

**Department of Legislative Services**  
Maryland General Assembly

**FISCAL NOTE**

House Bill 1208 (Delegate Love. *et al.*)

Economic Matters

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**Consumer Protection - Home Inspections**

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This bill requires a home inspector and a client to execute a written inspection agreement before a home inspection is performed. A home inspector is required to: (1) provide the client with a list of the home inspector's credentials; (2) make specified disclosures to a client before performing a home inspection; (3) perform a home inspection in accordance with the standards of practice set forth by a national home inspection trade association; (4) attend at least eight hours of continuing education each year; (5) prepare a report of the home inspector's findings; and (6) obtain an errors and omissions insurance policy for liability in the amount of at least \$100,000.

The seller of a building is required to: (1) make available to the home inspector any written disclosure statements; (2) disclose any information requested by the home inspector that is available to the seller about any deficiencies; and (3) assume all liabilities if the seller is found to have intentionally concealed any problems from the home inspector or buyer and correct problems concealed.

A violation of the Home Inspections subtitle constitutes an unfair and deceptive trade practice.

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**Fiscal Summary**

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful effect.

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**Fiscal Analysis**

**Small Business Effect:** It is assumed that home inspectors are almost entirely small businesses. The bill would require home inspectors to make specified disclosures to the client, comply with industry standards, and attend at least eight hours of continuing education each year. To the extent that these requirements cause home inspectors to change their current practices, there could be a meaningful impact on small businesses. Further, based on an estimated average premium of about \$1,500 on a \$100,000 policy, the cost of the bill's liability insurance policy requirement would have a meaningful impact on small businesses.

This bill could have a meaningful effect on small businesses which sell buildings, due to the disclosure requirements and the liability provisions.

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**Information Source:** Attorney General's Office (Consumer Protection Division)

**Fiscal Note History:** First Reader - February 27, 1998  
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