

# SENATE BILL 196

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By: **Chair, Finance Committee (By Request - Departmental - Labor, Licensing and Regulation)**

Introduced and read first time: January 18, 2008

Rules suspended

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Commission of Real Estate Appraisers and Home Inspectors - Home**  
3 **Inspectors - Licensing, Disclosure, and Insurance Requirements**

4 FOR the purpose of altering the minimum number of hours and certain approval  
5 requirements of a certain training course that must be completed by certain  
6 applicants for a home inspector license; requiring a certain training course to  
7 include successful completion of a certain examination; altering the insurance  
8 requirements for certain applicants for a home inspector license; requiring proof  
9 of compliance with certain insurance requirements for the renewal of certain  
10 home inspector licenses; requiring certain home inspectors to provide certain  
11 persons certain credentials and a certain disclosure; requiring certain home  
12 inspectors to maintain a certain amount of general liability insurance; requiring  
13 certain applicants for a home inspector license to submit certain proof to the  
14 State Commission of Real Estate Appraisers and Home Inspectors with certain  
15 applications; prohibiting the Commission from issuing and renewing certain  
16 licenses under certain circumstances; requiring certain licensees to give the  
17 Commission certain notice within a certain time period; authorizing the  
18 Commission to impose certain sanctions on certain applicants and licensees for  
19 failure to maintain certain insurance; and generally relating to the licensing,  
20 disclosure, and insurance requirements for home inspectors.

21 BY repealing and reenacting, with amendments,  
22 Article - Business Occupations and Professions  
23 Section 16-3A-03, 16-3A-05, 16-3A-07, 16-4A-01, and 16-701.1  
24 Annotated Code of Maryland  
25 (2004 Replacement Volume and 2007 Supplement)

26 BY adding to  
27 Article - Business Occupations and Professions

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 16-4A-04  
2 Annotated Code of Maryland  
3 (2004 Replacement Volume and 2007 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article - Business Occupations and Professions**

7 16-3A-03.

8 Effective July 1, 2002, an applicant for a home inspector license shall:

9 (1) have completed a minimum of [48] **72** hours of an [off-site]  
10 **ON-SITE** training course approved by a national home inspection organization [or]  
11 **AND** the Commission **THAT AT A MINIMUM REQUIRES SUCCESSFUL COMPLETION**  
12 **OF THE NATIONAL HOME INSPECTOR EXAMINATION OR ITS EQUIVALENT AS**  
13 **DETERMINED BY THE COMMISSION;**

14 (2) have a high school diploma or its equivalent;

15 (3) have [general liability] insurance [in an amount not less than  
16 \$50,000] **AS REQUIRED UNDER § 16-4A-04 OF THIS TITLE;**

17 (4) submit to the Commission an application on the form that the  
18 Commission provides; and

19 (5) pay to the Commission an application fee of \$50.

20 16-3A-05.

21 If an applicant qualifies for a home inspector license under this title, the  
22 Commission shall send the applicant a notice that states:

23 (1) the applicant has qualified for the license; and

24 (2) the Commission will issue the home inspector license to an  
25 applicant upon receipt of[:

26 (i) proof of general liability insurance in an amount not less  
27 than \$50,000; and

28 (ii)] a license fee not to exceed \$400.

29 16-3A-07.

1 (a) Unless a license is renewed for a 2-year term as provided in this section,  
2 the license expires on a staggered basis as determined by the Secretary.

3 (b) At least 1 month before a license expires, the Commission shall mail to  
4 the licensee, at the last known address of the licensee:

5 (1) a renewal application form; and

6 (2) a notice that states:

7 (i) the date on which the current license expires; and

8 (ii) the amount of the renewal fee.

9 (c) Before a license expires, the licensee may renew it for an additional  
10 2-year term, if the licensee:

11 (1) otherwise is entitled to be licensed;

12 (2) pays to the Commission a renewal fee not to exceed \$400; [and]

13 (3) submits a renewal application on the form that the Commission  
14 provides; **AND**

15 (4) **SUBMITS PROOF OF COMPLIANCE WITH THE INSURANCE**  
16 **REQUIREMENT OF § 16-4A-04 OF THIS TITLE.**

17 (d) The Commission shall renew the license of and issue a license to each  
18 licensee who meets the requirements of this section.

19 16-4A-01.

20 (a) **PROMPTLY AFTER AGREEING TO PERFORM AN INSPECTION AND**  
21 **BEFORE A HOME IS INSPECTED, A HOME INSPECTOR SHALL PROVIDE THE**  
22 **PERSON THAT HAS ENTERED INTO A CONTRACT FOR THE PURCHASE OF THE**  
23 **PROPERTY:**

24 (1) **A LIST OF THE CREDENTIALS OF:**

25 (I) **THE HOME INSPECTOR; AND**

26 (II) **THE INDIVIDUAL WHO WILL ACTUALLY PERFORM THE**  
27 **HOME INSPECTION IF THAT INDIVIDUAL IS DIFFERENT FROM THE HOME**  
28 **INSPECTOR; AND**

29 (2) **A DISCLOSURE IN 14-POINT BOLD TYPE THAT STATES:**

1           **“AN INSPECTION IS INTENDED TO ASSIST IN EVALUATION OF THE**  
2 **OVERALL CONDITION OF A BUILDING. THE INSPECTION IS BASED ON**  
3 **OBSERVATION OF THE VISIBLE AND APPARENT CONDITION OF THE BUILDING**  
4 **AND ITS COMPONENTS ON THE DATE OF INSPECTION.**

5           **THE RESULTS OF THIS HOME INSPECTION ARE NOT INTENDED TO MAKE**  
6 **ANY REPRESENTATION REGARDING LATENT OR CONCEALED DEFECTS THAT**  
7 **MAY EXIST, AND NO WARRANTY OR GUARANTY IS EXPRESSED OR IMPLIED.**

8           **IF THE PERSON CONDUCTING YOUR HOME INSPECTION IS NOT A**  
9 **LICENSED STRUCTURAL ENGINEER OR OTHER PROFESSIONAL WHOSE LICENSE**  
10 **AUTHORIZES THE RENDERING OF AN OPINION AS TO THE STRUCTURAL**  
11 **INTEGRITY OF A BUILDING OR ITS OTHER COMPONENT PARTS, YOU MAY BE**  
12 **ADVISED TO SEEK A PROFESSIONAL OPINION AS TO ANY DEFECTS OR CONCERNS**  
13 **MENTIONED IN THE REPORT.**

14           **ONLY HOME INSPECTIONS PERFORMED BY MARYLAND LICENSED HOME**  
15 **INSPECTORS WILL BE RECOGNIZED BY THE BUYER AS A VALID HOME**  
16 **INSPECTION UNDER A REAL ESTATE CONTRACT.”**

17           **(B)** A licensed home inspector shall give to each person for whom the licensee  
18 performs a home inspection for compensation or to the person’s representative, a  
19 written report that states:

20                   (1) the scope and the exclusions of the inspection;

21                   (2) the conditions observed during the home inspection that are  
22 subject to the adopted standards of practice and code of ethics approved by the  
23 Commission;

24                   (3) the license number of the licensee; and

25                   (4) a disclosure in 14–point bold type that includes [the following  
26 statements:

27                           (i) “An inspection is intended to assist in the evaluation of the  
28 overall condition of a building. The inspection is based on observation of the visible  
29 and apparent condition of the building and its components on the date of the  
30 inspection”;

31                           (ii) “The results of this home inspection are not intended to  
32 make any representation regarding latent or concealed defects that may exist, and no  
33 warranty or guaranty is expressed or implied”;

1 (iii) “If your home inspector is not a licensed structural engineer  
2 or other professional whose license authorizes the rendering of an opinion as to  
3 structural integrity of a building or the condition of its components or systems, you  
4 may wish to seek the professional opinion of a licensed structural engineer or other  
5 professional regarding any possible defects or other observations set forth in this  
6 report”; and

7 (iv)] **A STATEMENT THAT** “Only home inspections performed by  
8 Maryland licensed home inspectors will be recognized by the buyer as a valid home  
9 inspection under a real estate contract”.

10 [(b)] (C) The licensee shall give the person or the person’s representative  
11 the report:

12 (1) by the date set in a written agreement by the parties to the home  
13 inspection; or

14 (2) within 7 business days after the home inspection was performed, if  
15 no date was set in a written agreement by the parties to the home inspection.

16 [(c)] (D) Any limitation of the liability of the licensee for any damages  
17 resulting from the report on the home inspection shall be agreed to in writing by the  
18 parties to the home inspection prior to the performance of the home inspection.

19 **16-4A-04.**

20 (A) **A HOME INSPECTOR LICENSED BY THE COMMISSION SHALL**  
21 **MAINTAIN GENERAL LIABILITY INSURANCE IN THE AMOUNT OF AT LEAST**  
22 **\$150,000.**

23 (B) (1) **AN APPLICANT SHALL SUBMIT PROOF OF THE INSURANCE**  
24 **REQUIRED UNDER THIS SECTION TO THE COMMISSION WITH THE LICENSE**  
25 **APPLICATION.**

26 (2) **THE COMMISSION MAY NOT ISSUE A LICENSE TO AN**  
27 **APPLICANT UNLESS THE APPLICANT SUBMITS PROOF OF THE INSURANCE.**

28 (C) **UNLESS AN APPLICANT MEETS THE INSURANCE REQUIREMENTS OF**  
29 **THIS SECTION, THE COMMISSION MAY NOT RENEW THE LICENSE.**

30 (D) **A LICENSEE SHALL GIVE THE COMMISSION NOTICE OF THE**  
31 **CANCELLATION OF INSURANCE REQUIRED UNDER THIS SECTION AT LEAST 10**  
32 **DAYS BEFORE THE EFFECTIVE DATE OF THE CANCELLATION.**

33 16-701.1.

1 Subject to the hearing provisions of § 16–602 of this title, the Commission may  
2 deny a home inspector license to any applicant, reprimand any home inspector  
3 licensee, or suspend or revoke a home inspector license if the applicant or licensee:

4 (1) fraudulently or deceptively obtains or attempts to obtain a license  
5 for the applicant or licensee or for another;

6 (2) fraudulently or deceptively uses a license;

7 (3) engages in conduct that demonstrates bad faith, incompetency,  
8 negligence or untrustworthiness, or that constitutes dishonest, fraudulent, or  
9 improper dealings;

10 (4) under the laws of the United States or of any state, is convicted of:

11 (i) a felony; or

12 (ii) a misdemeanor that is directly related to the fitness and  
13 qualification of the applicant or licensee to provide home inspection services;

14 **(5) FAILS TO MAINTAIN THE INSURANCE REQUIRED UNDER §**  
15 **16–4A–04 OF THIS TITLE;**

16 **[(5)] (6)** violates any provision of this title;

17 **[(6)] (7)** violates any regulation adopted under this title; or

18 **[(7)] (8)** aids, abets, or assists any person in violating any provision  
19 of this title or any regulation adopted under this title.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 October 1, 2008.