

# SENATE BILL REPORT

## ESSB 6606

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As Amended by House, March 6, 2008

**Title:** An act relating to the licensing of home inspectors.

**Brief Description:** Requiring the licensing of home inspectors.

**Sponsors:** Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Spanel, Kohl-Welles, Honeyford, Prentice, Murray and Rasmussen).

**Brief History:**

**Committee Activity:** Labor, Commerce, Research & Development: 1/28/08, 2/05/08 [DPS, w/oRec].

Passed Senate: 2/15/08, 39-8.

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 6606 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Franklin, Murray and Prentice.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Holmquist, Ranking Minority Member; King.

**Staff:** Kathleen Buchli (786-7488)

**Background:** Home inspectors are not required to be registered, certified, or licensed in this state. Many home inspectors are licensed by the Washington State Department of Agriculture (WSDA) to perform structural pest inspections.

In 2007 the Legislature requested the Department of Licensing (DOL) to conduct a study of the home inspector profession and recommend whether the profession should be regulated to protect the public as required under the statutes dealing with sunrise reviews. In November 2007, DOL issued its sunrise review report on home inspectors and recommended that the Legislature pursue licensure of the home inspector profession.

**Summary of Engrossed Substitute Bill:** Beginning on September 1, 2009, no person may advertise or hold him or herself out as a home inspector or conduct home inspections without first being licensed by the state DOL. Persons who are currently working as home inspectors have until July 1, 2010, to meet licensing requirements. However, a person who is currently performing home inspections may become licensed by only taking the examination if that

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person applies to the home inspector advisory licensing board by September 1, 2009, and has worked as a home inspector for two years and conducted at least 100 inspections.

Duties. A home inspector must perform a visual and noninvasive inspection of readily accessible systems and components of a home and report of the general condition of those systems and components at the time of the inspection in the inspector's written report. The inspection must meet the minimum standards of practice developed by the board and must include looking for certain fire and safety hazards.

Licensing Board. A state home inspector advisory licensing board is created consisting of seven members appointed by the Governor. Of the seven members, six must be actively engaged as home inspectors immediately before their appointment to the board; and one must be currently teaching in a home inspector certification program. The composition of the home inspector members must be representative of the geographic distribution of home inspectors in the state. No more than two board members may be members of a particular national home inspector association or organization.

A home inspector must have the following qualifications to be appointed to the board: five years experience as a home inspector in Washington; licensed as a home inspector in this state; and has performed 500 home inspections in this state.

Board members are entitled to compensation for each day spent conducting official business and to travel reimbursement.

Director's Authority. The Director of DOL may adopt rules, fees, and standards of professional conduct, and administer licensing examinations approved by the board. The Director must establish under what circumstances a home inspector license may be suspended or revoked.

Licensing Board's Authority. The board may do the following: establish rules for adoption by the Director; establish minimum qualifications for licensing applicants; approve the method by which exams will be administered; approve exams prepared by other entities to be used by DOL; set the time and place for exams with approval of DOL; and establish and review standards of professional conduct, practice, and ethics for adoption by DOL.

Qualifications for Licensure. To become licensed as a home inspector, an applicant must submit the following to DOL: an application on a form developed by DOL; the appropriate fee; proof of 120 hours of classroom instruction approved by the board; proof of 40 hours of field training; and evidence of successful passage of a written exam.

License Length and Renewal. Licenses are issued for two years and expire on the last day of the month during which the license was issued. The Director must set the expiration and renewal cycles of the license and may charge a fee for initial and renewal licenses.

Advertising. All advertising, correspondence, and documents incidental to a home inspection must display the term "licensed home inspector" and the inspector's license number. However, national or interstate businesses or organizations are not required to include the license number of an inspector in advertising so long as the license number is included in all documents relating to the home inspection.

Continuing Education Requirements. Before a home inspection license will be renewed, the applicant must present satisfactory evidence that he or she has completed 24 hours of instruction every two years in courses approved by the board.

Written Reports. All licensed home inspectors must provide a written report, within a time period established by the board, to each person for whom the inspector performs a home inspection. An inspector may not perform any work on the inspected home, other than a home inspection-related consultation, for one year from the date of the report.

Penalties. DOL may issue civil infractions if a person: conducts a home inspection without being licensed; uses the license of another; gives false evidence to the Director in obtaining a license; falsely impersonates another licensee; or attempts to use an expired or revoked license. The Director may also apply for relief by injunction to restrain a person from the commission of a prohibited act.

Exemptions. Architects and engineers are exempt from the licensing requirements. Also exempt from the licensing requirements are electricians and plumbers licensed by the Department of Labor and Industries, and pesticide operators and structural pest inspectors licensed by the WSDA.

Reciprocity. Persons licensed in other states that have licensing requirements that meet or exceed the requirements of this state may become licensed if they pass the Washington portion of the written exam.

Structural Pest Inspector. A person licensed as a home inspector is exempt from licensing as a structural pest inspector except when reporting on the identification of or damage by wood destroying insects.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM request a ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: The Washington Home Inspectors Legislative Advisory Group (WHILAG) is in favor of the bill with amendments. The bill should state that home inspectors are exempt from structural pest inspector requirements; the referral requirements need to be modified for the type of problem spotted by the inspector, and the inspector should be able to refer the care of the problem to the appropriate service. Home inspectors must be able to inspect and report on structural deterioration or decay as well as moisture intrusion or penetration; this is common in every licensed state. To receive an initial license, experienced inspectors who have been in practice for at least two years and have performed not less than 100 fee-paid home inspections should be allowed to challenge the education and supervised inspection requirements by taking an exam on basic home inspection knowledge. The bill does not address grandfathering; this is necessary because it may be difficult for current inspectors to meet the bill's requirements in two years. The advisory board should consist of seven members, the instructor members

should have similar qualifications as those proposed for the other members, and that the association participation requirements should be dropped. The American Society of Home Inspectors (ASHI) supports only if amendments offered by WHILAG are adopted. Exemptions to licensing need to be clarified; language needs to be added to ensure that a person is exempt if a person is acting within the scope of their license or profession. The provisions on advertising need to be modified to ensure individual inspection identification is tied to each individual inspection, and that the business is not prevented from conducting general marketing without undue restrictions. Home inspection licensure should not restrict the referral rights of real-estate agents. The bill needs to add specificity as to what can be inspected so an advisory board cannot weaken that. A bond/insurance requirement should be added to the bill and this could be a rulemaking requirement of the advisory board. The terms "special equipment" and "health hazards" need to be defined.

OTHER: A public member and a government inspector should be added to the advisory board. The bill should describe the examinations. An exemption for appraisers should be added. The education requirements should be modified to include a requirement that the applicant have a high school education and undergo a background check.

**Persons Testifying:** PRO: Senator Spanel, prime sponsor; Duane Roundy, Kaplan - Inspection Training Associates, Washington State Pest Management Association; William J. Long, Bumbershoot Home Inspection, ASHI, WHILAG; Sandy Hartman, Washington Home Inspectors Legislative Advisory Group; Joanne MacKintosh, American Society of Home Inspectors; Thomas Knapp, WIN Home Inspection; Hugh Kelso, ASHI, WHILAG; Bruce MacKintosh, Independent, WHILAG; Mike O'Handley, The Inspector's Journal; Paul Neis, ASHI; Paul Luczuk, ASHI; Bob Mitchell, Washington Realtors.

OTHER: Kraig Stevenson, International Code Council; Jim Irish, Appraisers Coalition of Washington; Brad Albin, Rainier Inspections, Inc., ASHI, WHILAG; Charles Buell, Charles Buell Inspections, Inc.; Art Losey, Washington State Pest Control Association.

**House Amendment(s):** Adds certified real estate appraisers to the list of exemptions. Adds language to assist DOL with implementation of the act, including a provision allowing DOL to begin issuing licenses July 1, 2009, and a provision stating that licenses expire on the applicant's birthday. Adds home inspectors to groups regulated under the uniform regulation of business and professions act.