

# Home Inspection Legislation Guide

**A home inspector's guide to the British Columbia  
*Business Practices and Consumer Protection Act* and the  
*2016 Home Inspector Licensing Regulation***



**CONSUMER  
PROTECTION BC**

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# Introduction

## Consistency and Enhanced Protection

In March 2016, the BC government announced changes to the province's Home Inspector Licensing Regulation.

In 2015, the BC government announced its intention to review the BC Home Inspector Licensing Regulation. The goal of the review was to add consistency to the education and qualification requirements for new entrants into the trade, as well as enhancing consumer protection in the sector with new requirements for existing licensed home inspectors operating in BC.

The material in this guide provides a reference point for licensed BC licensing home inspectors on some of the highlights in the revised Regulation that comes into force on September 1, 2016.

**This guide is not intended to provide legal advice and is by no means an exhaustive review of all the provisions affecting home inspections in BC.** We recommend that anyone licensed and regulated under the Act or Regulations obtain copies and review them in detail.

You can find them online at [www.bclaws.ca](http://www.bclaws.ca) or printed versions may be ordered from:

**Crown Publications Inc.**  
563 Superior St,  
Victoria, BC V8V 1T7  
Phone: 250 387-6409

For more general information, please contact Consumer Protection BC in Victoria at:

**Consumer Protection BC**  
307-3450 Uptown Blvd.  
Victoria BC V8Z 0B9  
Toll free: 1 888 564-9963  
[Operations@consumerprotectionbc.ca](mailto:Operations@consumerprotectionbc.ca)  
[www.homeinspectionrightsbc.ca](http://www.homeinspectionrightsbc.ca)

## The role of Consumer Protection BC

Consumer Protection BC regulates and licenses seven different business sectors and a number of consumer transactions including gift cards, credit reporting and certain types of consumer contracts. We have been licensing the home inspection sector since 2009.

In addition to licensing, our oversight includes the approval of educational programs, handling consumer complaints, conducting inspections, enforcing laws, and providing consumer education. To find out more about us, please visit our corporate website at [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca).

# Definitions and Licensing

## Licences and Home Inspectors (BPCPA 4-10)

It's important to note that many of the requirements related to home inspector licensing begin with the *Business Practices and Consumer Protection Act*. This is the overriding statute under which the Home Inspector Licensing Regulation (HILR) operates.

The *Business Practices and Consumer Protection Act* provides the authority for the Director to issue and renew licenses, as well as place conditions on licences, suspend and cancel licenses, issue orders, and impose administrative penalties.

*The Home Inspector Licensing Regulation* defines a home inspector as **a person who engages in the business or occupation of home inspection.**

While not defined in the *Regulation*, the activity of home inspection is commonly understood to be **an opinion as to the condition of a residential dwelling or property based on a visual examination of readily accessible features and components of the dwelling or property.** As of September 1, 2016, this is the definition of home inspection that Consumer Protection BC will use to assess whether the activities of a person require licensing.

Taken together, if a person operating in BC is engaging in the business or occupation of providing opinions as to the conditions of a residential dwelling or property based on a visual examination of readily accessible features and components of the dwelling or property, they are required to be licensed by Consumer Protection BC.

## Qualifications for Licence (HILR 3)

**As of September 1, 2016, BC licensed home inspectors are not required to belong to a home inspector association.**

Under the 2016 *Home Inspector Licensing Regulation*, in order to qualify for a licence, a person must do the following:

1. Complete an approved educational program;
2. Pass a designated exam;
3. Complete 50 hours of practical training by accompanying a home inspector that has completed at least 250 home inspections and who has been approved by Consumer Protection BC as a trainer.
4. Submit a peer recommendation letter that attests to the fact that the applicant for the home inspector licence has the knowledge and ability necessary to conduct home inspections and to prepare home inspection reports. Overall, the peer recommendation letter must meet the following criteria:
  - a. It must be from a different person than the one with whom the practical training was done. This person must have completed at least 1000 home inspections and be approved as an evaluator by Consumer Protection BC.
  - b. It must be based on a trial home inspection conducted by the evaluator that has signed the recommendation letter;
  - c. It must also be based on a home inspection report that was prepared as a result of that trial home inspection.

Detailed information on the above requirements is available on our web site at [www.homeinspectionrightsbc.ca](http://www.homeinspectionrightsbc.ca). The web site also has information on the application process and application forms.



Home inspectors who were licensed prior to September 1, 2016, and whose licenses were active and in good standing at that time, will have their licences automatically “grandfathered” into effect under the new Regulation. No further qualifications are required, but do know that the Director may require that a licensee take periodic training or instruction in an approved home inspector training program as a condition on a licence.

### Continuing Education (HILR 7.1)

Section 7.1 of the *Home Inspector Licensing Regulation* allows the Director to place conditions on a licence, including a condition that a home inspector take periodic training or instruction in a program related to home inspection that is approved by the Director.

### Insurance (HILR 7.1)

All home inspectors must demonstrate that they have obtained and maintain both professional and comprehensive general liability insurance. Specifically, licensees must have a minimum of \$1 million limit/aggregate coverage for professional liability (E&O) and a minimum of \$1 million limit/aggregate coverage for comprehensive general liability. The insurance must be in the name of the home inspector.

The insurance must be issued by an authorized insurance company under the *Financial Institutions Act*, and the insurance policy must be in the name of the home inspector. It is also expected that licensees obtain and maintain appropriate coverage that does not exclude water ingress.

A list of authorized insurance companies can be found at:

[http://www.fic.gov.bc.ca/web\\_listings/AuthorizedInsuranceCompanies.aspx](http://www.fic.gov.bc.ca/web_listings/AuthorizedInsuranceCompanies.aspx)

### Display of Licence (HILR 6)

All licensed home inspectors must display their license in a conspicuous location in their place of business and produce their licence on request. Consumer Protection BC issues both paper based licence certificates, as well as standard non-photo ID cards that home inspectors can use to meet these requirements under Section 6 of the Home Inspector Licensing Regulation. Photo ID cards are also available for an additional charge if desired. You can find information on fees and charges on our website at [www.homeinspectionrightsbc.ca](http://www.homeinspectionrightsbc.ca).

All licensed home inspectors must also include their licence number on all representations and visual advertisements. A representation is defined in the *Business Practices and Consumer Protection Act* as including any term or form of a contract, notice or other document used or relied on by a supplier (home inspector) in connection with a consumer transaction.

### Reporting Changes (HILR 7)

All home inspectors must report to Consumer Protection BC within 14 days of a change of name or a change in the location of their licensed business.

All home inspectors must also immediately report any lapse or cancellation of their errors or omissions insurance or their comprehensive general liability insurance.

### Records (HILR 8)

While many home inspectors tend to work from various locations or from a mobile location, the *Home Inspector Licensing Regulation* requires that all licensees maintain and declare a business location where they keep records.

Home inspectors are required to keep a copy of each home inspection contract and each home inspection report they have completed for the previous two years. Similarly, documentation of the home inspector's error and omission insurance and comprehensive general liability insurance must be kept for the term of the licence.

# Prohibited Practices

## Deceptive or Unconscionable Acts (BPCPA 4-10)

In addition to any specific prohibitions in the Home Inspector Licensing Regulation which are outlined below, it is important that all home inspectors be aware that there are a number of provisions in the *Business Practices and Consumer Protection Act* that also apply to them as a supplier operating in BC and engaging in consumer contracts.

Part 2 of the *Business Practices and Consumer Protection Act* defines and prohibits deceptive acts or practices and unconscionable acts or practices. In relation to a consumer transaction, a deceptive act or practice is defined as

- (a) an oral, written, visual, descriptive or other representation by a supplier, or**
- (b) any conduct by a supplier that has the capability, tendency or effect of deceiving or misleading a consumer or guarantor**

Similarly, unconscionable acts or practices that may involve business practices that prey upon vulnerable consumers or in which charges for goods or services grossly exceed prices for similar subjects of similar transactions are prohibited under the *Business Practices and Consumer Protection Act*.

It is important for all businesses to be aware of these provisions as they set the overall tone for business practices in BC and, if breached, constitute a contravention of the *Business Practices and Consumer Protection Act* that may attract licensing and/or enforcement action, as well as regulatory prosecution that is punishable by fines or imprisonment.

## Conducting Business (HILR 9)

Licensed home inspectors must not carry on business in a name other than the name on the licence. If a home inspector changes their legal name, or the legal name of their business, they must report the change to Consumer Protection BC within 14 days using the Notice of Change process available on our web site at [www.homeinspectionrightsbc.ca](http://www.homeinspectionrightsbc.ca).

## Disclosure of Reports (HILR 9)

Section 9 of the Home Inspector Licensing Regulation requires that a home inspector must not disclose the contents of a home inspection report except in the following circumstances:

1. With the permission of the consumer for whom the report was prepared under the home inspection contract
2. As required by law (typically under *Personal Information Protection Act (PIPA)*, for a legal process involving a quasi-judicial investigation by Consumer Protection BC, or as part of a court process)
3. If, in the opinion of the home inspector, there is a serious health or safety risk detected as part of the home inspection process.

## Conflict of Interest (HILR 9)

A home inspector must not have a conflict of interest in relation to a home inspection that results in a material gain to the licensee.

# Home Inspection Contracts

The 2009 version of the Home Inspector Licensing Regulation did not include any specific provisions related to consumer contracts. The update to the regulation that is effective September 1, 2016 has added a new Section 12 that deals with home inspection contract requirements.

Home inspectors are included in the definition of supplier under the *Business Practices and Consumer Protection Act*. Home inspectors must ensure they are complying with obligations of suppliers as it relates to consumer contracts in the *Business Practices and Consumer Protection Act*, the Home Inspector Licensing Regulation and the Consumer Contracts Regulation.

The following sections explain the provisions that apply to home inspection contracts.



**All home inspectors should be reviewing and updating their contracts in accordance with the *Business Practices and Consumer Protection Act* and the amended Regulation.**

**Consumer Protection BC does not provide legal advice regarding contracts. This information below is intended to be a guide to the various pieces of consumer protection law that apply to contracts. Home inspectors should obtain independent legal advice related to their contracts, if necessary.**

## General provisions for contracts (BPCPA 19)

If a home inspection contract is a direct sales contract or a future performance contract, it must include the supplier's name, address, telephone and fax number. The contract date, description of goods and services to be provided and itemized price for these goods and services are also required. Other costs, including taxes and levies must be included along with the terms of payment, the total cost, the total cost of credit if applicable, and notice of the consumer's right of cancellation depending on the type of contract (see below).

A home inspection can involve a direct sales or a future performance contract, or neither, depending on the circumstances. If neither, Section 12 of the Home Inspector Licensing Regulation still applies, and is described below.

## Direct Sales Contracts (BPCPA 19 & 20)

A direct sales contract defined in Section 17 of the *Business Practices and Consumer Protection Act* as a contract between a supplier and consumer for the supply of goods or services that is entered into in person at a place other than the supplier's permanent place of business.



While many home inspection contracts may fall into this category of direct sales contracts because they are signed and executed at a place other than the home inspectors place of business, **a home inspector may be exempt from the provisions of the Act related to direct sales contracts if the home inspector attends at the place following a request that was made at least 24 hours in advance by the consumer or a relative or friend of the consumer.**

If the home inspection contract is a direct sales contract, it must contain the following information, in addition to the items noted above under Section 19 of the *Business Practices and Consumer Protection Act*.

**Direct sales contracts must contain the name, in a readable form, of the individual who signs the contract on behalf of the supplier, the place where the contract is entered into, and the**

**signatures of the individual who signs the contract on behalf of the supplier, the consumer, and if applicable the guarantor.**

Home inspectors must give a copy of a direct sales contract to the consumer **at the time the contract is entered into**. If the home inspector does not give a copy to the consumer at the time the direct sales contract is entered into, or if the home inspector requires the consumer to make a down payment in excess of the lesser of \$100 or 10% of the total price, the direct sales contract is not binding on the consumer.

In the case of home inspection contracts that are direct sales contracts, section 19 of the *Business Practices and Consumer Protection Act* and section 7 of the *Consumer Contracts Regulation* require that the notice of cancellation be displayed in a clear and comprehensible manner in a direct sales contract, and be in the following format:

“This is a contract to which the *Business Practices and Consumer Protection Act* applies.

You may cancel this contract from the day you enter the contract until 10 days after you receive a copy of this contract. You do not need a reason to cancel.

If you do not receive the goods or services within 30 days of the date stated in the contract, you may cancel this contract within one year of the contract date. You lose that right if you accept delivery after the 30 days. There are other grounds for extended cancellation.

If you cancel this contract, the seller has 15 days to refund your money and any trade-in, or the cash value of the trade-in. You must then return the goods.

To cancel, you must give notice of cancellation at the address in this contract. You must give notice of cancellation by a method that will allow you to prove that you gave notice, including registered mail, electronic mail, facsimile or personal delivery.

If you send the notice of cancellation by mail, facsimile or electronic mail, it doesn't matter if the seller receives the notice within the required period as long as you sent it within the required period.”

If this notice is not on the first page of the contract, the first page must contain a statement, prominently displayed in a clear and comprehensible manner, directing the consumer to that part of the contract where the notice may be found.

### **Future Performance Contracts (BPCPA 23)**

A future performance contract is defined in Section 17 of the *Business Practices and Consumer Protection Act* as a contract between a supplier and a consumer for the supply of goods or services for which the supply, or payment in full of the total price payable, is not made at the time the contract is made or partly executed.

If the home inspection contract is a future performance contract, it must contain the following information, in addition to the items noted above under Section 19 of the *Business Practices and Consumer Protection Act*.

**A future performance contract must also contain the supply date, the date on which the supply of the goods or services will be complete, and if there are any periodic payments, the amount of those payments.**

Unlike direct sales contracts where the contract must be provided immediately, home inspectors must give a copy of a future performance contract to the consumer **within 15 days** of the contract being entered into. There are certain conditions under which a future performance contract is not binding on a consumer that should be reviewed under Section 23(4) of the *Business Practices and Consumer Protection Act*.

In the case of home inspection contracts that are future performance contracts, there are no prescribed notice requirements related to consumer's cancellation rights, however there are cancellation rights which are outlined below.

### Home Inspection Contracts (HILR 12)

In addition to any requirements for contracts that fall into the direct sales or future performance categories noted above, all home inspection contracts must contain: the address of the property to be inspected; specify what is to be covered in the home inspection; state whether or not the home inspector will inspect for mold or for asbestos; state that the home inspection will be non-invasive, or specify the invasive procedures that will be used; and contain the following statement:



**"Home inspectors operating in British Columbia are required to be licensed under the *Business Practices and Consumer Protection Act* and are regulated under that Act. The services of a home inspector are not provided on behalf of, or in affiliation with, the Province of British Columbia or the Business Practices and Consumer Protection Authority (commonly known and doing business as Consumer Protection BC). For more information on the regulation of home inspectors, what a home inspection should involve, how to select a home inspector and about your rights as a consumer, please contact Consumer Protection BC."**

The home inspection contract must not exclude garages or carports, whether or not they are attached to the dwelling.

The home inspection contract must not purport to limit the liability, or the amount of the liability, of the home inspector, and must not limit the time frame for making a claim against the home inspector.

While it is true that a two or three hour visual inspection cannot be expected to find all problems with a home and should not be seen as a warranty of a used home, a contract that purports to limit the inspector's liability to, for example, one year or no more than the cost of the inspection, is misleading for the consumer, particularly when the professional and general liability insurance requires covers up to \$1 million per occurrence. Contracts that purport to limit liability may dissuade consumers from pursuing their right to legal recourse.

While contracts will no longer be able to limit the time for filing claims, British Columbia's *Limitation Act* with a basic limitation period of two years may apply.

Ultimately, the courts will consider claims on their merits and may reject unreasonable or frivolous claims.

It is important to note that BC's amended *Home Inspector Licensing Regulation* is consistent with Alberta's *Home Inspection Business Regulation* that has a similar prohibition on time and dollar liability limits.

### **Cancellation of a Direct Sales Contract (BPCPA 21)**

A consumer may cancel a home inspection contract that is a direct sales contract by giving notice to the home inspector no later than 10 days after the date the consumer receives a copy of the contract.

A consumer may also cancel home inspection contract that is a direct sales contract by giving notice to the home inspector no later than one year after the date the consumer receives a copy of the contract if the contract did not comply with section 19 and 20 of the *Business Practices and Consumer Protection Act*, if at the time the contract was signed, the home inspector was under a direct sales prohibition order, or the goods or services to be supplied were not supplied to the consumer within 30 days of the supply date.

If the goods or services were not supplied to the consumer within 30 days of the supply date, but the consumer accepted delivery of the goods or services after the end of the 30 day period, the consumer is not entitled to cancel the contract.

If a home inspection contract that is a direct sales contract is cancelled, the home inspector must refund the consumer within 15 days of the notice being given, and without any deduction, all money received in respect of the contract.

### **Cancellation of a Future Performance Contract (BPCPA 23)**

A consumer may cancel a home inspection contract that is a future performance contract by giving notice of cancellation to the home inspector not later than one year after the date that the consumer receives a copy of the contract, if the contract does not contain the information required under Section 23(2) or Section 19 of the *Business Practices and Consumer Protection Act*.

If a home inspection contract that is a future performance contract is cancelled, the home inspector must refund the consumer within 15 days of the notice being given and, without any deduction, all money received in respect of the contract.

# Home Inspection Reports

## Report Requirements (HILR 13)

The revised Home Inspector Licensing Regulation outlines new requirements that all home inspectors must ensure is part of any home inspection report they prepare for a consumer.

### As of September 1, 2016 all home inspection reports must:

- a) Be in writing
- b) Set out an opinion on the condition of each of things that the home inspection contract requires the licensee to inspect;
- c) Identify any of the things that the home inspection contract requires the licensee to inspect on which the home inspector recommends the consumer obtain expert advice;
- d) Specify what is covered by the home inspection;
- e) Include:
  - a. the consumer's name and address;
  - b. the home inspector's name and if different, the name under which the home inspector carries on business;
  - c. the home inspector's business address and if different, the home inspector's mailing address;
  - d. the home inspector's licence number, telephone number, and if applicable, fax number and email address
  - e. the address of the property inspected;
  - f. the date of the home inspection.

Home inspectors must provide a copy of the home inspection report on or before the date specified in the home inspection contract.

Home inspectors may want to contact a BC home inspection association to obtain additional information on home inspection reports, software and formats that conform to both the requirements in the Regulation and to industry standards.

# Administration

## Administrative Penalties (BPCPA 164)

The Director may impose an administrative penalty after giving the person an opportunity to be heard. Administrative penalties may be levied if a person contravenes a prescribed provision of the Act or regulations, a condition of licence, a compliance order, an undertaking, or an order of a Director under the Act.

The administration of administrative penalties is governed by Sections 164 – 171 of the *Business Practices and Consumer Protection Act* and the violations are outlined in the Business Practices and Consumer Protection Regulation.

There are a number of provisions outlined in Section 7.2 of the Business Practices and Consumer Protection Regulation that are violations of the Home Inspector Licensing Regulation. Assuming a violation is confirmed through an investigative process, this section of the Regulation provides Consumer Protection BC with the authority to levy an administrative penalty for the violation.

## Offences and Penalties (BPCPA 189)

Section 189 of the *Business Practices and Consumer Protection Act* outlines the various sections of the Act which constitute offences. As well, anyone who supplies false or misleading information to a person acting under the Act, refuses or fails to provide information as required under the Act, obstructs, hinders or interferes with an inspection under the Act, fails to comply with an order of the Director, undertaking or order of the Court, contravenes a provision of a trust agreement or purports to have a licence when they do not also commits an offence.

**Penalties for an individual that commits an offence include a fine of not more than \$10,000 or imprisonment for not more than 12 months or both.**

**Penalties for a corporation that commits an offence include a fine of not more than \$100,000.**

Despite the above, the court may increase a fine by an amount up to 3 times the court's estimation of the amount of monetary benefit acquired or accrued as a result of the commission of the offence.

There is a 2 year limitation period for laying any information for an offence under the *Business Practices and Consumer Protection Act* from the time the subject matter of the proceedings arose.

## Confidentiality, Service of Documents (BPCPA 183-188)

These sections of the *Business Practices and Consumer Protection Act* address the law around confidentiality, service of documents, confidentiality, and the obligations of people engaged in the administration of the *Business Practices and Consumer Protection Act*.

Generally speaking, Consumer Protection BC will treat any document, complaint or other information received by our office as confidential unless we are required to disclose that information by law, or in a quasi-judicial process (investigation or hearing). Consumer Protection BC may also publish certain information under Section 186 of the *Business Practices and Consumer Protection Act*, and consistent with our publishing policy which is on our [web site](#).