionable practices by home inspectors that had crept into usage. On June 1, 2002, the ASHI Standards Committee, in consultation with a business ethicist, updated an October 3, 2000, proposal that had been written by an ad hoc ASHI Ethics Task Force. In the fall of 2002 the ASHI Board of Directors formed a new Code of Ethics Committee whose primary task was to focus on interpreting the Code of Ethics and to propose to the membership a revised code, resulting in this Code which was approved to be effective on _____.

Although this Code is more specific than the original code regarding the prohibition of certain conflict-of-interest arrangements⁴, all prohibitions of the original 1976 ASHI Code of Ethics⁵ and its 29 ethics interpretations remain valid under this Code, except for the added prohibitions against disclosing a client's personal information without the client's approval, being paid to hand out warranty company brochures, and hidden finders fees to friends, etc (contrary to 1976 Code of Ethics which allowed such practices per interpretations e010731, e020305, and e020419).

Distribution and Use of the Code of Ethics for the Home Inspection Profession

The Code of Ethics may be freely distributed as long as ASHI copyright notice is included. It is desirable that this Code be widely known, particularly by clients, as this Code is intended to guide home inspectors' conduct, to educate the public about consumers' interests and privacy, and to serve as an ethical standard for home inspectors. ASHI urges governments that regulate home inspectors to adopt this Code to ensure high ethical standards for the benefit of the general public and especially for consumers of home inspection services. ASHI would appreciate appropriate acknowledgement by authorities adopting this Code or its provisions.

¹ The Code of Ethics for the Home Inspection Profession may be published with or without this Foreword or the Commentaries. Regardless of form, neither this Foreword nor the Commentaries limit the meaning or scope of any provision of the Code. The Code of Ethics for the Home Inspection Profession is approved by two-thirds of voting ASHI Members. This Foreword and the Commentaries are modified from time to time by the ASHI Code of Ethics Committee as new situations arise.

² Much of the original 1976 ASHI Code of Ethics was inspired by the 1958-1964 Code of Ethics of the National Society of Professional Engineers.

³ "A conflict of interest is 'a situation in which a person has a business, financial, or personal interest sufficient to influence the objective exercise of his/her official duties.' An 'apparent conflict of interest' is one that a reasonable person would think is likely to compromise a professional's judgment. A 'potential conflict of interest' is a situation that may develop into an actual conflict of interest. - Michael McDonald [with editing]; an inspector cannot simultaneously provide services to two parties who have conflicting interests such that if both are pursued there might result an unjustified effect on another individual. (Ethical Theory and Business, Tom L. Beauchamp & Norman E. Bowie, Ed. Prentice Hall, 1979, p. 295.)

⁴ Even if were fully disclosed, some conflicts of interest are too unethical to tolerate or too conflicting for an inspector to eliminate their influence. And, due to the pressures on clients when scheduling home inspections, disclosures cannot normally be timely, cannot be sufficiently detailed, cannot sufficiently explain consequences, and cannot be sufficiently understood (particularly by first-time home buyers) to be an effective remedy. However, inspectors must guard against the influence of potential conflicts of interest that are not prohibited by this Code.

⁵ ASHI Code of Ethics, Adopted 1976

Honesty, justice, and courtesy form a moral philosophy that, associated with mutual interest among people, constitutes the foundation of ethics. The members should recognize such a standard, not in passive observance, but as a set of dynamic principles guiding their conduct. It is their duty to practice the profession according to this code of ethics.

As the keystone of professional conduct is integrity, the Members will discharge their duties with fidelity to the public, their clients, and with fairness and impartiality to all. They should uphold the honor and dignity of their profession and avoid association with any enterprise of questionable character, or apparent conflict of interest.

1. The Member will express an opinion only when it is based on practical experience and honest conviction.

2. The Member will always act in good faith toward each client.

3. The Member will not disclose any information concerning the results of the inspection without the approval of the clients or their representatives.

4. The Member will not accept compensation, financial or otherwise, from more than one interested party for the same service without the consent of all interested parties.

5. The Member will neither accept nor offer commissions or allowances, directly or indirectly, from other parties dealing with their client in connection with work for which the member is responsible.

6. The Member will promptly disclose to his or her client any interest in a business which may affect the client. The Member will not allow an interest in any business to affect the quality or the results of their inspection work which they may be called upon to perform. The inspection work may not be used as a vehicle by the inspector to deliberately obtain work in another field.

7. An inspector shall make every effort to uphold, maintain, and improve the professional integrity, reputation, and practice of the home inspection profession. He or she will report all relevant information, including violations of this Code by other members, to the Association for possible remedial action.

Introduction

ASHI Members and candidates agree to abide by this Code, which sets forth obligations of professional conduct and impartiality.

Inspection clients and interested parties expect independent, competent, honest, and un-biased professional opinions by home inspectors. This expectation constitutes the basis of ethical obligations by those providing home inspections.

General Obligations

Home inspectors and others involved in providing home inspections shall:

1. Avoid activities that compromise, or appear to compromise, their professional independence or objectivity or the integrity of their inspections.
2. Avoid activities that harm the public, discredit themselves, or reduce public confidence in the profession.
3. Neither participate in nor assist others in activities that are fraudulent or contrary to this Code.
4. Act in good faith toward all parties in business dealings.
5. Not knowingly make false or misleading statements.
6. Accurately advertise their qualifications and services without undue exaggeration or misleading claims.
7. Not arrange hidden payments or quid pro quo understandings in order to receive referrals or endorsements.
8. Avoid participating in illegal business practices.
9. Maintain professional relationships with clients and colleagues without regard to race, color, national origin, gender, religion, age, sexual preference, or disability.

Obligations to Clients

10. Perform services and express opinions based on honest conviction and only within their areas of education, training, or experience.
11. Be objective and unbiased in their professional activities.
12. Not knowingly understate or overstate the significance of conditions reported to clients.
13. Not inspect properties for compensation in which they have, or contemplate having, a financial interest.

Commentary on the Introduction - Loss of confidence in the profession's independence, competence, or objectivity would likely have at least four harmful consequences:

- Inspectors' effectiveness in communicating serious defects would be compromised;
- The public's faith in the system and in all the professionals involved in purchasing real estate would be jeopardized;
- The public's belief in the overall value of realty purchases would be at risk with potential of general negative effect on residential realty values;
- The value of professional inspections would be diminished and the future of the profession would be jeopardized. Once lost, public confidence can be extremely difficult to regain.

Commentary on #1 - The cornerstone principle of the profession is the inspector's independence from conflicting interests that might influence an inspector's objectivity. Independence refers to the inspector's freedom from influence by parties involved in real estate sales, by parties with interests in properties being inspected, and by parties motivated to sell goods or services to inspector's clients. Inspector independence is critical to maintain the credibility and integrity of inspectors and inspections, and to avoid inappropriate doubts and suspicions about the results of home inspections and reports.

Commentary on #2 - Crimes and other deleterious acts detrimental to general welfare of public must be avoided.

Commentary on #3 - Inspectors must act fairly in all circumstances. For example, reporting observed conditions inaccurately for the purpose of furthering a client's interest is unacceptable. Declaring that one was acting in the client's interests is not a defense for misrepresentation. It also applies to employees whose employer's policies are in conflict with this Code.

Commentary on #4 - Inspectors may not knowingly permit the inspection or report to misrepresent the condition of a property in order that any party to the transaction might benefit unfairly (or for any other reason).

Commentary on #5 - This rule includes advertising, applications for licensing, applications for membership in professional associations, inspection reporting, and other statements in all professional contexts. For example, carefully couching and deliberately softening reports or deliberately exaggerating deficiencies or concerns, misleading clients, prospective clients, authorities, or anybody violates this Code.

Commentary on #6 - Inspectors may not intentionally or recklessly mislead prospective or existing clients about the results that can be achieved through the use of the inspector's services, nor may inspectors state that they can achieve results by means that will violate the law or this Code. This prohibition includes, but is not limited to, deceptive advertising and misuse of third party or out-of-discipline certifications or certifications that do not actually provide substantive qualifications for the home inspection profession. Examples of misleading or deceptive advertising include claiming a high experience level for a firm when, in actuality, the experience is not held by everyone in the firm, and stating a firm has a certain number of years of experience when, in fact, the years claimed are the total of the firm's individual inspectors' years of experience. Another possible deception is the practice of broadly declaring warranties or guarantees are included without providing meaningful information as to their real limitations.

Commentary on #7 - Obvious display advertising or paying sales employees is not considered paying for referrals provided neither the advertising nor the sales employee involves endorsements, preferred vendor lists, or quid pro quo arrangements.

Commentary on #8 - Arrangements that are intended to restrict consumer access to qualified inspectors illegally are prohibited, such as restraint-of-trade business practices that impede or prevent fair marketing illegally. This prohibition protects consumers' freedom to obtain access to a variety of inspectors.

Commentary on #9 - Inspectors should respectfully treat clients and employees without bias based on appearance, culture, language, etc.

Commentary on Obligations to Client - Unless otherwise stipulated by law or named as client or customer in an inspection agreement or report, the client is considered to be the party who pays for the inspection.

Commentary on #10 - Inspectors may not perform services outside their expertise and qualifications, nor may they offer services for which they lack training or experience. For example, inspectors should not, unless properly qualified and hired to do so, comment on the market value of a property, whether or not the price for a property is fair, whether a property meets all building code or zoning regulations, or whether a property is suitable for a new purpose, etc. This rule also directs inspectors not to offer professional opinions carelessly or recklessly. The rule is intended to protect clients from inspectors representing unsubstantiated speculation as either facts or informed opinions. For example, how long a defect has been present, how long an appliance will last, or what repairs might cost should be reported within the constraints of the inspector's actual knowledge.

Commentary on #11 - Reports must be written objectively, without slanting the information to favor a particular party. An inspector's report of a property should be essentially the same whether written for a buyer or seller.

Commentary on #12 - It is unacceptable to omit or understate defects to obtain future referrals

financial interest.

14. Neither seek nor accept compensation, financial or otherwise, from more than one party involving the same inspection unless fully disclosed and agreed to by all interested parties.
15. Not inspect properties under contingent arrangements such as (a) payment for inspection to occur upon closing or successful sale of property; (b) amount of fees to be paid depends on inspection findings; or (c) future business referrals depend on a third party's approval of inspection findings.
16. Not pay fees or commissions, directly or indirectly, to realty agents or other parties to real estate transactions for the referral of inspection business or for inclusion on a list of recommended providers.
17. Not use inspections as a vehicle to obtain work outside the field of inspecting and testing.
18. Not repair or improve, for compensation, reported adverse conditions within a year after the inspection.
19. Not accept compensation, directly or indirectly, for recommending contractors, services, or products to inspection clients or other parties having an interest in inspected properties.
20. Guard against an actual, potential, or apparent conflict of interest allowed by this code from affecting the results of their inspections.
21. Not disclose inspection results or client personal information without approval of clients. Inspectors, at their discretion, may disclose immediate safety hazards found to occupants exposed to such hazards, when feasible.
22. Promptly acknowledge and respond to client complaints about their inspections.

Obligations to the Profession and Colleagues

23. Uphold, maintain, and strive to improve the professional integrity, reputation, and practice of the home inspection profession.
24. Be responsible, with respect to this Code, for the activities of the firms with which inspectors are associated.
25. Report violations of this Code to an appropriate governmental authority or professional association having jurisdiction.
26. Provide information requested by an appropriate governmental authority or professional association having jurisdiction.

from realty agents, or to exaggerate defects to placate a party wanting negotiating leverage.

Commentary on #13 - Inspectors shall not receive payment to inspect properties currently or previously owned or worked on by the inspector, properties in which future ownership or work is contemplated, or properties in which the inspector has an interest in the outcome of the inspection.

Commentary on #14 - This rule prohibits selling a report or receiving additional compensation related to an inspection without the client's approval. This rule does not require approval by a prior client for performing a new inspection on a previously inspected property.

Commentary on #15 - A contingent arrangement where an inspector's compensation is directly or indirectly dependent on the inspection findings is most egregious to inspector's independence and objectivity. All such contingent arrangements are prohibited.

Commentary on #16 - Inspectors are prohibited from providing any financial or tangible inducement or reward to obtain a referral from a party who is paid to sell properties that are inspected, such as a realty agent/broker or property owner. Such paid referrals can undermine the inspector's ability to maintain independent judgment. This rule does not prohibit paying sales employees.

Commentary on #17 - Inspections must not involve an arrangement or intention for non-inspection business. Subsequent repair advice or construction advice and ancillary services such as radon testing, the collecting of mold samples, pest, pool, and well and septic inspections, etc. are considered within the field of inspecting and testing. Remediation associated with such ancillary services, however, is not permitted within a year (see #18).

Commentary on #18 - For a year after inspection, inspectors and their associates may not fix or upgrade reported deficiencies for compensation. This rule does not prohibit an inspector from fixing defects without compensation for the purpose of resolving inspection complaints.

Commentary on #19 - Inspectors may not receive "kickbacks" or other benefits from others dealing with the inspector's clients or with inspected properties, such as for recommending a particular contractor to make repairs.

Commentary on #20 - Inspectors must avoid situations not addressed by this code but which would be an actual or apparent conflict of interest to a reasonable consumer. If such conflict-of-interest situation is not prohibited by this code, was unknown to the inspector, and, when discovered by inspector, is unable to be avoided, then the inspector must not allow the conflict of interest to influence the inspection or reporting. For example, an inspector must avoid understating or justifying defects found (a) during a second inspection of a property previously inspected for the current owner who is now selling the property to the current client or (b) during an inspection of a property owned by someone with a relationship to the inspector.

Commentary on #21 - Clients have a right to expect information about themselves and their inspections to be kept private and not to be disclosed to others. The inspector must not distribute or sell client information or inspection results to others without the client's permission. Client permission for disclosure may be oral, such as a telephone call instructing an inspector to fax a copy of a report to a third party. This Code does not obligate inspectors, however, to agree to disclose to another party. If another party has a copy of an inspection report, the inspector might assume the client has approved disclosure to such party (advisable to double check with client), but the inspector is not obligated to make further disclosure or otherwise approve of such disclosure to that or another party. The inspector is not considered to be improperly "disclosing the results" of an inspection if he or she merely affirms or denies a statement attributed to the inspector.

Commentary on #22 - Inspectors must respond to complaints from clients. While this rule does not require inspectors to admit fault, it does require inspectors to acknowledge that a complaint has been received.

Commentary on #23 - Inspectors shall interact with others as they would like others to interact with them, except as may otherwise be required in this Code. Owners and managers of inspection firms should recognize and respect the contributions of their employees and professional colleagues.

Commentary on #24 - Inspectors shall act responsibly, whether they are sole proprietors or part of a large business, by encouraging conformance to this Code among their colleagues and/or by disassociating from parties who violate this Code. An inspector, who knowingly benefits from violations of this Code, may be held accountable for such violations if the violations are committed by other individuals associated with the inspector's business.

Commentary on #25 - Self-policing is desirable. However, if a violation of this Code is suspected, it is preferable that the violation be reported to an appropriate governmental or professional authority that has proper jurisdiction, due process to protect the rights and ethical trade secrets of inspectors, and protections to safeguard the confidentiality of clients and inspection results.

Commentary on #26 - Inspectors shall promptly comply with legitimate information requests (such as to verify an inspector's competence for a license, certification, or other professional qualification or for an investigation) and shall provide requested information, even if considered confidential, provided the requestor has procedures to safeguard its confidentiality.