

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 196

(Chair, Finance Committee)(By Request – Departmental  
– Labor, Licensing, and Regulation)

Finance

Economic Matters

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

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This departmental bill enhances requirements for home inspectors licensed by the State Commission of Real Estate Appraisers and Home Inspectors by mandating completion of 72 hours of approved on-site training with an examination component as well as maintenance of general liability insurance of at least \$150,000.

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**Fiscal Summary**

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

**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 as discussed below. (The attached amendment does not reflect amendments to the bill.)

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**Analysis**

**Bill Summary:** Each applicant for a home inspector license has to complete at least 72 hours of *on-site* training approved by the commission and a national home inspection organization. The course must include successful completion of the National Home Inspector Examination or an equivalent examination.

A home inspector licensed by the commission has to maintain general liability insurance of at least \$150,000. Proof of insurance is required as part of the initial application or renewal of a license. A licensee must notify the commission at least 10 days before the cancellation of his or her general liability insurance policy. The commission may reprimand a licensee or suspend or revoke a license for failure to maintain minimum required levels of insurance.

**Current Law:** In general, an individual must be licensed as a home inspector by the State Commission of Real Estate Appraisers and Home Inspectors before practicing in the State. An applicant for a license must • complete a minimum of 48 hours of *off-site* training approved by a national home inspection organization or the commission; • have a high school diploma or its equivalent; • have at least \$50,000 of general liability insurance; • submit the required application; and • pay an application fee of \$50. If an applicant qualifies for a license, the commission will issue the license upon receiving proof of general liability insurance and the required license fee.

**Background:** The Maryland Real Estate Appraisers and Home Inspectors Act does not include an explicit examination requirement for licensure as a home inspector. The bill would require applicants to successfully complete the National Home Inspector Examination as part of course requirements; the examination is also a prerequisite for membership in national home inspection organizations. The commission has determined that, in the absence of a State examination, the national examination is an appropriate measure of an applicant's competency. Other changes in course requirements are intended to maximize instruction time and provide consistency in applicants' education.

The commission advises that the increase in general liability insurance requirements is necessary to adequately protect the consumer and is consistent with requirements for plumbers; electricians; and heating, ventilation, air-conditioning, and refrigeration contractors.

**Small Business Effect:** This bill establishes additional education and examination requirements for applicants for licensure and increases insurance requirements for licensees. The new requirements would increase the cost of licensure for home inspectors; however, the department advises that many home inspectors already comply with the proposed liability insurance requirements, which have the potential to reduce or control a business' long-term expenditures.

## Additional Information

**Prior Introductions:** Bills with similar provisions were introduced as SB 98 of 2003, which was reported unfavorably by the Senate Finance Committee, and HB 178 of 2004, which was reported unfavorably by the House Economic Matters Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 6, 2008  
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