



Getting to the Root of it With Sewer Inspections

PETER HOPKINS



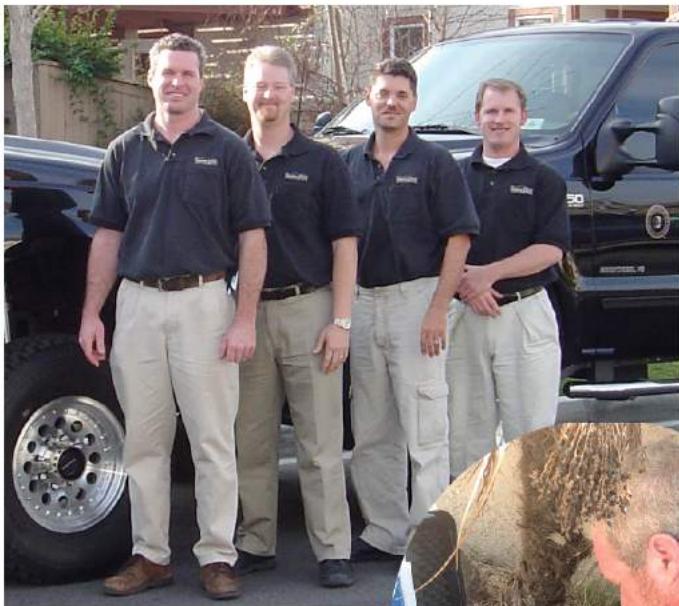
Having been a home inspector for 20 years now, one thing I can tell you is that I have ridden the rollercoaster and learned a lot along the way. During my first decade in home inspection, my business enjoyed constant growth, expanded to include four inspectors and rewarded me with a handsome income.

By 2005, however, the economy changed and the real estate market started to flatten out. That forced me to rethink my business and how I approached it. What I learned was that I chose a business over which I didn't have complete control. In other words, if the banks would not lend money to people to buy houses, then obviously, people wouldn't be needing home inspections.

You've heard the saying, "Save your pennies for a rainy day," right? This was something I didn't comprehend in the good years. I was buying new trucks, RVs and even a bigger house. The problem was, my income didn't continue to sustain those purchases, and I needed to make drastic changes. So, I decided to expand my business vision with services that were less driven by the economy.

AN ASIDE...EXPANDING THE VISION

During the late 1990s, one of the inspectors on my team advised me that he needed to make more money, so he had taken a night shift working as a thermographer. I became completely enamored with this idea. I actually wrote a business plan to incorporate an infrared-related business almost immediately. Unfortunately, I lacked the time to expand my business and implement my plan due to my solid inspection schedule, so I put the plan on the back burner.



Years went by before I pulled the trigger, but in 2005, I finally made the investment in thermography. Coincidentally, *Communicator* magazine published an article that same year titled, "Infrared Inspections: The Wave of the Future?" Ending the title with a question mark was subjective, but not to me. I saw the trend coming and this led me to create United Infrared, Inc., in 2008.

Although it was a smart decision to expand my offerings with thermal imaging as a stand-alone business, would I have been better off had I started when I first wrote the business plan? That's a question that I've often asked myself.

One thing I can tell you is this: A decade after that article was published, the future of infrared inspections is here. "Infrared" has become the latest trending tool with home inspectors. Unfortunately, most home inspectors claim there is little or no money in adding infrared as an add-on to their inspection.

Adding thermography appears to be more of a marketing decision than a huge moneymaker for many inspectors. Thermal imaging as a stand-alone business is a whole different animal. It has made me a lot of money, but that is another story. (See my article "Chasing Water With Thermal Imaging, Part 1,")

For now, I'd like to "dive" into sewer inspections and tell you why you should consider doing them, even if you are riding that home inspection rollercoaster upward right now!

DIVING INTO SEWER INSPECTIONS

Like most inspectors, I am always looking for an edge on what can differentiate me from my competitors—for me, what it boils down to is the variety of services I offer. If you've ever invested money, your financial planner has probably told you to diversify your investments. Adding new services like thermography, radon

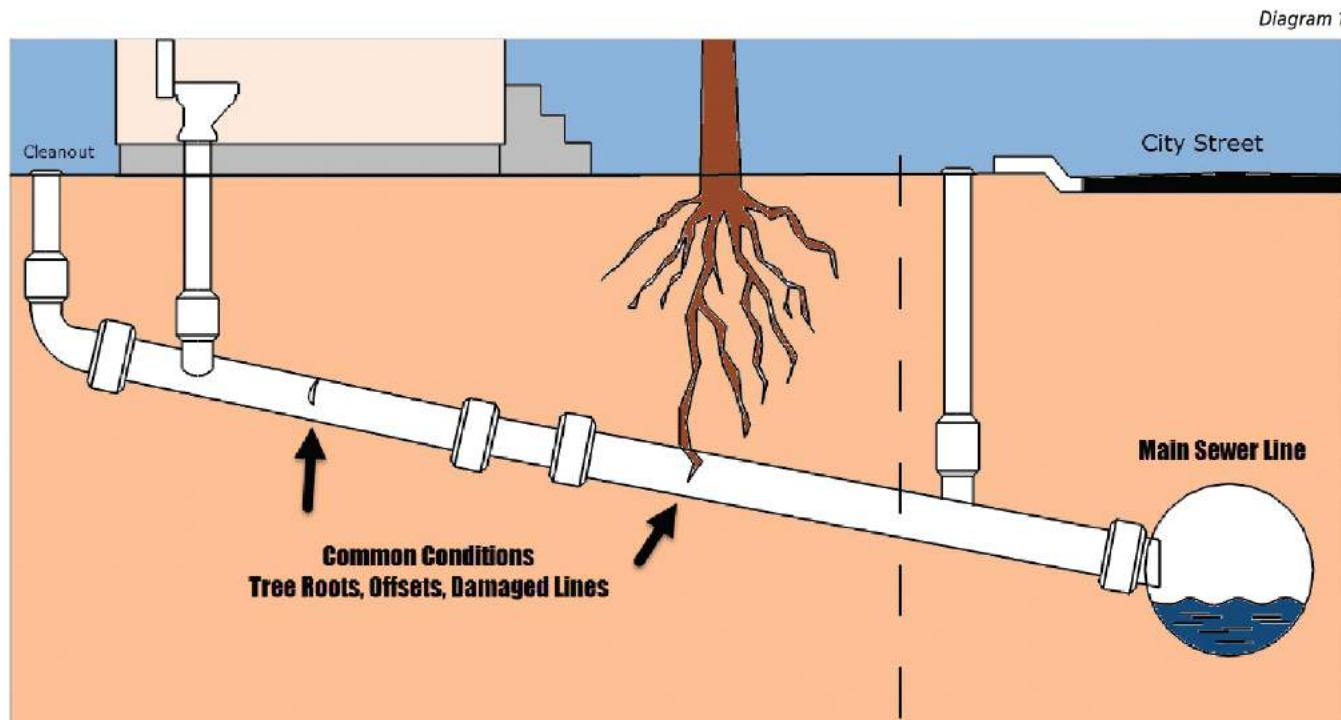
testing, energy testing, mold testing and sewer inspections can help you diversify your services so that if a slow economy occurs again, you will be better positioned to handle it. "Work smarter, not harder" can be applied here because during a down economy, you will likely do fewer inspections, but you might make more money per inspection. Most inspectors appreciate this idea!

We will get into the money part later, but for now, let's dive a little deeper into sewer inspections so that I can explain why you should seriously consider offering them to your clients.

Often, the home inspector is proven to be the most trusted person in an entire real estate transaction. This is why homebuyers often take the inspector's advice seriously and without hesitation. People buy out of fear—Fear that something serious could go wrong if they don't buy will haunt them. This is a very simple sales principle that you can use to upsell a sewer inspection during a home inspection. The buyer knows that forgoing a negotiable item now could become a required expense later. The buyer also knows that if there are no problems with the sewer system, they will sleep better at night.

ARE YOU READY FOR THE SEWER BUSINESS?

There are a few things you should know about sewer systems to help you decide if this business is for you. The sewer lateral or line from a house to the city connection or to the septic is typically the responsibility of the homeowner **[See Diagram 1 below]**. This means that even if the sewer line is under the street and damage occurs, it is on the homeowner to make repairs. Trust me, this can get very expensive when it comes to dealing with public works and digging up a street.



According to costhelper.com, the average cost of a sewer line replacement is \$7,493, with ranges of \$50 to \$250 per lineal foot; I've seen repairs cost over \$30,000. Unfortunately, the scope of the home inspection is testing functional drainage at fixtures. Rarely does a home inspector ever identify a sewer problem downstream; rather, they typically discover some kind of hair clog at the trap. Additionally, sellers have a

hard time disclosing unknown problems, which makes unraveling this whole mystery more appealing for a buyer when you offer them a vision into the “unknown.”

I use a simple formula to determine whether doing a sewer scan is appropriate. It is a likely prospect if the home is 20 years or older, if it has a nice, newer cleanout (which I take as a sign of past problems), if it has trees between the house and city sewer or if there has been a disclosure of any past repairs **[See Photos 1-3]**. My office staff is well versed in this principle and usually upsells the sewer service before I ever show up to an inspection.

Photos 1-3



In cases for which the client didn't order a sewer inspection, but I can see that there is an accessible cleanout (unfortunately, we do not pull toilets) and the previously mentioned conditions exist, I will offer the service to my client during the home inspection. Most clients accept the service and at a cost of \$175, I increase my home inspection revenue by 35%. Overall, I find the sewer scan to be a win-win proposition—I help my clients and increase my revenue at same time. Performing a sewer scan adds about 15 minutes to the inspection time and it reaps a good return.

The equipment necessary to complete a scan is a sewer camera. There are several options, features and price points. One thing I suggest is to not make your decision solely on price; after all, this is the advice we give our clients, right? Low-cost camera systems are available, but you can make good money by using a high-quality camera. You will find that residential-type cameras range from \$1,000 to \$12,000. Lower-cost models typically have bulkier or larger equipment and lack necessary features. More expensive models have a professional look and the features you want and need.

I chose a mid- to high-priced unit with a pan-and-tilt camera that was compact and offered a professional appearance **[Photo 4]**. The pan-and-tilt camera head has additional uses for chimney or duct inspections. Diversity is everything, right? For those who question the investment, here is a simple calculation: If you have good credit, the monthly payment to finance a \$7,000 piece of equipment works out to be equivalent to the fee for doing one sewer scan per month. If you think you can manage that, the rest will be all profit!



Photo 4

PROOF IS IN THE PUDDING...

It's true that we find all kinds of things in sewer lines, but let me address a few rumors. No, you will not be running your camera through poop (a.k.a. "pudding"). And no, the camera is not coming back out with a bunch of feces on it. Yes, there is debris and a cleaning method, but when you are prepared (get the best rubber gloves you can buy) and follow a procedure, you are still good to shake the client's hand at the end of the inspection.

The most common things we find are roots, bellies, offsets, damaged lines and debris, and, yeah, a few critters. **Photo 5** shows a big enough hole for a full flowing tub to drain, but as you can see, the drain line is over 80% clogged. The agent sent me a follow-up repair photo and the copy of the invoice (the seller paid \$2,500) **[Photo 6]**. While scanning the drain line, we often find conditions like bellies (low points) **[Photo 7]**, scale buildup **[Photo 8]**, offsets **[Photo 9]**, roots **[Photo 10]** and, of course, a few "interesting" things. To see more photos or videos, visit www.sewerscan.com and check out the project gallery.



Photo 5 - The drain line is over 80% clogged.



Photo 6 - Follow-up repair photo.



Photo 7 - Bellys (low points).



Photo 8 - Scale build-up.



Photo 9 - Offsets.



Photo 10 - Roots.

If you would like to see additional photos or videos, visit www.sewerscan.com and check out the project gallery.

Of course, adding this service can increase risk on your inspection. You should search for proper insurance coverage and discuss the ramifications of adding this service with your legal consultant. That being said, for my business, it is a risk-reward condition. As inspectors, we take risks each day in doing home inspections, and this is no different. However, for sewer inspections, the hourly pay rate is much higher. Provided that

you do your job and report the conditions, I believe that the risk is minimal, as the video and photos will speak for themselves.

I can't emphasize enough the importance of getting the proper training, as it is important to understand what you are getting into and how to do it properly. You can reinvent the wheel or search out those who can give you a procedure.

Some people are concerned about how their agents will respond and my response is that once they understand it, they will accept it. Once a condition is known, the sellers will pretty much be on the hook, and if the buyers back out, they will be required to disclose. In the end, they will have to fix it anyway because the likelihood of a buyer proceeding with the purchase of a house with a defective sewer is very low. In the end, the buyers will be happy and as the saying goes in real estate, "a happy wife = a happy agent," or something like that!

Adding sewer inspections can give your business the opportunity to add more revenue and prepare you for an economic downturn by giving you more service opportunities to pursue. Inspections give people peace of mind and the sewer inspection is the perfect add-on.



Peter Hopkins has operated a successful home inspection company since 1996 and has performed more than 7,000 property inspections. The company expanded into infrared in 2005, with the opening of SoCal Infrared (www.socalinfrared.com) and has found success in many areas of diversification. Peter expanded his business in 2014 with the purchase of a sewer camera and found success in adding a new revenue stream to his business. He is the cofounder of United Infrared (www.UnitedInfrared.com), a national network of contract thermographers that provides application-specific training and business coaching in a multitude of applications related to infrared technology and other vision technologies like sewer cameras. Peter is a Level III Certified Thermographer, ASHI Certified Inspector, ICC Code Certified Building Inspector, Electrical Inspector and Certified HERS Energy Rater. Peter lives in Southern California with his wife and two children. Contact Peter at 888-722-6447, email peter@unitedinfrared.com, www.unitedinfrared.com.

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