THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL No. 1421 Session of 2015

INTRODUCED BY HELM, KORTZ, DAVIS, KNOWLES, QUINN, READSHAW, ROZZI, MILLARD, MUSTIO, MURT, THOMAS, R. BROWN, D. COSTA, SAYLOR, JOZWIAK, MILNE, BRIGGS, MCNEILL, PEIFER, BIZZARRO, DEASY, SANTARSIERO, SCHREIBER, MACKENZIE, BARBIN, HARHAI, DRISCOLL, RAVENSTAHL, D. MILLER, TOEPEL, MATZIE, MAHONEY, KOTIK, PASHINSKI, GERGELY, GOODMAN, FARINA, BURNS, KIM, GALLOWAY, DONATUCCI, YOUNGBLOOD, STURLA, SNYDER, CORBIN, EVERETT, NEUMAN, GIBBONS, C. PARKER, BOBACK AND SANTORA, JUNE 28, 2015

REFERRED TO COMMITTEE ON PROFESSIONAL LICENSURE, JUNE 28, 2015

AN ACT

1 2 3	for d	discip	<pre>me inspectors; providing for funds, for licensure, linary action, for remedies and for penalties; and provisions relating to home inspections.</pre>
4			TABLE OF CONTENTS
5	Chapter	1. P:	reliminary Provisions
6	Section	101.	Short title.
7	Section	102.	Declaration of policy.
8	Section	103.	Definitions.
9	Chapter	3. Bi	reau of Occupational and Industrial Safety
10	Section	301.	Powers and duties of bureau.
11	Chapter	5. L:	icensure
12	Section	501.	Requirements for licensure.
13	Section	502.	License Status and continuing education.
14	Section	503.	Examinations.
15	Section	504.	Reciprocity.

1	Section 505. Registration or licensing of home inspectors by				
2	political subdivisions.				
3	Section 506. Professional liability insurance.				
4	Section 507. Refusal, suspension and revocation of licenses.				
5	Section 508. Reinstatement of license.				
6	Section 509. License renewal, records and fees.				
7	Chapter 7. Administration and Enforcement				
8	Section 701. Unlawful practice.				
9	Section 702. Violation of act.				
10	Section 703. Degree of care of home inspectors.				
11	Section 704. Consumer remedies.				
12	Section 705. Home inspection reports.				
13	Chapter 21. Miscellaneous Provisions				
14	Section 2101. Relationship to other laws.				
15	Section 2102. Regulations.				
16	Section 2103. Repeal.				
17	Section 2104. Effective date.				
18	The General Assembly of the Commonwealth of Pennsylvania				
19	hereby enacts as follows:				
20	CHAPTER 1				
21	PRELIMINARY PROVISIONS				
22	Section 101. Short title.				
23	This act shall be known and may be cited as the Home				
24	Inspector Licensing Act.				
25	Section 102. Declaration of policy.				
26	The General Assembly finds and declares as follows:				
27	(1) The inspection of homes may cause safety issues if				
28	the practice is not subject to responsible regulation.				
29	(2) Reasonable regulation is in the furtherance of				
30	public health, safety and welfare interests.				
20150HB1421PN1978 - 2 -					

2

(3) Regulation is necessary to set educational standards
 within the profession and to protect the public from
 unqualified home inspectors and unscrupulous individuals.

4 (4) Consumer protection with respect to both health and 5 economic matters will be afforded the public through the 6 regulation and associated legal remedies provided for in this 7 act.

8 Section 103. Definitions.

9 The following words and phrases when used in this act shall 10 have the meanings given to them in this section unless the 11 context clearly indicates otherwise:

12 "Account." The Professional Licensure Augmentation Account.
13 "Applicant." An individual who applies for a license as a
14 home inspector.

15 "Bureau." The Bureau of Occupational and Industrial Safety16 in the Department of Labor and Industry.

17 "Client." An individual or agent who contracts with a 18 licensee to obtain a home inspection and subsequent written home 19 inspection report.

20 "Department." The Department of Labor and Industry of the 21 Commonwealth.

Home inspection." A noninvasive visual examination of some combination of the mechanical, electrical or plumbing systems or the structural and essential components of a residential dwelling designed to identify material defects in those systems and components and performed for a fee in connection with or preparation for a proposed or possible residential real estate transfer.

(1) The term includes a consultation regarding the
 property that is represented to be a home inspection or that

20150HB1421PN1978

- 3 -

1	is described by a confusingly similar term.
2	(2) The term does not include any of the following:
3	(i) An examination of a single system or component
4	of a residential dwelling such as, for example, its
5	electrical or plumbing system or its roof.
6	(ii) An examination that is limited to inspection
7	for or of one or more of the following:
8	(A) Wood destroying insects.
9	(B) Underground tanks and wells.
10	(C) Septic systems.
11	(D) Swimming pools and spas.
12	(E) Alarm systems.
13	(F) Air and water quality.
14	(G) Tennis courts and playground equipment.
15	(H) Pollutants, toxic chemicals and
16	environmental hazards.
17	"Home inspection report." A written report on the results of
18	a home inspection.
19	"Home inspector." An individual licensed by the Bureau of
20	Occupational and Industrial Safety to perform home inspections.
21	"National home inspectors association." A national
22	association of home inspectors that:
23	(1) Is operated on a not-for-profit basis and is not
24	operated as a franchise.
25	(2) Has members in more than 10 states.
26	(3) Requires that a person may not become a full member
27	unless the person has performed or participated in more than
28	100 home inspections and has passed a recognized or
29	accredited examination testing knowledge of the proper
30	procedures for conducting a home inspection.

20150HB1421PN1978

- 4 -

1 (4) Requires that its members comply with a code of 2 conduct and attend continuing professional education classes 3 as an ongoing condition of membership. "License." A license to practice home inspection under this 4 5 act. "Licensee." An individual who holds a license to practice 6 7 home inspection. 8 CHAPTER 3 9 BUREAU OF OCCUPATIONAL AND INDUSTRIAL SAFETY Section 301. Powers and duties of bureau. 10 The bureau has the following powers and duties: 11 12 To pass upon the qualifications and fitness of (1)13 applicants for licenses and reciprocal licenses and to 14 promulgate regulations requiring applicants to pass 15 examinations relating to qualifications as a prerequisite to 16 the issuance of a license. 17 To promulgate regulations consistent with this act. (2) 18 (3) To examine, deny, approve, issue, revoke, suspend or 19 renew licenses of home inspectors under this act and to 20 conduct hearings in connection with those powers and duties. To conduct hearings upon complaints concerning 21 (4) 2.2 violations of this act and the regulations promulgated under 23 this act and to seek the prosecution and enjoinder of violations. 24 25 To promulgate regulations establishing requirements (5)26 for continuing education under this act. 27 To expend money necessary to the proper carrying out (6) 28 of its assigned duties. To submit annually a report to the Consumer 29 (7)Protection and Professional Licensure Committee of the Senate 30

20150HB1421PN1978

- 5 -

1 and the Professional Licensure Committee of the House of 2 Representatives containing a description of the types of 3 complaints received, status of the cases, bureau action which has been taken and the length of time from the initial 4 5 complaint to final bureau resolution.

6 To submit annually to the Appropriations Committee (8) 7 of the Senate and the Appropriations Committee of the House 8 of Representatives, within 15 days after the Governor has 9 submitted a budget to the General Assembly, a copy of the 10 budget request for the upcoming fiscal year which the bureau previously submitted to the department. 11

12 (9) To establish and maintain a current list of home 13 inspectors who are registered or licensed. The list shall be 14 available for public inspection, including by electronic 15 means.

To establish fees as set forth in this act. All 16 (10)17 fees or other money collected by the bureau under this act 18 shall be used for the sole purpose of administration and 19 regulation of licensing under this act.

20 CHAPTER 5 21 LICENSURE 22 Section 501. Requirements for licensure. 23 (a) Applicants.--An applicant shall be considered to be 24 qualified for a license if the applicant submits proof

25 satisfactory to the bureau of all of the following: 26 The applicant is of good moral character. (1)27 The applicant is at least 18 years of age. (2) 28 (3) The applicant has a high school diploma or its 29 equivalent.

30 The applicant has completed a bureau-approved (4)20150HB1421PN1978 - 6 -

training program or course of study involving the performance of home inspections which shall be no less than 120 hours of instruction and includes not less than 40 hours of actual infield training.

5 (5) The applicant has passed a bureau-approved6 examination.

7 (6) The application is accompanied by the application
8 fee as established by the bureau by regulation.

9 (7) The applicant is not addicted to the habitual use of 10 alcohol, narcotics or other habit-forming drugs.

11

(8) The following apply:

(i) The applicant has not been convicted of a felony
under the act of April 14, 1972 (P.L.233, No.64), known
as The Controlled Substance, Drug, Device and Cosmetic
Act, or of an offense under the laws of another
jurisdiction which if committed in this Commonwealth
would be a felony under The Controlled Substance, Drug,
Device and Cosmetic Act, unless the following apply:

19(A) At least 10 years have elapsed from the date20of conviction.

(B) The applicant satisfactorily demonstrates to
the bureau that the applicant has made significant
progress in personal rehabilitation since the
conviction and that licensure of the applicant should
not be expected to create a substantial risk of harm
to the public or a substantial risk of further
criminal violations.

(C) The applicant otherwise satisfies the
qualifications required under this act.
(ii) As used in this paragraph, the term "convicted"

20150HB1421PN1978

- 7 -

includes a judgment, admission of guilt or a plea of nolo contendere, or receiving probation without verdict, disposition in lieu of trial or an accelerated rehabilitative disposition of the disposition of felony charges.

6 (b) Existing practitioners.--The bureau shall issue a 7 license to an applicant who applies within two years of the 8 effective date of this subsection and complies with all of the 9 following:

10 (1) Is an active professional home inspector.

11 (2) Meets the qualifications described in subsection (a)
12 (1), (2), (3), (6) and (7).

13 (3) Submits proof satisfactory to the bureau that the14 applicant has:

(i) been in active, continuous practice for at least
five years immediately preceding the effective date of
this section; or

18 (ii) completed 120 hours of instruction in home19 inspection and related subjects.

20 (c) Temporary practice permit.--

(1) The bureau may issue a temporary practice permit to
an applicant in order to permit the applicant to practice
home inspections during the six-month period after completion
of the applicant's education program.

(2) The temporary practice permit issued under paragraph
(1) shall be nonrenewable and shall expire on the earlier of:
(i) six months from the date of issuance; or
(ii) the date the applicant fails the licensing
examination.
(d) Transferability.--A license and a temporary practice

20150HB1421PN1978

- 8 -

1 permit are not transferable.

2 Section 502. License status and continuing education.

3 (a) Duration of license.--A license shall be issued on a
4 biennial basis. The biennial expiration date shall be
5 established by regulation of the bureau. Application for renewal
6 of a license shall biennially be forwarded to an individual
7 holding a current license prior to the expiration date of the
8 current renewal biennium.

9 (b) Procedure.--To renew a license, a licensee must do all10 of the following:

(1) File a renewal application with the bureau. The licensee must successfully complete 16 hours of continuing education in the field of home inspection during the immediately preceding two years as approved by the bureau.

15 (2) Pay a fee established by regulation of the bureau.
16 (c) Information change notification.--A licensee shall
17 notify the bureau within 30 days of:

18 (1) a change of name;

19 (2) a change of name under which the licensee conducts20 business;

21 (3) a change of business address;

22 (4) a lapse, change or cancellation of insurance23 coverage; or

24 (5) a misdemeanor or felony violation.

(d) Inactive status.--A licensee may request an application for inactive status. The application form must be completed and returned to the bureau. Upon receipt of an application, the individual shall be maintained on inactive status without fee and shall be entitled to apply for a licensure renewal at any time. An individual who requests the bureau to activate the

20150HB1421PN1978

- 9 -

1 person's license and who has been on inactive status for five 2 consecutive years must, prior to receiving an active license, 3 satisfy the bureau's regulations for ensuring continued 4 education and present evidence of being a member in good 5 standing of a bureau-approved national home inspection 6 association and remitting the required fee. The bureau shall 7 promulgate regulations to implement this subsection.

8 (e) Reporting of multiple licensure. -- A licensee who is also licensed to practice home inspection in another jurisdiction 9 10 shall report this information to the bureau on the biennial registration application. Disciplinary action taken in another 11 12 jurisdiction shall be reported to the bureau on the biennial 13 registration application or within 90 days of final disposition, 14 whichever is sooner. The bureau shall note multiple licensures on the licensee's record, and the bureau shall notify other 15 16 licensing jurisdictions of disciplinary actions taken against the licensee in this Commonwealth. 17

18 Section 503. Examinations.

19 The bureau shall contract with a professional testing 20 organization for the examination of qualified applicants for 21 licensure. All written, oral and practical examinations shall be prepared and administered by a qualified and approved 22 23 professional testing organization in the manner prescribed for 24 written examinations by section 812.1 of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 25 26 1929.

27 Section 504. Reciprocity.

The bureau may grant a reciprocal license to an applicant who is licensed or certified as a home inspector or similar practice in another state and has demonstrated qualifications which equal

20150HB1421PN1978

- 10 -

1 or exceed those required under this act in the determination of 2 the bureau. The bureau shall not grant a license under this 3 section to an applicant unless the state in which the applicant is licensed affords reciprocal treatment to individuals who are 4 residents of this Commonwealth and who are licensed under this 5 act. The applicant must also submit a notarized statement that 6 7 the applicant has studied, is familiar with and will abide by 8 this act and regulations promulgated by the bureau.

9 Section 505. Registration or licensing of home inspectors by10 political subdivisions.

No agency or political subdivision of this Commonwealth,
other than the bureau, shall impose the following on individuals
licensed under this chapter:

14 (1) A registration or licensing requirement for15 conducting home inspections.

16 (2) A license fee to obtain a local license, except that 17 this prohibition shall not prevent a local government from 18 imposing an occupational license tax on a person operating as 19 a home inspector within the jurisdiction of the local 20 government.

21 Section 506. Professional liability insurance.

(a) Requirement.--A licensed home inspector shall maintain insurance against errors and omissions in the performance of a home inspection and general liability, with coverages of not less than \$100,000 per occurrence and \$500,000 in the aggregate and with deductibles of not more than \$2,500.

(b) Proof.--An applicant must provide proof that the applicant has obtained professional liability insurance under subsection (a). It is sufficient if the applicant files with the application a copy of a letter from the applicant's professional

20150HB1421PN1978

- 11 -

1 liability insurance carrier indicating that the applicant will 2 be covered against professional liability in the required 3 amounts effective upon the issuance of the applicant's license 4 to practice home inspection in this Commonwealth. Upon issuance 5 of the license, the licensee must, within 30 days, submit to the 6 bureau the certificate of insurance or a copy of the policy 7 declaration page.

8 Section 507. Refusal, suspension and revocation of licenses.
9 (a) General rule.--The bureau may refuse, suspend or revoke
10 a license in a case where the bureau finds:

11 (1) The licensee is negligent or incompetent in12 performing home inspections.

13 (2)The licensee is unable to perform home inspections 14 with reasonable skill and safety by reason of mental or 15 physical illness or condition or physiological or 16 psychological dependence upon alcohol, hallucinogenic or 17 narcotic drugs or other drugs which tend to impair judgment 18 or coordination, so long as the dependence continues. In 19 enforcing this paragraph, the bureau shall, upon probable 20 cause, have authority to compel a licensee to submit to a 21 mental or physical examination as designated by the bureau. 22 After notice and hearing, adjudication and appeal, failure of 23 a licensee to submit to an examination when directed shall 24 constitute an admission of the allegations unless failure is 25 due to circumstances beyond the licensee's control, 26 consequent upon which a default and final order may be 27 entered without the taking of testimony or presentation of 28 evidence. A licensee affected under this paragraph shall at 29 reasonable intervals be afforded the opportunity to 30 demonstrate that the licensee can resume competent, safe and

20150HB1421PN1978

- 12 -

1 skillful performance of home inspections.

(4)

2 (3) The licensee has willfully or repeatedly violated
3 this act or a regulation of the bureau.

4

5

6

(i) performing home inspections; or

The licensee has committed fraud or deceit in:

(ii) securing licensure.

7 (5) The licensee has been convicted of a felony or a 8 crime of moral turpitude, or received probation without 9 verdict, disposition in lieu of trial or an Accelerated 10 Rehabilitative Disposition in the disposition of felony 11 charges in the courts of this Commonwealth or another 12 jurisdiction.

13 (6) The licensee has had the licensee's license 14 suspended or revoked or has received other disciplinary 15 action by the proper licensing authority in another 16 jurisdiction.

17 (7) With respect to the performance of home inspections,
18 the licensee has acted in a manner to present an immediate
19 and clear danger to health, safety or property.

20 (8) The licensee possessed, used, acquired or21 distributed a controlled substance.

22 The licensee has been found guilty of unprofessional (9) 23 conduct. Unprofessional conduct includes departure from or 24 failing to conform to operating practices or professional 25 standards embraced by the home inspection profession, 26 including those recognized by a national home inspectors 27 association. In proceedings based on this paragraph, actual 28 injury to a person or damage to property need not be 29 established.

30 (10) The licensee falsely advertised or made misleading, 20150HB1421PN1978 - 13 - deceptive, untrue or fraudulent material representations
 regarding licensure, certification or performance of a home
 inspection.

4 (b) Bureau action.--If the bureau finds that the license or 5 application for license may be refused, revoked, restricted or 6 suspended under the terms of subsection (a), the bureau may do 7 any of the following:

8

9

(1) Deny the application for license.

(2) Administer a public reprimand.

(3) Revoke, suspend, limit or otherwise restrict a
 license.

12 (4) Require a licensee to submit to the care, counseling13 or treatment of a physician designated by the bureau.

14 (5) Suspend enforcement of its findings and place a
15 licensee on probation with the right to vacate the
16 probationary order for noncompliance.

17 (6) Restore a suspended license and impose a
18 disciplinary or corrective measure which it might originally
19 have imposed.

(c) Administrative agency law.--Actions of the bureau under subsections (a) and (b) are subject to 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

(d) Temporary suspension.--The bureau shall temporarily suspend a license under circumstances as determined by the bureau to be an immediate and clear danger to the public health and safety. The bureau shall issue an order to that effect without a hearing, but upon notice to the licensee concerned at the licensee's last known address, which must include a written

20150HB1421PN1978

- 14 -

1 statement of all allegations against the licensee. Subsection 2 (c) shall not apply to temporary suspension. Upon issuance of an order under this subsection, the bureau shall commence formal 3 action to suspend, revoke or restrict the license as otherwise 4 provided for in this act. Within 30 days following the issuance 5 of an order temporarily suspending a license, the bureau shall 6 7 conduct a preliminary hearing to determine that there is a prima 8 facie case supporting the suspension. The licensee whose license has been temporarily suspended may be present at the preliminary 9 10 hearing and may be represented by counsel, cross-examine witnesses, inspect physical evidence, call witnesses, offer 11 12 evidence and testimony and make a record of the proceedings. If 13 the bureau determines that there is not a prima facie case, the 14 bureau shall immediately restore the suspended license. The 15 temporary suspension shall remain in effect until vacated by the 16 bureau, but in no event longer than 180 days.

17

(e) Automatic suspension.--

18 (1) A license shall automatically be suspended upon the
19 legal commitment of a licensee to an institution because of
20 mental incompetence from any cause upon filing with the
21 bureau a certified copy of the commitment.

22 A license shall automatically be suspended upon (2) 23 conviction of a felony under the act of April 14, 1972 24 (P.L.233, No.64), known as The Controlled Substance, Drug, 25 Device and Cosmetic Act, or conviction of an offense under 26 the laws of another jurisdiction which, if committed in this 27 Commonwealth, would be a felony under The Controlled 28 Substance, Drug, Device and Cosmetic Act. As used in this 29 paragraph, the term "conviction" includes a judgment, an admission of guilt or a plea of nolo contendere. 30

20150HB1421PN1978

- 15 -

(3) Automatic suspension under this section shall not be
 stayed pending an appeal.

3 (4) Reinstatement of a license shall be made under4 section 508.

5 (5) Subsection (c) shall not apply to automatic6 suspension.

7 Section 508. Reinstatement of license.

8 Unless ordered to do so by a court of competent jurisdiction, 9 the bureau shall not reinstate the license of an individual 10 which has been revoked. An individual whose license has been 11 revoked may reapply for a license after a period of at least 12 five years but must meet the licensing requirements of this act. 13 Section 509. License renewal, records and fees.

(a) Records.--The bureau shall keep a record of licensees in
its office. The record shall be open to public inspection and
copying upon payment of a reasonable fee for copying the record.

(b) Fees.--If the revenue from fees, fines and civil penalties imposed under this act is not sufficient to meet expenditures over a two-year period, the bureau shall increase fees by regulation so that the projected revenue will meet or exceed projected expenditures.

(c) Increases in fees.--If the bureau determines that the fees established under subsection (b) are inadequate to meet the minimum enforcement efforts required by this act, the bureau shall increase the fees by regulation in an amount so that adequate revenue is raised to meet the required enforcement effort.

28 CHAPTER 7
29 ADMINISTRATION AND ENFORCEMENT
30 Section 701. Unlawful practice.

20150HB1421PN1978

- 16 -

(a) General rule.--An individual may not practice home
 inspection or hold himself out as a home inspector unless
 licensed by the bureau.

Title.--An individual who holds a license or is 4 (b) maintained on inactive status may use the title Licensed Home 5 Inspector and the abbreviation L.H.I. No other individual may 6 use the title Licensed Home Inspector or the title Home 7 8 Inspector or hold himself out to others as a home inspector. 9 This subsection includes advertising as a home inspector and 10 adopting or using a title or description, or a derivative 11 thereof and their related abbreviations, which implies directly 12 or indirectly that home inspection services are being provided. 13 Employment.--An individual, corporation, partnership, (C) 14 firm or other entity may not employ an individual in home 15 inspection unless the individual is licensed by the bureau. 16 Terminology.--A business entity may not utilize in (d) connection with a business name or activity the words home 17 18 inspector, home inspection or a derivative of those terms and 19 their related abbreviations, which implies directly or 20 indirectly that home inspection services are being provided, unless the services of the business are provided by licensees. 21 22 Injunction. -- Unlawful practice may be enjoined by the (e) 23 courts upon petition of the bureau. In a proceeding under this 24 section, it shall not be necessary to show that an individual 25 has been injured. If the court finds that the respondent has 26 violated this section, it shall enjoin the respondent from practicing until the respondent has been licensed. 27

(f) Remedy cumulative.--The injunctive remedy provided in this section shall be in addition to any other civil or criminal prosecution and punishment.

20150HB1421PN1978

- 17 -

1 Section 702. Violation of act.

(a) Criminal.--A person that violates this act or a
regulation of the bureau commits a misdemeanor of the third
degree and shall, upon conviction, be sentenced to pay a fine of
not more than \$1,000 or to imprisonment for not more than six
months for the first violation and to pay a fine of not more
than \$2,000 or to imprisonment for not less than six months nor
more than one year, or both, for each subsequent violation.

9 (b) Administrative.--In addition to a criminal penalty under 10 subsection (a), the bureau, by a vote of the majority of the 11 maximum number of the authorized membership of the bureau or by 12 a vote of the majority of the qualified and confirmed membership 13 or a minimum of five members, whichever is greater, may levy an 14 administrative penalty of up to \$1,000 for any of the following:

15 (1) A home inspector who violates a provision of this16 act.

17 (2) A person that employs a home inspector in violation18 of this act.

19 (3) An individual who holds himself out as a licensee20 without being properly licensed as provided in this act.

(4) The responsible officer or employee of a
corporation, partnership, firm or other entity that violates
a provision of this act.

(c) Administrative agency law.--Action of the bureau under
subsection (b) is subject to 2 Pa.C.S. Chs. 5 Subch. A (relating
to practice and procedure of Commonwealth agencies) and 7 Subch.
A (relating to judicial review of Commonwealth agency action).
Section 703. Degree of care of home inspectors.

29 (a) General rule.--The home inspector shall conduct a home30 inspection with the degree of care that a reasonably prudent

20150HB1421PN1978

- 18 -

1 home inspector would exercise.

2 (b) Standard.--In ascertaining the degree of care that would 3 be exercised by a reasonably prudent home inspector, the court 4 shall consider the standards of practice and codes of ethics of 5 national home inspector associations.

6 Section 704. Consumer remedies.

7 (a) General rule.--The performance of a home inspection is a
8 service subject to the act of December 17, 1968 (P.L.1224,
9 No.387), known as the Unfair Trade Practices and Consumer
10 Protection Law.

11 (b) Prohibited acts.--Any of the following acts engaged in 12 by a home inspector, an employer of a home inspector or another 13 business or person that controls or has a financial interest in 14 the employer of a home inspector shall be deemed to be an unfair 15 or deceptive act or practice as defined by section 2(4) of the 16 Unfair Trade Practices and Consumer Protection Law:

(1) Performing or offering to perform for an additional fee any repairs to a structure with respect to which the home inspector, the employer of the home inspector or other business or person has prepared a home inspection report within the preceding 12 months, except that this paragraph shall not apply to remediation for radon or wood-destroying insects.

(2) Inspecting for a fee any property in which the home
inspector, the employer of the home inspector or other
business or person has a financial interest or an interest in
the transfer of the property, including receipt of a
commission as an agent, unless the financial interest or
interest in the transfer of the property is disclosed in
writing to the buyer before the home inspection is performed

20150HB1421PN1978

- 19 -

1 and the buyer signs an acknowledgment of receipt of the 2 disclosure.

(3) Offering or delivering a commission, referral fee or 3 kickback to the seller of the inspected property or to an 4 5 agent for the seller or buyer for the referral of business to 6 the home inspector, the employer of the home inspector or 7 other business or person.

8 (4) Accepting an engagement to perform a home inspection 9 or to prepare a home inspection report in which the 10 employment itself or the fee payable for the inspection is 11 contingent upon the conclusions in the report, preestablished 12 or prescribed findings or the closing of the transaction. 13 (c) Exception. -- A home warranty company that is affiliated 14 with or retains the home inspector does not violate subsection 15 (b) if the home warranty company performs repairs pursuant to 16 claims made under a home warranty contract.

Remedies.--In addition to other remedies available under 17 (d) 18 the Unfair Trade Practices and Consumer Protection Law or other 19 applicable provision of law, the owner of a property on which 20 repairs are performed in violation of subsection (b)(1) shall be 21 entitled to a full refund of money paid for those repairs, and a promissory note or another obligation to pay given to the person 22 23 performing those repairs shall be void.

24 Section 705. Home inspection reports.

25 Required contents.--A home inspection report must be in (a) 26 writing and include all of the following:

27 A description of the scope of the inspection, (1)28 including identification of the structural elements, systems 29 and subsystems covered by the report.

30 Any structural defect or environmental hazard (2) 20150HB1421PN1978

```
- 20 -
```

1 discovered by the home inspector during the home inspection.

(3) A description of material defects noted during the
inspection, along with a recommendation that certain experts
be retained to determine the extent of the defects and the
corrective action that should be taken. A material defect as
defined in 68 Pa.C.S. § 7102 (relating to definitions) that
poses an unreasonable risk to people on the property shall be
conspicuously identified as such.

9

(4) The following statements, set forth conspicuously:

10 A home inspection is intended to assist in evaluation 11 of the overall condition of the dwelling. The inspection 12 is based on observation of the visible and apparent 13 condition of the structure and its components on the date 14 of inspection.

15 The results of this home inspection are not intended 16 to make any representation regarding the presence or 17 absence of latent or concealed defects that are not 18 reasonably ascertainable in a competently performed home 19 inspection. No warranty or guaranty is expressed or 20 implied.

21 This home inspection report is not to be construed as 22 an appraisal and may not be used as such for any purpose. 23 (b) Confidentiality.--Except as otherwise required by law, a 24 home inspector may not deliver a home inspection report to a 25 person other than the client of the home inspector without the 26 client's consent. The seller shall have the right, upon request, to receive without charge a copy of a home inspection report 27 28 from the person for whom it was prepared.

29 (c) Repair estimates prohibited.--

30 (1) Except as set forth in paragraph (2), a home

20150HB1421PN1978

- 21 -

1 inspector may not express either orally or in writing an 2 estimate of the cost to repair a defect found during a home 3 inspection. A home inspector may include an estimate in a home 4 (2)5 inspection report if: (i) the report identifies the source of the 6 7 estimate; 8 (ii) the estimate is stated as a range of costs; and 9 the report states that the parties should (iii) consider obtaining an estimate from a contractor who 10 11 performs the type of repair involved. 12 CHAPTER 21 13 MISCELLANEOUS PROVISIONS 14 Section 2101. Relationship to other laws. 15 (a) General rule.--Nothing in this act shall be construed to allow a home inspector who is not registered or licensed under 16 one or more of the following laws to perform any activity that 17 18 would constitute the practice of the profession regulated by 19 that law: 20 The act of May 23, 1945 (P.L.913, No.367), known as (1)21 the Engineer, Land Surveyor and Geologist Registration Law. 22 (2)The act of January 24, 1966 (1965 P.L.1535, No.537), known as the Pennsylvania Sewage Facilities Act. 23 24 (3) The act of March 1, 1974 (P.L.90, No.24), known as 25 the Pennsylvania Pesticide Control Act of 1973. The act of December 14, 1982 (P.L.1227, No.281), 26 (4) 27 known as the Architects Licensure Law. The act of July 9, 1987 (P.L.238, No.43), known as 28 (5) 29 the Radon Certification Act. (b) Exclusions.--This act shall not: 30 20150HB1421PN1978 - 22 -

(1) Apply to a person registered or licensed under an
 act referred to in subsection (a) when acting under the
 person's registration or license.

4 (2) Apply to an officer or employee of a municipality or
5 local authority when acting in the person's official
6 capacity.

7 (3) Affect the obligations or immunities of a person
8 licensed under the act of February 19, 1980 (P.L.15, No.9),
9 known as the Real Estate Licensing and Registration Act, that
10 are imposed or provided under that act or 68 Pa.C.S. Ch. 73
11 (relating to seller disclosures) when the person is acting
12 under the person's license.

(4) Affect the obligations or immunities of a person
certified under the act of July 10, 1990 (P.L.404, No.98),
known as the Real Estate Appraisers Certification Act, when
the person is acting under the person's license.

17 Section 2102. Regulations.

The bureau shall promulgate regulations to carry out this act within 18 months of the effective date of this section. The bureau shall report, within 60 days of the effective date of this section and every 30 days thereafter, on the status of the regulations to the Consumer Protection and Professional Licensure Committee of the Senate and the Professional Licensure Committee of the House of Representatives.

25 Section 2103. Repeal.

26 Repeals are as follows:

27 (1) The General Assembly declares that the repeal under
 28 paragraph (2) is necessary to effectuate this act.

29 (2) The provisions of 68 Pa.C.S. Ch. 75 are repealed.30 Section 2104. Effective date.

20150HB1421PN1978

- 23 -

1 This act shall take effect as follows:

2 The following provisions shall take effect (1) 3 immediately: 4 (i) Section 301. (ii) Section 2102. 5 6 (iii) This section. 7 (2) The following provisions shall take effect in two 8 years: 9 (i) Chapter 5. 10 (ii) Except as set forth in paragraph (3), Chapter 11 7. (3) Section 701(a) shall take effect 90 days after the 12 effective date of the initial regulations promulgated under 13 14 section 2102. 15 (4) The remainder of this act shall take effect in 60 16 days.