

SESSION OF 2008

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2315**

As Agreed to May 2, 2008

Brief*

Senate Sub. for HB 2315 would create the Kansas Home Inspectors Registration Board. The Board would consist of five members to be appointed by the Governor. Three of the members would be home inspectors who have actively been engaged in the practice of home inspections for at least five years and have completed at least 1000 paid inspections. The other two members would be members of the general public, neither of whom may be a home inspector. Each congressional district would be represented by at least one Board member. The Board would be empowered to hire clerical support and would have rule and regulation authority.

The bill would require all individuals who conduct home inspections in counties with populations of more than 60,000 to register with the Board by July 1, 2009, unless they are specifically exempted by the bill. Home inspectors working in counties with a population of 60,000 or less would be required to register with the Board by January 1, 2011, unless they are specifically exempted by the bill. The bill would exempt:

- Tradesmen or contractors evaluating two or fewer components or systems;
- Individuals employed by the State or a political subdivision of the State;
- Architects licensed by the State;
- Professional engineers licensed by the State;

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- Real estate appraisers licensed by the State;
- Real estate brokers and salespersons licensed by the State;
- Insurance adjusters;
- Manufactured home manufacturers licensed by the State or their employees;
- Modular home manufacturers reviewing homes built by their company;
- Licensed manufactured home dealers;
- Licensed insurance agents or their employees;
- Homebuilders viewing homes built by them; and
- Pest exterminators or chemical applicators.

To become a registered home inspector, applicants would have to show:

- They are at least 18 years of age;
- They have successfully completed high school or its equivalent, or are engaged in the practice of performing home inspections on the effective date of the act;
- Proof of general liability insurance coverage of not less than \$100,000;
- Proof of financial responsibility for up to \$10,000 through one of the means specified in the bill;
- They have successfully passed a written or electronic exam as approved by the Board;
- Proof of membership in good standing in one or more nationally recognized organizations for home inspectors; and
- Successful completion of 80 hours of education as approved by the Board, or performance of two years of experience and 100 paid inspections for inspectors in counties with populations of more than 60,000 or two years of experience and 35 paid inspections for inspectors in counties with populations of less than 60,000.

Registrations would need to be renewed every two years, and the Board has the authority to revoke the registration under

the conditions of the bill. The bill also would create the Home Inspectors Registration Fee Fund.

The bill would establish standards of conduct for home inspectors. The bill also would set \$10,000 as the standard liability amount on errors or omissions for home inspectors, and would require inspectors to carry a minimum of \$100,000 in general liability insurance. Inspectors are prohibited from entering into contracts setting their liability below this amount, but it can be set higher if the customer agrees in writing. Home inspectors also would be prohibited from certain acts:

- Inspecting for a fee any property in which he or she has a personal interest unless the client is notified in writing;
- Offering kickbacks or commissions in exchange for referrals; and
- Performing home inspections where the result is determined in advance.

The bill also would define violations of the act as Class A nonperson misdemeanors.

Conference Committee Action

The Conference Committee on May 2, 2008, agreed to return administration of the housing inspector registry to an independent fee board. The Committee agreed the board would have five members appointed by the Governor, with at least one from each congressional district. Three of the members would be inspectors and two will be from the general public. The Committee also agreed to give the Board rule and regulation authority. The Committee agreed to phase in the registration requirements by setting deadlines for counties with more than 60,000 people and counties with 60,000 or less people. The Conference Committee retained the original qualifications for inspectors appointed to the Board.

The Conference Committee also re-inserted a requirement that inspectors have 80 hours of education. This requirement

included separate grandfather clauses for rural and non-rural inspectors. The Conference Committee also agreed to require a minimum of \$100,000 in general liability insurance and to use the language from the original House bill regarding how inspectors may show proof of financial responsibility.

Background

HB 2315 originally created a new independent fee-based board to regulate home inspectors. The Senate Committee on Commerce passed a substitute bill that would have placed regulatory authority with the Secretary of State's office instead. The Conference Committee returned the authority to an independent board.

The fiscal note indicates that the fiscal effect of the bill is difficult to determine at this time. Any increase in expenditures as a result of the passage of the bill would be in addition to the amounts recommended in the Governor's Budget.

Kansas home inspectors registration board