

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 664 (Delegate Morhaim)

Economic Matters

Home Inspectors - Disclosure Requirements, Limitations of Liability, and Inspection Standards

The bill transfers sections of the Real Property Article relating to home inspections to the Commercial Law Article. In addition to any other available remedies, a violation of the Home Inspectors Subtitle is an unfair and deceptive trade practice.

Disclosure Requirements: The bill provides that a contract for a home inspection is not binding on a consumer unless, before a home is inspected, a home inspector provides the person who has entered into a contract for the home inspection certain disclosures. Under the bill, the required disclosures must be made on a separate form and in 12-point font, rather than in the home inspection report and in 10-point font as required by current law.

Limitations of Liability: The bill prohibits a home inspector from limiting the liability arising out of the home inspection to any fee paid as consideration for the home inspection.

Inspection Standards: The bill requires a home inspector to: (1) evaluate the overall condition of the building and its major components; and (2) to identify and report in writing any visible and accessible material defects.

Fiscal Summary

State Effect: Assuming that the Consumer Protection Division receives fewer than 50 complaints as a result of this bill, any additional workload could be absorbed within existing budgeted resources. Any cost recovery by the Attorney General resulting from actions brought under the unfair and deceptive trade practices recovery provisions is indeterminate.

Local Effect: None.

Small Business Effect: Potential meaningful impact.

Fiscal Analysis

Small Business Effect: This bill could have a meaningful effect on businesses providing home inspection services, the majority of which are assumed to be small businesses. These small businesses would incur greater liability exposure to the extent that they currently include limited liability clauses in their contracts.

Information Sources: Attorney General's Office (Consumer Protection Division); Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 1998

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