

Summary of HB 2315 – Regulation of the Home Inspection Industry

Background Information

- After nearly nine years of work on this issue, KAR was able to pass legislation that regulates the home inspection industry and prohibits home inspectors from limiting their liability to less than \$10,000 per home inspection.
- **HB 2315** passed the House on a vote of 98 to 22 and the Senate on a vote of 36 to 0. The Governor signed this legislation on May 18, 2008.

Customers Must Receive a Pre-Inspection Notice Prior to Home Inspection

- Starting on July 1, 2008, all home inspectors will be required to provide customers with a pre-inspection notice prior to the home inspection. This pre-inspection notice must contain:
 - (1) A clear description of the scope of the home inspection;
 - (2) A clear description of any limitations on the liability of the home inspector for errors and omissions;
 - (3) An identification of the national home inspection organization(s) that the home inspector is a member of at the time of the inspection; and
 - (4) An identification of the standards of practice that the home inspector will follow during the home inspection.

Home Inspectors Must Be Liable for At Least \$10,000 in Errors and Omissions

- Starting on July 1, 2008, all home inspectors will be prohibited from limiting their liability for errors and omissions to less than \$10,000 per home inspection.
- If the home inspector is willing to accept a higher liability limitation in return for an increased fee, the customer and home inspector may agree to increase the liability of the home inspector to a higher amount.
- Any action to recover damages for errors and omissions must be brought within 12 months of the date of the home inspection.

New State Board Established to Regulate the Home Inspection Industry

- Prior to September 1, 2008, the state will establish a new, independent regulatory board to regulate the home inspection industry. This board will be funded through registration fees paid by home inspectors under the act.
- The Governor will appoint three home inspectors and two members of the general public (these can be real estate licensees) to positions on the board. Initial board members will serve staggered terms.
- This board will develop rules and regulations to implement the remaining provisions of the act.

Home Inspectors Providing Services in Urban Counties Will Register by July 1, 2009

- Starting on July 1, 2009, all home inspectors providing services in counties with population greater than 60,000 (Butler, Douglas, Leavenworth, Johnson, Reno, Riley, Sedgwick and Wyandotte) shall be required to fulfill the following requirements:
 - (1) Be at least 18 years of age;
 - (2) Completed high school or its equivalent unless such individual is currently performing home inspections prior to July 1, 2008;
 - (3) Maintain at least \$100,000 in general liability insurance coverage;
 - (4) Maintain proof of financial responsibility for errors and omissions of at \$10,000 (E&O insurance policy, surety bond, irrevocable letter of credit or escrow account);

- (5) Maintain membership in a national home inspection association approved by the board (NACHI, ASHI or NAHI);
- (6) Pass a proctored home inspection examination approved by the board;
- (7) Obtain at least 16 hours of continuing education annually; and
- (8) Obtain 80 hours of initial classroom education unless the home inspector has been operating for not less than two years and has completed 100 home inspections.

Home Inspectors Providing Services in Rural Counties Will Register by January 1, 2011

- Starting on January 1, 2011, all home inspectors providing services in counties with population less than 60,000 shall be required to meet the requirements specified above.
- However, the Kansas Legislature modified the qualifications for these inspectors by adopting the following change:
 - (1) Obtain 80 hours of initial classroom education unless the home inspector has been operating for not less than two years and has completed 35 home inspections.