

**Department of Legislative Services**  
Maryland General Assembly  
2003 Session

**FISCAL AND POLICY NOTE**

Senate Bill 98 (Chairman, Finance Committee)  
(By Request – Departmental – Labor, Licensing, and Regulation)  
Finance

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**Home Inspectors - Training Requirements and Disclosures**

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This departmental bill requires an applicant for a home inspector license to complete 48 hours of on-site training and requires an inspector to make specified disclosures prior to performing a home inspection.

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**Fiscal Summary**

**State Effect:** None. The bill would not affect State operations or finances.

**Local Effect:** None.

**Small Business Effect:** The Department of Labor, Licensing, and Regulation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Bill Summary:** Disclosure statements required prior to performing an inspection include:

- the credentials of the licensed home inspector;
- the credentials of the individual who will actually perform the home inspection if that person is different from the licensed home inspector;

- a disclosure that states the scope of the inspection regarding the visible and apparent condition of the building and indicating that the inspection will not cover latent or concealed defects;
- a disclosure that the seller may be advised to seek a professional opinion from a licensed structural engineer; and
- a disclosure that only inspections performed by a licensed real estate inspector will be recognized by the buyer as a valid home inspection under a real estate contract.

**Current Law:** Applicants for a home inspection license must complete a 48-hour off-site training program. There is no other requirement for licensure other than the training course. The disclosure statements are required to be included in a home inspector's written report.

**Background:** Chapter 470 of 2001 provides for the licensing and regulation of home inspectors by the State Commission of Real Estate Appraisers. It was enacted in response to several highly publicized real estate scams in which unsuspecting homeowners and homebuyers were victimized due to falsely inflated prices. These incidents revealed that a few unscrupulous members in the home inspection profession could cause a great deal of damage and that no regulatory safeguards were in place protecting the consumer.

Prior to Chapter 470, home inspectors, under the Real Property Article, were required to submit disclosure statements that detailed the value and limitations of a home inspection, but there were no regulatory requirements. The disclosure statements were provided before the inspection occurred. When home inspectors were included in the Board of Real Estate Appraisers, the enabling legislation moved the timing of the disclosure to after the inspection had taken place.

Due to cost containment in fiscal 2002 and 2003, no funds have been appropriated to implement Chapter 470 and no home inspectors have been licensed.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - January 29, 2003  
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