

Report on Home Inspector Licensure

Report to:
House Committee on Commerce and Labor

2007

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Executive Summary

Following the Legislative Session in the spring of 2007, the Department of Licensing was charged with conducting a study of the Home Inspector industry. This study was to follow the Sunrise Review process with an emphasis on outreach to the industry to encourage participation.

Participation from the stakeholders and affiliated professionals was very good, with many testifying in the two public hearings held in June and July of 2007. Literally hundreds of Home Inspectors contributed to the findings as well as interested Pest Inspectors, Architects, Engineers, Attorneys, and private citizens.

Membership organizations were analyzed as to their content, requirements, practices, and membership numbers. All had similar codes of ethics, standards of practice, educational requirements and continuing education mandates. The testing processes were similar for most and somewhat different for one. Much discussion was heard as to what works best and a rivalry of sorts exists between organizations. It was found that about 470 Home Inspectors belong to organizations in Washington State.

Home Inspectors not belonging to a membership organization were harder to locate. Because there is no master list, methods of estimation through the Department of Revenue were used. An estimated total of between 1,300 and 1,500 inspectors were identified, which equates to as many as 1,000 non-member inspectors.

Consumer harm determination was problematic, as no agency or organization holds records of complaints. With no official method of recourse, the consumer is left to live with a problem, or seek legal council. Some complaints were found in other agencies and reviewed. It became clear that without a formal means of addressing a complaint, the consumer was left to fend for themselves in many cases.

Home Inspectors, for the most part, are not completely opposed to regulation. During the hearings, we heard common themes that varied in degree, but had some amount of congruity. Some of the factors that most agreed on were:

- ✓ Enforcement that ensures compliance by all parties
- ✓ A testing process that ensures competency at the entry level
- ✓ Continuing education requirements similar to membership organization standards
- ✓ Peer review of some type
- ✓ Pre-employment training in education and field practice

Some areas were less likely to see agreement:

- ✓ Licensing of dual professions (Home Inspectors/Pest Inspectors)
- ✓ Grandfathering
- ✓ License fees

In light of the testimony by stakeholders from many disciplines, the evidence of consumer harm, the lack of methods of recourse, the lack of any form of standardization in education and experience, the potential for collusion between the real estate and home inspection profession, and the evidence of inconsistency of inspection practices, the Department of Licensing recommends that the Legislature consider licensure of the industry.

DRAFT

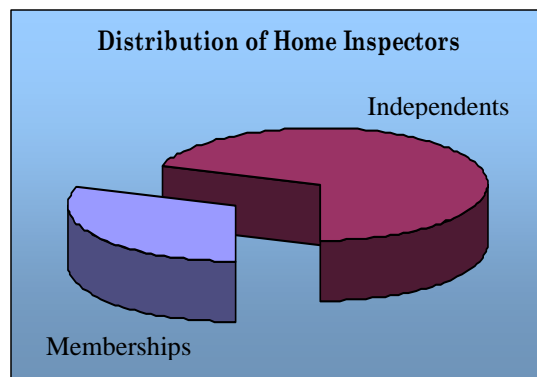
Home Inspector Services

Home inspectors conduct visual inspections of newly built or previously owned homes, condominiums, town homes, manufactured homes, residential-unit living (apartments), and at times commercial buildings. Home inspection has become a standard practice in the home-purchasing process. Typically, home inspectors are hired by prospective home buyers to inspect and report on the condition of a home's systems, components, and structure. Although they look for and report violations of building codes, they do not have the power to enforce compliance with the codes. Typically, home inspectors are hired either immediately prior to a purchase offer on a home or as a contingency to a sales contract. In addition to examining structural quality, home inspectors inspect all home systems and features, including roofing as well as the exterior, site, attached garage or carport, foundation, interior, plumbing, electrical, and heating and cooling systems. Some home inspections are done for homeowners who want an evaluation of their home's condition or as a way to diagnose problems.

Number of Home Inspectors

Prior to a discussion about the Home Inspector profession in Washington State, an assessment of how the industry is self-regulated is essential to understanding its complexity. Much will be said about membership requirements, testing processes and continuing education mandates that exist within the Standards of Practice of the several membership organizations that operate in this state. These elements will be outlined in subsequent sections in detail. Each the four main membership organizations reported its active membership count in Washington. The total combined organization members in Washington as of July 2007 are approximately 470. The remaining Home Inspectors are known as "independents" which have no known affiliation to a membership organization.

Accounting for the number of independents is crucial. Because there is no list of these inspectors, estimation was undertaken using two methods. First, because many Structural Pest Inspectors (SPI) (outlined in the *Related Industries* section) are also Home Inspectors, the Department of Agriculture was contacted for of list of those licensed. The total SPI count was 1,322 in June 2007. For the second method, The Department of Revenue (DOR) was contacted for a list of business licenses with a NAICS code that may likely be Home Inspection services. Using the codes chosen by DOR, 2,359 businesses were identified. Of these, over half had business titles that included "Home Inspection", "Inspections" "Pest Inspections" and other likely examples. Many however also seemed unrelated. The



Department of Revenue indicated that many businesses will perform different functions and use the NAICS code of the most prominent.

In the end, we have two figures: 1,322 Pest Inspectors, a good number of which are also Home Inspectors, and 2,359 in a mixed bag of likely (and unlikely) candidates. Noting that the larger number also includes the known Pest Inspectors, we can estimate the actual population safely towards the lower end somewhere around 1,500. This means that the membership organizations, with 472 members, probably account for about 30% of the Home Inspectors in Washington State, not accounting for the occasional double organization members.

Current Requirements to become a Home Inspector

Educational Requirements

Washington State requires no specific educational requirements or industry experience prior to becoming a Home Inspector. Vocational school curriculums are available which many Home Inspectors choose to complete prior to entering the trade. These are varied in length, depth, and mode of study (classroom, internet or long distance learning). Some of the educational options are outlined below in no particular ranking or order.

Bellingham Technical College offers a 160 hour course that states that the graduate will be able to pass any Home Inspector test offered by a membership organization and the Structural Pest Inspector test conducted by the Department of Agriculture.

Pierce College offers an on-line 70 hour Home Inspector course in a partnership with a national training organization, the American Home Inspectors Training Institute (AHIT). Due to the large number of inquiries they've received about this subject, they will be offering a classroom style course in Puyallup in the fall of 2007.

These are just two examples of the many local options for voluntary vocational training. There are volumes of both private and public education programs throughout the nation.

If a Home Inspector chooses to belong to an available membership organization, there are varied requirements depending upon which organization they choose. Several membership organizations, outlined in the later sections, require varied entrance examinations and annually accrued continuing education credits. The entrance exams range from a proctored, timed examination taken at designated locations to internet testing taken by the prospective Home Inspector on their own schedule. Continuing education is a mandate of continued membership in any of the Home Inspector organizations, with varied amounts required for each.

Testing Procedures

There is no requirement for any testing of competency, experience, or knowledge for Home Inspectors in Washington State. For those who choose to belong to any of the

mentioned membership organizations, requirements do exist. Industry members who spoke about the testing processes used indicate that the three who use the NHIE proctored version or the NAHI proctored exam have more difficult exam requirements than do NACHI, who uses their own on-line process. Some discussion on these exam processes is needed.

The National Association of Certified Home Inspectors (**NACHI**) allows a prospective Home Inspector to test on-line from any location. The test contains 120 questions that are randomly generated from a larger pool and is an open book exam, allowing the taker to utilize any resources they desire while completing the exam. Their website indicates that a proctored exam is available for those residing in states that require one. This proctored exam is provided by contracted school teachers or by a teacher of the students choice provided it is not a relative. The on-line test is free as is the proctored version.

The National Association of Home Inspectors (**NAHI**) Exam is a proctored, timed, and computer-based test that is administered through LaserGrade Testing Centers. There are at least 19 centers throughout Washington State and several more nearby in Oregon and Idaho. The NAHI Examination is designed, created, and validated using psychometric standards and principles (AERA, APA, NCME Standards for Educational and Psychological Testing). The test contains 140 questions and costs \$175 per attempt.

The National Home Inspector Exam (**NHIE**) is a proctored home inspector competence assessment tool developed in accordance with accepted psychometric standards. This exam is not provided by a Home Inspector organization, but is instead solely focused on providing a testing mechanism for agencies and membership organizations to use for licensure or organization entrance competency.

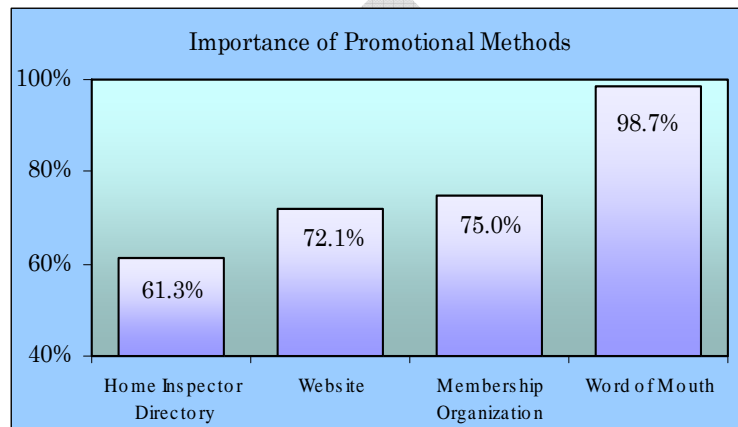
The NHIE exam is currently adopted and/or recognized by nineteen states for home inspector competence assessment. There are at least 8 locations throughout Washington State where this exam is provided. It is a membership requirement for the American Institute of Inspectors and American Society of Home Inspectors; accepted by the National Association of Home Inspectors and is reimbursed by the US Veterans' Administration for military personnel re-entering the workforce. The exam costs \$225 per attempt. There is a practice test available for a \$50 fee. States that recognize NHIE:

- Alabama
- Mississippi
- Alaska
- New Jersey
- Arizona
- Oklahoma
- Arkansas
- Pennsylvania
- Illinois
- Rhode Island
- Indiana
- South Dakota
- Kentucky
- Tennessee
- Louisiana
- Virginia
- Massachusetts
- West Virginia
- Wisconsin

Some regulated states have chosen to develop their own examination process. According to the regulatory authority in Oregon, the Construction Contractors Board, the State of Oregon recently passed legislation to raise the annual license fee from \$50 to \$150 per inspector to offset the cost of maintenance and updating of their exam and to ensure it is reviewed by credentialed professionals. Oregon also mandates that Home Inspectors also possess a Contractors license. Maintaining a valid exam has a significant cost associated with it, although Oregon is content with their exam process.

Membership Associations

Home Inspectors in Washington State are not required to belong to any membership organization, however many do. According to survey completed by Perception Solutions¹ of over 2,400 Home Inspectors nationwide, membership in a Home Inspector organization is the second leading promotion mechanism for their business.



There are four main membership organizations in Washington State. These include the National Association of Certified Home Inspectors (NACHI), the American Society of Home Inspectors (ASHI), the National Association of Home Inspectors (NAHI), and the American Institute of Inspectors (AII). Of these organizations, each has a unique voice in the Home Inspector community. All have standards of practice, codes of ethics, educational requirements, testing processes, and continuing education requirements. On the surface, these may seem much alike, but there are some distinct differences which lead to spirited discussions over what might be incorporated into a regulatory body.

As a comparison, we will list these organization's criteria and try to highlight the similarities and differences.

¹ Perception Solutions conducted a survey of 17,897 Home Inspectors in 2005 on behalf of American Society of Home Inspectors (ASHI). 6503 were ASHI inspectors and 11,394 were not. The responses received from around the United States totaled 2483. Similar surveys were done in 1996, 1999, and 2002

Comments about those not in Membership Associations

As noted above, non-members, or *Independents*, account for a large portion of the Home Inspectors in the state. The importance of this cannot be underestimated. There is much banter between the respective membership organizations about who has the better Standards of Practice, or Code of Ethics. Testing processes and difficulty levels are hotly contested, as are business practices of the organizations at the national office levels. While all this makes for good debate, the fact remains that somewhere around 70% of Home Inspectors in Washington State are not required to recognize *any* Standards of Practice or Code of Ethics, nor are they required to pass *any* exam measuring their level of competency. On the other hand, many Independents have set a high bar for themselves and endeavor to educate themselves in a manner that provides a valuable service to their customers. The reader should bear this in mind while reviewing the various organization criteria—we simply do not have much information about the business practices of Independents.

Details about Membership Associations

NACHI

Membership = approximately 9,000 nationwide, about 218 in Washington

Membership criteria:

1. Pass the NACHI on-line examination
2. The exam has 120 questions and a 60 minute time limit
3. Cost of exam: Free, on-line, and can be retaken as required
4. NACHI also accepts exams given by the National Institute of Building Inspectors, the International Code Council, and the International Council of Building Officials.
5. Complete the NACHI Ethics and Standards of Practice course
6. Complete 24 hours/year of continuing education
7. Submit 4 mock inspections prior to your first paid home inspection
8. Complete within six months NACHI online Structural, Electrical, Roofing, Vermiculite, Plumbing, Water Heater Piping, and Emergency Exit courses.
9. Re-take and pass the NACHI examination within one year
10. Full Membership eligible after 100 completed Home Inspections
11. Membership Fee = \$289/year

ASHI

Membership = approximately 6,000 members nationwide, about 181 in Washington

Membership criteria:

1. Pass the National Home Inspector Examination (NHIE)²
2. Exam is 200 questions, proctored, with a 4 hour time limit

² Please see testing section for detail on this exam.

3. Cost of exam: \$225
4. Pass ASHI Code of Ethics, Standards of Practice exam
5. Complete 20 hours/year for continuing education
6. Complete 250 fee paid inspections
7. Have 50 inspections verified for compliance with standards of practice
8. Membership Fee = \$375/year

NAHI

Membership = approximately 2,200 members nationwide, about 43 in Washington

Membership criteria:

1. Pass NAHI exam or the NHIE exam as an alternative
2. NAHI Exam is 140 questions, proctored, and timed.
3. Cost of Exam: \$175 (unless NHIE is used at \$225).
4. Complete 16 hours/year for continuing education
5. Requires either 20 paid home inspections or a 40 hours minimum training for Associate membership
6. Complete 100 inspections for Regular membership
7. Complete 250 inspections for Certified membership
8. Membership Fee = \$345/year

AII

Membership = approximately 325 members nationwide, about 30 in Washington

Membership criteria:

1. Pass the National Home Inspector Examination (NHIE)
2. Exam is 200 questions, proctored, and timed
3. Cost of exam: \$225
4. Pass AII code of ethics, standards of practice, AII Umbrella Philosophy exam
5. Submit copies of 3 Home Inspections meeting AII standards
6. Utilizes quality of inspection over quantity for membership as determined by a trainer who rides along—no minimum inspection quota for Certified Member
7. 2 years membership and 200 inspections for Senior Inspector
8. 5 years membership and 500 inspections for Master Inspector
9. Membership Fee = \$300/year
10. Vast majority of members reside in California

Membership Organization Summary:

1. ASHI and AII exclusively use the NHIE exam which costs \$225 per test with a \$50 additional fee practice test if desired
2. NAHI has their own exam which is comparable to the NHIE and costs \$175
3. NACHI has an on-line exam that is free
4. Most comment that the NACHI test is less difficult than the NHIE or NAHI test
5. All organizations have similar standards of practice
6. All organizations have similar codes of ethics

7. ASHI, NAHI, and AII have varied levels of membership, depending upon training, experience, and testing
8. NACHI has one level of membership
9. AII has approximately 325 members nationwide, about 30 in Washington
10. NAHI has approximately 2,200 members nationwide, about 43 in Washington
11. ASHI has approximately 6,000 members nationwide, about 181 in Washington
12. NACHI has approximately 9,000 members nationwide, about 218 in Washington
13. Total membership organization participants number about 472 in Washington
14. Estimates of total Home Inspectors in Washington range from 1300 to 1500
15. Independent Home Inspectors could number as many as 1000 in Washington
16. Independent Home Inspectors are not self-regulated other than by personal choice
17. Industry representatives interviewed have some congruence in the belief that the examination process sets NACHI apart from the others
18. Many say that NACHI is attractive due to powerful search engine capability enabling consumers to connect with Home Inspectors
19. Costs vary slightly in membership:
 - a. NACHI--\$289
 - b. ASHI--\$375
 - c. NAHI--\$345
 - d. AII--\$300
20. Continuing education varies from 16 to 24 hours per year for membership organizations

Related Professions

Some occupations in Washington State dovetail with the Home Inspector industry, often with overlapping practices and responsibilities. Much discussion during the public hearing period involved how to either merge or separate these “gray areas” between the similar, but different professions.

Clearly the closest related occupation is that of the Structural Pest Inspectors (SPI). These professionals are licensed by the Department of Agriculture and conduct inspections for Wood Destroying Organisms (WDO) which constitute:

- Termites
- Carpenter or moisture ants
- Wood infesting beetles
- Wood rot
- *Damage as a result* of these pests

Additionally, they inspect for conditions conducive to rot:

- Soil in contact with wood
- Wooden debris under/near structure
- Water in structure from poor drainage or a plumbing leak

- Failed caulk or grout at water splash areas
- Inadequate clearances in crawl spaces
- Failing gutter systems
- Inadequate ventilation
- Vegetation in contact with structure

Many of these functions are also conducted by Home Inspectors in the course of a normal inspection. A Structural Pest Inspection is normally required by the lending institution in Washington for the sale of a structure. Per RCW 15.58.445, it is illegal for a Home Inspector to conduct or report on any of these functions without having a SPI license. This dilemma results in two options: either the consumer must hire two inspectors to complete both the Home and Pest inspections, or the Home Inspector carries a SPI license and is able to conduct both functions. For this reason, many Home Inspectors are SPI qualified. Much discussion occurred in the public hearings on this topic and, for the most part, industry members on both sides did not favor being required to maintain two licenses. Another consideration is that while these two inspection disciplines have some overlap in scope, they are distinctly different in many other ways. Should licensure of Home Inspectors be undertaken, clearly defining and dividing these two functions may serve to both clarify duties as well as better define what a consumer should expect when paying for the services of an inspector.

Architects and Building Engineers also have functions that overlap into the realm of the Home Inspector profession. The practice of each of these disciplines is generally far more technical than the more generalist Home Inspector's function and has been exempted in previous legislation proposals for Home Inspector regulation. Both of these disciplines are currently required to be licensed (RCW 18.08 and 18.43 respectively) and have strongly voiced opposition being required to maintain a Home Inspector license as well.

Consumer Related Issues

Examples of Public Harm

Locating documentation on consumer harm in Washington was problematic due to a lack of any viable tracking method in either the private or public sectors. Because Home Inspectors are not accountable to any regulatory authority, any complaints made against them are often left to be settled between the inspector and the consumer. Membership associations have internal processes that may call for review of complaints and, in some cases, sanction their members, but they have no authority to impose corrective measures to compensate consumers and no evidence of this was presented during the study. If the consumer has a significant loss the courts are sometimes used, however the contracts used by most inspectors normally have clauses which limit the inspector's liability to the cost of the inspection. An impediment to filing a complaint in the courts is that generally, due to the liability limitations, it costs more to pursue than the value of the inspection.

Labor & Industries (L&I) was queried for cases of complaints. L&I was unable to identify any cases where they investigated Home Inspectors. This was attributed to the fact that almost all Home Inspectors was single employee businesses and L&I would therefore have no reason to contact them.

The Better Business Bureau (BBB) was asked about cases of complaint and they were able to identify 82 complaints in the Northwest Region, comprising the Pacific Northwest and Alaska, over the past three years. They were not however able to provide any details, so this is marginally useful.

Although no comprehensive database is maintained regarding complaints or disciplinary actions specific to Home Inspectors, some information was uncovered in our investigation which indicates that there may be cause for concern.

The Attorney General's Office of Consumer Protection provided some useful data. While they do not have a code in their database specific to Home Inspectors, they were able to query using key words in the search criteria. Through this process they identified several cases in which consumers had requested their help, most of which demonstrate varying degrees of public harm, while some may have simply been misunderstandings. It should be noted that the AG's office does not have the authority under law to force a resolution, nor can they represent the plaintiff, or act as judge or arbiter in the dispute. They can however contact the business and request that they rectify a problem if one exists. Should the request fail, the plaintiff is advised to contact an attorney or use the local Dispute Resolution Center.

The following summaries are cases from the Attorney General's Office:

- In June of 2006, an elderly widow in Sequim reported that she had an inspection done for \$179 prior to the purchase of a mobile home. The report made no mention of problems, so she concluded the sale. Upon moving into the home she had problems with the siding falling off; found that the skirting had been torn away, and that a sheet of plywood was nailed to the exterior, covering missing siding. The AG's office called the telephone number for the inspection service and found it disconnected. A second number was located and it too was disconnected. A letter was sent to a Sequim and a Bellingham address without response. The result was that the AG could do nothing further to help the elderly woman who trusted in the report she paid for. Upon review of the internet, this inspector is still advertised as operating in Bellingham. **Summary: Consumer was harmed. Inspection obviously flawed and incomplete. Elderly widow left with home repairs she could not afford.**
- In July, 2006, a woman in Othello stated in a complaint that her home inspection report indicated no prohibitive problems, and the home was purchased. It was to be moved to another location. Upon transport, the home was partially disassembled and previous fire damage under the structure was evident. She requested a refund and was denied by the real estate agent who had arranged the

inspection. The inspector stated that, due to a barrier secured under the home, he found no evidence of a problem during the original visual inspection. He re-examined the home after the complaint and found that there had been a fire in an area he previously could not see and that it had been professionally repaired. He stood on his original opinion that the home was sound. Further correspondence shows that the realtor had told the buyer of a previous fire and that the sellers had the problem professionally repaired. As the buyer was using an interpreter, a language barrier may have been evident. The result was no refund was offered and the complaint was dropped. **Summary: Probable misunderstanding by the consumer due to language barriers and poor translation—harm is questionable.**

- In August, 2006, a couple had an inspection prior to the purchase of their home in Seattle. Of issue after the purchase was the fireplace damper, which was inoperable and stuck in the closed position. A professional chimney sweep was unable to free it and advised that the firebox would need to be cut with a torch and replaced. When contacted, the inspector at first indicated that he would refund his fee and help with arranging the repair, as he had apparently not made mention of the deficiency in his report. Later the inspector, upon re-reading his report, said that because he had advised to “*clean and review chimney*”, he was not at fault. Clearly it was a ploy with the language used to avoid responsibility. The estimates for repair ranged from \$2000 to \$3500 due the design of the fireplace and the need to replace the entire firebox. The consumer requested insurance information as if it were understood that such things would be covered. As of December, 2006, the inspector had rescinded his offer of a refund, refused to provide insurance information, and advised the consumer to address the repair themselves. **Summary: Consumer was harmed and had to absorb over \$2,000 in repairs to fireplace.**
- In October, 2006, an out-of-town buyer had an investment property in Wenatchee inspected. The siding on the home was a product that was currently in litigation due to product failure. When the inspection was done, this was not mentioned. However, when the homeowners brought this to the Home Inspector’s attention in November, the inspector indicated that siding failure was uncommon in the area and “not a big deal”. As the siding was failing and needed replacement, and the previous owners did not warranty it, the new homeowners sought relief for the replacement cost through the BBB and the AG’s office. Following several months of negotiations with the assistance of the Yakima Dispute Resolution Center, the Home Inspector paid the homeowners \$2,500 for the oversight. **Summary: Home Inspector paid \$2,500 for error made during inspection on failing siding.**
- A home inspection was conducted in Battle Ground Washington. In December 2005, the homeowner filed a complaint with the AG’s office citing that the inspector had missed many defects that were requirements of the Standards of Practice for the American Society of Home Inspectors (ASHI), noting that the inspector advertised online and in his contracts that he inspected to the ASHI

Standards of Practices and Code of Ethics. Upon investigation, it was determined that the inspector was in fact not a member of ASHI. He offered this explanation: *“Our inspections due (sic) meet the criteria established by American Society of Home Inspectors. The ASHI standards are the most recognized standards of practice in the U.S. and that is the reason for the statement in the contract. At no point do we ever advertise or verbally state that our inspectors are members of ASHI.”* The case went to arbitration and an award was made payable to the consumer in January 2006. The Home Inspector concluded his response to the AG’s office with *“we are upgrading our website this month and will remove the reference that our inspections are performed to ASHI standards.”* **Summary: Payment ordered to consumer from the Home Inspector of approximately \$4,000 and the inspector had to remove false reference to ASHI from his website.**³

- In Puyallup during 2005, a Home Inspector’s report indicated that the siding was improperly applied. Contesting this, the homeowner contacted the American Plywood Association and determined otherwise. The complaint to the AG’s office was from the homeowner, stating that the inspection company represented itself to the consumer as a member of ASHI. Upon investigation, this was determined false. When confronted with this, the Home Inspector removed the reference to ASHI from his website. **Summary: Sale of home lost due to incorrect assessment of inspector. Inspector also falsely inferred he belonged to ASHI.**
- In March, 2007, a complaint was filed by a consumer regarding a new home inspection in Orondo Washington. The Home Inspector was called to do an inspection prior to the owner moving into the new construction. The inspector advised the owner to wait until the construction was complete as many items normally inspected were not even present yet. The owner insisted that it be done prior to his moving in with the reasoning that it would give him a listing of items for the contractor to fix. The inspector completed what he could, noting the absence of various components. Following moving in, the owner noticed appliances without power, inoperable smoke detectors, and a plumbing leak. The home owner demanded a refund. The inspection service declined to refund the fee, citing that the appliances were not installed at the time of the inspection, nor were the smoke detectors operable, nor the plumbing connected and that the home owners had insisted the inspection be done regardless of being advised to wait. The owner first filed a complaint asking for ½ the fee with the BBB and then complained to the AG’s office. The result was the inspection company refusing to grant the request for partial refund, based on principle—they clearly spent more time and money on the numerous responses than they would have if they gave the complainant the \$100 requested. **Summary: Home Inspector appears correct and consumer made unrealistic demands.**

³ The ASHI national headquarters was contacted about this. They responded that they actively pursue copyright infringements and unauthorized uses of the ASHI name and logo. ASHI reported that they process about 200 cases per year.

- In June, 1995, a couple had a home inspection done in Ritzville Washington prior to pursuing the final purchase. They were specifically interested in ensuring the functionality of the major systems (plumbing, electrical, etc.) of the home and indicated such to the inspector. During closing, the well pump went out, resulting in the buyer and seller splitting the \$3,000 cost. A few days after closing, the electrical system failed shortly after the stove quit working. Upon inspection by an electrician, it was determined that the breaker panel had been failing for some time and that the failed appliances were the result of surges. The system was repaired at a cost to the buyer of \$2,775. When the Home Inspector was questioned, he indicated that he'd seen a recent state inspector sticker on the panel and assumed it to be functional so he did not investigate further. **Summary: Home buyer harmed by approximately \$4,200 in unexpected repairs due to inspector missing an electrical panel problem.**

- A single mother in Arlington Washington had an inspection done on a 30 year old home in July, 2002. Two years later she noticed that siding outside the bathroom was falling away from the home. Further investigation determined that there was decay within the wall and had spread to the flooring. She had estimated the repair costs at between \$4,000 and \$5,000. The Home Inspector responded to the customer and re-examined the area in question. While there was now a problem, he determined that it had not been evident at the time of inspection. Citing the 24 month lapse in time, and the contract language that the inspection is visual only and that he was only liable for the inspection fee amount, regardless of the time elapsed, he determined he was not responsible for repairs, but did offer a full refund of the inspection fee. The AG's office suggested that the customer seek legal counsel if she wished to pursue the matter. **Summary: The consumer definitely had an expensive problem, but contractual liability limits eliminated any possible relief.**⁴

- A total of eight (8) complaints were fielded by the AG's office on one individual doing business as three separate companies which specialize in roof inspections, roof certifications, and warranty work following certification. The stories are all very similar, with contracted repairs paid for but not done, "treatments" to maintain certification status paid for but not done, and a general inability to contact the owner/operator of the business located in Covington, Washington. In looking up this business on the L&I website, it appears that the bad business practices have resulted in the expiration of his contractor's license, although he may still be operating as a Home Inspector. A summary of those complaints is as follows:
 1. Maple Valley woman paid \$2,692 for roof repair and treatment after an inspection. The roof was only pressure washed. Another contractor was hired to do the work required. The inspector refunded the \$420 that was to cover the treatment portion after contact with the AG's office. The balance

⁴ In the course of reviewing the regulated states, it was common to see time limits for detection of errors made by Home Inspectors, most of which were between one and two years.

was not recovered from the contractor hired by the inspector who did not complete the original work. **Summary: Consumer harm of \$2,272 for work never completed by contractor arranged by the inspector.**

2. A consumer arranged a 60 month warranty on a roof at Clarke College in Vancouver following an inspection and certification for a sum of \$771. Numerous calls were made about subsequent leaks without action. The inspector often cited the distance from his contractors to the location as the reason he couldn't respond in a timely manner. When finally the roof was re-inspected, the owner/operator stated that he was not responsible for leaks caused by "*defects in the roof system which are concealed or not visible upon reasonable inspection*". The business indicated that they would however fix the leaks following contact by the AG's office. **Summary: Repeated efforts and a complaint to the AG's office resulted in completing work that should be done upon request.**
3. A couple in SeaTac had warranty work done to replace some broken shakes on their home. They were advised that their roof need to be treated for moss and paid \$477 for this service. This was to have been done August 17, 2004. Daily calls were made to the inspector until September 14, 2004 when the consumers were advised the contractor who had been hired no longer worked for the inspector, nor were they in business. After contact with the AG's office a refund check was sent to the consumer in November 2004. **Summary: Consumer harm evident with not fulfilling contracted work and withholding the refund until the AG made a request.**
4. A homeowner in Kenmore had the inspector conduct the contracted annual roof inspection. The outcome was a recommendation to have moss treated, and the homeowner paid \$356 for the service. The inspector contracted this out to a company that did not complete the work. After the homeowner filed with the AG's office, the inspector agreed to refund the fee. **Summary: Consumer harm for work not done and refunded only after filing formal complaint.**
5. A woman in Seattle contracted an inspection of a four unit rental property she intended to purchase, pending a satisfactory inspection. The plaintiff indicates she paid in full, \$425, for the inspection to be completed before the deadline of 9/22/04. The inspector presented himself on 9/22/04 and indicates a bee's nest kept him from completing the inspection. He faxed an incomplete inspection to the buyer's real estate agent on 9/23/04, a day past the deadline. As of 10/7/04, the agent had filed a complaint with the BBB, as the inspection was still not complete. When contacted, the inspector's secretary indicated that they hadn't sent it because they "didn't have any envelopes." Upon a request for a refund, the inspector said he would provide a partial because he had spent some time at the home. As of

complaint to AG's office, no refund had been issued. **Summary: Consumer harm of \$425 for services not completed, resulting in the buyer to having to make an uninformed decision about a home purchase.**

6. A new home was purchased in Renton with a roof certification that requires that the owner contact the inspector to have repairs/maintenance completed. The inspector charged \$377 for repairs that were not under warranty which were not completed. Numerous calls went unanswered, nor did the inspector answer to the AG's request for a response. **Summary: Consumer harm of \$377 for repairs not completed.**
7. A home owner in Renton filed a complaint against the inspector for warranty work not completed. He had repeatedly tried to contact the business per the agreement, leaving messages without response. Upon contact from the AG's office, the inspector sent a contractor out to fulfill the warranty obligation. **Summary: Consumer harm evident resulting from having to force contractual agreement through complaint process.**
8. A home owner in Seattle had his roof certified by the inspector's company for \$432. Upon selling the home shortly thereafter, the inspector's company said the roof was not certified and it required more work (not warranty). After complaint to the AG's office, the inspector agreed to refund the consumer's money, leaving him still in need of roof work in order to sell the home. **Summary: Consumer harm evident due to an attempt to double charge for certification work.**

Consumer Confusion

A subject only briefly addressed in the literature reviewed during this study is the difficulty consumers have in making informed decisions while hiring a Home Inspector. There are several factors to consider as to why consumers have a hard time with this process, some of the more common will be outlined.

Purchasing a home is, for most buyers, a highly stressful time due to the unfamiliarity of the process and the enormous amount of paperwork, not to mention the high risk involved in committing to what is likely the largest expenditure they've ever made. The consumer is faced with trying to make decisions on the many aspects of a home purchase often at a faster pace than preferred in order to secure the sale. When faced with the prospect of hiring a Home Inspector, the consumer normally looks to the real estate agent for guidance. The relationship between inspectors and agents seems perfectly logical, as the two professions are obviously intertwined and the consumer finds comfort in having assistance from the agent in locating an inspector. It rarely occurs to the buyer that the inspector they've been referred to holds in their control the report that will determine if

the sale proceeds and, in turn, whether the agent makes any commission on the sale. When put in this context, purchasing the services of an inspector provided through the agent becomes potentially less logical. During the hearings process several inspectors spoke of the relationship between inspectors and agents, with the consensus that this relationship is not always in the consumer's best interest.

A second consumer concern confronts those who choose to find their own inspector. Finding one is not hard. Determining the qualifications of an inspector can however be very difficult. On August 21, 2007, a Google search of "Home Inspector Washington State" was made which resulted in 2,290,000 hits, which illustrates the depth of information on the internet. The more prudent consumer might look to membership associations for some measure of credibility and competency. They would first find several that all sound unhelpfully similar with acronyms that, to the unfamiliar eye, seem non-distinguishable: NACHI, NAHI, ASHI, and AII. Each of these organizations has their own criteria for membership, a unique Standards of Practice and a unique Code of Ethics. All organizations have "certified inspectors", which translates into meeting the organizations criteria for certification. Recall that Washington State does not presently certify, license or in any other form, regulate home inspectors. If a consumer chose to spend the time to research each organization, they may determine an inspector to hire based on something that caught their eye. This is not even considering the 1,000 or so inspectors statewide who are not affiliated with an organization, many of which are very competent. However, if the consumer is in need of services immediately, there is no quick way to determine an inspector's qualifications other than by the assumption that they're qualified through a membership association or that they are able to represent themselves accurately in their advertising.

Another concern is born out of the consumers desire to get a "good deal". Most inspectors report that the first thing a customer always wants to know is how much the inspector charges. Many consumers are only looking to have inspections done to satisfy the lenders needs rather than to identify potential problems. Hence, many think that cheaper is better. It may be foolish to save a few dollars and have a poor inspection when such a large investment hangs in the balance.

In the end, consumers most often use inspectors provided by the agent selling the home or are left to try and find one among the myriad of choices on the internet and in the phone books. Either way, unless they have first hand knowledge of the inspector's qualifications, the consumer is often left with making an educated guess when hiring an inspector.

Regulation in Other States

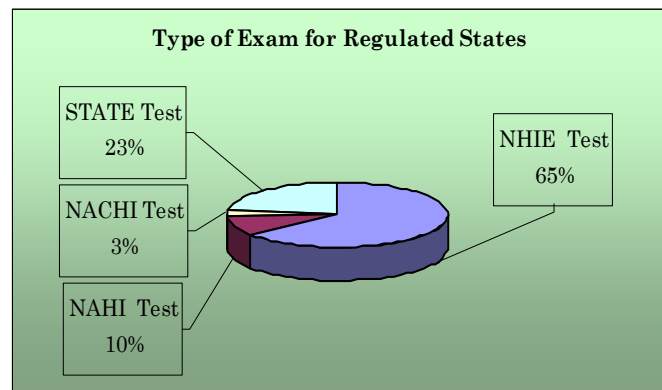
Presently 31 states have some form of regulation for Home Inspectors. At the time of the last completed Sunrise Review in Washington State (1996), there were 4 regulated states and one, California, was to introduce legislation later that year which resulted in very minimal requirements. It is clear that in the last decade, Home Inspector regulation has been a common pursuit throughout the nation. The states that are regulated are listed below. More depth into the specifics of each state is found in the *State Responses to Survey* section.

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> ▪ Alabama ▪ Alaska ▪ Arizona ▪ Arkansas ▪ California ▪ Connecticut ▪ Georgia ▪ Illinois ▪ Indiana ▪ Kentucky ▪ Louisiana | <ul style="list-style-type: none"> ▪ Maryland ▪ Massachusetts ▪ Mississippi ▪ Montana ▪ Nevada ▪ New Jersey ▪ New York ▪ North Carolina ▪ North Dakota ▪ Oklahoma ▪ Oregon | <ul style="list-style-type: none"> ▪ Pennsylvania ▪ Rhode Island ▪ South Carolina ▪ South Dakota ▪ Tennessee ▪ Texas ▪ Virginia ▪ West Virginia ▪ Wisconsin |
|--|---|--|

Of the 31 states that have enacted some form of regulation for the Home Inspector industry, the criterion for regulation is varied. A cross-reference grid on page 20 of regulated states and several of the important factors is provided and should demonstrate the similarities and differences.

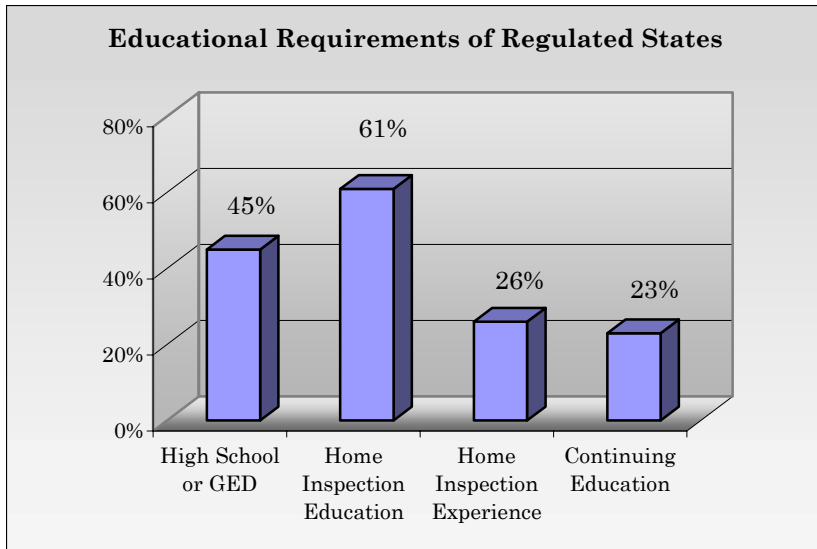
The grid is sorted first by the type of regulation: Certification, Licensure, Trade Practice Act, or Regulation. Licensure is the more common action taken. No particular ranking is shown here in regards to performance standards.

Examination type indicates state requirements for establishing a minimum bar for competency. The NHIE exam is the most prominent choice among regulated states. The NAHI organization, which has a similar exam, also accepts the NHIE exam for membership criteria. Both of these are proctored and claim to be developed in accordance with accepted psychometric testing standards.



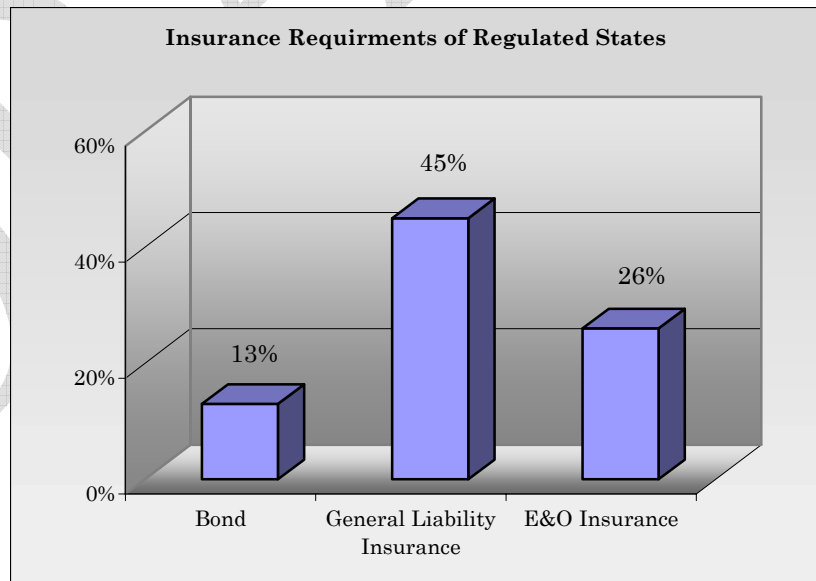
State	Regulation Type	Certification																									
		NHIE Test	NAHI Test	NACHI Test	STATE Approved Test	Membership in Association	High School or GED	Home Inspection Education	Home Inspection Experience	Continuing Education	No Criminal History	No Discipline Pending	Bond	General Liability Insurance	E&O Insurance	Standards of Practice	Code of Ethics	No Repairs/Interest	Less than 100 inspections	100+ inspections	No limiting Liability	Mentoring					
Arizona-02	Certification	✓						✓					✓		✓					✓							
Nevada-97					✓		✓	✓						✓	✓												
Oregon-97					✓			✓		✓				✓	✓												
Virginia-01		✓						✓	✓	✓																	
West Virginia-06		✓					✓	✓	✓					✓													
Wisconsin-98		✓																					✓				
Alabama-02	Licensure	✓						✓	✓				✓		✓												
Alaska-03		✓						✓	✓	✓	✓	✓	✓		✓												
Connecticut-00					✓		✓	✓																✓			
Illinois-03		✓					✓	✓																			
Indiana-04		✓					✓	✓			✓				✓												
Kentucky-04		✓					✓	✓		✓					✓		✓	✓									
Louisiana-99		✓					✓	✓		✓					✓	✓			✓								
Massachusetts-00		✓					✓	✓							✓	✓						✓	✓				
Mississippi-01		✓					✓	✓							✓	✓							✓	✓			
New Jersey-98		✓					✓	✓	✓	✓					✓								✓		✓	✓	
New York-04					✓		✓	✓											✓					✓	✓	✓	
North Carolina-93					✓		✓	✓						✓									✓		✓	✓	
Oklahoma-01		✓					✓	✓		✓					✓												
South Carolina-96						✓			✓													✓			✓	✓	
South Dakota-00		✓					✓	✓		✓													✓				
Tennessee-06		✓					✓	✓			✓	✓			✓	✓											
Texas-91					✓		✓	✓	✓													✓			✓	✓	
California-96		Trade Practice Act																	✓								
Georgia-94																											
Maryland-92				✓				✓	✓						✓		✓						✓				
Montana-99																											
Pennsylvania-00	✓		✓												✓	✓	✓										
Rhode Island -96	✓														✓	✓	✓	✓									
Arkansas-03	Registration	✓							✓					✓		✓	✓	✓									
North Dakota-05			✓	✓																							

Nineteen states accept the NHIE exam, three accept the NAHI exam, one accepts the NACHI exam, and six states have developed their own versions. California and South Carolina do not indicate a test requirement.



Nearly half of all regulated states require a High School or GED education, while over 60% require some form of home inspection educational school completion. 26% of States require prior inspection experience, and 23% continuing education.⁵

Nearly half require liability insurance, some mandate additional bond or errors and omissions insurances, or some combination of the three.⁶ In speaking to other state administrators, and local Home Inspectors, it became apparent that, regardless of insurance mandates, it is common practice in the industry to limit liability in the contract between the Home Inspector and the consumer to a maximum of the cost of the inspection. Two states, Massachusetts and Wisconsin, do not allow the practice of liability limitation.



⁵ Per Perception Solutions on behalf of American Society of Home Inspectors (ASHI)

⁶ ibid

Other Studies

Ohio

During the course of reviewing the Home Inspector industry, a recent work stood out as one of the best current studies in the country. The State of Ohio's Real Estate Commission contracted the Belmont Technical College to conduct a multi-state assessment of the Home Inspector industry and determine if regulation made a measurable difference in the overall competency of Home Inspectors. No apparent bias was noted in the Ohio study in their review of regulated and non-regulated states or the question of membership organizations vs. non-member inspectors.

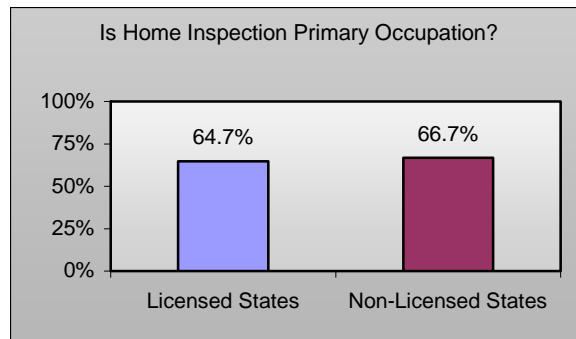
First, six states were chosen for the Ohio study: three currently regulated and three not regulated. Of the regulated states, the list of inspectors was available through the regulatory agency. The non-regulated states posed another problem, as no listing was available. The phone directories were used and students manually sifted out Home Inspectors with valid addresses. Once the two cohorts were developed, a total of 4,772 inspectors from Texas, New Jersey, and Arizona represented the regulated states and the non-regulated states of Michigan, Missouri, and Ohio comprised 882 inspectors. From each state, 100 inspectors were randomly chosen as recipients of the survey, resulting in 600 total questionnaires being sent out. The resulting return was 156, or a 26%, which, by survey standards, was fairly good.

A second element of the study was a Real Estate Agent survey of the same six states, with 500 randomly chosen agents from each state to receive a questionnaire. The response rate was 249, or 8.3%. The survey was to assess the experiences the agents had with Home Inspectors in their state over the past year.

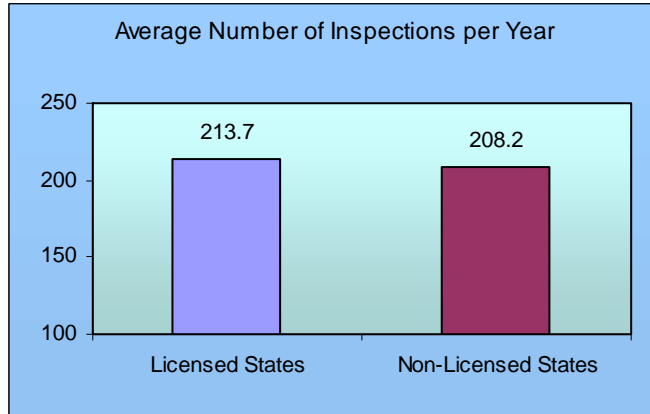
The third element was a survey of Ohio residents who had recently purchased a home. Over 3000 homeowners were surveyed and 213, or approximately 6.6%, responded. They were asked about their experiences and perceptions of the Home Inspectors they hired. The results were compared to the Real Estate Agents perception of Home Inspectors.

The overall objective of the Ohio study was to determine if regulated and non-regulated states had different levels of professionalism, competency, and customer satisfaction. The results were somewhat surprising. For the most part, little difference was found between the two cohorts. While this may not lend itself to a hypothesis that regulation improves competency or professionalism, it did provide some valuable data.

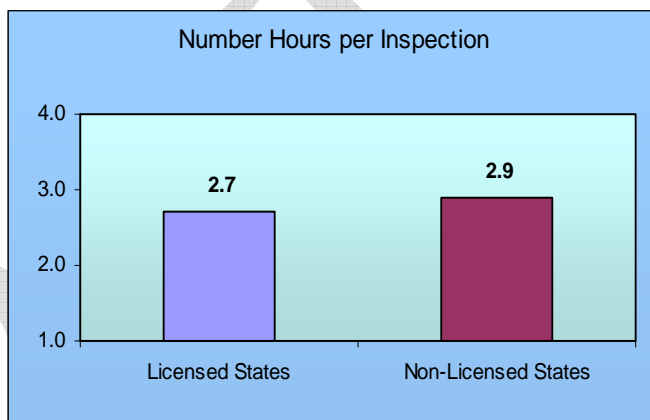
Home Inspectors were asked if their business was a full time occupation. There was no significant difference between regulated and non-regulated states. About 65% considered Home Inspection their full time jobs, which also means about 35% consider it part time.



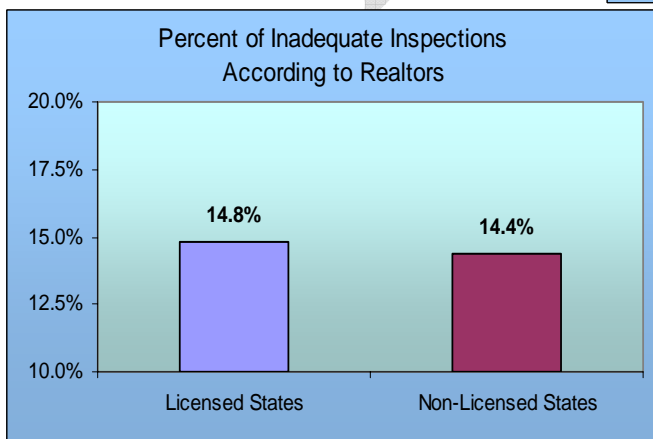
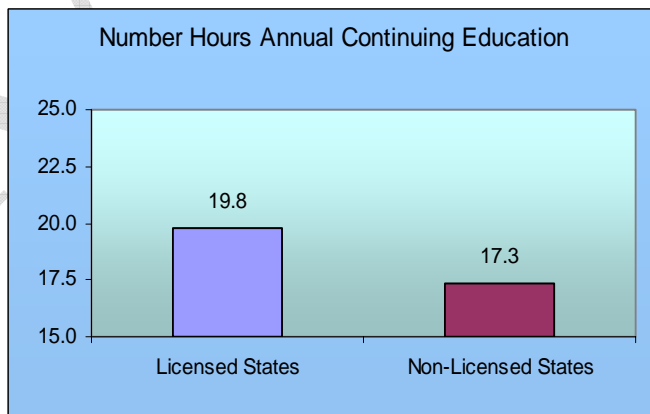
Home Inspectors in licensed states on the average appeared to stay fairly busy throughout the year, conducting about 213 inspections annually. The non-licensed states show an insignificantly lower total of 208 per year.



The amount of time spent on an average inspection also demonstrated no real difference between the cohorts with the average being about 2.8 hours.

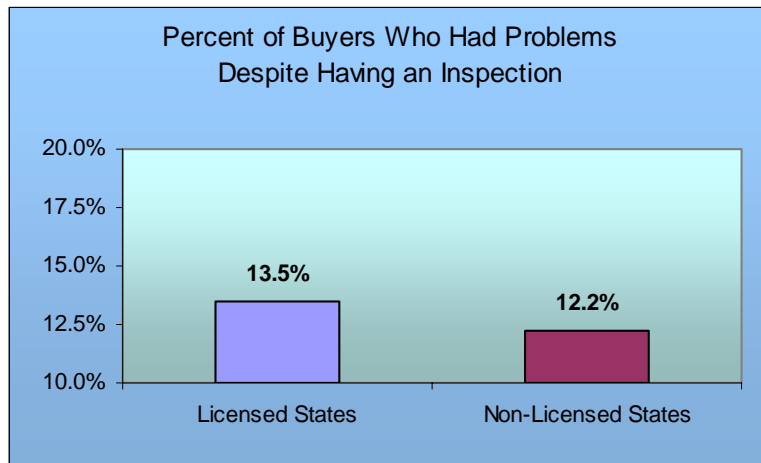


As noted in the *Membership Organizations* section, all of the organizations required a comparable number of continuing education hours to those shown by inspectors surveyed in the Ohio study. Licensed and non-licensed states completed about the same number of continuing education hour annually.

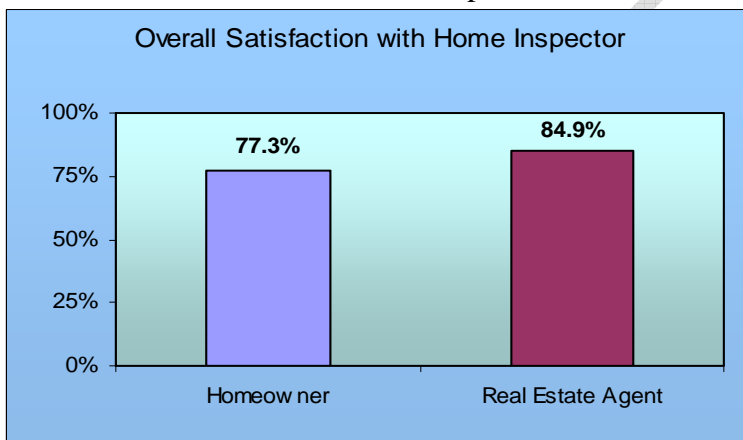


Real Estate Agents were surveyed in both the licensed and non-licensed states. They were asked about the adequacy of the inspections performed on the home sales they had pending. While the majority was satisfied with the performance of the inspectors, it's notable that nearly 15% of the inspections were unsatisfactory in both.

Real Estate Agents were asked if homeowners, who had purchased a Home Inspection prior to the sale, experienced any unexpected problems after the sale was concluded. Non-licensed states fared slightly better, but still an average of 12.8% of the time homeowners had problems.



Homeowners in Ohio, an unlicensed state, were asked their satisfaction level with the overall home inspection as were the Real Estate Agents. This is one of the few differences found in the Ohio report, where the satisfaction level of homeowners is notably lower than that of the agents. This may be reflective of the relative risk involved, where the prospective homeowner is making an enormous investment while the agent is just making, or not making, a sale. There also may be other reasons why agents tend to be more satisfied with the performance of Home Inspectors.



notably lower than that of the agents. This may be reflective of the relative risk involved, where the prospective homeowner is making an enormous investment while the agent is just making, or not making, a sale. There also may be other reasons why agents tend to be more satisfied with the performance of Home Inspectors.

While the results of the Ohio study seem to indicate that regulation or non-regulation makes little difference in the professionalism and competency of Home Inspectors, the recommendation from the authors was to regulate. They came to this conclusion due to three perceived issues within the real estate and home inspection industries.

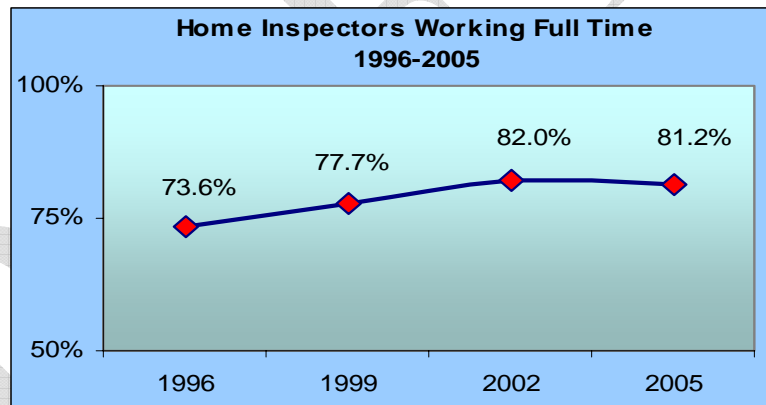
- 1) The national momentum towards home inspection regulation, in which 31 states within the last decade have determined that regulation is needed. This however was not in itself justification for regulation.
- 2) The dynamic between real estate agents and home inspectors where the sale of the home, and the agents commission, is contingent upon a favorable inspection from a professional often recommended by the agent.
- 3) The potential benefit of creating a proper distance between real estate agents and home inspectors for the sake of the consumer.

At the time of this writing, Ohio has not yet regulated Home Inspectors in their state.

ASHI STUDY

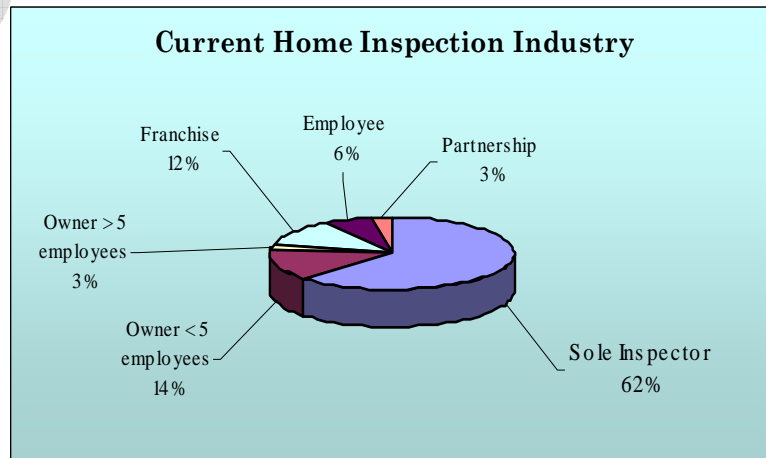
The American Society of Home Inspectors, ASHI, contracted Perception Solutions Incorporated to conduct an extensive study in the months of July-August 2005. It should be noted first off that this study was conducted and financed as a function of ASHI, which is one of the largest home inspector membership organizations. While a large group of inspectors, 17,897, were surveyed, of these, 6,503 were ASHI members. As their national membership count is something just over 6,000 we can assume that most, if not all, ASHI members were contacted. There were however 11,394 non-ASHI members surveyed, so a wide spectrum of the industry was certainly captured. With a return rate of 14.7%, the study yielded 2,483 responses in total. A breakdown of how many of these were ASHI members is not available. In the end, it's probably safe to say that this study is more reflective of ASHI inspectors than the Ohio study, as the Ohio effort did not concern itself with identifying any specific membership organization. ASHI had conducted previous studies in 1996, 1999, and 2002. When data was available, the current study provides a history which is helpful in identifying trends. Some of the content is presented with permission of ASHI.

An assessment of full time employment in the ASHI report shows that over a decade the profession has grown. While the six state Ohio work found that around 66% of inspectors worked full time, ASHI shows 81% presently with an upward trend over the past 10 years.



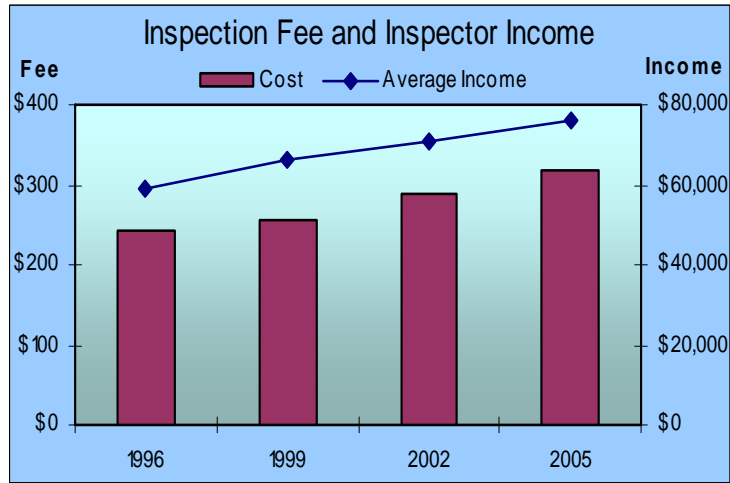
Regarding licensure, 55% of the inspectors surveyed indicated they worked in a state that regulated home inspectors. This is somewhat consistent with what we'd expect, as about 60% of all states were regulated at the time of the ASHI study.

Sole operator businesses accounted for 62% of the current home inspection businesses. This is also an upward trend over time, indicating that more upstart businesses are being opened. When we break down the current home inspection industry, we see very few examples of more than five employees

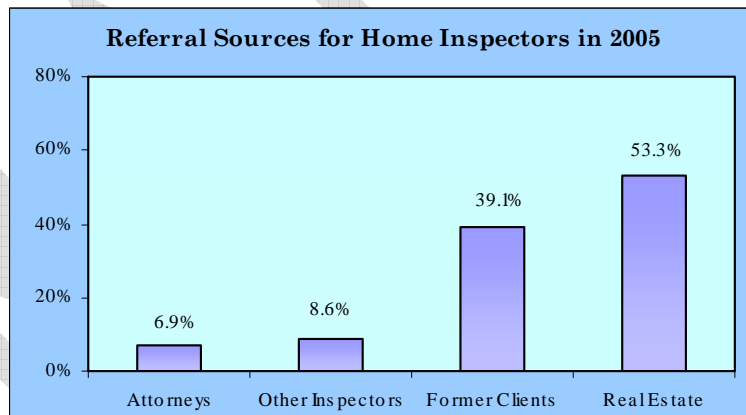


in a business. Franchised companies, while making up a small portion, have nearly doubled from 7% in 1996 to 12% in 2005.

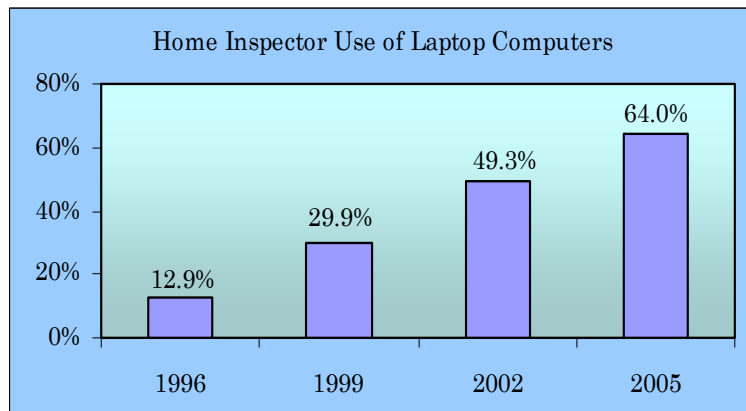
The average fee charged for inspections has risen in proportion to average incomes as reported in the ASHI study. A current average of \$318 dollars per inspection is consistent with the comments made during our public hearings. There was little difference between full time (\$321) and part time (\$300) per inspection. The national average annual gross income of \$75,970 may be misleading as it includes all inspectors. When excluding the part time inspectors, the national annual average income is \$88,080, with a part time home inspector averaging \$36,302.

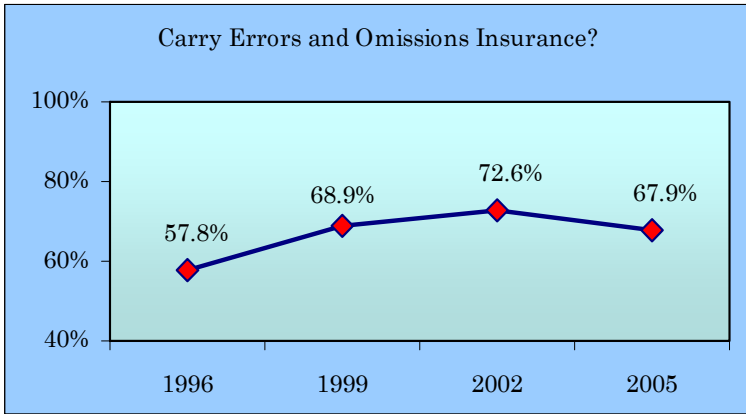


Referral sources were identified, which bring to light important factors in how home inspectors find their customers. Real estate referrals are the largest source, with former clients running not too far behind.

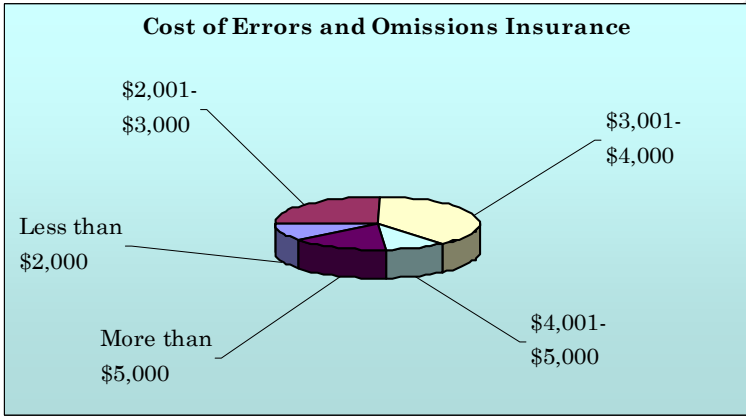


Technology has been embraced in the Home Inspection industry over the last several years. Where a relatively simple report on the general condition of a home may have been sufficient ten years ago, Home Inspectors are now incorporating the use of laptop computers on-site at a rapidly increasing rate since 1996.



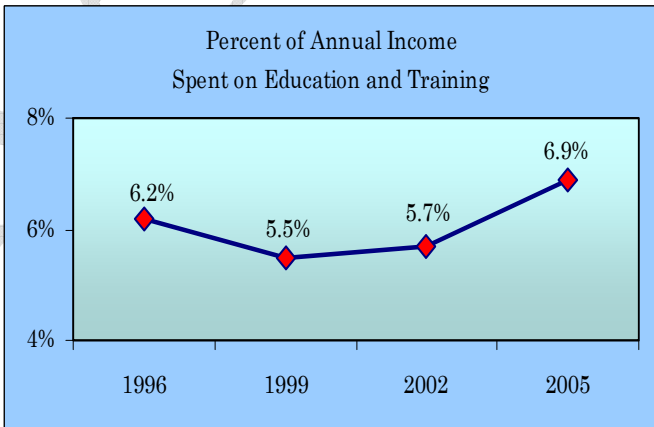


The ASHI study found that Errors and Omissions insurance, while carried by well over half of all Home Inspectors, has dropped off slightly in the last three years after reaching a high of 72% in 2002. Presently, 67% of Home Inspectors surveyed carried this insurance.



Cost of the Errors and Omissions insurance was assessed as well. The average overall cost was \$3,424 per year for the 1,597 respondents who did carry it.

The annual output on continuing education was tallied. Home Inspectors on the average spent almost 7% of their income on education for themselves or their staff. This shows an upward trend, indicating that the study group is increasing its investment in education in their field.



Outreach Efforts-Public Hearings

Legislation in the 2007 session for Home Inspector regulation was hampered in part by a lack of dialog between the industry and the Department of Licensing during the Sunrise Review process of 2006 which was not completed. Instead, ESSB 5788, instructed the Department of Licensing to conduct a study with an emphasis on outreach to ensure an adequate level of input from industry stakeholders. To this end, an aggressive approach to

satisfying this task was undertaken. In an effort to ensure sufficient interaction with the Home Inspector community, DOL took the following steps:

- Notified each of the national Home Inspector membership associations of the pending Sunrise Review and solicited input
- Scheduled two public hearings, one in the west and one in the east of the state
- Filed two notice of meetings with the State Register regarding the public hearings
- Developed a distribution list of approximately 100 Home Inspectors throughout the state, with an emphasis on thorough geographic coverage, and notified them of the upcoming Sunrise Review process
- Issued a statewide press release
- Developed a public hearing notification e-flyer and distributed it to each of the membership organizations and all on the Home Inspector distribution list
- Posted a link on the DOL internet website regarding the Home Inspector study

As a result of these efforts, DOL received many written comments, telephone calls, and inquiries from media about the Home Inspector study. Two national Home Inspector organizations and a national Inspectors web-board posted the public hearing notices on their websites and their message boards were very active with comments on the matter. A third national organization sent a copy of a very comprehensive study of over 2,400 Home Inspectors done for them in 2005 and the largest independent examination organization provided documentation as well.

The first hearing, held in Burien, was attended by approximately 60 people. Most were Home Inspectors. Also in attendance were an insurance industry professional, an attorney, the National Association of Home Inspectors Governmental Affairs Director, and the Executive Director of the National Home Inspector Examination. Each of the national organizations was represented as well as independent inspectors. Over three hours of testimony was recorded, resulting in over 90 pages of text.

The second hearing was held in Wenatchee about a month later. Predictably, due to population demographics, this was a smaller hearing, with about 20 participants attending and providing still more views regarding possible regulation.

Membership organizations for Home Inspectors were very helpful and eager to provide information during our review. Two national organizations came to our first public hearing; one from Chicago which is the second largest membership organization in the country and the other from Minneapolis that specifically provides examinations for the Home Inspector industry. Other organizations assisted by posting our hearing notices on their websites and providing opportunities for Home Inspectors to express themselves on their comment boards regarding possible licensing. In all, the interest and assistance from the membership and examinations organizations and industry websites was excellent.

Outreach Efforts-Comments from Inspectors and Citizens

Much has been said during the course of this study by affected citizens, affiliated industry members, and by those in the Home Inspection industry. The verbatim testimony from the two public hearing held will be available for those who wish to read it in its entirety.

Regarding the comments shared either in writing or verbally, they came from a wide variety of stakeholders. Most had a fairly clear opinion on the question of regulation or not. For the most part, regulation was not opposed by the majority that provided testimony, although opposition was voiced and a variety of reasons, both pro and con, was heard. A selection of excerpts from these opinions is provided below.

“To truly address to problem of incomplete or inaccurate home inspections, the Realtor must be taken out of the equation. While the vast majority of Home Inspectors are credible and honest there are a few who will write whatever it takes to make a sale. Every home inspector has faced the wrath of a Realtor when he submitted a “deal killer” report. My integrity and license are worth more than the angry words of an unhappy salesman, and I think most of us feel the same way.”

Home Inspector, Tumwater

“The Washington State Pest Control Association feels that additional regulation of home inspectors would be beneficial to the industry. They are now required to be licensed to perform structural pest inspections but there is no regulatory oversight over the rest of the home inspection. There is no recourse for the consumer if a poor home inspection (other than pest) occurs.”

Washington State Pest Control Association Representative

“I think you should just leave the home inspection profession alone. All you’re going to do is run the little guy out of business, with new fees of some kind or make them join some organization that will take money away from their families.”

Home Inspector

“Two years ago when my wife and I purchased our home, we wound up with a lot of extra work that could have been avoided had we hired a more competent home inspector. I am hopeful that the meetings that you are holding will eventually result in all of the home inspectors in the State of Washington being regulated, giving the consumers the protection they deserve.”

Citizen, Wenatchee

“It's funny, everyone in my business expects everyone else in other professions to undergo some kind of peer review to prove that they can do what they claim they can do, i.e. cops, soldier, sailors, marines, seamen, firemen, pilots, hairdressers, barbers, drivers, architects, engineers, manicurists, electricians, plumbers, teachers, etc., but if you mention the idea of having them submit to a peer review a lot of them - probably 60 - 70% - all start squawking like a stuck pig and get all panicky.”

Home Inspector, Kenmore

“The consumer needs protection. Licensing is needed to create a minimum standard. Consumers do not know what they are getting because there is no standard level of inspection.”

Home Inspector, Olympia

“Continue support for the Structural Pest Inspector program under the provisions of the WSDA. That program addresses the majority of the consumer complaints against home inspectors (i.e. extensive damage from wood destroying organisms). That program has enforcement provisions; and the program has requirements for insuring and bonding of inspectors. The WSDA has established an extensive training program in cooperation and support with Washington State University, the Washington State Pest Management Association (whose members are predominately home inspectors), and the American Society of Home Inspectors. The Washington State Pest Management Association has taken the unique step of providing non-WDO subject matter courses for their Home Inspector members. WSU and WSDA have established a field laboratory dedicated to training the home inspection industry. While the licensing and training criteria may require some change, this program has the impact of being in place, having a training program, and being cost effective.

Home Inspector, Port Orchard

“I find it ironic that Washington has an extremely stringent WDO inspection criteria and basically zero criteria for Home Inspectors—the exact opposite of Oregon. Here, the Home Inspector side is fairly well restricted while the WDO is wide open”.

Oregon Home Inspector

“I would also advise that franchise companies not be allowed to have an administrative “blanket” license to cover their inspection representative. Each inspector must be qualified by test as a true measure of professional approval of residential safety.”

Retired Home Inspector

“I believe that it is unnecessary to license engineers as home inspectors. Engineers are already licensed by the state, and have been inspecting homes and buildings for many years. This will add an unnecessary burden to engineers in the profession.”

Engineer, Spokane

“Hairstylists are licensed by the state, but home inspectors are not. The difference between a really good haircut and a really bad haircut is about 50 bucks, or two weeks, depending on your perspective. The difference between a good home inspection and a bad one can mean walking away from a house or bankruptcy for the consumer. From a consumer protection standpoint there is no question oversight of some kind is needed, as there are a lot of yahoos out there doing the job, and quite poorly at that. There are also many inspectors doing an incredibly good job and providing an invaluable public service. But how can we look at 2 or 3 million dollars worth of real estate in a given day and help people negotiate and decide if it is a good purchase or not and not be regulated in some manner?”

Home Inspector, Snohomish

“Again, unless you are willing to be accountable to a far greater extent, let’s put our feet firmly back on the ground. That is, we are not rocket scientists and need not pretend to be. This is not to say that anyone can do a good job. However, anyone wishing to enter the business has that right – the free market will not allow the unprepared to continue in the business. Isn’t this what America is all about?”

Home Inspector, Spokane

“The important thing to remember is that a home inspection is not a commodity. It is an opinion. One guy may spend ten hours and uses high tech equipment and charges \$2000. The other guy may walk through with a flashlight in 45 minutes and charge \$150. Neither is right or wrong. They are different business philosophies. And everyone needs to be free to run their business as they see fit and let the marketplace and level of complaints to DOL decides if their business is viable.”

Home Inspector, Snohomish

“Prior to offering this course to our students we researched how to develop and present this training. Developing a course ourselves proved to be cost prohibitive and we looked for an established training provider who had already developed the course. We were impressed by both online instructional method used, content and student support provided by AHIT. AHIT has been training home inspectors for 12 years both online and in the classroom across the US and their courses have been accepted by most states for both pre-licensing and continuing education training.”

Vice President, Extended Learning, Pierce College

“Additionally, I have serious concerns about the present law as it is written, as it does not specify what a consumer can expect from a Home Inspection. Currently, consumer expectations are way beyond what we can deliver in visual inspection of accessible areas of a home. Further, more should be in the law concerning what is not part of the inspection.”

Home Inspector, Olympia

“I made my complaints to my realtor and she said she would pass them on to the buyers' realtor, but she (and other realtors I have talked to) said that inspectors pretty much have free reign and it's not unusual for them to NOT take responsibility for their actions.”

Citizen, Mason County

“More than a few times my buyers and I were stunned at the lack of expertise demonstrated by people who called themselves inspectors. One time an inspector who was hired by my buyer inspected a roof using binoculars from a vantage point at an elevation further up the hill from the house he was inspecting for us rather than climb up on the roof and physically inspect it. This person was from what was then known in my industry as a reputable and trusted firm. The buyer fired him on the spot and he asked me to find a qualified inspector, which I did. The new inspector person scaled the roof and found several soft spots which were the results of water leaking through the shingles and

dry rotting the roof rafters. My buyer was able to have the seller completely replace the roof and affected rafters and insulation at a heavy cost to the seller. After this incident I insisted that my future buyers choose from a selected few inspectors I knew to be competent.”

Windermere Real Estate Manager

“I have been a long time proponent of separating the industries and have licensing in two separate enforcement agencies. This will eliminate the need for the Dept of Ag to spend all the time necessary to enforce, control & educate an industry that is only partially in the area of their expertise (not including electrical, heating, plumbing, etc.). The simply and easy change needed to be performed is to change Wood Destroying Organism (WDO) reports to Wood Destroying Insect (WDI) reports and eliminate the need for the pest control companies to report on wood rot and conducive conditions to wood rot. This is being done in several States and I believe will be the future, as more Home Inspectors are being required to be licensed. I have spoken to many of the home inspectors and they are in agreement with this. Let them report on rot and let us report on WDI’s. Therefore, when they run across a WDI pest, they can mention it on their report and make recommendation for a licensed pest company to perform an evaluation and determine if chemical treatment is necessary. The exact same way they do when they run into electrical, plumbing, roofing & other problems. This way, the two industries can compliment each other and not argue over what bug is doing what.”

Structural Pest Inspector, Tacoma

“In general, I oppose any legislation which regulates a business when the need for regulation does not exist. In my opinion, licensing is not needed for my industry. The number of complaints or lawsuits against home inspectors does not justify licensing and the associated cost to consumer and home inspectors. Home Inspectors are not consistent in the service provided. A Home Inspector test could be beneficial, but must be nationally recognized psychometrically evaluated examination along with a specific Washington State test module. There are established testing criteria that must be met to make the examination legally defensible to protect the state and the profession.

Home Inspector, Olympia

“It is important that we continue to learn throughout our entire careers as Inspectors. Yes, there should be standards to weed out the bad Inspectors in this field. A membership to an organization such as ASHI or NACHI should be required because of the excellent standards and ethics that they already have provided. Education, and Continuing education, should also play key roles in the future of this business. People skills are also required to become successful within this arena.”

Home Inspector

“As a quality engineer, processes should have clear quality standards so the customer can receive a good product. In the case of new home construction this is just not happening and the consumer is paying the price for sub par quality and the builder’s propensity to cut corners. Couple that with the real estate agents incentive to sell homes and we the consumer are left with headaches and problems.”

Home Owner, Puyallup

“I think that educating real estate agents and the public will be the best way to stop fraudulent inspectors. Agents and/or the client should ask for credentials, very few people do. Educating agents should be a part of their schooling.”

Home Inspector

“I am also opposed to dual licensing. Home inspectors should have one license (Home Inspector) and be exempt under the new legislation from having to hold a SPI license. We are generalists and not necessarily experts in any field (though we may be in an unofficial capacity) ...thus If we see an issue we should be able to call in a specialist (PCO) to further evaluate and treat, just like calling in an electrician when we find a panel or wiring issue. This would certainly help clear up an ongoing problem and tensions between home inspectors and PCO's and give better service to the consumers with less confusion...”

Home Inspector, Yakima Valley

“I'm in favor of legislation that benefits the consumer and doesn't represent a large body of politicians. Whatever is written has to be written with intelligence, cover the issues thoroughly, but be practical. They have to work. They have to work and they have to work for everyone.”

Home Inspector, Spokane

“If we are to be licensed, I'm adamantly opposed to a test structured specifically for Washington State when we already have a psychometrically structured test, which does the same thing for every state in the United States. There are t w o different climates in Washington, which a psychometrical test would cover.”

Home Inspector, Spokane Valley

“While I do not agree point to point with the recommendations of the Washington Home Inspectors Advisory Group, I feel that overall they best represent the interests of home inspectors and the home-buying public. In particular, I agree with their stance regarding the state's unique approach to pest inspection. A home inspector is a generalist, not a specialist, and should be allowed to defer of an (inaudible) infestation and conducive conditions to an SPI or a PCO as we do with the other household components. We are there to inspect the major components of the home, not to focus specifically on an issue that affects less than four percent of homes in Eastern Washington.”

Home Inspector, Spokane

“Getting a home inspection is similar to going to a doctor for a physical. We inspect the major systems in a home, report on their conditions, evaluate them as much as possible and direct our clients, when necessary, for further review by professionals in specific areas, such as a pest inspector or a plumbing contractor or an electrician or a roofer, We cannot be an expert in every area. A licensed wood-destroying organism inspector

should have a separate license for the pest industry. They (inaudible) just like electricians and plumbers and other trades have separate licenses, they are specialists.”

Home Inspector, Spokane

“I think that legislation would be beneficial if requirements for licensing require a real effort in training and education both initially and ongoing. Any home licensing or home inspection licensing bill should include a provision to require adequate training and ongoing education. This training should consist of on-site parallel inspections with qualified inspectors who have met the licensing requirements that substantially meet those recommended by the Washington Home Inspector Legislative Advisory Group.”

Home Inspector, Spokane

“I want to go on record as saying that we do support regulation of home inspection and we do support licensing. We feel - I feel that ASHI standards help us do a significant, proper job and keeps the standards so that we know, more or less, what we are doing.”

Home Inspector, Spokane

“One is I'm not opposed to licensing - unless it becomes a bureaucratic nightmare, which we have all seen. I do not like the dual licensing that could be proposed. I think that we need to have one license, if there is going to be, and have that by whoever is, the Department of Licensing possibly. I'm not real fond of some of the WSDA stuff that goes on. I think one other item that needs to be touched on - and it was briefly - is the bonding, insurance bonding. We have all seen what that does with construction and I would like to see some good mandatory E&O and business liability, probably some starting out at \$300,000, that would certainly clear the slate of the non-committed.”

Home Inspector, Yakima

“I feel that dual licensing will cause a power struggle between two different government agencies over who has power. And ultimately the home inspectors and the consumers are going to get caught in the middle' ' of the battle and we don't need that . The consumers definitely don't need that. As far as the bill that we had seen that got tabled this last time that they are discussing now, the way the board was set up on that bill was a big concern, we had a lot of special interest groups. Realtors – realtors would love to not have any home inspectors out there. We are called deal killers.”

Home Inspector, Yakima

“I'm sort of a fish out of water here as being the pest control – an SPI person in a group of home inspectors, but I was told by several members of the Washington State Pest Control Association that we needed to have some representation here, so that's why I'm here. I would encourage you - yes, it makes sense that you have your own licensing program and probably the Department of Licensing is the appropriate place for that. I would encourage you to go the route that you are going here. Obviously the direction of which particular association is going to be with you - or you going to elect to, that's something that is going to have to be worked out, but I would be in favor of the legislation.”

Pest Inspector, Walla Walla

“So from our standpoint, we want to see this process move forward. I think there are a lot of good ideas out there. Granted, legislation that was written in 1991 requires changes. It needs to be modified. It needs to be changed to be more current and reflect what is going on out there in the world today. But listen to everybody's opinions because we are going to have different opinions on west side versus east side. And what we'll end up with ultimately I think is going to be a good compromise.”

Pesticide Management Office, WSDA

“How many of you have ever been through an on-site performance peer review in this mission - in this job? I don't think any of us have, okay. So if you are going to want to have a law, laws need to protect the consumer and the laws need to require people who claim to be home inspectors to be qualified to inspect homes. And that means they need to have good training. They needed to be tested on that training and they need to be peer-reviewed. The primary benefits of licensing, as we see them, would be that, one, baseline criteria of training, experience and testing would be established. In other words, the consumer would be assured that the home inspector had met, at the very least, the state requirements. And, two, there would be somewhere for consumers to turn to for assistance in the event that they had questions about elements of their home inspection. ”

Home Inspector, Kenmore

“Some of the things that I disagree with is the mentorship. I'm in a small population area. I have a hard time training my competition. Spokane, where you got half a million people, it is a little different thing. I have had people come down from Okanogan, Omak, wanting ride-around - ride-alongs. And I know that they are going to end up in Wenatchee. There is not enough business up there to support them. And so I have a hard time training people that I know are going to be in direct competition. There should be some kind of a universal testing, I agree, to get into this. I don't know about continuing education credits. The question I have is on them continuing education, if I go to an ASHI convention and get 20 credits or whatever, is that going to work for the state or do I have to get continuing education from the state-run course?”

Home Inspector, Moses Lake

“We are in support of licensure of Home Inspectors. We believe that it has an opportunity to actually set a minimum bar for all people who are actually looking to get into the profession. Since this is what we do, in terms of training and support, we feel that a rigorous training program followed by appropriate testing with addition ongoing training would be minimum requirement in terms of actually being able to enter the profession.”

Owner, Home Inspection Franchise

“Clearly there is a process for developing that (testing) content that makes the resulting examination reliable, valid and importantly to you defensible by the state. That process of determining what is an appropriate examination, I believe, appropriately rests with the regulatory body. Any legislation should state the standards that an examination must meet and those are common standards from authoritative organization in the public protection testing industry.”

Executive Director, National Examination Organization

“I see buyers all the time that just don’t have the money to complain or don’t have the resources or where to go to complain. And so you see buyers that routinely will say, “Well, why isn’t there a level playing field, “ so to speak? So I think that licensing could bring up some sort of a minimum standard for the profession and that’s the main point I would like to make.”

Home Inspector Instructor, Technical College

“I also believe that there needs to be a real strong avenue for consumers to make complaints that isn’t going to coast and arm and a leg, have to go hire a lawyer and so forth. There needs to be a state agency that accepts complaints and deals with them on whatever level there is.

Home Inspector Instructor, Technical College

“Do come up with a good test, be it the National Home Inspector Exam or something put together by the State College System for Washington State much like the State of Oregon has done. Put together some minimum standards, which include continuing education, include education to get into the field. And I guess that would be the main thing that I would say is we know this is a hot topic. Not everybody is going to be happy. And the law that is ultimately coming up, assuming there will be one, is not going to make everybody happy, but there has to be compromises in place to make it work. But I do think that you need to pursue this because there is glaring lack of consistency out there.”

Home Inspector, Program Coordinator, Technical College

“And my position is that we want fair, impartial legislation. Every realtor I have met has a story about a bad home inspection and everything you are hearing about the inconsistency is true. I have seen it when construction is slow, all of a sudden construction guys become Home Inspectors. And literally they will take a yellow pad and do the inspection. No consistency whatsoever. And the report is a handwritten report that many times is illegible. We want a consistency minimal level of experience and knowledge coming into it.”

Home Inspector, WHILAG member

“Self-regulation, is that working? I would say no. I think if you are – I mean, look at it. Thirty-one or so states regulate home inspections at this pint. Is there a reason why? Yeah, there is. Thirty-one legislators across the country have done similar sorts of studies and have found a need. So is Washington so different then Maryland, New York, California, Nevada, Arizona, Texas? I could go on and on and on. I don’t think so. So I think just logically speaking it makes sense.”

National Membership Association, Director of Governmental Affairs

“High education standards and field mentoring or inspection training is a must because I know a lot of inspectors over the years in this business, some with great backgrounds, a lot of experience in constructions as contractors, architects, engineers. All of that is wonderful. You can go and take the course that is 120 hour, 160 hours, get straight ‘A’s. Your still haven’t done any inspecting. And, to me, that would just be a really important

component with any good legislation. You are going to protect the consumer. And I mean it, you have to have the high standards and you have to have the high education and training requirements as well.”

Home Inspector, WHILAG member

“In our opinion, the criteria for licensing should not be so restrictive as to limit entry into the profession: however, weak criteria would have the potential of sending under-qualified applicants out to practice within the state and would water down the profession.”

WHILAG Liaison

“I represent the Washington State Pest Control Association. I’m going to speak for the board. Basically we definitely feel that there is a need for some sort of a licensing certification criteria for home inspectors. I firmly believe that having to set standards does increase the professionalism of an industry. It has been proven time and time again and you’ve got to have good regulatory behind it or it doesn’t mean anything.”

WSPCA Board Member

“About 22 years ago when I started into this business on the pest inspection side, about one out of three houses had either damage or infestation that had to be either treated or removed. Since that time, through pest inspections and home inspections, a lot of that damage has been corrected because houses tend to be turned every five to 10 years and rot takes a while to happen. Infestation can happen overnight, but having someone look at the house every time it is turned makes a big deal of difference in the quality and standard of the house, the maintenance of the house.”

Home Inspector, WSPCA member, Tech School Instructor

“Home inspection and pest inspection, draw the circles, they overlap, but they are different. And pest inspections are only a part of what we do. All the other parts are a much bigger component. Yesterday I advised a client that they had suspected asbestos-containing material in the house and referred to the certified environmental lab to test that and provide recommendations on how to handle that. I’m not certified and not qualified to do those things but I know when someone should be called in and I called in a structural engineer, two technical engineers, and I should be able to call in a licensed pest control operator to further evaluate the situations.”

Home Inspector, Seattle

“The rule in Oregon is all they have to carry is general liability and a basic bond. Well, if they make an error or omission, there is no regulatory organization that is saying you have to have E&O to cover the consumer. That’s a bad thing. As to the Oregon State Department of Agriculture, the connection between the SPI, they don’t have any regulation at all, so the home inspector organization or home inspection industry is a little bit renegade. Kind of scary as a consumer.”

Insurance Agent for Home Inspectors

“I’m not convinced regulation is necessary. Only people who know the number of inspections within the state and how many claims were filed, serious claims. Every so often there is something on TV, something in the newspaper about this poor family. Obviously a lot of times reporters just report stuff because they got nothing better to do. So, I don’t know. What I do know, though, is self-regulation does not work and regulation, if there is going to be- if there is going to be a law, which we believe there will be sooner or later, regulation will benefit the home inspection industry when the bar is set high enough.”

Home Inspector, Seattle

“You need to protect the consumer, but you seem to have this legislative-mandated doctrine of least restrictive. Least restrictive bothers most of us in the room because that’s going to lower the bar. So what I would like to say is that when you have to weigh one side or the other, please cone down on the side of the consumer protection.”

Home Inspector, Seattle

“I do agree that we should probably have some type of regulation. I don’t agree that we should be regulated by the WSDA and the DOL at the same time. It should be one or the other. I still feel that pest inspections should be separate. At this point in time, the way that the law is written, I don’t mind having to do a pest inspection when I do a home inspection but if they are going to license me as a home inspector, I feel that they should have a license – or the pest inspection should be a separate entity.”

Home Inspector, Bellevue

“The main thing I would like to say is I would like to see WDO and Home Inspections be separate licenses, either be licensed by one person or – the pest control side of it is definitely under the WSDA. But we can’t have two regulatory agencies telling us two different things and comply and be honest.”

Pest Inspector, Lynnwood

“In regards to that, one of the biggest things I want to see is I do think there needs to be a separation between pest inspections and home inspections. I don’t want to carry two licenses. I think there needs to be some way of doing that. And the other thing I want to really emphasize is enforcement. Ever since I have been in pest inspection, I have gotten my license, I have gotten the ICNs, I do my drawings, I do all the stuff, and I come across people that don’t comply with that. And I know there is companies out there that display noncompliance and nothing has happened to the, and these are companies who have been in business for 20 years. So we need to have strong enforcement to get a license.”

Home Inspector, Pest Inspector, Kirkland

“I come here as an individual to address you on the licensing issue. I think that is a very important thing for you to have as inspectors. It gives you a higher level of expertise in the field. It gives the consumer a level of confidence in you and the industry as a whole. I think that’s a huge thing. I know that licensing of electrical contractors came in 1995 in this state and the level of expertise and the level of quality, the level of people in the industry were dramatically raised because of licensing requirements.”

Electrical Contractor, Vice Chair Washington State Electrical Board, Olympia

“So do I support legislation? Personally, yes. I support meaningful legislation. I support a meaningful, valid, structured training program with mentoring. I support continuing education requirements. I support enforcement because if you don’t have enforcement, it is meaningless. And I support a valid testing mechanism. You know, the bottom line is that – to echo what everybody has said – you know, you don’t want to make it so unapproachable that people can’t become a home inspector, but we, by God, need to raise the bar so that that protects the consumer and in the end will benefit all of us in the profession.”

Home Inspector, Tech School instructor, Olympia

“To the extent that the Department recommends licensing and the legislature decides to licensing, we do agree that architects, engineers should be exempt from the standards. They are already regulated by licensee boards and they are regulated in those code of ethics, so they can’t do what they are not able – what they are not trained and tested to do, so they would not be practicing in areas where they are not capable, and that includes home inspections.”

Executive Director, American Institute of Architects, Washington Council

“I do not support dual licensing. Separate the SPI license as a specialty license and carry it, then you can have dual specialty, but it is the choice of the inspector rather than a requirement.”

Home Inspector, Marysville

“I have cases against home inspectors for incompetence. The legislature needs to enact regulatory legislation. It is essential. Now, no regulation is going to guarantee we don’t make mistakes, but regulation can, to some extent, keep incompetent people out of the business.”

Attorney, Puget Sound Region

“I’m for all home inspectors being licensed as pest inspectors. I just think a home inspector should be a licensed structural pest inspector to help protect the customer.”

Home Inspector, Pest Inspector, Auburn

Outreach Efforts-Survey of other States

Inquires were sent to the agencies in each of the 31 states that currently regulate Home Inspectors. Fourteen states provided a response, which are summarized below. The questions posed to the states precede the responses. The state responses below provide a very brief overview. Detailed comparisons in other formats from national testing and membership organizations are found in the appendices. Also please note that the responses sometimes vary from the questions asked, as some states provided information as available. Another notation is that the level of complaints may well increase when a

regulatory authority exists. Thus, an increase of complaints in the short term following regulation may be indicative of better consumer resource availability.

Questions

1. Was regulation of Home Inspectors brought about in your state by industry request or legislative action?
2. What prompted your state to opt to regulate?
3. Was consumer harm found in industry practices prior to regulation and, if so, was it affected after regulation?
4. Has your state seen a change in complaints since regulation?
5. What costs are imposed on the industry in licensing, renewals, or other?
6. How many Home Inspectors are licensed in your state?
7. How many staff are required to administer the regulation and what are their functions?
8. If used in your state, how did you determine the education, experience, testing, and ongoing education requirements for licensees?
9. Has regulation in your state made a measurable improvement in the services provided by Home Inspectors?
10. Other comments/concerns/advice that you may offer.

State Responses:

Arizona:

- The legislation was initiated by the Home Inspector industry
- Concern about the quality of construction prompted the legislation
- Consumer harm was believed to be the case by the private sector, who perceived flawed home construction during a building boom in Arizona with no independent review of the homes prior to resale
- Complaints prior to regulation are hard to estimate, as there was no avenue of complaint available
- Fee for application is \$90, renewal is \$310.
- Approximately 1,100 inspectors
- Staff of 4
- Education requirement of 80 hour in 11 core subjects
- Questions remain as to whether regulation has improved services provided
- Cooperation between inspector societies is poor. They do not communicate well amongst themselves.

California:

- The only legislation regarding Home Inspectors pertains to prohibited practices
- California does not actively regulate Home Inspectors
- Prohibited acts in statute include:
 - Making repairs to inspected homes
 - Inspecting a home in which the inspector has a financial interest

- Providing referral payments to Real Estate professional, home owners, or inspection companies

Connecticut:

- The legislation was initiated by the Home Inspector industry/Lobbyists
- Consumer harm was perceived by the industry—not evidenced by the state
- Complaints have remained consistent with pre-regulation level
- Fees are \$200 license and \$200 renewals
- Currently 426 inspectors
- Staff of 1
- Industry experts and Department determine educational requirements
- Testing vendor is independent of industry affiliation
- Regulation has not made a measurable improvement in services provided

Indiana:

- The legislation was brought about by industry request.
- The Home Inspector industry brought forward legislation after several years of bill that legislators proposed which the industry opposed
- No complaints have been filed with the AG's office
- License application fee is \$450. Renewals are \$400
- Approximately 840 inspectors
- Staff of 7 for the program

Louisiana:

- The legislation was initiated by the ASHI, Home Builders Assn., Mortgage Lender's Assn, and the Realtor's Assn.
- Consumer harm was found as contractors, handymen, and trades person were performing inspections slanted toward their business and them making repairs.
- Consumer protection was the primary need for licensing
- Complaints have continued to decline since licensing
- The Board is funded by a \$5 fee per inspection which is submitted monthly by Home Inspectors.
- Licensing fees are \$200 initial and \$100 renewal
- Approximately 500 + inspectors
- Staff of 2 ½
- 120 hours minimum education/training

Massachusetts:

- The legislation was enacted in 1999
- One complaint form for all professions
- Website lists all Home Inspectors and their license status
- Disciplinary actions are also posted
- No grandfathering following short period after licensure
- Reciprocity with only Connecticut
- Associate status after 25 inspections

- Full license after an additional 100 inspections
- Mandatory Errors and Omissions insurance
- Currently 540 active Home Inspectors, 480 full, 60 associate
- Website shows 285 others with expired or lapsed licenses

New Jersey:

- The legislation was initiated by ASHI and passed by the legislature in 1997
- Consumer harm was identified and has been reduced with regulation
- The number of complaints has declined since regulation
- Currently 688 Home Inspectors
- Staff of 2 to administer the program
- 180 hours of Home Inspector education required
- Regulation has made a measurable improvement in services provided
- Sound technical education is essential to the Home Inspection professionals

New York:

- The legislation was brought about by industry request.
- They had no history of complaints prior to licensing
- Fee is \$250 initial fee and a \$100 renewal fee
- Liability insurance is mandated
- Approximately 1,500 Home Inspectors
- Staff of 5 oversees the program
- They anticipate that services provided will improve with licensing

North Carolina:

- The legislation was brought about by consumer and real estate industry request.
- Currently average approximately 40 complaints per year
- 50% of complaints are unwarranted
- Number of complaints have declined since regulation has been in place
- Fee is \$25 application, \$75 exam, \$150 license, \$150 renewal
- Approximately 1,700 Home Inspectors
- Staff of 4 for the program
- Noticeable improvement in customer service

North Dakota:

- The legislation was brought about by a legislator's request.
- The state does not regulate, rather registers
- Submit proof of satisfactory completion of an examination on home inspection offered by the following: ASHI, NAHI, NACHI, EBPHI, ICC
- Submit proof of current errors and omissions insurance coverage in an amount of \$100,000 or more covering all home inspection activities.
- \$200 registration fee

Oregon:

- The legislation was at the request of the Oregon Association of Realtors.
- Points are acquired by prospective Home Inspectors via education, hands on training and other avenues. Once the number of points is reached for licensure consideration, the prospect can test for certification as a Home Inspector.
- The Oregon test is self-designed and administered by the State. Recent legislation was passed, allowing Oregon to increase the license fees from \$50 to \$150 to offset the maintenance, updating, and review by credentialed professionals. The renewal is also \$150.
- An Oregon Home Inspector must also be a licensed contractor. This mandate limits the entry to those with some quantified knowledge of the construction business.
- Oregon Home Inspectors must be insured and bonded

Rhode Island:

- The legislation was initiated by the Home Inspector industry for over 10 years and passed in 2001
- The program is not currently funded due to budget deficiencies
- Consumer harm was evident via numerous complaints filed with the Attorney General's Office
- Projected fees include a \$200 initial and \$200 renewal
- Approximately 150 inspectors
- One additional staff is expected
- Mandatory insurance will be required upon implementation

South Dakota:

- The legislation was initiated by the industry and the State Real Estate Commission
- Consumer complaints prompted the state to regulate Home Inspectors
- Regulation has raised the level of professional responsibility
- Complaints have decreased since regulation
- Fees include \$200 application and \$100 renewal
- Currently 113 inspectors
- No increase in licensing staffing required
- Regulation has anecdotally improved services provided

Texas:

- The legislation was initiated by the real estate industry
- Home Inspectors are grouped with the Real Estate industry to reduce cost
- Approximately 200 complaints per year, most of which are dismissed
- Cannot determine if complaints dropped after regulation
- Fee is \$250 application, renewal \$58 (note that Texas combines their Home Inspectors with 150,000 Real Estate professionals to lower this cost)
- Approximately 4,000 Home Inspectors

- Regulatory Home Inspector staff is not independent of the Real Estate Commission staff
- Liability insurance mandated in 2007
- Licensure keeps standards and inspection quality up to a minimum standard

Conclusion

Protecting the public is the intent of regulation. Following the gathering of data, testimony, and research, the determination to regulate must be based on the interests of the consumer. The recommendation of the last completed review of Home Inspectors in 1996 was not to regulate. This was based on the perception that the public was not in jeopardy when having a home inspection done. That was also the national consensus at that time, as only 4 states were regulated.

During the course of this study, it became apparent that the Home Inspection industry has changed considerably in the last decade. Indeed, 31 of our 50 states now regulate Home Inspectors, while Washington is presently in the minority of 19 states that do not. Reasons for regulation in other states were assessed. What emerged was a common theme of consumer protection against possible consumer harm by persons involved in, or affiliated with, the home inspection industry.

Some of the issues that other states considered include the affect regulation would have on those who enter the profession, the benefits to the consumer, and potential impacts on related industries. Some common findings were evident:

- Concerns over regulation and entry into the profession is a double-edged sword, where weak legislation allows under-qualified people entrance while standards set too high disallow some who might be excellent inspectors. Thus, the “high bar” should be set at a level to allow for reasonable access to competent individuals.
- The consumer was found to benefit when the standards were raised to ensure an expectation of the level of competency and when provided an avenue of recourse when problems arose. One negative aspect is that regulation would increase costs for the Home Inspector and, in turn, this would be most likely passed on to the consumer.
- Impacts to affiliated professions must be weighed so as to not inadvertently injure fellow professionals. During this study, the DOL met with industry groups and other agencies to discuss and develop strategies to avoid any known negative impacts.

Regulated states varied on education, training, continuing education, examinations, insurance requirements, reciprocity and enforcement. However, all addressed these factors in some fashion and each found them to be critical in ensuring a standardized industry. It is important to note that Washington State currently has no provision for any of these qualifying criteria unless one belongs to a membership organization and, if so,

the organization has limited control over the inspector and virtually no power to assist consumers.

One of the steps in this review was to examine the industry's method of self regulation. Some of the membership associations have disciplinary processes and purport to enforce their standards of practice. During our public hearings, nearly all who addressed this topic stated that self-regulation does not exist. We found no evidence of any active internal complaint or disciplinary process; although some organization representatives indicated that disciplinary actions can be taken regarding membership. Another concern is that the membership organizations constitute about 30% of the Home Inspector workforce in the state, with the remaining 70% being non-member independents, leaving less than a third of Washington's Home Inspectors accountable to a membership organization standard.

Home Inspectors provide information to home buyers that will influence their decision to buy the home or pass on the purchase. The Attorney General's office was able to provide several examples of consumer harm. The evidence shows that while the AG's office tries to help resolve the problem, they are powerless to enforce any resolutions and the consumer is ultimately without recourse. When a challenge in court is pursued, most often the contract language used limits liability to only the cost of the inspection.

The issue of referrals to the consumer posed another concern. Most referrals come from the real estate agent who is attempting to conclude the sale. While it is convenient for the consumer to have this service, the relationship between the agent and the inspector may be subject to collusion in the sale of the home. For this reason, some states have enacted laws that forbid agents from referring inspectors. This is not to say that this agent/inspector relationship is necessarily bad, but rather to identify the fact that some of these relationships operate against the consumer's interest.

The lack of consistency in qualifications, experience and professionalism in home inspectors can be problematic. Where most inspectors take pride in their work, ensure they are current in training and knowledge of their trade, and strive to provide the best service to their customers, others are not so consumer conscious. Other states as well as industry professionals in Washington reported that there are a percentage of unscrupulous inspectors who will practice inadequately until too many legal challenges arise, only to move on to some other profession and start the process over. Certainly most inspectors are providing a good service to the public. Washington State currently has no provision to screen out the unqualified prior to their causation of public harm.

Recommendations

In light of the testimony by stakeholders from many disciplines, the evidence of consumer harm, the lack of methods of recourse, the lack of any form of standardization in education and experience, the potential for collusion between the real estate and home inspection profession, and the evidence of inconsistency, the Department of Licensing recommends that the Legislature pursue licensure of the industry. The Department of

Licensing recommends that some elements of regulation be addressed by legislation and other elements would be determined through WAC by a licensing board.

Recommended topics to be determined by RCW could include, but not be limited to:

- ✓ Advisory Board qualifications, authority, and term length
- ✓ License duration and renewal cycle
- ✓ Exclusions to licensure
- ✓ Prohibited acts and unprofessional conduct definition
- ✓ Due process penalties
- ✓ Related Industries issues⁷, including an amendment to RCW 15.58.445 allowing home inspectors to report on conducive conditions and rot, and a recommendation to call a Structural Pest Inspector for further corrective measures if warranted
- ✓ Licensing fees
- ✓ Real Estate/Home Inspector relationship

Recommended topics to be determined through WAC rule could include, but not be limited to:

- ✓ Qualifications for licensure
- ✓ Experience required
- ✓ Education required
- ✓ On-going Education
- ✓ Examination standards
- ✓ Grandfathering
- ✓ Insurance requirements
- ✓ Continuing education requirements
- ✓ Reciprocity
- ✓ Peer review

⁷ Of particular concern is the SPI profession. DOL and Dept. of Agriculture met and determined an agreement that amendments to the current RCW prohibiting home inspectors from reporting on conducive conditions and rot could be made, allowing home inspectors to report on the presence and to make recommendations for a professional SPI to be called in for further investigation and corrective measures if warranted.

Department of Licensing Response

RCW 18.118.030

Applicants for regulation

After July 26, 1987, if appropriate, applicant groups shall explain each of the following factors to the extent requested by the legislative committees of reference:

(1) A definition of the problem and why regulation is necessary:

(a) The nature of the potential harm to the public if the business profession is not regulated, and the extent to which there is a threat to public health and safety;

- The nature of harm to the public involves the potential for significant repair costs resulting from poor inspection practices prior to the purchase of a home.
- This likelihood is increased by the lack of any standards or requirements in the home inspection industry regarding background experience, training, on-going education, and examinations to ensure competency.
- No mandatory requirements exist to provide relief for errors made by means of insurances or bonds.
- To compound the lack of relief, most inspectors limit their liability to the cost of the inspection in their contract, resulting in a potential of a few hundred dollars should the homeowner pursue legal recourse, even though the damages may run into thousands of dollars.
- A lack of oversight in the interest of consumer protection is evident, as there is no complaint process or a regulatory body to enforce one.
- Due to the lack of a complaint process, evidence of consumer harm is difficult to assess. However, during the course of the DOL study, many examples of significant consumer harm were identified. Should regulation occur and an avenue of recourse be established, we expect that the number of documented cases of consumer harm will rise.
- The consumer is often provided a referral from the real estate agent that they are working with. There was testimony during our hearings and in other state studies regarding occasional collusion between the real estate and home inspector industries. As the inspector can sway the sale by the nature of the report, the implications are that the inspector will provide a report that will ensure repeat referrals. When this occurs, it is clearly not in the consumer's interest.

(b) The extent to which consumers need and will benefit from a method of regulation identifying competent practitioners, indicating typical employers, if any, of practitioners in the profession; and

- Consumers will benefit from regulation from the standardization of entry-level competency and skills through the requirements established and the testing

- processes mandated. The consumer will have some expectation of the level of knowledge and skill in the inspector they hire.
- The consumer will have an established method of complaint and be able to rectify problems through a regulatory source.
 - Addressing the real estate/home inspection issue may reduce the degree of collusion in that pocket of the industry.
 - Inclusion of insurance and/or bond requirements may provide relief when expensive errors are made.

(c) The extent of autonomy a practitioner has, as indicated by:

(i) The extent to which the profession calls for independent judgment and the extent of skill or experience required in making the independent judgment; and

- The home inspection industry is primarily made up of one-person proprietorships. One study found that 62% of all inspection businesses are such. In the normal course of duties, the inspector is required to have a wide base of general knowledge about a great number of systems and construction practices. They are responsible to visually determine the general condition of roofs, attics, plumbing, heating, electrical, framework, foundations, flooring, fixtures, and various outbuilding conditions to name a few. They have to be a well versed generalist regarding overall construction and systems operation while operating alone. Independent judgment is crucial in all operations, as it is their opinion of these components that will determine if the home is suitable in the purchaser's view.

(ii) The extent to which practitioners are supervised;

- With over 62% of home inspectors operating alone, this leaves the remaining 38% in various categories as follows:
 - 12% Franchise
 - 6% Employees
 - 3% Partnerships
 - 14% Owner with less than 5 employees
 - 3% Owner with more than 5 employees
- Thus the home inspector is most often un-supervised.

(2) The efforts made to address the problem:

(a) Voluntary efforts, if any, by members of the profession to:

(i) Establish a code of ethics; or

- Home Inspector Associations have standards of practice and codes of ethics. They are fairly uniform and each is primarily concerned with consumer's interests.
- The approximate count of inspectors in Washington is estimated at around 1,500.

- The number of known association members is approximately 472.
- The balance, approximately 1,000, are independent inspectors.
- Independent inspectors are not accountable to any association standards or code of ethics.
- While about 30% of inspectors adhere in principal with their association's values, about 70% of inspectors have no code of ethics to be accountable to.

(ii) Help resolve disputes between practitioners and consumers; and

- Home Inspector Associations have varying degrees of dispute resolution processes for consumers and inspectors.
- These processes, ranging from advisory in nature to disciplinary in some cases, are only applicable to the 30% of the inspectors who are association members, leaving 70% of the state's inspectors without resolution mechanisms.
- While the processes in place may address an inspector's membership status, they have no authority to mandate any resolution with the consumer.
- Legal recourse is an option, but most contracts call for liability limits in the amount of the cost of the inspection, making litigation essentially useless.
- Most inspectors attempt to "make things right" with consumers, but the current system does not allow for pursuit of damages against unscrupulous inspectors.

(b) Recourse to and the extent of use of applicable law and whether it could be strengthened to control the problem;

- There is no law that currently applies to Home Inspectors.
- The consumer has limited recourse through membership organizations, but they have no authority to impose sanctions involving payment.
- The AG's office was consulted and they receive complaints that they unofficially try to help resolve. However, should their effort fail, the consumer is advised to seek their own legal representative.
- Seeking relief from an inspector's insurance company can be pursued, but there is no obligation to be insured and less responsible inspectors can opt not to be.
- Even if a legal challenge is successful, the liability limits in the contracts used limit any settlement to the cost of the inspection.

(3) The alternatives considered:

(a) Regulation of business employers or practitioners rather than employee practitioners;

- Because most home inspectors work independently and for any number of "employers", it is not practical to regulate the potential employer group.

(b) Regulation of the program or service rather than the individual practitioners;

- Home Inspectors are generalists in nature and have a broad range of services they provide to the consumer. They must have a working knowledge of multiple construction standards and home systems knowledge. Due to the multi-faceted nature of the work and the fact that each home inspection presents different challenges, this is not a practical alternative.

(c) Registration of all practitioners;

- Registration is a good way to identify the industry population. It does little however to ensure a standard of competency, nor is it effective in establishing consumer protection. This regulatory “minimum” is not an appropriate alternative.

(d) Certification of all practitioners;

- Certification equates to a granting by a regulatory authority to use the term “certified” in their title provided they have met prerequisite qualifications.
- Each membership association assigns the title “certified” to each of its members.
- Certified by the state or certified by the association will create confusion for the consumer.
- Certification is a voluntary process, and not required by the state.
- Consumer protection would not be ensured with this alternative.

(e) Other alternatives;

- Some states require membership in a national association.
- National associations, while similar in some aspects, are different in others.
- National associations would not ensure a consistent standard of competency.
- The interests of the consumer would not be met with this alternative.

(f) Why the use of the alternatives specified in this subsection would not be adequate to protect the public interest; and

- As noted above, none of the aforementioned alternatives ensures that the public interest is protected.
- Registration fails to establish a standard of competency.
- Certification is voluntary and confusing, as membership association members are “certified” by their organization, leaving two types of certification for consumers to sort out.
- Requiring membership association participation is not a viable alternative, as the associations are not consistent in all aspects of their organizational requirements.

(g) Why licensing would serve to protect the public interest;

- Licensing would best serve the public interest because it would ensure that all home inspectors in Washington State had met or exceeded a minimum level of competency when requesting entrance into the profession.
- Licensing would allow for a regulatory board to oversee the application of appropriate examinations, disciplinary measures, and see to that consumer complaints are heard and, when appropriate, rectified.
- Licensing would provide the consumer with a uniform standard in expectations of competency, opposed to voluntary compliance in certification.

(4) The benefit to the public if regulation is granted:

(a) The extent to which the incidence of specific problems present in the unregulated profession can reasonably be expected to be reduced by regulation;

- Licensing will provide a method by which a regulatory authority can identify and control the level of professionalism, competency, ethics, and standards of practice of home inspectors.
- Licensing will provide for the public an accurate listing of home inspectors who have met the established standards.
- Licensing can address the occasional incidence of collusion that exists in opposition to the consumer's interest.
- Licensing will allow for an avenue of consumer redress when conflicts arise.

(b) Whether the public can identify qualified practitioners;

- The public presently has known and unknown barriers to identifying inspectors who meet their expectations.
- Via the internet, a consumer may search out home inspectors readily. However, the results may be skewed due to marketing techniques. One membership organization currently claims to have over 45,000 web domain names purchased. Thus, when a consumer searches out any number of likely sources (home inspection, home inspectors, etc), they are directed to a list of that association's members only. This is not un-ethical or illegal, but it directs the consumer to only one organization. This would not likely change with licensure, but there would be more consistency among all the membership organizations and independent inspectors.
- Currently, approximately 70% of this state's inspectors are independent. They may exceed association standards, or fall below. There is no standard. Licensing would at a minimum establish the entry level bar.

(c) The extent to which the public can be confident that qualified practitioners are competent:

(i) Whether the proposed regulatory entity would be a board composed of members of the profession and public members, or a state agency, or both, and, if appropriate, their respective responsibilities in administering the

system of registration, certification, or licensure, including the composition of the board and the number of public members, if any; the powers and duties of the board or state agency regarding examinations and for cause revocation, suspension, and non-renewal of registrations, certificates, or licenses; the promulgation of rules and canons of ethics; the conduct of inspections; the receipt of complaints and disciplinary action taken against practitioners; and how fees would be levied and to collected to cover the expenses of administering and operating the regulatory system;

- An advisory board of six industry members, appointed by the Governor, is recommended to oversee the licensure of the home inspector industry and develop standards of practice, code of ethics, and examination methods.
- A disciplinary board would be established to hear grievances and provide either relief to aggrieved parties or referral to an administrative law judge.
- The Department of Licensing would address the administrative aspects of fee collection, maintenance of records, and, in the case of advisory board stalemates, provide a deciding vote via the Director's office.
- Licensing would be for two year cycles, renewal on the birth date of the license holder.
- Fees would be determined by state statute where the Department shall set the fees for each such program at a sufficient level to defray the costs of administering that program per RCW 43.24.086.

(ii) If there is a grandfather clause, whether such practitioners will be required to meet the prerequisite qualifications established by the regulatory entity at a later date;

- We recommend that grandfathering, in a traditional sense, not be granted. Inspectors who were in business at the time of licensing enactment would have one cycle (2 years) to pass the entry level examination.

(iii) The nature of the standards proposed for registration, certification, or licensure as compared with the standards of other jurisdictions;

- The licensure standards in each of the 31 states that currently regulate home inspectors were studied. The proposals in this document are consistent with those found elsewhere, neither more nor less restrictive. This was balanced with consumer protection and consistency in professional practices across the nation in mind.

(iv) Whether the regulatory entity would be authorized to enter into reciprocity agreements with other jurisdictions; and

- Reciprocity with other jurisdictions would be granted provided the jurisdiction met or exceeded Washington's requirements. Additionally, the examination for Washington is to have a Washington specific section which would have to be taken by any inspector wishing to practice in this state.

(v) The nature and duration of any training including, but not limited to, whether the training includes a substantial amount of supervised field experience; whether training programs exist in this state; if there will be an experience requirement; whether the experience must be acquired under a registered, certificated, or licensed practitioner; whether there are alternative routes of entry or methods of meeting the prerequisite qualifications; whether all applicants will be required to pass an examination; and, if an examination is required, by whom it will be developed and how the costs of development will be met;

- Training requirements will exist and be officially determined by the industry professionals who sit on the advisory board.
- The Department has some starting point suggestions based on other state practices and other similar programs currently licensed within our state regulatory system that would be suggested.
- The educational suggestion could be 120 hours of classroom training. There are several technical college programs within the state as well as numerous on-line and long distance learning programs throughout the nation that would be suitable.
- The field training suggestion could be 40 hours of supervised field training to be gathered while assisting a licensed home inspector.
- Alternative routes of entry to the profession would be by providing proof that these requirements had been met elsewhere within a suggested 10 year period.
- All applicants will be required to pass an examination which is psychometrically valid, reliable, and legally defensible by the state. The test will be independently developed, maintained and administered by those not influenced by the political or market situations. The advisory board would determine the organization which provides the examination. A Washington State specific section would be added to any nationally based test. There are currently organizations that provide such tests in the neighborhood of \$200 per exam.

(d) Assurance of the public that practitioners have maintained their competence:

(i) Whether the registration, certification, or licensure will carry an expiration date; and

- We recommend licensure of home inspectors will be for 24 months and expiration cycles be determined by the board.

(ii) Whether renewal will be based only upon payment of a fee, or whether renewal will involve reexamination, peer review, or other enforcement;

- Renewal of license will be based upon a fee as determined by RCW 43.24.086.
- There will not be a re-examination required upon renewal.
- There will be a requirement to demonstrate the completion of on-going education per the requirements determined by the advisory board. In reviewing other state practices, the Department would suggest 24 years per renewal cycle of courses acceptable to the board.

(5) The extent to which regulation might harm the public:

(a) The extent to which regulation will restrict entry into the profession:

(i) Whether the proposed standards are more restrictive than necessary to insure safe and effective performance; and

- The proposed standards are sufficient to ensure safe and effective performance and yet not so restrictive as to limit access to the industry.

(ii) Whether the proposed legislation requires registered, certificated, or licensed practitioners in other jurisdictions who migrate to this state to qualify in the same manner as state applicants for registration, certification, and licensure when the other jurisdiction has substantially equivalent requirements for registration, certification, or licensure as those in this state; and

- The proposed legislation would allow for licensure of industry professionals from other states who migrate to this state if their prior state had substantially equivalent standards provided they passed the Washington State section of the entrance examination.

(b) Whether there are similar professions to that of the applicant group which should be included in, or portions of the applicant group which should be excluded from, the proposed legislation;

- The following occupations perform some similar tasks as home inspectors and should be exempt from the proposed legislation when acting within the scope of their license or profession:
Engineers, Architects, Electricians, Plumbers, HVAC Techs, Real Estate Brokers, Real Estate Agents, Real Estate Appraisers, General Appraisers, Residential Real Estate Appraisers, Pest Control Operators, Structural Pest Inspectors, Insurance Adjusters, Code Enforcement Officials, Contractors, Warranty Evaluators*
*No warranty company shall refer to a warranty evaluation as a home inspection.
- Structural Pest License: Persons licensed as Home Inspectors will not be required to be licensed as a Structural Pest Inspector provided they only refer to conducive conditions and rot in the report and refer the care of said conditions to a Structural Pest Inspector or Pest Control Operator.

- Should a Home Inspector *choose* to carry a Structural Pest Inspector license, they will be authorized to act in that professions capacity in conjunction with the home inspection should the need arise.

(6) The maintenance of standards:

(a) Whether effective quality assurance standards exist in the profession, such as legal requirements associated with specific programs that define or enforce standards, or a code of ethics; and

- Each of the membership organizations actively operating in Washington has a code of ethics and standards of practice as an assurance for quality. Most of the content is similar, which minor differences.
- Approximately 2/3 of all Home Inspectors in Washington do not belong to a membership organization and hence, are not subject to these rules.
- There is no legal authority over Home Inspectors by their organizations or the state.
- Currently, effective quality assurance standards do not exist in the Home Inspector industry.

(b) How the proposed legislation will assure quality:

(i) The extent to which a code of ethics, if any, will be adopted; and

- The code of ethics and standards of practice documents from the various organizations will serve as guidelines for the advisory board to adopt from in the adoption of a Washington State Code of Ethics and Standards of Practice for the home inspection industry.
- The Washington Home Inspector Legislative Advisory Board (WHILAG) has drafted a suggested version from these documents as well which may be considered by the board.
- The Department of Licensing study of Home Inspectors outlines the practices in other states and may serve as an additional guideline for the advisory board.
- The advisory board will have the responsibility to finalize these documents based on their current and first hand knowledge of the profession.

(ii) The grounds for suspension or revocation of registration, certification, or licensure;

- Rules for the suspension or revocation of a Home Inspector's license will be determined by the advisory board based on industry standards and their cumulative professional experience.

(7) A description of the group proposed for regulation, including a list of associations, organizations, and other groups representing the practitioners in this state, an estimate

of the number of practitioners in each group, and whether the groups represent different levels of practice; and

- The following description of the group proposed for regulation is borrowed heavily from Wikipedia.
- “A Home Inspector carries out a non-invasive examination of the condition of a home, often in connection with the sale of that home with special equipment and training to carry out such inspections. An inspector will check the roof, basement, heating system, water heater, air-conditioning system, structure, plumbing, electrical, and many other aspects of buildings looking for improper building practices, those items that require extensive repairs, items that are general maintenance issues, as well as fire, safety, and health hazards. A home inspector determines the condition of a structure, whereas an appraiser determines the value of a property. A professional home inspection is an examination of the current condition of a house. It is not an appraisal. It is not a municipal inspection, which verifies local building code compliance. A home inspector, therefore, will not pass or fail a house, but rather describe its physical condition and indicate what components and systems may need a major or minor repair or replacement.”
- There are four main associations currently active in the Washington Home Inspector industry. The association and membership counts are:
 - National Association of Certified Home Inspectors (NACHI): 218 members
 - American Society of Home Inspectors (ASHI): 181 members
 - National Association of Home Inspectors (NAHI): 43 members
 - American Institute of Inspectors (AII): 30 members
- Besides the membership associations, there are approximately 1,000 independent Home Inspectors in Washington.
- Levels of practice are a concern, mostly regarding the independents inspectors. The membership associations each have their individual voice in the industry and debate exists regarding qualifications. What is known is that all members, regardless of association, have similar standards of practice and have to pass an examination. While the debate among them exists, there is no debate regarding the inability to assess the independent inspector’s qualifications. Many are excellent and perform above their association member colleagues. However, many do not and the consumer is often unable to discern the difference between a good inspector and a bad one.

(8) The expected costs of regulation:

(a) The impact registration, certification, or licensure will have on the costs of the services to the public; and

- Costs associated with licensing would likely be passed on to the consumer. In a six state survey, the State of Ohio determined that the average number of inspections done per year was just over 200, while the average cost per inspections was just over \$300. Earlier cost projections put the two year licenses at approximately \$450, or \$225 per year. Simple math would indicate that an increase of just over a dollar per inspection would cover the license fee. Thus, the impact to the consumer would be minimal.

(b) The cost to the state and to the general public of implementing the proposed legislation.

- Cost to the state and the general public regarding regulation are determined by RCW 43.24.086, where the cost of regulation must be self-supporting through the licensing fees collected from industry members.

[1987 c 514 § 6.]



The Washington Home Inspectors Legislative Advisory Group

October 2, 2007

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In January of 2006, a group of home inspectors met to form a coalition. In general, this gathering was the culmination of an ongoing effort to bring together Washington State home inspectors who represent various national and state associations. Specifically, the group met in response to a Washington State inspector licensing bill (SB6229), sponsored by Senators Spanel and Kohl-Welles in 2006.

The Washington Home Inspectors Legislative Advisory Group (herein referred to as the Coalition) is made up of Washington State professional home inspectors and/or owners and officers of home inspection businesses. Members are variously affiliated with:

- ◆ The American Home Inspector Association (AHIA)
- ◆ American Society of Home Inspectors (ASHI)
- ◆ National Association of Certified Home Inspectors (NACHI)
- ◆ National Association of Home Inspectors (NAHI)
- ◆ National Association of Building Inspections Engineers (NABIE)
- ◆ Washington State Pest Control Association (WSPCA)
- ◆ Washington State Home Inspection Association (WSHIA)
- ◆ Independent professional home inspectors
- ◆ Owners and operators of home inspection franchises

Some of the members of the group are in favor of licensing; others are not. However, all agree that licensing, in some form, is inevitable. Rather than wait for others, unrelated to the home inspection profession, to determine how and when we should be licensed, this group has set about the task of developing a Standards of Practice, Code of Ethics, and additional work product (see attached). It has been our goal to create a product that is consumer protection oriented, and also reflects the knowledge and experience of those of us who work in the profession.

We have actively participated in the Hearings that were held in the Senate and in the House regarding proposed legislation during the past year. In addition, we have contacted legislators in both the House and the Senate, and have encouraged those in our various Home Inspectors' Associations to do likewise. It has not been our intention to promote a particular point of view regarding licensing, but to encourage home inspectors to participate in the discussions and legislative process. In the event that licensing is determined to be necessary to our profession, we do have recommendations for licensing requirements.

In addition, per RCW 18.118.030, we have attempted to respond to the areas of questions by providing information that we have addressed and agreed upon as a group during the past year and a half.

RESPONSE TO QUESTIONS IN RCW 18.118.030

WASHINGTON HOME INSPECTORS LEGISLATIVE ADVISORY BOARD

1. A definition of the problem and why regulation is necessary:

Our Coalition is pleased that a Sunrise Review will determine whether regulation is necessary. The problem appears to be the absence of a state-wide standard for the practice of home inspecting. There is a wide range of background experience, training, on-going education, association requirements and testing within the profession. Although the state's requirements for structural pest licensing through the Department of Agriculture (WSDA) provide training and testing for the WDO/Pest components of a home inspection, there are many other systems and components that make up a complete home inspection unaddressed within that license. Additionally, there are areas of ambiguity within the law as it relates to home inspectors, which have caused confusion within the profession and for consumers.

From our research, there does not appear to be statistics available that prove that harm, in large numbers, has been perpetrated against consumers. WSDA records indicate less than 30 complaints were investigated through their department in 2006. In that same year, over 160,000 homes (not including new builds) were sold in Washington State. The argument can be made that an error or omission during a home inspection can present potential serious harm to a new home owner. It can be costly, and in some cases, dangerous to the well-being of the consumer if a home inspector makes a serious error. The Department of Licensing (DoL) may be able to obtain statistics from insurance companies who insure home inspectors regarding the true statistics of serious cases brought against home inspectors.

2. Voluntary efforts, if any, by members of the profession to establish codes or resolve disputes:

Home Inspector Professional Associations have been primary in developing standards of practice and codes of ethics within the profession. The oldest associations have been in existence for over two decades. It has been the Coalition's determination that the various Associations' standards and ethics are, for the most part, similar in language and expectations, and have the welfare of the consumer in mind. In fact, the Coalition has written a Standards of Practice and Code of Ethics over the past year, using the standards and ethics of the major national associations as a guideline. It has been our intention that this material becomes available to the governing board for consideration, in the event that licensing is adopted in Washington State.

Regarding disputes, most associations have written guidelines in place regarding members who are accused of straying from the codes or standards of the association. However, the Coalition does not have statistics as to whether these guidelines are an effective recourse for the consumer. It is likely that the member could receive disciplinary action, but the consumer would have to pursue monetary recourse through a home inspector's insurance company or bonding agency, provided the home inspector was insured or bonded.

While Codes of Ethics and Standards of Practice have more similarities than serious inconsistencies among the major Associations, this is not true of their experience, training, testing, and continuing education requirements. This is of serious concern to the Coalition. Consumers and Real Estate professionals have put their confidence in the term "Certified Inspector" for the past twenty years, and in the fact that home inspectors belong to associations and fulfill the requirements of those associations. The truth is that these requirements may differ considerably among the associations. The term "Certified Inspector", or other title, may mean that the inspector has performed a specific number of inspections; has completed a rigorous training program, has taken and passed a professionally accepted exam, and has met all current state requirements. Or it could indicate something far less comprehensive. It is not our intention to weigh one association against the other. We are stating the fact that, while having developed standards, continuing education opportunities,

and training formats, and a forum for home inspectors to develop their skills, it is difficult for the consumer to determine whether or not his or her inspector is qualified at a specific level.

It is also important to mention that many inspectors choose to be “independent” and not be affiliated with an association. Many are excellent inspectors, and have their own set of standards that meet or exceed those of the associations.

Franchises too have developed training programs, and criteria for franchisees to follow in order to operate under the franchise name. Franchises typically require their inspectors to belong to an association.

3. **The alternatives considered.**

The Coalition believes, that if regulation is determined to be necessary, that licensing is the best form for the profession and the consumer. The majority of home inspectors operate single-inspector companies. Although some businesses do employ additional inspectors, we believe each inspector should be licensed as an individual practitioner.

4. **The benefit to the public if regulation is granted.**

The primary benefits, as we see them, would be that baseline criteria of training, experience, and testing would be established. In other words, the consumer could be assured that the home inspector had met, at the very least, the state requirements. And, there would be somewhere for consumers to turn to for assistance in the event that they had questions about elements of their home inspection.

As to the question “to what extent can the public be confident that qualified practitioners are competent?” That is a difficult question to answer, and depends on many qualifiers. First, the law must require training, including field training, and testing that are substantial enough in their criteria to give assurance that an inspector has a solid knowledge of the principals of home inspecting. The public must also be assured that enforcement is in place, to help prevent unqualified or unscrupulous inspectors from practicing in the community.

Home Inspector Licensing Board - The Coalition recommends that a state home inspector licensing board is created. The board would consist of seven members appointed by the director, who shall advise the director concerning the administration of the law. Of the appointments to this board, six shall be actively engaged as home inspectors immediately prior to their appointment to the board, and one shall be a member of the general public with no family or business connection with the home inspector business or practice.

Board’s Qualifications – A home inspector must have the following qualifications to be appointed to the board: a) Actively engaged as a home inspector in the state of Washington for five years; b) Licensed as a home inspector under this chapter; and c) Performed three hundred fifty home inspections in the state of Washington.

Terms - Members of the board are appointed for three-year terms. Terms must be staggered so that not more than two appointments are scheduled to be made in any calendar year. Members hold office until the expiration of the terms for which they were appointed. The director may remove a board member for just cause. The director may appoint a new member to fill a vacancy on the board for the remainder of the unexpired term. All board members are limited to two consecutive terms.

Each board member is entitled to compensation for each day spent conducting official business and to reimbursement for travel expenses in accordance with RCW 43.03.240, 43.03.050, and 43.03.060. Because the licensing board will be established prior to the licensure start date, the director will establish the criteria for the initial appointments to the licensing board.

Director's Authority - The director has the following authority in administering the law:

- 1) To adopt, amend, and rescind rules approved by the board as deemed necessary to carry out the law;
- 2) To adopt fees as provided in RCW 43.24.086;
- 3) To administer licensing examinations approved by the board and to adopt or recognize examinations prepared by other organizations as approved by the board; and
- 4) To adopt standards of professional conduct, practice, and ethics as approved by the board.

Board's Authority - The board has the following authority in administering the law:

- 1) To establish rules, including board organization and assignment of terms, and meeting frequency and timing, for adoption by the director;
- 2) To establish the minimum qualifications for licensing applicants as provided in the law;
- 3) To approve the method of administration of examinations required by the law or by rule as established by the director;
- 4) To approve the content of or recognition of examinations prepared by other organizations for adoption by the director;
- 5) To set the time and place of examinations with the approval of the director; and
- 6) To establish and review standards of professional conduct, practice, and ethics for adoption by the director.

Unprofessional Conduct – In addition to the unprofessional conduct described in RCW 18.235.130, the following conduct, acts, and conditions constitute unprofessional conduct:

- 1) Violating the law or the rules adopted within the legislation;
- 2) Not meeting the qualifications for licensing set forth in the law;
- 3) Failure to comply with an assurance of discontinuance entered into with the director; or
- 4) Committing any other act, or failing to act, which act or failure are customarily regarded as being contrary to the accepted professional conduct or standard generally expected of those conducting home inspections.

Hearing Before the Director - The procedures governing adjudicative proceedings before agencies under chapter 34.05 RCW govern all hearings before the director or his or her designee. Upon a finding that a license holder or applicant has committed unprofessional conduct, the director may issue an order providing for one or any combination of the following:

- 1) Revocation of the license;
- 2) Suspension of the license for a fixed or indefinite term;
- 3) Restriction or limitation of the practice;
- 4) Issuance of a civil fine not to exceed five thousand dollars for each violation;
- 5) Requiring satisfactory completion of a specific program of remedial education or treatment;
- 6) Monitoring of the practice by a peer approved by the director;
- 7) Reprimand or censure;
- 8) Compliance with conditions of probation for a designated period of time;
- 9) Withholding of a license request;
- 10) Refund of fees billed to and collected from the consumer; or
- 11) Other corrective action.

Investigation of Complaints - Any person may submit a written complaint to the department charging a license holder or applicant with unprofessional conduct and specifying the grounds for the charge. If the director determines that the complaint merits investigation, or if the director has reason to believe, without a formal complaint, that a license holder or applicant may have engaged in unprofessional conduct, the director may investigate to determine if there has been unprofessional conduct. A person who files a complaint under this section in good faith is immune from suit in any civil action related to the filing or contents of the complaint.

Suspension of License - The director shall immediately suspend the license or practice permit of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a child support order. If the person has continued to meet all other requirements for a license under this chapter during the suspension, re-issuance of the license is automatic upon the board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the child support order. The procedure in RCW 74.20A.320 is the exclusive administrative remedy for contesting the establishment of noncompliance with a child support order, and suspension of a license under this subsection, and satisfies the requirements of RCW 34.05.422.

Civil Infractions - The department has the authority to issue civil infractions under chapter 7.80 RCW in the following instances:

- 1) Conducting or offering to conduct a home inspection without being licensed in accordance with this chapter;
- 2) Presenting or attempting to use as his or her own the home inspector license of another;
- 3) Giving any false or forged evidence of any kind to the director or his or her authorized representative in obtaining a license;
- 4) Falsely impersonating any other licensee; or
- 5) Attempting to use an expired or revoked license.

All fees, fines, and penalties collected or assessed by a court because of a violation of this section must be remitted to the department to be deposited into the home inspector's account.

Relief by Injunction - The director is authorized to apply for relief by injunction without bond, to restrain a person from the commission of any act that is prohibited in the law. In such proceedings, it is not necessary to allege or prove either that an adequate remedy at law does not exist, or that substantial or irreparable damage would result from continued violation. The director, individuals acting on the director's behalf and members of the board are immune from suit in any action, civil or criminal, based on disciplinary proceedings or other official acts performed in the course of their duties in the administration and enforcement of the law.

Grandfather Clause – The Coalition recommends that a grandfather clause be written into licensing requirements. At the date licensing of home inspectors becomes effective, any person who has been actively engaged in the business of conducting complete home inspections and has been licensed as a structural pest inspector by the State Department of Agriculture for at least three years, and who has conducted at least one hundred complete home inspections, may apply to the Board for initial licensure without meeting the licensing examination or instruction requirements. We further recommend that any person who receives an initial license under the grandfather clause, must, upon renewal of his or her license, provide the Board and the DoL with acceptable documentation that the applicant has successfully passed a nationally recognized, psychometrically evaluated, home inspectors exam.

Reciprocity – It is important to the Coalition that any reciprocity agreements with other jurisdictions require applicants from those jurisdictions to meet or exceed the requirements adopted by the State of Washington regarding home inspector licensing.

Qualifications for Licensing – The following requirements for training, experience, and testing are recommended by the Coalition. We believe these requirements are a minimum competency, and would not be so rigorous as to be prohibitive to those entering the profession.

- 1) A minimum of one hundred and twenty hours of classroom instruction approved by the Board;
- 2) A minimum of forty hours of supervised field training as approved by the Board;
- 3) Evidence of successful passage of a nationally recognized, psychometrically evaluated, home inspectors' exam. The examination shall be designed to test competence in home inspection practice, as determined by recognized role definition methodology and developed and administered in a manner consistent with the American Educational Research Association's

“Standards for Educational and Psychological Testing”; the Equal Employment Opportunity Commission’s “Uniform Guidelines for Employee Selection Procedures”; the Civil Rights Act of 1991; the Americans with Disabilities Act of 1990; and similar applicable standards;

4) A separate examination module developed to test applicants on the specific Washington state laws, codes, adopted standards of practice, and code of ethics.

5) Proof of successfully having passed the Washington State Department of Agriculture’s Pest Inspection Exam.

Assurance that Practitioners Will Maintain Competence – It is the recommendation of the Coalition that licenses be issued for a term of two years and expire on the last day of the month the license was issued. As a condition of renewing a license under this chapter, a licensed home inspector shall present satisfactory evidence to the Board of having completed continuing education requirements that include a minimum of thirty hours of instruction in Board approved courses every two years.

5. **The extent to which regulation might harm the public.**

Restrictive Regulations – In our opinion, the criteria for licensing outlined above is not so restrictive as to limit entry into the profession. To the contrary, anything less comprehensive would have the potential of sending less qualified applicants out to practice within the state. For the past two decades, most of the professional home inspection associations have required more of their members than the requirements outlined above. We understand that home inspectors will continue to have the option to expand their training and other credentials, but it is also likely that many will not pursue more education or training than the required standards. Therefore, those standards must meet the minimum bar for competency.

Professional Exclusions to the Proposed Legislation – The Coalition recommends that the following persons be exempt from the proposed legislation:

- 1) Persons licensed by the state as professional engineers when acting within the scope of their license;
- 2) Persons licensed by the state as architects when acting within the scope of their license;
- 3) Persons licensed by the state or any political subdivision as electricians when acting within the scope of their license;
- 4) Persons licensed by the state or any political subdivision as plumbers when acting within the scope of their license;
- 5) Persons licensed by the state or any political subdivision as heating and air conditioning technicians when acting within the scope of their license;
- 6) Persons licensed by the state as real estate brokers or real estate sales persons when acting within the scope of their license;
- 7) Persons licensed by the state as real estate appraisers, certified general appraisers, or residential real estate appraisers when acting within the scope of their license;
- 8) Persons licensed by the state as pest control operators or structural pest inspectors when acting within the scope of their license;
- 9) Persons regulated by the state as insurance adjusters when acting within the scope of their profession;
- 10) Persons who are employed as code enforcement officials by the state or any political subdivision when acting within the scope of their employment by such governmental entity;
- 11) Persons licensed by the state or any political subdivision as contractors when acting within the scope of their license;
- 12) Persons who perform warranty evaluations of components, systems, or appliances within resale residential buildings for the purpose of issuance of a home warranty agreement, provided that the warranty evaluation report includes a statement that the warranty evaluation performed is not a home inspection and does not meet the standards of a home inspection under Washington law. No home warranty company shall refer to a warranty evaluation as a home inspection in any written materials provided by the home warranty company.

Structural Pest License – We further recommend that any person licensed by the State as a home inspector under the proposed legislation, shall be exempt from having to carry a structural pest license.

6. The issue of the maintenance of standards.

As stated in an earlier section, the Coalition has written a Standards of Practice and Code of Ethics over the past year, using the standards and ethics of the major national associations (AII, ASHI, NACHI, NAHI) as a guideline. *It was important to the Coalition that all of the professional association standards and ethics were reviewed and considered, and that not one association's material was adopted by the group.* It has been our intention that this material becomes available to the governing board for consideration, in the event that licensing is adopted in Washington State. As outlined in number 6, the governing board will have the authority to establish and review standards of professional conduct, practice, and ethics for adoption by the director.

The Standards of Practice outline the definition of a home inspection, the systems and components included in a home inspection, and other important elements that comprise the scope of a standard visual analysis of a home inspection. The Code of Ethics was drafted in order to describe and maintain the integrity and high standard of skill and practice in the home inspection profession.

7. A description of the group proposed for regulation, expected costs of regulation, and cost-impact.

Group Proposed for Regulation - The group of individuals who will be considered for regulation are those who provide a visual analysis, for the purposes of providing a professional opinion of the condition of a building and its attached carports and attached garages, any reasonably accessible installed components and the operation of the building systems, including the controls normally operated by the owner, for the following components of a residential building of four units or less: Heating system, electrical system, cooling system, plumbing system, structural components, foundation, roof covering, exterior and interior components, and site aspects as they affect the building. A home inspection includes a written report prepared and issued after a home inspection by the home inspector.

Although the qualification of residential buildings of four units or less is one element that separates a home inspection from a commercial inspection, it should be noted that the majority of home inspectors regularly inspect condo units within large condominiums. Some inspectors include only the systems and components within the individual unit; others inspect some of the outside or common areas of the building.

In terms of numbers, WSDA has provided numbers of Washington licensed structural pest inspectors to be between 1200 and 1500. It is generally accepted among the profession, that additional practitioners exist who do not hold a license as a structural pest inspector.

Expected Costs of Regulation – The fiscal notes that have been provided this year, based on a governing format outlined above, estimate the cost of license to be approximately \$450 every two years, with an additional \$200 fee assessed at the time of testing.

Cost Impact of Regulation to Consumers – It can be realistically expected that home inspection fees will rise following any licensing or regulation. Currently, home inspectors pay \$45 per year to be licensed as a structural pest inspector. Start-up costs within the profession vary dramatically at this time, and depend on the extent and cost of training, franchise fees, association membership, equipment purchases, and other business expenses. Training fees, license, testing, and continuing education fees can be expected to cause typical home inspection fees to rise.

The Washington Home Inspectors Legislative Advisory Group

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Washington State Home Inspection Association
Olympia, Washington

Roger Craddock (ASHI)

Alan Inspection Services
Bellingham, Washington

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Editor, The Inspector’s Journal (TIJ Online)

Testimony from Public Hearings Burien

<http://www.dol.wa.gov/about/sunrise.html>

Testimony from Public Hearings Wenatchee

<http://www.dol.wa.gov/about/sunrise.html>

Home Inspector Criteria in Regulated States

From NHIE

Alabama Licensure (Act 2002-517 enacted in 2002) Requires individuals performing home inspections to become licensed by the Alabama Building Commission. The Alabama Standards of Practice and Code of Ethics (see [Home Inspectors Rules and Applications](#)) is adopted from the ASHI Standards of Practice and Code of Ethics. The Alabama Building Commission gratefully acknowledges ASHI's consent. The Building Commission adopted the National Home Inspection Examination to assess minimum competence. The bill also outlines educational and experiential requirements to become licensed, sets license fees and insurance requirements, and defines penalties under which licensure may be suspended or revoked. This law replaces Act 96-574.

For more information or a copy of the statute contact the [Alabama Building Commission](#) (334) 242-4082, (334) 242-4182 fax, e-mail buildcom@bc.state.al.us.

Alaska Licensure (Chapter 134 SLA enacted in 2003). In Alaska, home inspectors and associate home inspectors will be issued a certificate of registration by the Department of Community and Economic Development. To be a registered home inspector, an individual must: 1) pass the National Home Inspector Examination, 2) meet the educational and experience requirements as determined by the Department, 3) submit a complete application for registration within one year of passing the exam, 4) not have been convicted of specific crimes in the past seven years of the date of the application, 5) not have had the authority to perform home inspections revoked in the state or another jurisdiction, 6) not be the subject of an unresolved criminal complaint or unresolved disciplinary action in the state and 7) pay the appropriate fees. For the renewal of certificates, the Department will require at least eight hours of continuing competency activity in each licensing period. The Department will set the registration fees for home inspectors and associate home inspectors and determine the disciplinary actions and penalties for violating the terms of the certificate of registration. The law also sets home inspection requirements for residential loans purchased or approved by the Alaska Housing Finance Corporation. The law requires that a written report fulfilling certain requirements be submitted to the person requesting the inspection upon completion of an inspection that will remain valid for 180 days after the inspection and allows for civil action to be taken against home inspectors for one year after performing the inspection. The law requires the home inspector to carry insurance and a bond of \$5,000. The law went into effect in 2003 and all home inspectors are required to have a license by July 1, 2004.

For more information contact the home inspector licensing examiner at the [The Department of Commerce, Community, and Economic Development](#) at (907) 465-5470 phone, (907) 465-2974 fax or e-mail brenda_Donohue@commerce.state.ak.us .

Arizona Certification (Title 32, Chapter 1 enacted in 2002). The Arizona State Board of Technical Registration (BTR) certifies and regulates the practice of home inspectors. The law requires 80 hours of education, successful completion of the National Home Inspector Examination, and evidence of successfully completed home inspections. In addition, the law requires that certified home inspectors have one of the following financial assurances: 1) Errors and Omissions Insurance in the amount of \$200,000 in the aggregate and \$100,000 per occurrence, 2) a \$25,000 bond or proof of assets in that amount, or 3) an alternate financial assurance mechanism approved by the BTR with a value of at least \$25,000. The law states that loss of or failure to obtain financial assurance is grounds for revocation of certification.

For more specific information regarding certification requirements, please go to the [BTR website](#) and, under Regulations on the Table of Contents panel, click on "Applicable Statutes" (see A.R.S. § 32-122.02 or "Applicable Rules" (see A.A.C. R4-30-247).

For further information, contact [Manuel Maltos](#), Home Inspector Certification Program administrator.

Arkansas Registration (Act 1328 of 2003) repealed and replaced **(Act 791 of 1997)**. Under the "Arkansas Home Inspector Registration Act," all home inspectors in the state must register with the Secretary of State. Applicants must pass the National Home Inspector Examination. In addition, home inspectors must conduct all inspections in adherence to the Standards of Practice and Code of Ethics of ASHI, the Arkansas Association of Real Estate Inspectors, or an equivalent professional home inspection association. The law also prohibits inspectors from performing repairs on a structure that he has inspected within the last 12 months. In order to register under the law, an applicant must procure general liability insurance of at least \$100,000. These requirements, along with the duties and responsibilities of the Board, complaint and disciplinary procedures, continuing education requirements and more can be found In the [Rules and Procedures of the Arkansas Home Inspector Registration Board](#).

For more information, contact the [Arkansas Home Inspector Registration Board](#).

California Trade practice act (Chapter 338) enacted in 1996. The law in California prohibits unethical home inspection practices, including repairing properties that home inspectors have inspected in the previous 12 months. The law encourages courts to consider the Standards of Practice and Code of Ethics of ASHI and the California Real Estate Inspection Association when determining whether an inspection meets the required standard of care.

For more information, contact the [California Contractors State License Board](#) at 1-800-321-2752, (916) 366-9130 fax.

Connecticut Licensure (Public Act No. 99-254 enacted in 2000). Connecticut law requires home inspectors to be licensed under the "Home Inspection Licensing Board." In order to be eligible for a home inspector license, an applicant shall: 1) have successfully completed high school or its equivalent; 2) have either been engaged as a home inspector intern for not less than one year and not performed less than 200 home inspections for compensation **or** taken and successfully completed a board-approved training program, earned a home inspector intern permit, and performed not less than 100 home inspections under the direct supervision and in the presence of a licensed home inspector; 3) have passed an oral, written, or electronic competency examination; and 4) have paid a \$200 fee. In order to receive a permit as a home inspector intern, an applicant shall: 1) have successfully completed high school or its equivalent; 2) have enrolled in and completed a board-approved training program; 3) have an identified supervisor who is licensed as a home inspector, is in good standing, and has agreed to perform the supervisory functions required; and 4) have paid a \$100 fee.

For more information, including Regulations, applications, etc. contact the [Department of Consumer Protection, Licenses Service Division](#) at
(860) 713-6145
(860) 713-7230
e-mail: occprotrades@po.state.ct.us

Georgia Trade practice act (Chapter 3, Title 8) enacted in 1994. Georgia law requires home inspectors to provide written documents containing certain information with regard to inspections. This written document must include the scope of the inspection, including the structural elements and systems to be inspected, that the inspection is a visual inspection, and that the home inspector will notify, in writing, the person on whose behalf such inspection is being made of any defects noted during the inspection.

For more information, contact the [Secretary of State, Construction Industry License Board](#).
(478) 207-1300 phone
(478) 207-1363 fax

Illinois Licensure (225 ILSC 441 enacted in 2001). Illinois law creates the Illinois Home Inspector License Act and establishes a Home Inspector Advisory Board within the Office of Banks and Real Estate (OBRE), which is charged with regulating home inspectors. To obtain a license, an applicant must: 1) be at least 21 years of age, 2) obtain a high school diploma or GED, 3) as a prerequisite for sitting for the examination, successfully complete 60 hours of pre-license education from an education provider approved and licensed by OBRE, and 4) take and successfully pass the Home Inspector Examination for Illinois, which consists of the National Home Inspector Examination and a section concerning Illinois statutes and regulations. Licensed home Inspectors are required to perform Inspections that meet the minimum standards of practice established by rule as adopted by the OBRE. The law also exempts certain professionals from licensure as a home inspector while acting under the scope of their licenses. The law became effective January 1, 2003.

For more information, including statute, Rules, applications, contact the [Office of Banks and Real Estate](#) at (217) 782-3000 phone and (217) 558-4297 fax.

Indiana Licensure (P.L. 145 enacted In 2004). P.L. 145 established the Home Inspectors Licensing Board to regulate home inspectors and associate home inspectors. The Board shall be responsible for setting the fees for licenses, investigating complaints concerning licensees and establishing continuing education requirements. The Board shall adopt a code of ethics, standards for competent performance of home inspections and standards for inspection reports. Under P.L. 145, licensing requires that a candidate: 1) be at least 18 years of age, 2) graduated from high school or earned a GED diploma, 3) not have been convicted of specific crimes, 4) complete a Board approved training program or course and pass an exam approved by the Board, 5) carry general liability insurance coverage of at least \$100,000 and 6) pay a fee. The law also provides that a person who performs home inspections for compensation without a license commits a Class B Infraction. It also provides that any civil complaints based upon the professional services of a licensed home inspector must be filed within two years of the date the alleged Infraction occurred. This law takes effect July 1, 2004.

For more information contact the [Indiana Professional Licensing Agency](#) at (317) 234-3009 phone or (317) 232-2312 fax, or Email: pla9@pla.in.gov.
To download the law go [here](#)

Kentucky Licensure (KRS 198B.700) enacted in 2004. The Kentucky Home Inspector Licensing Law requires home inspectors to be licensed and defines the requirements of licensure. An inspector must be at least 18 years old, have a high school diploma or GED equivalent, complete a board-approved training program, pass an examination approved by the board, and submit a properly completed application (Form KBHI-1). No person can advertise or claim to be a licensed home inspector or perform a home inspection for compensation after July 1, 2006, unless they have been issued a Kentucky Home Inspector License by the Kentucky Board of Home Inspectors. Conducting business as a home inspector in Kentucky without a license is a criminal offense after July 1, 2006. Inspections must be conducted in accordance with the standards of practice of ASHI, NAHI or NACHI. The law created the Kentucky Board of Home Inspectors, to which the Governor appointed eight members, including one member each from ASHI, NAHI, and the Kentucky Real Estate Inspection Association. The law also establishes license renewal criteria, including completing 28 hours of continuing education approved by the Kentucky Board of Home Inspectors (KBHI) every two years. Licensed inspectors must carry general liability insurance in the amount of \$250,000.

For more information contact the [Kentucky Office of Housing, Buildings and Construction](#), Terry M. Slade, (502) 573-0373, extension 201, (502) 573-1059 fax, e-mail terry.slade@ky.gov

Louisiana Licensure (Chapter 17-A of Title 37) enacted in 1999. Louisiana law creates the "Louisiana Home Inspectors Licensing Act." It creates the Louisiana State Board of Home Inspectors within the Department of Economic Development and requires the Board to establish minimum qualifications for licensing and allows the Board to charge and collect fees. Applicants must be at least 18 years old and must have successfully completed high school or its equivalent, and passed the National Home Inspector Examination. Applicants must show evidence of successful completion of at least 120 hours of instruction, at least 30 hours but no more than 40 of which must be in course work containing actual practical home inspections. Home inspectors are required to provide a written report of the home inspection, and are prohibited from, at the time of inspection and for a reasonable time thereafter, advertising or soliciting to perform repair services on the home upon which the inspection was performed. As a condition of renewal of a license, a home inspector must show evidence of completion of 20 hours of continuing education. Active licensees are required to carry errors and omission insurance, and the Board must establish a group insurance program.

For more information, including [General Rules, Standards of Practice](#), applications and more, contact the [Louisiana State Board of Home Inspectors](#) at 225-248-1334 phone or 225-248-1335 fax

Maryland Trade practice act enacted in 1992. Maryland law requires home inspectors to disclose professional qualifications and the scope of the inspection within the home inspection contract. The law also requires home inspectors to conduct home inspections in accordance with the standards of practice set forth by a professional home inspection trade association such as ASHI or the National Association of Home Inspectors.

Licensure (Chapter 470) enacted in 2001. *[Note: the following describes the law passed in 2001. However, this passage from the Maryland Web site makes clear that the law is not currently in effect for budgetary reason*

"The law for the licensing and regulation of Home Inspectors has been deferred until an appropriation to fund the program is allocated. Therefore, there will be no activity relative to the licensing, training or regulation of home inspectors. At this time, there is no date available as to when the licensing program will begin. Updates to the program will be posted on this site as they occur."

Maryland law creates the State Commission of Real Estate Appraisers and Home Inspectors to regulate home inspectors in the state. The Commission is charged with establishing a code of ethics and standards of practice for licensed home inspectors, and providing a copy of such standards to each licensed home inspector. To qualify for licensure prior to July 1, 2002, an applicant must complete two of the following conditions: 1) complete a minimum of 48 hours of an on-site training course approved by a national home inspection organization of the Commission, 2) complete a minimum of 2 years of relevant work experience as determined by the Commission, 3) complete at least 100 home inspections for compensation, or 4) submit proof of full membership in or certification by ASHI or NAHI . Effective July 1, 2002, an applicant for a home inspector license shall: 1) have completed a minimum of 48 hours of an off-site training course, 2) have a high school diploma or its equivalent, 3) have general liability insurance in an amount not less than \$50,000, 4) submit an application sanctioned by the Commission, 5) pay the application fee of \$50 to the Commission. The law also exempts certain professionals from licensure as a home inspector while acting under the scope of their licenses, and provides a reciprocity provision for licensed home inspectors from other states.

For more information, contact the [Division of Occupational & Professional Licensing](#) at (410) 230-6165 phone or (410) 333-6314 fax.

Massachusetts Licensure (Chapter 146) enacted in 1999. Massachusetts law requires home inspectors and associate home inspectors to be licensed under the Board of Registration of Home Inspectors. The Board is required to: 1) establish the requirements for licensure and for the standards of professional and ethical conduct; 2) establish standards for continuing education; 3) authorize and conduct examinations; 4) grant licenses to qualified applicants; and 5) establish penalties. The law also requires that the Director of the Office of Consumer Affairs and Business Regulation publish an informational brochure on home inspections which must be issued to home buyers at the signing of an offer to purchase. Licensed home inspectors must: 1) have successfully completed high school or its equivalent; 2) have been engaged as a licensed associate home inspector for not less than one year and have performed not less than 100 home inspections under the supervision of a licensed home inspector; 3) have passed the National Home Inspector Examination; and 4) paid the appropriate fee. A licensed associate home inspector must: 1) have successfully completed high school or its equivalent; 2) have performed not less than 25 home inspections in the presence of a licensed home inspector; 3) have passed the National Home Inspector Examination; 4) have an identified supervisor who is a person licensed in good standing as a home inspector; and 5) paid the appropriate fee. Licensed home inspectors and associate home inspectors must carry errors and omissions insurance in an amount not less than \$250,000. Also, a home inspector or associate home inspector may not attempt to limit liability for negligent or wrongful errors or omissions by use of a clause within a performance contract that limits the cost of damages from negligent or wrongful errors or omissions.

Amendment to Current Law (Ch. 146 of 1999) enacted in 2001. The amended section of the law (Chapter 17 of 2001) extends the time period during which the Board may issue a temporary license to an applicant seeking licensure as a home inspector. The law moves the effective date back to November 1, 2001 from May 1, 2001 and establishes the criteria under which a temporary license may be issued. A temporary license may be issued if: 1) an individual has been engaged in home inspection for not less than three years prior to the effective date and has performed at least 100 inspections for compensation, or 2) an individual has been engaged in the practice of home inspection for not less than one year prior to the effective date, and has performed at least 125 inspections for compensation. Temporary licenses shall terminate in 90 days, or whenever the applicant furnishes proof of having passed a licensing examination approved by the Board, whichever occurs first.

For more information, including [Rules and Regulations](#), contact the [Board of Registration of Home Inspectors](#) at (617) 727-4459 phone or (617) 727-2197 fax.

Mississippi Licensure (Chapter 71) enacted in 2001. Mississippi law requires home inspectors to be licensed by the Mississippi Real Estate Commission (Commission) and is given the following powers: 1) receiving and approving applications for licensure and collecting fees, 2) implementing recommendations made by the Home Inspector Advisory Board, 3) adoption of a [code of ethics and standards of practice](#) 4) developing a licensing exam (the Commission adopted the [National Home Inspector Examination](#) to assess minimum competence) which meets nationally recognized standards, as well as developing applications and licensing forms, 6) adopting rules and regulations for administering the law. The law also created a five person Home Inspector Regulatory Board (Board), members of which are to be licensed inspectors, and appointed by the Governor. The Board serves in an advisory capacity to the Commission, and was given the following duties and powers: 1) responsibility for matters relating to the code of ethics, standards and qualifications, 2) holding hearings and preparing examination specifications for licensure, 3) conducting investigations, 4) further defining regulation, educational and equivalent experience, and 5) recommending suspension or revocation of licenses. To qualify for a license under this act, a person must: 1) have successfully completed high school or attained an equivalency degree, 2) be at least 21 years old, 3) have successfully completed an approved course of study of at least 60 hours, which may include field work as required by the Commission, 4) pass the National Home Inspector Examination, and 5) provide a certificate of insurance for errors and omissions and general liability. Certain individuals acting under their profession or license are exempted from additional licensure by the Commission for "visual inspections"--specialty and general contractors, architects, engineers, financial institution employee, licensed real estate broker, appraiser or home builder. There is also a three-year limitation included for clients seeking to recover damages from an inspection, a reciprocity provision, and a grandfather clause included in the act.

For more information, including forms, education providers and more, contact the [Real Estate Commission \(Home Inspector Regulatory Board\)](#) at (601) 932-9191.

Montana Trade Practice Act (Chapter 14, Title 30) enacted in 1999. Montana law, the Home Inspection Trade Practices Act, prescribes what elements must be identified in a home inspection and defines prohibited activities by a home inspector.

For more information, contact the [Office of Building Codes and Inspection](#) at (406) 841-2040 phone or (406) 841-2050 fax.

Nevada Certification (NRS 645D.120 and NAC 645D.210) enacted in 1997. Nevada law provides for the certification of home inspectors of structures by the Real Estate Division of the Department of Business and Industry. An applicant for certification as a certified residential Inspector : (a) must furnish proof to the Division that he has successfully completed 1) not less than 40 hours of academic instruction in subjects related to structural inspections in courses approved by the Division or equivalent experience as an Inspector, and 2) an examination approved by the Division, and (b) must possess a high school diploma or its equivalent. Experience as an Inspector must demonstrate ability of the applicant to produce a credible inspection report according to the standards and requirements set in the statute and codes. Applicants must submit to the Division a log of inspections performed for a fee on a form supplied by the Division. Applicants must submit proof that they have errors and omissions insurance of at least \$100,000 and general liability insurance of at least \$100,000. The law also provides that a purchaser may not recover damages from a seller on the basis of an error or omission in the disclosure form that was caused by the seller's reliance upon information provided to the seller by a certified inspector of real estate.

For more information, contact the [Department of Business and Industry, Real Estate Division](#) (775) 687-4280 phone
(775) 687-4868 fax

New Jersey Licensure (Chapter 8, Title 45) enacted in 1998. New Jersey's "Home Inspection Professional Licensing Act," sets specific educational and experience requirements in order to become a licensed home inspector. All home inspectors are required to: 1) complete high school or its equivalent; 2) serve as a licensed associate inspector for at least one year; 3) perform at least 250 inspections; 4) carry \$500,000 in insurance; and 5) pass the National Home Inspector Examination. Inspectors do not have to be a member or candidate of ASHI in order to take the exam. In order to become a licensed associate home inspector under the law, an inspector must: 1) perform at least 50 inspections in the presence of a licensed inspector; and 2) pass the National Home Inspector Examination. Also, the law provides that, if home inspectors fail to disclose problems or accept payment from another party in the transaction, they can lose their license. Home inspectors are regulated by a five-member Home Inspection Advisory Committee, housed under the State Board of Professional Engineers and Land Surveyors.

In 2003, [Public Law 2003, Chapter 77](#) was passed, amending the grandfathering requirements and extending the grandfathering window by one year, until June 30, 2004. Home Inspectors now have until December 31, 2005 to obtain their licenses.

In 2005, [Public Law 2005, Chapter 201](#) was passed. The law states that to be eligible for home inspector licensure an applicant has two options: (1) successfully complete an approved course of study not less than 180 hours, as prescribed by the State Board of Professional Engineers and Land Surveyors, after consultation with the State Department of Education, which shall include not less than 40 hours of unpaid field-based inspections in the presence of and under the direct supervision of a licensed home inspector; or (2) perform not less than 250 fee-paid home inspections in the

presence of and under the direct supervision of a licensed home inspector. The licensed home inspector who oversees these inspections must take full responsibility for the inspection and any report produced. In addition, the law stipulates that as a condition for home inspector biennial license renewal, an individual shall complete 40 credit hours of continuing education.

The law also changes current law, which states home inspector applicants must pass the examinations offered by ASHI. The law instead will require applicants to pass an examination administered or approved by the Home Inspection Advisory Committee, which would not necessarily be ASHI's exam.

The law eliminates the classification of "Associate Home Inspector." During the first 180 days after the bill's enactment, the Home Inspection Advisory Committee shall, upon application, issue a home inspector license to any person whose application for an Associate Home Inspector license had been approved by the committee prior to December 30, 2005 or who satisfied certain requirements and had completed 40 hours of unpaid field-based inspections under the direct supervision of a licensed home inspector prior to December 30, 2005.

For more information, contact the [NJ Home Inspection Advisory Committee](#) at (973) 504-6460.

New York Licensure (Chapter 461 of the Laws of 2004) The "[Home Inspector Professional Licensing Act](#)" takes effect December 31, 2005 and requires that all home inspectors obtain a license. Home inspectors will be licensed for two years and must pay an initial fee of \$250.00 and renewal fees of \$100.00 thereafter. The basic provisions of the law include requirements for obtaining a license, including classroom education and on site inspection training, confirmation of an appropriate knowledge base via testing, the development of a required standard of practice and code of ethics, continuing education requirements for license renewal, and a duty of care of all license holders to the client. There are two routes to obtaining a license. An applicant must complete 140 hours of approved training, including 40 hours of unpaid inspection experience under the direct supervision of a licensed inspector, or have 100 hours of paid or unpaid inspection experience under the direct supervision of a licensed inspector. The applicant must also pass an approved written exam. Additionally, there are grandfathering provisions in the law that recognize the value of prior experience. To receive a license under this provision, an inspector must have inspected at least 100 homes within the last two years and pass an approved exam, or have inspected at least 250 homes for compensation and have been a practicing inspector for at least three years, prior to the enforcement of this law.

There is an advisory Council consisting of 4 inspectors and 2 public members, that must meet to advise the Secretary regarding the appropriate rules and regulations, education requirements, examination, standards of practice and code of ethics. The Council will suggest the number of hours needed to meet continuing education requirements.

The law requires that a licensed home inspector maintain appropriate general liability insurance.

Finally, Under the Duty of Care provisions, every home inspector must provide a written report to the client, indicating what components and systems were observed, and must maintain the client's wishes for confidentiality. The inspector may not do repairs on a home he/she has inspected for real estate sales purposes, inspect homes in which the inspector may have a financial interest, pay referral fees to agents or sellers, or inspect homes when payment is contingent upon closing, or pre-established or prescribed findings.

For more information contact Keith W. Stack, Deputy Secretary of State for Business and Licensing Services, [New York State Department of State Division of Licensing Services](#), (518) 474-4429, (518) 473-6648 fax, e-mail licensing@dos.state.ny.us.

North Carolina Licensure (*Chapter 143, Article 9F*) enacted in 1993. The North Carolina "Home Inspection Licensure Act" provides for the licensing and regulation of home inspectors through the creation of a Home Inspector Licensure Board within the Department of Insurance. In order to become licensed as a home inspector, an individual must pass the licensing examination prescribed by the Board, have minimum net assets or a bond in an amount determined by the Board (not less than \$5,000 nor more than \$10,000) and meet certain educational conditions, including: 1) have a high school diploma or its equivalent, have been engaged as a licensed associate home inspector for at least one year, and have completed 100 home inspections for compensation; 2) have education and experience the Board considers to be equivalent to that in subpart 1. above; or 3) be licensed as a general contractor, architect, or professional engineer. In order to become licensed as an associate home inspector, an individual must pass a licensing examination prescribed by the Board, have a high school diploma or its equivalent, and be affiliated with or intend to be affiliated with a licensed home inspector and submit a sworn statement by the licensed home inspector with whom the applicant is or intends to be affiliated certifying that the licensed home inspector will actively supervise and train the applicant.

For more information, contact the [Inspector License Board](#) at (919) 662-4480, (919) 662-4414 fax.

Scroll down to Home Inspector Licensure Board

The [General Statutes](#) and the [Administrative Code](#) are meant to be used together.

North Dakota Registration (*HB 1507 enacted in 2005*) states the requirements for home inspector registration and license renewal procedures. Applicants must be at least 18 years old, have submitted proof of errors and omissions insurance coverage in the amount of \$100,000, and have paid a \$200 fee. The law exempts applicants that perform home inspections for residential buildings located outside the corporate limits of any city or located in a city with a population under three thousand from being required to carry errors and omissions insurance in the amount of \$100,000. The bill provides a penalty for home inspectors that fail to register, making any individual that provides a home inspection without registration guilty of a class B misdemeanor. Also states that an applicant shall submit proof of completion of an examination offered by the American Society of Home Inspectors, the National Association of Certified Home Inspectors, the Examination Board of Professional Home Inspectors, the National Association of Home Inspectors, or the International Code Council.

For more information, including [registration forms](#), go to the Home Inspector page at the [North Dakota Secretary of State](#) Web site or call 701-328-2900 or e-mail sos@state.nd.us.

Oklahoma Licensure (*Section 858-622 of Title 59*) enacted in 2001. The "Oklahoma Home Inspection Licensing Act" provides for the licensing of home inspectors through the State Board of Health, and a newly created Committee of Home Inspector Examiners (Committee). The Committee is charged with advising the Board of Health in establishing rules relating to: 1) qualifications and examinations for licensure (the committee has adopted the [National Home Inspector Examination](#) as the test for minimum competence), 2) renewal requirements, 3) reinstatement of licenses, 4) continuing education, 5) standards of practice and prohibitions, 6) approval of schools and educational course content for home inspection, 7) standards for schools to remain approved to provide courses of instruction, 8) reciprocity agreements, and 9) investigative procedures. These Rules have been established in [Title 310, Chapter 276](#). In order to take an examination for licensure, an applicant must be at least 18 years of age, and successfully complete eighty (80) hours of home inspection training, or its equivalent, as determined by the Committee. Renewal of licenses will be granted provided home inspectors attend five hours of continuing education within the preceding 12 months. A grandfather clause is included as well, with a sunset date of January 1, 2002. Under the law, licensed home inspectors will be required to carry no less than \$50,000 of general liability insurance.

For more information, contact the [Department of Health, Occupational Licensing](#) at 1000 N.E. Tenth, Oklahoma City, OK 73117

Phone: (405)271-5243 FAX: (405)271-3458

Oregon Certification (ORS 701.350, 355) enacted in 1997. The Oregon Home Inspection Certification Law requires individuals who perform home inspections of two or more components to be certified by the Oregon Construction Contractors Board (CCB). An individual must meet minimum training and/or experience requirements to take a comprehensive [test](#), pass the test and complete [continuing education](#) courses to renew certification. The Oregon [Standards of Practice](#), Standards of Behavior and Definitions are adopted from the ASHI Standards with [Oregon amendments](#); Oregon acknowledges the assistance of ASHI in developing its standards and definitions. Each certified home inspector must be an owner or employee of a business licensed with the CCB. Businesses that perform home inspections must be licensed with the CCB in categories that require either a \$10,000 or \$15,000 bond and either a \$300,000 or \$500,000 liability insurance policy. **Amendment to current law** (ORS 710.35, Chapter 812). The amendment to current law provides an exemption for a home inspector acting within the scope of his/her certification or licensure, from licensure as a real estate appraiser.

For more information, contact the [Construction Contractors Board](#) at (503) 378-4621 phone or (503) 373-2007 fax.

Pennsylvania Trade Practice Act (Act 114 of 2000, Title 68 enacted in 2000). The law in Pennsylvania provides a uniform definition for the term "home inspection" and for a national home inspection association. It establishes that a home inspector shall conduct their inspection in accordance with the standards of practice set forth by a professional home inspection trade association such as ASHI or the National Association of Home Inspectors. It further outlines consumer remedies as they relate to a home inspection, and establishes penalties for misrepresentations of fact in an inspection report. Under the law, home inspectors are required to maintain errors and omissions and general liability insurance with coverage of not less than \$100,000 per occurrence and \$500,000 in the aggregate. The law is scheduled to take effect in December 2001.

For more information, contact the [Pennsylvania Home Inspectors Coalition](#).

Contact the [Pennsylvania Bureau of Consumer Protection](#) at (717) 787-9707.

Rhode Island Trade practice act enacted in 1996. The law in Rhode Island forbids home inspectors, pest control inspectors, and contractors from doing work on property that is inspected prior to real estate sales. The law was passed to help eliminate activities that could present a conflict of interest.

Licensure (Chapter 65.1) enacted in 2000. Rhode Island law creates a home inspector licensing law and requires that all home inspectors be licensed. Home inspectors would be required to maintain \$250,000 of liability insurance, pass the National Home Inspector Examination, and abide by [standards of practice](#) and a [code of ethics](#). NOTE: This law is currently not funded.

For more information, contact the [RI Contractors' Registration Board](#) at (401) 222-1268 phone or (401) 222-2599 fax.

South Carolina Licensure (Title 40, Chapter 59, Article 3) enacted in 1996. South Carolina law requires any person desiring to be a licensed home inspector to file with the South Carolina Residential Builders Commission. A home inspector must show to the satisfaction of the Commission that he is currently certified as a home inspector by an organization recognized by the Commission, that he has a minimum of one year of experience as a home inspector under the supervision of a licensed inspector, and that he has performed a minimum of fifty residential inspections.

For more information, including [Rules and Regulations](#), contact the [Department of Labor, Licensing and Regulation](#), Residential Builders Commission
(803) 896-4621 main
(803) 896-4696 for Home Inspectors
www.llr.state.sc.us

South Dakota Licensure (Chapter 36-21C) enacted in 2000. The South Dakota law provides for the regulation of home inspectors. The South Dakota Real Estate Commission shall issue and renew certificates to licensed and registered home inspectors pursuant to the provisions of this law. No person may provide a home inspection for compensation unless registered or licensed in the State of South Dakota. Applicants for a license as a home inspector shall meet the following requirements; 1) Good moral character; 2) Completion of high school or equivalency; 3) Employment as a registered home inspector for no less than one year and performance of not less than one hundred home inspections for compensation; 4) Successful completion of the National Home Inspector Examination to assess minimum competence. Applicants for registration as a home inspector shall meet the following requirements; 1) Good moral character; 2) Completion of high school or equivalency; 3) Successful completion of an approved course of study; 4) Successful completion of registration exam.

For more information, contact the [Real Estate Commission](#) at (605) 773-3600 phone or (605) 773-4356 fax.

Tennessee Licensure (2005 Public Act Chapter 65 enacted in 2006) Any person who applies for licensure as a home inspector must submit an application on a form as prescribed by the commissioner. The application shall be accompanied by the fee specified in Section 4. Applicants shall furnish evidence satisfactory to the commissioner that the applicant: 1) is at least 18 years old, 2) has graduated from high school or earned a general education development certificate, 3) has not been convicted of a crime that has a direct bearing on the applicant's ability to perform competently and fully as a licensed inspector, 4) is not the subject of a disciplinary or enforcement action by another state or a local jurisdiction in connection with the performance of home inspections or the licensing or certification of home inspectors, 5) has successfully completed 90 hours of a commissioner-approved training program or course of study involving the performance of home inspections and the preparation of home inspection reports, 6) has passed a commissioner-approved competency examination administered by the state or an entity selected by the state, and 7) has obtained a certificate of insurance in an amount required by the commissioner for general liability as well as errors and omission to cover all activities contemplated under this chapter.

During the first 180 days after the effective date of this act (July 1, 2006), the commissioner may issue a license to an applicant who meets the requirements stipulated in the law if the applicant furnishes evidence satisfactory to the commissioner that the applicant: 1) has been principally engaged in the performance of home inspections in this state for at least two years, and 2) has complete at least 150 home inspections for compensation in the applicant's career.

For more information contact the [Home Inspector Licensing Program](#) at 615-253-1743 or fax 615-741-6470 or e-mail Carol.Kennedy@state.tn.us.

Texas Licensure (Title 113A, Article 6573a, Section 23) enacted in 1991. The Texas licensure law, the Real Estate License Act, provides for the examination of home inspectors and established continuing education requirements. These and other requirements are contained in the [Texas Administrative Code, Subchapter R, Rules](#). The law also requires home inspector applicants to work as apprentice inspectors under the supervision of a professional licensed home inspector. If an applicant is unable to obtain an apprenticeship, educational course work and an examination can be substituted. Home inspectors are regulated by the Texas Real Estate Licensing Board.

For more information, contact the [Texas Real Estate Commission](#) at (512) 459-6544 phone or (512) 465-3910 fax.

Virginia Certification ([Virginia Certified Home Inspectors Regulations](#)) enacted in 2001. The Virginia certification law provides a voluntary certification program for home inspectors in the state. However, no person may hold him/herself out as a "certified home inspector" without meeting the certification requirements prescribed by the Board. The Board may issue a certificate to practice home inspection to any applicant who has successfully completed: 1) any educational requirements as required by the Board, 2) any experience requirements as required by the Board, and 3) passed the National Home Inspector Examination. The Board may issue a certificate to practice as a certified home inspector to any applicant who is a member of a national or state professional home inspector association approved by the Board, provided that the requirements for the class of membership in such association are equal to or exceed the requirements established by the Board for all applicants. Because the law was enacted recently, the language does not include specific requirements. The Board is undoubtedly working on creating those rules and requirements, in preparation for the law's July 1, 2003 effective date.

For more information, contact the [Virginia Board for Asbestos, Lead, and Home Inspectors](#) at (804) 367-8500.

West Virginia Certification (Title 87-05) enacted in 2006. West Virginia law, "Certification of Home Inspectors," establishes procedures to be followed to assure that consumers of home inspection services can rely on the competence of inspectors, as determined by educational and experience requirements and testing. As an initial requirement and qualification for certification as a home inspector, every applicant: 1) shall have passed the National Home Inspector Examination; 2) shall either present proof of having conducted business as an inspector for three years prior to August 1, 2006, or proof of satisfactory completion of at least 80 hours of instruction; 3) must have successfully completed high school or its equivalent; and 4) shall present proof of, and shall maintain, general liability insurance in the amount of not less than \$250,000.00.

For more information, contact the [West Virginia State Fire Marshal](#) at (304-558-2191 or fax 304-558-2537 or e-mail info@wvfiremarshal.org).

Wisconsin Certification (Chapter 440.97) enacted in 1998. Under Wisconsin's law, home inspectors must register with the State and pass an examination approved by the Department of Regulation and Licensing. The law instructs the Department to consider the use of an examination modeled after the National Home Inspector Examination. The law also requires that a home inspector perform a "reasonably competent and diligent" inspection; however, the inspection is not required to be technically exhaustive. Home inspectors are prohibited from limiting their liability from damages resulting in a failure to conduct a "reasonably competent and diligent" inspection. Also, inspectors are prohibited from performing repairs, maintenance, or improvements to a structure that they have inspected within the last two years.

Home Inspector Criteria in Regulated States

From ASHI

Alabama Licensure (Act 2002-517 enacted in 2002) Requires individuals performing home inspections to become licensed by the Alabama Building Commission. The Alabama Standards of Practice and Code of Ethics (see [Home Inspectors Rules and Applications](#)) is adopted from the ASHI Standards of Practice and Code of Ethics. The Alabama Building Commission gratefully acknowledges ASHI's consent. The Building Commission adopted the National Home Inspection Examination to assess minimum competence. The bill also outlines educational and experiential requirements to become licensed, sets license fees and insurance requirements, and defines penalties under which licensure may be suspended or revoked. This law replaces Act 96-574.

For more information or a copy of the statute contact the [Alabama Building Commission](#), (334) 242-4082, (334) 242-4182 fax, e-mail buildcom@bc.state.al.us.

Alaska Licensure (Chapter 134 SLA enacted in 2003). In Alaska, home inspectors and associate home inspectors will be issued a certificate of registration by the Department of Community and Economic Development. To be a registered home inspector, an individual must: 1) pass the National Home Inspector Examination, 2) meet the educational and experience requirements as determined by the Department, 3) submit a complete application for registration within one year of passing the exam, 4) not have been convicted of specific crimes in the past seven years of the date of the application, 5) not have had the authority to perform home inspections revoked in the state or another jurisdiction, 6) not be the subject of an unresolved criminal complaint or unresolved disciplinary action in the state and 7) pay the appropriate fees. For the renewal of certificates, the Department will require at least eight hours of continuing competency activity in each licensing period. The Department will set the registration fees for home inspectors and associate home inspectors and determine the disciplinary actions and penalties for violating the terms of the certificate of registration. The law also sets home inspection requirements for residential loans purchased or approved by the Alaska Housing Finance Corporation. The law requires that a written report fulfilling certain requirements be submitted to the person requesting the inspection upon completion of an inspection that will remain valid for 180 days after the inspection and allows for civil action to be taken against home inspectors for one year after performing the inspection. The law requires the home inspector to carry insurance and a bond of \$5,000. The law went into effect in 2003 and all home inspectors are required to have a license by July 1, 2004.

For more information contact the home inspector licensing examiner at the [The Department of Commerce, Community, and Economic Development](#) at (907) 465-5470 phone, (907) 465-2974 fax or e-mail brenda_Donohue@commerce.state.ak.us .

Arizona Certification (*Title 32, Chapter 1 enacted in 2002*). The Arizona State Board of Technical Registration (BTR) certifies and regulates the practice of home inspectors. The law requires 80 hours of education, successful completion of the National Home Inspector Examination, and evidence of successfully completed home inspections. In addition, the law requires that certified home inspectors have one of the following financial assurances: 1) Errors and Omissions Insurance in the amount of \$200,000 in the aggregate and \$100,000 per occurrence, 2) a \$25,000 bond or proof of assets in that amount, or 3) an alternate financial assurance mechanism approved by the BTR with a value of at least \$25,000. The law states that loss of or failure to obtain financial assurance is grounds for revocation of certification.

For more specific information regarding certification requirements, please go to the [BTR website](#) and, under Regulations on the Table of Contents panel, click on "Applicable Statutes" (see A.R.S. § 32-122.02 or "Applicable Rules" (see A.A.C. R4-30-247).

For further information, contact [Manual Maltos](#), Home Inspector Certification Program administrator.

Arkansas Registration ([Act 1328 of 2003](#)) repealed and replaced (*Act 791 of 1997*). Under the "Arkansas Home Inspector Registration Act," all home inspectors in the state must register with the Secretary of State. Applicants must pass the National Home Inspector Examination. In addition, home inspectors must conduct all inspections in adherence to the Standards of Practice and Code of Ethics of ASHI, the Arkansas Association of Real Estate Inspectors, or an equivalent professional home inspection association. The law also prohibits inspectors from performing repairs on a structure that he has inspected within the last 12 months. In order to register under the law, an applicant must procure general liability insurance of at least \$100,000. These requirements, along with the duties and responsibilities of the Board, complaint and disciplinary procedures, continuing education requirements and more can be found in the [Rules and Procedures of the Arkansas Home Inspector Registration Board](#).

For more information, contact the [Arkansas Home Inspector Registration Board](#).

California Trade practice act ([Chapter 338](#)) *enacted in 1996*. The law in California prohibits unethical home inspection practices, including repairing properties that home inspectors have inspected in the previous 12 months. The law encourages courts to consider the Standards of Practice and Code of Ethics of ASHI and the California Real Estate Inspection Association when determining whether an inspection meets the required standard of care.

For more information, contact the [California Contractors State License Board](#) at 1-800-321-2752, (916) 366-9130 fax.

Connecticut Licensure ([*Public Act No. 99-254 enacted in 2000*](#)). Connecticut law requires home inspectors to be licensed under the "Home Inspection Licensing Board." In order to be eligible for a home inspector license, an applicant shall: 1) have successfully completed high school or its equivalent; 2) have either been engaged as a home inspector intern for not less than one year and not performed less than 200 home inspections for compensation **or** taken and successfully completed a board-approved training program, earned a home inspector intern permit, and performed not less than 100 home inspections under the direct supervision and in the presence of a licensed home inspector; 3) have passed an oral, written, or electronic competency examination; and 4) have paid a \$200 fee. In order to receive a permit as a home inspector intern, an applicant shall: 1) have successfully completed high school or its equivalent; 2) have enrolled in and completed a board-approved training program; 3) have an identified supervisor who is licensed as a home inspector, is in good standing, and has agreed to perform the supervisory functions required; and 4) have paid a \$100 fee.

For more information, including Regulations, applications, etc. contact the [Department of Consumer Protection, Licenses Service Division](#) at (860) 713-6145 or (860) 713-7230
e-mail: occprotrades@po.state.ct.us

Georgia Trade practice act ([Chapter 3, Title 8](#)) *enacted in 1994*. Georgia law requires home inspectors to provide written documents containing certain information with regard to inspections. This written document must include the scope of the inspection, including the structural elements and systems to be inspected, that the inspection is a visual inspection, and that the home inspector will notify, in writing, the person on whose behalf such inspection is being made of any defects noted during the inspection.

For more information, contact the [Secretary of State, Construction Industry License Board](#). (478) 207-1300 phone (478) 207-1363 fax

Illinois Licensure ([225 ILSC 441 enacted in 2001](#)). Illinois law creates the Illinois Home Inspector License Act and establishes a Home Inspector Advisory Board within the Office of Banks and Real Estate (OBRE), which is charged with regulating home inspectors. To obtain a license, an applicant must: 1) be at least 21 years of age, 2) obtain a high school diploma or GED, 3) as a prerequisite for sitting for the examination, successfully complete 60 hours of pre-license education from an education provider approved and licensed by OBRE, and 4) take and successfully pass the Home Inspector Examination for Illinois, which consists of the National Home Inspector Examination and a section concerning Illinois statutes and regulations. Licensed home Inspectors are required to perform Inspections that meet the minimum standards of practice established by rule as adopted by the OBRE. The law also exempts certain professionals from licensure as a home inspector while acting under the scope of their licenses. The law became effective January 1, 2003.

For more information, including statute, Rules, applications, contact the [Office of Banks and Real Estate](#) at (217) 782-3000 phone and (217) 558-4297 fax.

Indiana Licensure (P.L. 145 enacted In 2004). P.L. 145 established the Home Inspectors Licensing Board to regulate home inspectors and associate home inspectors. The Board shall be responsible for setting the fees for licenses, investigating complaints concerning licensees and establishing continuing education requirements. The Board shall adopt a code of ethics, standards for competent performance of home inspections and standards for inspection reports. Under P.L. 145, licensing requires that a candidate: 1) be at least 18 years of age, 2) graduated from high school or earned a GED diploma, 3) not have been convicted of specific crimes, 4) complete a Board approved training program or course and pass an exam approved by the Board, 5) carry general liability insurance coverage of at least \$100,000 and 6) pay a fee. The law also provides that a person who performs home inspections for compensation without a license commits a Class B Infraction. It also provides that any civil complaints based upon the professional services of a licensed home inspector must be filed within two years of the date the alleged Infraction occurred. This law takes effect July 1, 2004.

For more information contact the [Indiana Professional Licensing Agency](#) at (317) 234-3009 phone or (317) 232-2312 fax, or Email: pla9@pla.in.gov.

Kentucky Licensure ([KRS 198B.700](#)) enacted in 2004. (The Kentucky Home Inspector Licensing Law requires home inspectors to be licensed and defines the requirements of licensure. An inspector must be at least 18 years old, have a high school diploma or GED equivalent, complete a board-approved training program, pass an examination approved by the board, and submit a certificate of insurance. Inspections must be conducted in accordance with the standards of practice of ASHI or NAHI or their equal. The law created the Kentucky Board of Home Inspectors, to which the Governor appointed eight members, including one member each from ASHI, NAHI, and the Kentucky Real Estate Inspection Association. The law also establishes license renewal criteria, including continuing education of 30 hours for two years. Licensed inspectors must carry liability insurance in the amount of \$250,000. For more information contact the [Kentucky Office of Housing, Buildings and Construction](#), Frank Dempsey, (502) 573-0373, extension 144, (502) 573-1057 fax, e-mail frank.dempsey@ky.gov

Louisiana Licensure ([Chapter 17-A of Title 37](#)) enacted in 1999. Louisiana law creates the "Louisiana Home Inspectors Licensing Act." It creates the Louisiana State Board of Home Inspectors within the Department of Economic Development and requires the Board to establish minimum qualifications for licensing and allows the Board to charge and collect fees. Applicants must be at least 18 years old and must have successfully completed high school or its equivalent, and passed the National Home Inspector Examination. Applicants must show evidence of successful completion of at least 120 hours of instruction, at least 30 hours but no more than 40 of which must be in course work containing actual practical home inspections. Home inspectors are required to provide a written report of the home inspection, and are prohibited from, at the time of inspection and for a reasonable time thereafter, advertising or soliciting to perform repair services on the home upon which the inspection was performed. As a condition of renewal of a license, a home inspector must show evidence of completion of 20 hours of

continuing education. Active licensees are required to carry errors and omission insurance, and the Board must establish a group insurance program.

For more information, including [General Rules, Standards of Practice](#), applications and more, contact the [Louisiana State Board of Home Inspectors](#) at 225-248-1334 phone or 225-248-1335 fax

Maryland Trade practice act enacted in 1992. Maryland law requires home inspectors to disclose professional qualifications and the scope of the inspection within the home inspection contract. The law also requires home inspectors to conduct home inspections in accordance with the standards of practice set forth by a professional home inspection trade association such as ASHI or the National Association of Home Inspectors.

Licensure ([Chapter 470](#)) enacted in 2001. *[Note: the following describes the law passed in 2001. However, this passage from the Maryland Web site makes clear that the law is not currently in effect for budgetary reason*

"The law for the licensing and regulation of Home Inspectors has been deferred until an appropriation to fund the program is allocated. Therefore, there will be no activity relative to the licensing, training or regulation of home inspectors. At this time, there is no date available as to when the licensing program will begin. Updates to the program will be posted on this site as they occur."]

Maryland law creates the State Commission of Real Estate Appraisers and Home Inspectors to regulate home inspectors in the state. The Commission is charged with establishing a code of ethics and standards of practice for licensed home inspectors, and providing a copy of such standards to each licensed home inspector. To qualify for licensure prior to July 1, 2002, an applicant must complete two of the following conditions: 1) complete a minimum of 48 hours of an on-site training course approved by a national home inspection organization of the Commission, 2) complete a minimum of 2 years of relevant work experience as determined by the Commission, 3) complete at least 100 home inspections for compensation, or 4) submit proof of full membership in or certification by ASHI or NAHI . Effective July 1, 2002, an applicant for a home inspector license shall: 1) have completed a minimum of 48 hours of an off-site training course, 2) have a high school diploma or its equivalent, 3) have general liability insurance in an amount not less than \$50,000, 4) submit an application sanctioned by the Commission, 5) pay the application fee of \$50 to the Commission. The law also exempts certain professionals from licensure as a home inspector while acting under the scope of their licenses, and provides a reciprocity provision for licensed home inspectors from other states.

For more information, contact the [Division of Occupational & Professional Licensing](#) at (410) 230-6165 phone or (410) 333-6314 fax.

Massachusetts Licensure (*Chapter 146*) enacted in 1999. Massachusetts law requires home inspectors and associate home inspectors to be licensed under the Board of Registration of Home Inspectors. The Board is required to: 1) establish the requirements for licensure and for the standards of professional and ethical conduct; 2) establish standards for continuing education; 3) authorize and conduct examinations; 4) grant licenses to qualified applicants; and 5) establish penalties. The law also requires that the Director of the Office of Consumer Affairs and Business Regulation publish an informational brochure on home inspections which must be issued to home buyers at the signing of an offer to purchase. Licensed home inspectors must: 1) have successfully completed high school or its equivalent; 2) have been engaged as a licensed associate home inspector for not less than one year and have performed not less than 100 home inspections under the supervision of a licensed home inspector; 3) have passed the National Home Inspector Examination; and 4) paid the appropriate fee. A licensed associate home inspector must: 1) have successfully completed high school or its equivalent; 2) have performed not less than 25 home inspections in the presence of a licensed home inspector; 3) have passed the National Home Inspector Examination; 4) have an identified supervisor who is a person licensed in good standing as a home inspector; and 5) paid the appropriate fee. Licensed home inspectors and associate home inspectors must carry errors and omissions insurance in an amount not less than \$250,000. Also, a home inspector or associate home inspector may not attempt to limit liability for negligent or wrongful errors or omissions by use of a clause within a performance contract that limits the cost of damages from negligent or wrongful errors or omissions.

Amendment to Current Law ([Ch. 146 of 1999](#)) enacted in 2001. The amended section of the law (Chapter 17 of 2001) extends the time period during which the Board may issue a temporary license to an applicant seeking licensure as a home inspector. The law moves the effective date back to November 1, 2001 from May 1, 2001 and establishes the criteria under which a temporary license may be issued. A temporary license may be issued if: 1) an individual has been engaged in home inspection for not less than three years prior to the effective date and has performed at least 100 inspections for compensation, or 2) an individual has been engaged in the practice of home inspection for not less than one year prior to the effective date, and has performed at least 125 inspections for compensation. Temporary licenses shall terminate in 90 days, or whenever the applicant furnishes proof of having passed a licensing examination approved by the Board, whichever occurs first.

For more information, including [Rules and Regulations](#), contact the [Board of Registration of Home Inspectors](#) at (617) 727-4459 phone or (617) 727-2197 fax.

Mississippi Licensure ([Chapter 71](#)) enacted in 2001. Mississippi law requires home inspectors to be licensed by the Mississippi Real Estate Commission (Commission) and is given the following powers: 1) receiving and approving applications for licensure and collecting fees, 2) implementing recommendations made by the Home Inspector Advisory Board, 3) adoption of a [code of ethics and standards of practice](#) 4) developing a licensing exam (the Commission adopted the [National Home Inspector Examination](#) to

assess minimum competence) which meets nation ally recognized standards, as well as developing applications and licensing forms, 6) adopting rules and regulations for administering the law. The. The law also created a five person Home Inspector Regulatory Board (Board), members of which are to be licensed inspectors, and appointed by the Governor. The Board serves in an advisory capacity to the Commission, and was given the following duties and powers: 1) responsibility for matters relating to the code of ethics, standards and qualifications, 2) holding hearings and preparing examination specifications for licensure, 3) conducting investigations, 4) further defining regulation, educational and equivalent experience, and 5) recommending suspension or revocation of licenses. To qualify for a license under this act, a person must: 1) have successfully completed high school or attained an equivalency degree, 2) be at least 21 years old, 3) have successfully completed an approved course of study of at least 60 hours, which may include field work as required by the Commission, 4) pass the National Home Inspector Examination, and 5) provide a certificate of insurance for errors and omissions and general liability. Certain individuals acting under their profession or license are exempted from additional licensure by the Commission for "visual inspections"--specialty and general contractors, architects, engineers, financial institution employee, licensed real estate broker, appraiser or home builder. There is also a three-year limitation included for clients seeking to recover damages from an inspection, a reciprocity provision, and a grandfather clause included in the act.

For more information, including forms, education providers and more, contact the [Real Estate Commission \(Home Inspector Regulatory Board\)](#) at (601) 932-9191.

Montana Trade Practice Act ([Chapter 14, Title 30](#)) enacted in 1999. Montana law, the Home Inspection Trade Practices Act, prescribes what elements must be identified in a home inspection and defines prohibited activities by a home inspector.

For more information, contact the [Office of Building Codes and Inspection](#) at (406) 841-2040 phone or (406) 841-2050 fax.

Nevada Certification ([NRS 645D.120](#) and [NAC 645D.210](#)) enacted in 1997. Nevada law provides for the certification of home inspectors of structures by the Real Estate Division of the Department of Business and Industry. An applicant for certification as a certified residential Inspector : (a) must furnish proof to the Division that he has successfully completed 1) not less than 40 hours of academic instruction in subjects related to structural inspections in courses approved by the Division or equivalent experience as an Inspector, and 2) an examination approved by the Division, and (b) must possess a high school diploma or its equivalent. Experience as an Inspector must demonstrate ability of the applicant to produce a credible inspection report according to the standards and requirements set in the statute and codes. Applicants must submit to the Division a log of inspections performed for a fee on a form supplied by the Division. Applicants must submit proof that they have errors and omissions insurance of at least \$100,000 and general liability insurance of at least \$100,000. The law also provides that a purchaser may not recover damages from a seller on the basis of an error or omission in

the disclosure form that was caused by the seller's reliance upon information provided to the seller by a certified inspector of real estate.

For more information, contact the [Department of Business and Industry, Real Estate Division](#)

(775) 687-4280 phone

(775) 687-4868 fax

New Jersey Licensure ([Chapter 8, Title 45](#)) enacted in 1998. New Jersey's "Home Inspection Professional Licensing Act," sets specific educational and experience requirements in order to become a licensed home inspector. All home inspectors are required to: 1) complete high school or its equivalent; 2) serve as a licensed associate inspector for at least one year; 3) perform at least 250 inspections; 4) carry \$500,000 in insurance; and 5) pass the National Home Inspector Examination. Inspectors do not have to be a member or candidate of ASHI in order to take the exam. In order to become a licensed associate home inspector under the law, an inspector must: 1) perform at least 50 inspections in the presence of a licensed inspector; and 2) pass the National Home Inspector Examination. Also, the law provides that, if home inspectors fail to disclose problems or accept payment from another party in the transaction, they can lose their license. Home inspectors are regulated by a five-member Home Inspection Advisory Committee, housed under the State Board of Professional Engineers and Land Surveyors.

In 2003, [Public Law 2003, Chapter 77](#) was passed, amending the grandfathering requirements and extending the grandfathering window by one year, until June 30, 2004. Home Inspectors now have until December 31, 2005 to obtain their licenses.

In 2005, [Public Law 2005, Chapter 201](#) was passed. The law states that to be eligible for home inspector licensure an applicant has two options: (1) successfully complete an approved course of study not less than 180 hours, as prescribed by the State Board of Professional Engineers and Land Surveyors, after consultation with the State Department of Education, which shall include not less than 40 hours of unpaid field-based inspections in the presence of and under the direct supervision of a licensed home inspector; or (2) perform not less than 250 fee-paid home inspections in the presence of and under the direct supervision of a licensed home inspector. The licensed home inspector who oversees these inspections must take full responsibility for the inspection and any report produced. In addition, the law stipulates that as a condition for home inspector biennial license renewal, an individual shall complete 40 credit hours of continuing education.

The law also changes current law, which states home inspector applicants must pass the examinations offered by ASHI. The law instead will require applicants to pass an examination administered or approved by the Home Inspection Advisory Committee, which would not necessarily be ASHI's exam.

The law eliminates the classification of "Associate Home Inspector." During the first 180 days after the bill's enactment, the Home Inspection Advisory Committee shall, upon application, issue a home inspector license to any person whose application for an

Associate Home Inspector license had been approved by the committee prior to December 30, 2005 or who satisfied certain requirements and had completed 40 hours of unpaid field-based inspections under the direct supervision of a licensed home inspector prior to December 30, 2005.

For more information, contact the [NJ Home Inspection Advisory Committee](#) at (973) 504-6460.

New York Licensure (Chapter 461 of the Laws of 2004) The "[Home Inspector Professional Licensing Act](#)" takes effect December 31, 2005 and requires that all home inspectors obtain a license. Home inspectors will be licensed for two years and must pay an initial fee of \$250.00 and renewal fees of \$100.00 thereafter. The basic provisions of the law include requirements for obtaining a license, including classroom education and on site inspection training, confirmation of an appropriate knowledge base via testing, the development of a required standard of practice and code of ethics, continuing education requirements for license renewal, and a duty of care of all license holders to the client. There are two routes to obtaining a license. An applicant must complete 140 hours of approved training, including 40 hours of unpaid inspection experience under the direct supervision of a licensed inspector, or have 100 hours of paid or unpaid inspection experience under the direct supervision of a licensed inspector. The applicant must also pass an approved written exam. Additionally, there are grandfathering provisions in the law that recognize the value of prior experience. To receive a license under this provision, an inspector must have inspected at least 100 homes within the last two years and pass an approved exam, or have inspected at least 250 homes for compensation and have been a practicing inspector for at least three years, prior to the enforcement of this law.

There is an advisory Council consisting of 4 inspectors and 2 public members, that must meet to advise the Secretary regarding the appropriate rules and regulations, education requirements, examination, standards of practice and code of ethics. The Council will suggest the number of hours needed to meet continuing education requirements.

The law requires that a licensed home inspector maintain appropriate general liability insurance.

Finally, Under the Duty of Care provisions, every home inspector must provide a written report to the client, indicating what components and systems were observed, and must maintain the client's wishes for confidentiality. The inspector may not do repairs on a home he/she has inspected for real estate sales purposes, inspect homes in which the inspector may have a financial interest, pay referral fees to agents or sellers, or inspect homes when payment is contingent upon closing, or pre-established or prescribed findings.

For more information contact Keith W. Stack, Deputy Secretary of State for Business and Licensing Services, [New York State Department of State Division of Licensing Services](#), (518) 474-4429, (518) 473-6648 fax, e-mail licensing@dos.state.ny.us.

North Carolina Licensure ([Chapter 143, Article 9F](#)) enacted in 1993. The North Carolina "Home Inspection Licensure Act" provides for the licensing and regulation of home inspectors through the creation of a Home Inspector Licensure Board within the Department of Insurance. In order to become licensed as a home inspector, an individual must pass the licensing examination prescribed by the Board, have minimum net assets or a bond in an amount determined by the Board (not less than \$5,000 nor more than \$10,000) and meet certain educational conditions, including: 1) have a high school diploma or its equivalent, have been engaged as a licensed associate home inspector for at least one year, and have completed 100 home inspections for compensation; 2) have education and experience the Board considers to be equivalent to that in subpart 1. above; or 3) be licensed as a general contractor, architect, or professional engineer. In order to become licensed as an associate home inspector, an individual must pass a licensing examination prescribed by the Board, have a high school diploma or its equivalent, and be affiliated with or intend to be affiliated with a licensed home inspector and submit a sworn statement by the licensed home inspector with whom the applicant is or intends to be affiliated certifying that the licensed home inspector will actively supervise and train the applicant.

For more information, contact the [Inspector License Board](#) at (919) 662-4480, (919) 662-4414 fax.

Scroll down to Home Inspector Licensure Board

The [General Statutes](#) and the [Administrative Code](#) are meant to be used together.

North Dakota Registration ([HB 1507](#) enacted in 2005) states the requirements for home inspector registration and license renewal procedures. Applicants must be at least 18 years old, have submitted proof of errors and omissions insurance coverage in the amount of \$100,000, and have paid a \$200 fee. The law exempts applicants that perform home inspections for residential buildings located outside the corporate limits of any city or located in a city with a population under three thousand from being required to carry errors and omissions insurance in the amount of \$100,000. The bill provides a penalty for home inspectors that fail to register, making any individual that provides a home inspection without registration guilty of a class B misdemeanor. Also states that an applicant shall submit proof of completion of an examination offered by the American Society of Home Inspectors, the National Association of Certified Home Inspectors, the Examination Board of Professional Home Inspectors, the National Association of Home Inspectors, or the International Code Council. For more information, including [registration forms](#), go to the Home Inspector page at the [North Dakota Secretary of State](#) Web site or call 701-328-2900 or e-mail sos@state.nd.us.

Oklahoma Licensure ([Section 858-622 of Title 59](#)) enacted in 2001. The "Oklahoma Home Inspection Licensing Act" provides for the licensing of home inspectors through the State Board of Health, and a newly created Committee of Home Inspector Examiners (Committee). The Committee is charged with advising the Board of Health in establishing rules relating to: 1) qualifications and examinations for licensure (the

committee has adopted the [National Home Inspector Examination](#) as the test for minimum competence), 2) renewal requirements, 3) reinstatement of licenses, 4) continuing education, 5) standards of practice and prohibitions, 6) approval of schools and educational course content for home inspection, 7) standards for schools to remain approved to provide courses of instruction, 8) reciprocity agreements, and 9) investigative procedures. These Rules have been established in [Title 310, Chapter 276](#). In order to take an examination for licensure, an applicant must be at least 18 years of age, and successfully complete eighty (80) hours of home inspection training, or its equivalent, as determined by the Committee. Renewal of licenses will be granted provided home inspectors attend five hours of continuing education within the preceding 12 months. A grandfather clause is included as well, with a sunset date of January 1, 2002. Under the law, licensed home inspectors will be required to carry no less than \$50,000 of general liability insurance.

For more information, contact the [Department of Health, Occupational Licensing](#) at 1000 N.E. Tenth, Oklahoma City, OK 73117

Phone: (405)271-5243 FAX: (405)271-3458

Oregon Certification ([ORS 701.350, 355](#)) enacted in 1997. The Oregon Home Inspection Certification Law requires individuals who perform home inspections of two or more components to be certified by the Oregon Construction Contractors Board (CCB). An individual must meet minimum training and/or experience requirements to take a comprehensive [test](#), pass the test and complete [continuing education](#) courses to renew certification. The Oregon [Standards of Practice](#), Standards of Behavior and Definitions are adopted from the ASHI Standards with [Oregon amendments](#); Oregon acknowledges the assistance of ASHI in developing its standards and definitions. Each certified home inspector must be an owner or employee of a business licensed with the CCB. Businesses that perform home inspections must be licensed with the CCB in categories that require either a \$10,000 or \$15,000 bond and either a \$300,000 or \$500,000 liability insurance policy. **Amendment to current law** (ORS 710.35, Chapter 812). The amendment to current law provides an exemption for a home inspector acting within the scope of his/her certification or licensure, from licensure as a real estate appraiser.

For more information, contact the [Construction Contractors Board](#) at (503) 378-4621 phone or (503) 373-2007 fax.

Pennsylvania Trade Practice Act ([Act 114 of 2000, Title 68](#) enacted in 2000). The law in Pennsylvania provides a uniform definition for the term "home inspection" and for a national home inspection association. It establishes that a home inspector shall conduct their inspection in accordance with the standards of practice set forth by a professional home inspection trade association such as ASHI or the National Association of Home Inspectors. It further outlines consumer remedies as they relate to a home inspection, and establishes penalties for misrepresentations of fact in an inspection report. Under the law, home inspectors are required to maintain errors and omissions and general liability

insurance with coverage of not less than \$100,000 per occurrence and \$500,000 in the aggregate. The law is scheduled to take effect in December 2001.

For more information, contact the [Pennsylvania Home Inspectors Coalition](#).

Contact the [Pennsylvania Bureau of Consumer Protection](#) at (717) 787-9707.

Rhode Island Trade practice act enacted in 1996. The law in Rhode Island forbids home inspectors, pest control inspectors, and contractors from doing work on property that is inspected prior to real estate sales. The law was passed to help eliminate activities that could present a conflict of interest.

Licensure ([Chapter 65.1](#)) enacted in 2000. Rhode Island law creates a home inspector licensing law and requires that all home inspectors be licensed. Home inspectors would be required to maintain \$250,000 of liability insurance, pass the National Home Inspector Examination, and abide by [standards of practice](#) and a [code of ethics](#). NOTE: This law is currently not funded.

For more information, contact the [RI Contractors' Registration Board](#) at (401) 222-1268 phone or (401) 222-2599 fax.

South Carolina Licensure ([Title 40, Chapter 59, Article 3](#)) enacted in 1996. South Carolina law requires any person desiring to be a licensed home inspector to file with the South Carolina Residential Builders Commission. A home inspector must show to the satisfaction of the Commission that he is currently certified as a home inspector by an organization recognized by the Commission, that he has a minimum of one year of experience as a home inspector under the supervision of a licensed inspector, and that he has performed a minimum of fifty residential inspections.

For more information, including [Rules and Regulations](#), contact the [Department of Labor, Licensing and Regulation](#),

Residential Builders Commission
(803) 896-4621 main
(803) 896-4696 for Home Inspectors
www.llr.state.sc.us

South Dakota Licensure ([Chapter 36-21C](#)) enacted in 2000. The South Dakota law provides for the regulation of home inspectors. The South Dakota Real Estate Commission shall issue and renew certificates to licensed and registered home inspectors pursuant to the provisions of this law. No person may provide a home inspection for compensation unless registered or licensed in the State of South Dakota. Applicants for a license as a home inspector shall meet the following requirements; 1) Good moral character; 2) Completion of high school or equivalency; 3) Employment as a registered home inspector for no less than one year and performance of not less than one hundred home inspections for compensation; 4) Successful completion of the National Home Inspector Examination to assess minimum competence. Applicants for registration as a

home inspector shall meet the following requirements; 1) Good moral character; 2) Completion of high school or equivalency; 3) Successful completion of an approved course of study; 4) Successful completion of registration exam.

For more information, contact the [Real Estate Commission](#) at (605) 773-3600 phone or (605) 773-4356 fax.

Tennessee Licensure ([2005 Public Act Chapter 65 enacted in 2006](#)) Any person who applies for licensure as a home inspector must submit an application on a form as prescribed by the commissioner. The application shall be accompanied by the fee specified in Section 4. Applicants shall furnish evidence satisfactory to the commissioner that the applicant: 1) is at least 18 years old, 2) has graduated from high school or earned a general education development certificate, 3) has not been convicted of a crime that has a direct bearing on the applicant's ability to perform competently and fully as a licensed inspector, 4) is not the subject of a disciplinary or enforcement action by another state or a local jurisdiction in connection with the performance of home inspections or the licensing or certification of home inspectors, 5) has successfully completed 90 hours of a commissioner-approved training program or course of study involving the performance of home inspections and the preparation of home inspection reports, 6) has passed a commissioner-approved competency examination administered by the state or an entity selected by the state, and 7) has obtained a certificate of insurance in an amount required by the commissioner for general liability as well as errors and omission to cover all activities contemplated under this chapter.

During the first 180 days after the effective date of this act (July 1, 2006), the commissioner may issue a license to an applicant who meets the requirements stipulated in the law if the applicant furnishes evidence satisfactory to the commissioner that the applicant: 1) has been principally engaged in the performance of home inspections in this state for at least two years, and 2) has complete at least 150 home inspections for compensation in the applicant's career.

For more information contact the [Home Inspector Licensing Program](#) at 615-253-1743 or fax 615-741-6470 or e-mail Carol.Kennedy@state.tn.us.

Texas Licensure ([Title 113A, Article 6573a, Section 23](#)) enacted in 1991. The Texas licensure law, the Real Estate License Act, provides for the examination of home inspectors and established continuing education requirements. These and other requirements are contained in the [Texas Administrative Code, Subchapter R, Rules](#). The law also requires home inspector applicants to work as apprentice inspectors under the supervision of a professional licensed home inspector. If an applicant is unable to obtain an apprenticeship, educational course work and an examination can be substituted. Home inspectors are regulated by the Texas Real Estate Licensing Board.

For more information, contact the [Texas Real Estate Commission](#) at (512) 459-6544 phone or (512) 465-3910 fax.

Virginia Certification ([Virginia Certified Home Inspectors Regulations](#)) *enacted in 2001*. The Virginia certification law provides a voluntary certification program for home inspectors in the state. However, no person may hold him/herself out as a "certified home inspector" without meeting the certification requirements prescribed by the Board. The Board may issue a certificate to practice home inspection to any applicant who has successfully completed: 1) any educational requirements as required by the Board, 2) any experience requirements as required by the Board, and 3) passed the National Home Inspector Examination. The Board may issue a certificate to practice as a certified home inspector to any applicant who is a member of a national or state professional home inspector association approved by the Board, provided that the requirements for the class of membership in such association are equal to or exceed the requirements established by the Board for all applicants. Because the law was enacted recently, the language does not include specific requirements. The Board is undoubtedly working on creating those rules and requirements, in preparation for the law's July 1, 2003 effective date.

For more information, contact the [Virginia Board for Asbestos, Lead, and Home Inspectors](#) at (804) 367-8500.

West Virginia Certification ([Title 87-05](#)) *enacted in 2006*. West Virginia law, "Certification of Home Inspectors," establishes procedures to be followed to assure that consumers of home inspection services can rely on the competence of inspectors, as determined by educational and experience requirements and testing. As an initial requirement and qualification for certification as a home inspector, every applicant: 1) shall have passed the National Home Inspector Examination; 2) shall either present proof of having conducted business as an inspector for three years prior to August 1, 2006, or proof of satisfactory completion of at least 80 hours of instruction; 3) must have successfully completed high school or its equivalent; and 4) shall present proof of, and shall maintain, general liability insurance in the amount of not less than \$250,000.00.

For more information, contact the [West Virginia State Fire Marshal](#) at (304-558-2191 or fax 304-558-2537 or e-mail info@wvfiremarshal.org).

Wisconsin Certification ([Chapter 440.97](#)) *enacted in 1998*. Under Wisconsin's law, home inspectors must register with the State and pass an examination approved by the Department of Regulation and Licensing. The law instructs the Department to consider the use of an examination modeled after the National Home Inspector Examination. The law also requires that a home inspector perform a "reasonably competent and diligent" inspection; however, the inspection is not required to be technically exhaustive. Home inspectors are prohibited from limiting their liability from damages resulting in a failure to conduct a "reasonably competent and diligent" inspection. Also, inspectors are prohibited from performing repairs, maintenance, or improvements to a structure that they have inspected within the last two years.