

HOME INSPECTOR LICENSE

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House Bills 4076 and 4077

Sponsor: Rep. Frank Accavitti, Jr.

Committee: Regulatory Reform

Complete to 6-5-06

A SUMMARY OF HOUSE BILLS 4076 AND 4077 AS INTRODUCED 1-27-05

House Bill 4076 would prohibit a person from providing home inspection services of residential property without a license, and House Bill 4077 would establish application, examination, and licensing fees for a home inspector license. A "home inspector" would mean a person engaged in, or offering to engage in, the business of providing home inspection services. It would exclude persons doing inspections for compliance with local, state, or federal health and safety laws and regulations and/or construction or building laws, codes, or regulations. Licensing requirements would also not apply to persons licensed, registered, or certified under the building, mechanical, and trade codes when doing inspections within the scope of their regulated professions.

The bills are tie-barred to each other and have an effective date of October 1, 2005.

House Bill 4076 would add Article 14 to the Occupational Code (33.303 et al.) to do the following:

- Beginning on the effective date of rules promulgated to implement the bill, prohibit a person from providing or offering to provide home inspection services without a license or exemption from licensure. ("Home inspection services" means services provided to a client, for consideration, designed to identify and disclose the functional condition of major systems and accessories in a residence at the time of the inspection. It would not include inspections designed only to disclose compliance with local, state, or federal building or construction laws, codes, or regulations; compliance with health and safety laws or regulations; and the presence of pests such as insects or rodents.)
- Create a home inspectors board.
- Require the Department of Labor and Economic Growth (DLEG), within 180 days of Article 14's enactment, to set via departmental rules minimum standards for education and experience for licensure eligibility. DLEG could adopt a rule to set examination standards for applicants who did not meet the required education and experience standards.
- Provide for reciprocity for individuals licensed in another state with substantially similar standards.
- Subject a home inspector who did not conform to the bill's provisions to a civil suit by a client to recover damages and/or administrative license sanctions.

- Require certain information to be disclosed by the home inspector to the client and require the home inspector to furnish a client with a "disclosure statement" that detailed the inspection services to be provided.
- Prohibit a home inspector from repairing or offering to repair a residence that the home inspector inspected, unless the repair was covered under a home warranty provided by the home inspector.
- Require a written contract that detailed the terms for the home inspection services. Conditions of the residence affecting a home inspector's ability to conduct an inspection would have to be noted in a separate, but attached, document.
- Require certain information to be contained in each contract, i.e., a description of the services to be provided.
- Require a written report of the results of the home inspection to be given to the client. Statements required to be included in the report are detailed in the bill.
- Require a home inspector to retain a copy of the contract for a home inspection and the report for at least three years after the date of the report.
- Allow a client suffering damages due to a violation of the bill's provisions to bring an action for damages. Remedies would be cumulative and the use of a remedy would not bar the use of any other remedy provided by law.
- Define numerous terms, including "accessories" and "major deficiency".

House Bill 4077 would add a new section to the State License Fee Act (MCL 338.2214) to set fees for a person seeking licensure as a home inspector. The application processing fee would be \$40; the examination fee, if applicable, would be \$50; the examination review fee, if applicable, would be \$20; and the annual license fee would be \$210.

FISCAL IMPACT:

House Bill 4076 will result in an increase in State of Michigan expenditures to cover the cost of a new Home Inspectors Board. The bill is silent on whether Board members will be compensated, but, at a minimum, their travel and other expenses will require additional expenditures.

House Bill 4077 will increase state restricted revenue by requiring various fees for licensed home inspectors. Since such inspectors are not currently licensed, the number of persons who will seek such licensure is unknown, and, therefore, the expected revenue increase is not determinable at this time.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.