

HB

9

ALASKA STATE LEGISLATURE

Rep. Lesil McGuire, Chair
Rep. Tom Anderson, Vice-Chair
Rep. John Coghill
Rep. Jim Holm
Rep. Ralph Samuels
Rep. Les Gara
Rep. Max Gruenberg



State Capitol, Room 120
Juneau, AK 99801-1182
(907) 465-4990
Fax (907) 465-6592

House Judiciary Committee

Memorandum

To: Leg. Legal
From: Vanessa Tondini, Committee Aide
House Judiciary Committee
Date: February 5, 2003
Re: CS Draft Request

Please create a House Judiciary Committee Substitute for work order # 23-LS029\D incorporating the attached amendments:

If you could get a draft to me by tomorrow that would be wonderful! If you have any questions, please call myself at 4990 or Heather Nobrega at 6848. Thank you!

AMENDMENT #1

OFFERED IN THE HOUSE

TO: CSHB 9(L&C)

1 Page 13, following line 12:

2 Insert a new bill section to read:

3 **"* Sec. 27.** AS 08.18.123 is amended to read:

4 **Sec. 08.18.123. Denial, suspension, and revocation of endorsement or**
5 **home inspector registration.** (a) The department may suspend, revoke, or refuse to
6 grant or renew a residential contractor endorsement, **a home inspector registration,**
7 **or an associate home inspector registration** upon a finding that

8 (1) the application is fraudulent or misleading;

9 (2) the **endorsement holder or registrant** [CONTRACTOR] has
10 knowingly violated this chapter or a lawful order or regulation of the department;

11 (3) the **endorsement holder or registrant** [CONTRACTOR] is
12 incompetent or has engaged in fraudulent practices.

13 (b) Proceedings for the denial, suspension, or revocation of residential
14 contractor endorsement, **home inspector registration, or associate home inspector**
15 **registration** are governed by AS 44.62 (Administrative Procedure Act)."
16

17 Renumber the following bill sections accordingly.

18

19 Renumber internal references to bill sections in accordance with this amendment. Below are
20 all internal bill section references in this bill:

21 Page 22, lines 1, 12, 20, and 31

22 Page 23, lines 7, 17, 19, 20, 21, 22, 24, 25, and 26

Conceptual Amendment #3

TO CS HB 9 (L+C)

Page 6, Line 7 after "section."

Insert:

In cases of new homes, this
report can be in the form of
a certificate of occupancy.

CSHB 9

Amendment No _____

Rep. Gara

Section 17. Add the following provision:

(e) the limitations periods in ~~section~~ this section ~~is~~ will not begin until the later of the date of the home inspection report; or the date a ~~reasonable~~ claimant should reasonably become aware of an actionable claim.

Conceptual Assessment

1) Current Statute of repose applies



Municipality of Anchorage

Office of the Mayor

George P. Wuerch, Mayor



February 4, 2003

Representative Norman Rokeberg
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: House Bill 9

Dear Representative Rokeberg,

Purchasing a home is, for most families, the largest single investment they will make. Before making that investment, many people are now turning to home inspectors to assist them in making their purchase decision. Unfortunately, anyone can call himself or herself a home inspector and there is no oversight of this growing industry.

A faulty inspection could have serious consequences for consumers when selling or purchasing a home. Consumers should have the peace of mind of knowing that the home inspector they are hiring is qualified to do the inspection and that they can be held accountable for their work.

The Municipality of Anchorage supports your efforts, through HB 9 to provide protection to Alaskans by establishing proof of competency for home inspectors as well as registration, identification, bonding and insurance requirements.

Sincerely,

Tim Rogers
Legislative Program Coordinator



Alaska State Legislature

Please enter into the record my testimony to the

House JUDICIARY Committ.

Committee name

Committee on

HR-9

dated

2/5/03

Bill/Subject

✓ AM NOT IN FAVOR
of this bill AS
Lumped together
AS IS

Signed:

John P. Brachman

Testifier

BRADCOCK SERVICE INC

Representing (Optional)

12401 E. Soapstone RD

Address

907-446-2612

Phone number



Alaska State Legislature

Please enter into the record my testimony to the House JUDICIAL Comm

Committee name

Committee on HB 9, dated 1/5/03
Bill/Subject

4 PAGES

Signed: William Bruce

Testifier

Self

Representing (Optional)

165 E. PARKS Hwy Ste 207 WASILLA AK 99654

Address

907 373 5296

Phone number

Testimony of Mr. William H. Bruu ICBO Inspector 0865499-55
1/5/03 Judicial Committee

I feel that this legislation does not foster consumer protection for reasons stated below. I feel that for the past five years Representative Rokeberg has tried to satisfy his obligation to his Real Estate associates by passing legislation that will require licensing of Home Inspectors and ICBO Certified Combination Dwelling Inspectors.

The current proposed legislation is flawed in that it assesses a common set of liabilities to two totally different activities.

As to certification a HOME INSPECTOR is an individual who says, "I AM A HOME INSPECTOR". Meanwhile a ICBO **Certified Combination Dwelling Inspector** is a person who has proven his knowledge of the all the applicable codes through a comprehensive test. Many of the current ICBO inspectors in Alaska obtained that certification by attending a week long series of seminars and then challenging the test. For those attempting the test for the first time the test had an failure rate in excess of 50%, the test is comprehensive and tough. The ICBO inspector is also required to maintain his/her certification by testing on code changes and additions on a three year cycle.

One aspect of the legislation before you. Pages 5 line 21-31 and page 6 lines 1-12 in summary lay out the required reports that a Home Inspector is required to provide and perform as part of the inspection. An ICBO inspector is already required leave a copy of his field notes at each phase inspection. The requirement that he provide a verbal report to the customer is counter productive. All the inspections performed by the ICBO inspector on new construction are required to be formally documented on an AHFC form PUR-102. The PUR 102 becomes a recordable document upon completion. The completed PUR 102 is then recorded and becomes attached to the deed on the property. The name and the ICBO certification number of the inspector becomes a matter of record and in reality the inspector stands liable for those inspections as long as the document

exists. A previous Legislature has provided some protection for the inspectors from unscrupulous clients by adopting the provision in 18.56.300(C). This legislation proposes to drop that protection.

As to function of the home inspector versus the ICBO inspector there is world of difference. The ICBO Inspector is required to perform a series of inspection during the construction. Those periodic inspection include a plans review(may take up to 4 hours depending on the complexity), footing and foundation(some foundation types require 5 trips to the site to view progress), rough-ins inspections(includes four major sub assemblies), insulation and vapor retarder(extremely important in our severe climate areas), and a final inspection(AHFC has published very specific policy on final inspections). All installed appliances and systems are checked for installation and function. It would be very, very unusual if any of the appliances or mechanical equipment installed in new construction be "Used" and require the inspector to render an opinion as to life expectancy.

Conversely, the Home Inspector visits a house once for a period of time usually less than three hours. He is expected to visually inspect the property. He cannot and is not expected to view the interior of walls and other hidden parts of the construction. He is expected to comment on the age and condition of appliances and system installed. The American Society of Home Inspectors in their Standards of Practice recommend that an Inspector not address code issues because they are not trained nor equipped with the knowledge to do so.

There are other major differences in the scope of the responsibilities of a ICBO inspector and a Home Inspector that this legislation does not address.

If this legislation passes as written there will be a major reduction in the standards to which homes have to be built in order that they be financed by AHFC. Sections 33 and 34, when implemented, will allow anyone who claims to be a Home Inspector and is licensed by the state to perform code inspections on new construction. The inspector will not have to be certified by any of the code writing organizations. If the legislature wishes to keep the standards as high

as they are today and have the inspectors respond to changes and advancements, then they should continue to call for the new home inspectors to be certified by the code writing organizations. AHFC should continue to be required to have their collateral inspected to insure they have code compliant dwellings in compliance with the legislature's wishes and provided some consumer protection..

Wisdom & Associates, Inc.

PO Box 4184
Horner, Alaska 99603
907-235-6045

Fax 907-283-9188

PO Box 3413
Kenai, Alaska 99611
907-283-0629

February 13, 2003

House Judiciary Committee,

Re: House Bill 9

In discussion of Section 7 of AS 08.18.022, certifying registration of home inspectors for new homes and existing homes, House Bill Number 9 states that for existing home inspectors (as per line 24) must pass an examination offered by the American Society of Home Inspectors, American Home Inspectors Training Institute or National Association of Home Inspectors. However, as per line 26 of House Bill Number 9, it states "(B) new homes or for a joint registration is the examination offered by the International Conference of Building Officials."

Line 26 of Section 7 of AS 08.18.22 would allow joint inspectors (those who may inspect existing and new homes) to take one test, a code compliant competency test and then be certified as an existing home inspector which is an area they did not show competency in. The International Conference of Building Officials test for a combination dwelling license for one or two family dwellings is a test that covers current residential codes. An existing home inspector is not inspecting homes for code compliance, but for "information regarding the condition of the systems and components of the home as inspected at the time of the Home Inspection" as stated by *The American Society of Home Inspectors Standards of Practice and Code of Ethics*.

Furthermore line 26 of this house bill would only require new home inspectors to be certified by the International Conference of Building Officials. ICBO has dozens of certifications, most of which would not be appropriate for the inspection of residential new construction.

We suggest that the language on line 26 be revised to say, "(B) new homes registration is the examinations for a combination dwelling inspector offered by the International Conference of Building Officials." This language would identify that new home inspectors would need to complete the competency exams by ICBO to inspect all components of new residential homes. ICBO offers certification exams in safety, plans examination, and commercial as well as residential, simply requiring new home inspectors to pass an ICBO examination would allow a home inspector to pass an exam in any of ICBO certification areas, whether they apply to residential buildings or not.

In addition, Section 16 of AS 08.18.085 par (a) (1) states that a person may not bring an action against an individual registered under this chapter based on a home inspection report unless the action is commenced within "(1) two years after the date of the home inspection report if the report is related to a new home."

This language is inappropriate. While we do not disagree with there being a period of time that the home inspector may be held liable for the services they performed, however, we disagree for the amount of time a home inspector should be held liable for his services. A general contractor who does the work is only held liable for a warranty period of one (1) year.

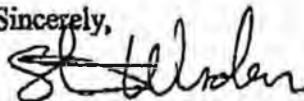
We suggest that the language in this part of the bill read; "(1) one year after the date of the home inspection report if the report is related to a new home."

Finally in Section 08.18.156 (3) it states "registered as an engineer or architect under AS 08.48, prepares a written report after the inspection, affixes the individual's seal to the home inspection report signs and dates the report and puts the individual's registration number on the report;"

This would allow engineers or architects to legally perform inspections with only their engineers or architects license. We feel that an engineers license is not a sufficient certification to certify code compliance or has had the specialized training to perform existing home inspections. While engineers may have knowledge about structural components of a building, we feel that to be an effective code compliant inspector for new construction they should also be well versed in plumbing, electrical, and mechanical. Simply having knowledge about structural components does not necessarily mean they have knowledge about electrical or other new home component codes. As this section is written, a landscape architect or engineer could certify code compliance for your home.

We thank you for your time, and urge all of you to re-examine this bill and make the necessary changes to allow for a more airtight law.

Sincerely,



Steven R. Wisdom

FEB. 5. 2003 1:02PM

NO. 1644 P. 1

TO: John Birney
Rep. Raubert Office
1-907-465-2040

SUMMARY OF BUILDING INSPECTIONS For Site-Built Construction

Owner of record: _____

Legal description: _____
(Include recording district)

Site address: _____

This certification is issued pursuant to the requirements of AK Statute 18.56.300 and AHFC's regulations 15 AAC 150.030. An inspector qualified under the International Association of Electrical Inspectors may complete the Electrical Inspection. An Architect or Engineer may only perform inspections for a project or phase of construction conducted in a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks. Use of alternate methods, such as videos, must have PRIOR WRITTEN APPROVAL of Alaska Housing Finance Corporation.

By my signature below I certify I have the current, applicable certifications of authority. I am not personally or financially related to the builder, seller, buyer, realtor, or other interested party for this project, other than as a fee inspector.

1) **PLAN APPROVAL:**

Name (Please Print) _____ Signature _____ * ICBO # _____ Date _____

2) **COMPLETION OF FOOTINGS AND FOUNDATION:**

a. Footings:

Name (Please Print) _____ Signature _____ * ICBO # _____ Date _____

b. Foundation:

Name (Please Print) _____ Signature _____ * ICBO # _____ Date _____

3) **COMPLETION OF FRAMING, ELECTRICAL, PLUMBING, & MECHANICAL:**

a. Framing: (If pre-assembled panels were used, each panel was appropriately stamped with the ICBO listing number.)

Name (Please Print) _____ Signature _____ * ICBO # _____ Date _____

b. Electrical:

Name (Please Print) _____ Signature _____ * ICBO # _____ Date _____

c. Plumbing:

Name (Please Print) Signature * ICBO # Date

d. Mechanical:

Name (Please Print) Signature * ICBO # Date

4) **COMPLETION OF INSTALLATION OF INSULATION AND VAPOR BARRIER:**

Name (Please Print) Signature * ICBO # Date

5) **CONDITIONAL APPROVAL:**

Items to be completed: _____
To be Completed by: _____

Name (Please Print) Signature * ICBO # Date

6) **FINAL APPROVAL:**

Name (Please Print) Signature * ICBO # Date

* Or, if applicable, Electrician, Architect or Engineer State Registration Number.

By my signature below I hereby certify that the required inspections have been completed and that the building meets or exceeds the standards set forth under AS 18.56.300 and 15 AAC 150.030. I also certify that any pre-assembled wall panels are currently listed with ICBO and to my knowledge there has been no action taken to rescind the ICBO approval.

Builder's Signature: _____ Date _____

Builder's Name: _____ Builder's License # _____
(If applicable)

Name of Business: _____

Address: _____

City, State _____ Zip _____

Before me, a Notary Public in and for the State of Alaska, _____ has executed the foregoing document of his/her own free will.

(Notary Signature)

My Commission expires: _____

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

MEMORANDUM

TO: Representative Lesil McGuire, Chair
House Judiciary Committee

FROM: Representative Norman Rokeberg

A handwritten signature in black ink, appearing to read "Norman Rokeberg".

DATE: January 30, 2003

RE: Bill packet for HB 9

Thank you for scheduling HB 9, Home Inspectors. Here is the packet material:

1. CS HB 9 (L & C)
2. Sponsor Statement
3. Sectional Analysis
4. Fiscal notes
5. Memo to committee members regarding legal issues of bill
6. AS 08.18.071
7. AS 18.56.300
8. Various Articles
 - a. Existing State Home Inspection Regulatory Legislation
 - b. This is No Home Sweet Home
 - c. Letter to Editor
 - d. Should We Care About Who the Buyer Chooses to Do a Home Inspection?
 - e. Home Inspection Bill Would Help Buyers
 - f. Expert Home Inspections Useful For Buyer and Seller
 - g. Inspect the Inspector: Choosing the Right One Can Help Avoid Costly Mistakes
9. Residential Real Property Disclosure Statement
10. Letters, Memos and Correspondence
 - a. Letter from Richard F. Gaver
 - b. Letters & e-mails of support (many refer to HB 27, which was the House bill number from the previous legislature)

AMENDMENT

1

OFFERED IN THE HOUSE

BY ROKEBERG

TO: HB 9

Page 4, Line 23:

After "examination"

DELETE: "or set of applicable courses"

Page 4, Line 24:

After "American Society of Home Inspectors"

INSERT: ", American Home Inspectors Training Institute, or National Association of Home Inspectors"

Page 4, line 25:

After "examination"

DELETE: "or set of applicable courses"

Page 6, line 11:

After "valid for"

DELETE: "six months"

INSERT: "180 days after the date the home inspector signs and dates the report"

Page 6, line 21:

After "competency requirements."

INSERT: "The department shall require at least 8 hours continuing competency per licensing period."

Page 22, line 25:

After "American Society of Home Inspectors"

INSERT: ", American Home Inspectors Training Institute, or National Association of Home Inspectors"

Amendment # 2

Offered by Rep. Rokeberg

Page 15 Line 16 – change “or” to “and”

Page 15 Line 22 – after “report” change “or” or “and”

Page 15 Line 17 and 22 – after “signs” Insert “and dates”

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SPONSOR STATEMENT FOR CSHB 9 (L & C)

BY: Representative Norman Rokeberg

TITLE: An Act relating to the registration of individuals who perform home inspections; relating to regulation of contractors; relating to registration fees for specialty contractors, home inspectors, and associate home inspectors; relating to home inspection requirements for residential loans purchased or approved by the Alaska Housing Finance Corporation; relating to civil actions by and against home inspectors and to civil actions arising from residential unit inspections; and providing for an effective date.

HB 9 will protect consumers and the home inspection industry by requiring registration of home inspectors in Alaska.

Currently, anyone can call himself or herself a home inspector. There is no state agency overseeing the industry. Consumers desire assurance that the home inspector they hire is competent, and that they have recourse against inspectors that are not. HB 9 accomplishes this by establishing registration requirements, identification requirements, bonding, insurance, and proof of competency via examination and continuing competency requirements. Home inspectors will also be required to provide consumers with a written and signed inspection report.

A faulty inspection could have serious consequences for consumers, especially when they are buying or selling a home. Common sense dictates that home inspectors must be held accountable for their work. The legislation limits legal actions against a registered home inspector to a written home inspector report that is not more than 180 days old and/or unlawfully disclosed.

For ease of administration and in order to keep costs at a minimum, home inspectors are added to the statutes concerning specialty contractors. Clarifying language is inserted in the statutes as necessary.

I would urge your support for this legislation.

ED02: 01/30/03

Alaska State Legislature

House of Representatives



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SECTIONAL ANALYSIS CSHB 9 (L & C)

BY: Representative Norman Rokeberg

Title: An Act relating to the registration of individuals who perform home inspections; relating to regulation of contractors; relating to registration fees for specialty contractors, home inspectors, and associate home inspectors; relating to home inspection requirements for residential loans purchased or approved by the Alaska Housing Finance Corporation; relating to civil actions by and against home inspectors and to civil actions arising from residential unit inspections; and providing for an effective date.

- Section 1: Amends AS 08.01.010 [Centralized Licensing, Applicability of Chapter] to add reference to home inspectors.
- Section 2: Amends AS 08.01.065(c) [Centralized Licensing, Establishment of Fees] to add reference to new subsection in Section 3.
- Section 3: Amends 08.01.065 [Centralized Licensing, Establishment of Fees] to require that the fees established for AS 08.18 [Construction Contractors] so that fee levels for specialty contractors, home inspectors, and associate home inspectors shall equal total regulatory costs for these three categories. Fee for home inspector, associate home inspector, and joint license shall be the same.
- Section 4: Amends 08.18.011 [Construction Contractors, Registration required] to make clarifying amendments concerning contractor registration.
- Section 5: Amends 08.18.011 [Construction Contractors, Registration required] to require registration for home inspectors and associate home inspectors. Associate home inspector is to be employed by a registered home inspector who will be liable for the associate's work. Clarifies that an individual holding a joint registration for home inspection is considered to be registered as both a home inspector for new homes and existing homes.
- Section 6: Amends AS 08.18.021(a) [Construction Contractors, Application for registration] to insert language concerning home inspector registration and to clarify requirements for home inspectors and contractors. Corrects

reference to "employer" social security number in the current statute to the "applicant's" social security number.

Section 7: Adds new sections to AS 08.18 [Construction Contractors] as follows:

Section 08.18.022. Home inspectors; associate home inspectors. Sets forth examination requirements, education and experience requirements, and application requirements for registration as a home inspector or associate home inspector.

Section 08.18.023. Pre-inspection documents and inspection reports. Establishes the procedure for pre-inspection documents and inspection reports. Sets forth the items to be included in the report and requires a written report. Indicates that an oral inspection report may be given by a home inspector during or after the inspection. Sets the validity period of the inspection report at 180 days.

Section 8: Amends AS 08.18.031(a) [Construction Contractors, Certificate of Registration] to clarify the renewal of home inspector registrations.

Section 9: Adds new section to 08.18.031 [Construction Contractors, Certificate of Registration]. Sets forth the renewal procedure for a home inspector registration. Permits the Department to adopt regulations concerning continuing competency requirements. Requires at least eight hours of continuing competency activity. Indicates that regulations must provide that a continuing competency activity approved by one of the following entities satisfies the continuing competency requirements if the activity meets the Department's requirements: Alaska Housing Finance Corporation, University of Alaska, American Society of Home Inspectors Alaska Chapter, a chapter of the International Conference of Building Officials Alaska, Alaska State Homebuilders Association, or a state agency whose activity meets the Department requirements.

Section 10: Amends 08.18.041 [Construction Contractors, Fees] to permit the Department to establish fees for registration of home inspectors, associate home inspectors, renewal of registration, and examinations.

Section 11: Amends 08.18.051(a) [Construction Contractors, Identification requirements] to clarify that this subsection applies to contractors.

Section 12: Adds new section to AS 08.18 [Construction Contractors] to provide identification requirements for home inspectors. Includes that a home inspector or associate home inspector registered under one name may not act under another name; sets forth advertising requirements; establishes

that "registered home inspector" may only be used by individuals registered with the Department as a home inspector.

- Section 13: Amends AS 08.18.061 [Construction Contractors, Requirements of political subdivision] to add reference to home inspectors.
- Section 14: Amends AS 08.18.071 [Construction Contractors, Bond required]. Adds home inspection activity to this section.
- Section 15: Amends AS 08.18.071(b) [Construction Contractors, Bond required]. Adds home inspectors to the \$5,000 bond requirement. Cash deposit or other negotiable security acceptable to the commissioner may be used in lieu of bond.
- Section 16: Amends AS 08.18.081(a) [Construction Contractors, Claims against contractor]. Adds home inspector to this section.
- Section 17: Adds new section to AS 08.18 [Construction Contractors]. Legal actions against home inspector. Sets out provisions concerning legal actions against a home inspector. Actions must be commenced within two years from the date of the inspection report on new homes and one year on existing homes. Limitations of this section may not be waived by contract. Home inspector and associate home inspector not liable to person if person is not a party to the transaction or is unlawfully in receipt of home inspection report. Contractual provisions that purport to limit liability of home inspector to cost of home inspection report are contrary to public policy and void.
- Section 18: Amends AS 08.18.111 [Construction Contractors, Advertising bond and insurance]. Adds home inspectors to this section.
- Section 19: Amends AS 08.18.115 [Construction Contractors, Return of cash deposit]. Adds provisions for home inspector who ceases doing business to have any cash deposit in lieu of bond returned.
- Section 20: Amends AS 08.18.116 [Construction Contractors, Investigations] to provide that the Department of Community and Economic Development is the agency to investigate alleged or apparent violations against home inspectors.
- Section 21: Amends AS 08.18.117 [Construction Contractors, Issuance of citations] to provide that the Department of Community and Economic Development may issue citations for violations with regard to home inspectors.

- Section 22: Amends AS 08.18.121(a) [Construction Contractors, Suspension and revocation of registration] to add home inspector to provisions indicating that if insurance under AS 08.18.101 (worker's compensation, property and liability) is not in effect, the registration is suspended until such time the insurance is reinstated.
- Section 23: Amends AS 08.18.121(b) [Construction Contractors, Suspension and revocation of registration] to add home inspector to provisions indicating that if any final judgment impairs the liability of the surety bond or depletes any cash deposit that registration is suspended until bond liability in required amount, unimpaired by unsatisfied judgment claims, has been furnished.
- Section 24: Amends AS 08.18.121 (c) [Construction Contractors, Suspension and revocation of registration] to add home inspector to provisions indicated that if a bonding company cancels the bond, the registration shall be revoked. Registration may be regained by again complying with bonding requirements.
- Section 25: Amends AS 08.18.121(d) [Construction Contractors, Suspension and revocation of registration] to add home inspectors to the provisions concerning suspension for failure to follow 08.18.071. Further provides that if a bond is suspended three times, the commissioner may permanent revoke registration.
- Section 26: Amends AS 08.18.121(f) [Construction Contractors, Suspension and revocation of registration] to provisions concerning violations and the authority of the Department of Commerce and Economic Development with regard to home inspectors.
- Section 27: Amends AS 08.18.131 [Construction Contractors, Injunction] to add reference to civil penalty. Further adds reference to ability of Department to enjoin person who is violating home inspectors statutes from acting in that capacity.
- Section 28: Amends AS 08.18.141(a) [Violations] to include home inspector. Those violating 08.18.011 [Registration required] or 08.18.025 [Residential contractors] may be guilty of class B misdemeanor; other violations of this chapter are punishable under AS 12.
- Section 29: Amends AS 08.18.151 [Construction Contractors, Legal actions by contractor] to add reference to home inspectors.

Section 30: Amends AS 08.18 [Construction Contractors] to add new section as follows:

- a. 08.18.152. Prohibited acts for home inspectors. Sets out the acts which home inspectors may not do, such as: repairs to subject property for additional fees; inspect property for a fee in which home inspector has a financial interest; offer rewards or compensation for business referrals; without written consent of client, disclose information from a home inspection report unless to a subsequent client who requests an inspection on the same premises or in a judicial action; accept compensation from more than one party for the same home inspection; accept commission; accept engagement for home inspection based on outcome of inspection report.
- b. 08.18.154. Limitation on home inspector's activities. Sets for limitation on activities.
- c. 08.18.156. Exemptions related to home inspectors. Exempts following from registering as a home inspector or associate home inspector in order to inspect a home: federal, state or local government employee performing duties within scope of office; inspecting own home or one in which person has a financial interest; registered engineer or architect who affixes seal, signs and dates the report and puts registration number on report; engineer or architect in training supervised by registered engineer or architect; pesticide applicator performing duties in scope of license issued by Department of Environmental Conservation; general contractor with residential contractor endorsement performing activities within scope of that registered; real estate appraiser performing those duties; determining if thermal and lighting energy standards are being met. Establishes that the definition of "home inspection" does not include repairing, maintaining, or installing systems or components listed in new 08.18.171(12) and inspects those systems or components in order to perform or offer repair, maintenance or installation work on those items.

Section 31: Amends 08.18.161 [Construction Contractors, Exemptions] to add qualifying reference to contractors.

Section 32: Amends AS 08.18.171 [Construction Contractors, Definitions] to add definitions for: existing home, home inspection, home inspector, joint registration, knowingly, new home, residence, and visual examination.

Section 33: Amends AS 18.56.300(b) [Alaska Housing Finance Corporation, Construction standards for housing eligible for purchase of loans] current AHFC statute requiring a home inspection before certain loan

commitments are made by AHFC. Adds registered home inspectors to list of people qualified to accomplish an inspection and eliminates the distinction in current law for rural areas, thus allowing an architect, engineer, or other person approved by AHFC to qualify as a home inspector under the AHFC statute for all homes, not just those in rural areas.

- Section 34: Amends same AHFC statute described in Section 33 [Alaska Housing Finance Corporation, Construction standards for housing eligible for purchase of loans], but amendment does not take effect until January 1, 2005, so is set out separately. Would eliminate persons certified by the ICBO and IAEA from being qualified to do the AHFC inspections referred to in AS 18.56.300(b) as these individuals would now be under the home inspector license requirements.
- Section 35: Amends AS 36.30.050(b) [State procurement code, Lists of contractors] to add qualifying language concerning contractors.
- Section 36: Amends 36.30.115(a) [State procurement code, subcontractors for construction contracts] to add clarifying references to contractors.
- Section 37: Amends 36.30.210 [State procurement code, Request for proposals] to add clarifying reference to contractors.
- Section 38: Amends AS 36.90.290(1) [State procurement code, definition] adds qualifying language to definition of "prime contractor".
- Section 39: Amends AS 45.50.471(b) [Competitive Practices and Regulations on Competition, unlawful acts and practices] to bring violations of 08.18.023(b) [inspection reports] and 08.18.152 [prohibited acts for home inspectors] under unfair trade practice statutes.
- Section 40: Repeals AS 18.56.300(c) [Alaska Housing Finance Corporation, construction standards for housing eligible for purchase of loans] effective July 1, 2005 (see Section 46).
- Section 41: Applicability: Change made in Section 40 applies to causes of action that accrue on or after July 1, 2005.
- Section 42: Regulations: Permits Department to proceed to adopt regulations regarding home inspectors.
- Section 43. Provides for transitional licensing.

Section 44: Effective date for certain provisions of the legislation.

Section 45: Section 34 effective date is January 1, 2006.

Section 46: Sections 40 and 41 take effect July 1, 2005.

Section 47: Immediate effective date for remainder of legislation except as provided for in sections 44-46.

Alaska State Legislature

House of Representatives

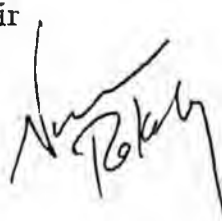


Official Business

State Capitol
Juneau, AK 99801-1182

MEMORANDUM

TO: Representative Lesil McGuire, Chair
House Judiciary Committee

FROM: Representative Norman Rokeberg 

DATE: February 3, 2003

RE: Legal Issues in CSHB 9 (L & C), Home Inspectors

The following are some of the legal issues that the House Judiciary Committee might want to address during its hearing on HB 9:

1. **Pg. 6, Line 11: Validity of The Home Inspection Report**
As currently written, the home inspection report is only valid for 180 days from the day the inspector signs and dates the report.
2. **Pg. 9, Line 7: Claims Against Contractor and Home Inspectors**
Except as provided in Section 17 of the bill (see below), a person having a claim against a home inspector for any of the items referred to in AS 08.18.071 (Bond Requirements) may bring suit upon the bond in the district court of the judicial district in which venue lies. This is a conforming amendment adding home inspectors and referencing the newly created section on legal actions against home inspectors.
3. **Pg. 9, Line 27 (Section 17): Legal Actions Against Home Inspectors**
 - Statute of Limitations:
 - 2 years for a new home, 1 year for an existing home
 - Statute of limitations applies to all actions.
Limitations cannot be waived by contract.
 - Home inspector not liable to a person if the person is
 - not a party to the transaction for which the home inspection was conducted, or
 - unlawfully in receipt of the home inspection report

- Contractual provisions that limit liability of a home inspector to the cost of the home inspection report are contrary to public policy and void.

4. **Pg. 13, Line 23: Class B Misdemeanor**

Practicing without a home inspector license is a class B misdemeanor.

5. **Pg. 21, Line 29: Repeal of AS 18.56.300 (c)**

AS 18.56.300 (c) states:

A person may not bring an action for damages based on a duty imposed by (b) of this section to inspect a residential unit unless the action is for damages caused by gross negligence or intentional misconduct.

This section gave ICBO inspectors, under AHFC laws, immunity from liability unless grossly negligent or intentionally misbehaving. By repealing this section, we no longer give such immunity to these inspectors.



Standards of Practice
Code of Ethics
Glossary of Terms
Consumer Alerts
State Regulations
FAQ's on Inspections



Download ASHI's official position on the regulation of the home inspection profession.

Existing State Home Inspector Regulatory Legislation

Alabama Licensure (Act 517 of 2002) Requires individuals performing home inspection to become licensed by the Alabama Building Commission. The Alabama Standards of Practice and Code of Ethics is adopted from the ASHI Standards of Practice and Code of Ethics. The Alabama Building Commission gratefully acknowledges ASHI's consent. 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, contact the State of Alabama Building Commission, (334) 242-40 (334) 242-4182 fax, email buildcom@bc.state.al.us

To download Act 517 go to: <http://alisdb.legislature.state.al.us/acas/ACASLogin.asp>, click on Bills, click on Status, type in HB216 and click on Get Status, click on the HB216 button click View for PDF.

Arizona Certification (Chapter 1, Sec. 5, Title 32) enacted in 2000. Under the Arizona Home Inspector Registration Act, registration requirements for home inspectors are administered by the State Board of Technical Registration (SBTR). The law establishes process and requirements for registration and registration renewal as a home inspector. In addition, the law requires that registered home inspectors have one of the following financial assurances: a. Errors and Omissions in the amount of \$200,000 in the aggregate and \$100,000 per occurrence; b. \$25,000 bond; or c. Financial assurance mechanism with a value of at least \$25,000. The law states that a failure to obtain, or loss of, financial assurance is grounds for revocation of registration. The law allows a practicing home inspector to present evidence of sufficient experience to not have to obtain training or pass an exam through December 31, 2002. Exempts individuals from course study requirements for registration who can provide evidence to the SBTR that they have performed 250 or more home inspections for compensation.

For more information, contact State Board of Technical Registration, (602) 255-4053, (602) 255-4051 fax.

To download the law go to: <http://www.btr.state.az.us/> and click "Legislative Updates," click "Senate Bill 1132." To download the Rules, click "Applicable Statutes" and then "Statute Governing the AZ BTR effective Aug. 8, 2001."

Arkansas Registration (Act 791 of 1997) enacted in 1997. Under the "Arkansas Home Inspector Registration Act," all home inspectors in the state must register with the Secretary of State. 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

last 12 months. In order to register under the law, an applicant must procure general liability insurance of at least \$100,000 and, if applicable, workers compensation insurance coverage. Home inspectors must also demonstrate a positive net worth, or provide a \$10,000 bond payable to the Secretary of State.

For more information, contact Secretary of State, Division of Corporations
(501) 682-3409
(501) 682-3437 f
<http://www.sosweb.state.ar.us/business.html>

To download the law go to: http://www.ark-homeinspectors.com/law_formatted.htm.

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 License Board
(916) 255-3900

To download the law go to:
<http://www.leginfo.ca.gov/cgi-bin/displaycode?section=bpc&group=07001-08000&file=7>

Connecticut Licensure (Chapter 400F enacted in 1999). 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 function required; and 4) have paid a \$100 fee.

For more information, contact the Dept. of Consumer Protection, Licenses Service Division
(860) 713-6000
(860) 713-7239 f
email: licencse.services@po.state.ct.us

For Regulations, applications, etc. go to:
<http://www.dcp.state.ct.us/licensing/professions.htm>

To download the law only go to: <http://www.cga.state.ct.us/2001/pub/Chap400f.htm>

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
(901) 207-1416
(901) 207-1425 f
<http://www.sos.state.ga.us/plb/construct/>

To download the law go to:

www.state.ga.us/cgi-bin/pub/ocode/ocosearch?docname=OCode/G/8/3/330.

Illinois Licensure (Public Act 92-039). Illinois law creates the "Home Inspector Licensure Act" and establishes a Home Inspector Advisory Board within the Office of Banks and Real Estate, which is charged with regulating home inspectors. The law directs the Board to establish standards of practice, as well as educational and administrative requirements they relate to the practice of home inspections. Under the law, home inspectors are required to take a Board-approved examination. The Board is responsible for developing administrative rules to define and establish the education requirements, application and appropriate fees, as well as establishing any penalties or disciplinary actions for violating the terms of a license. The law also exempts certain professionals from licensure as a home inspector while acting under the scope of their licenses. The law becomes effective January 1, 2003.

For more information contact the Office of Banks and Real Estate
(217)782-3000
(217)524-5941 f
www.obre.state.il.us.

To download the law go to:

<http://www.legis.state.il.us/legisnet/legisnet92/hbgroups/hb/920HB1805enq.html>

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 required examination. Applicants must show evidence of successful completion of at least 120 hours of instruction, at least 30 hours 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, contact the Louisiana State Board of Home Inspectors
225-248-1334
225-248-1335 fax
1-866-244-1334.

To download the law go to:

<http://la.realtorplace.com/Meetings/fallmtng98/agendas/homeinspectbill.htm>.

To download the Rules and Regulations of the Board go to: www.lsbhi.com/documents.

Maryland Trade practice act enacted in 1992. Maryland law requires home inspectors 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. Maryland law creates the State Commission on 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
(410) 230-6165
(410) 333-6314 f
www.dlr.state.md.us/license/occp/rof/reappr.html

To download the law go to: <http://mlis.state.md.us/2001rs/bills/hb/hb0379e.htm>

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 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 a written or electronic competency examination; and 4) paid the appropriate fee. A licensed associate home inspector must: 1) have successfully completed high school or its equivalent; 2) have successfully completed a Board-approved training program; 3) have performed not less than 25 home inspections in the presence of a licensed home inspector; 4) have passed a written or electronic competency exam; 5) have an identified supervisor who is a person licensed in good standing as a home inspector; and 6) paid the appropriate fee. License holders for 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, contact the Board of Registration of Home Inspectors
(617) 727-9921
(617) 727-2197 f
www.state.ma.us/reg/boards/hi/

To download the law go to: www.state.ma.us/legis/laws/seslaw99/s1990146.htm

For Rules/Regulations of the Board go to: <http://www.state.ma.us/reg/boards/hi/cmr.htm>

Mississippi Licensure (Chapter 539) enacted in 2001. Mississippi law requires home inspectors to be licensed by the Mississippi Real Estate Commission (Commission) and 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 licensure exam 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 recommending suspension or revocation of licenses. To qualify for a license under this law, 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, pass an examination prescribed by the Commission, 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 reciprocity provision, and a grandfather clause included in the act.

For more information, contact the Real Estate Commission (Home Inspector Regulatory Board)
(601) 932-9191
<http://www.mrec.state.ms.us/>

To download the law go to:
<http://billstatus.ls.state.ms.us/documents/2001/html/HB/0800-0899/HB0848SG.htm>

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
(406) 444-3933
(406) 444-2903 f

To download the law go to: <http://data.opi.state.mt.us/bills/BillHtml/SB0210.htm>

Nevada Certification (Chapter 475) 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. 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
http://red.state.nv.us/inspector/insp_home.htm
(775) 687-4280
(775) 687-4868 f

To download the law go to: www.leg.state.nv.us/nrs/nrs-645d.html and
www.leg.state.nv.us/nac/nac-645d.html

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 ASHI exam. 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 ASHI exam. Also, the law provides that 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.

For more information, contact the Department of Law and Public Safety, Office of Consumer Protection
(973) 504-6200
(973) 504-3538 f
www.state.nj.us/lps/ca/nonmed.htm

To download the law go to: <http://www.state.nj.us/lps/ca/pels/histats.htm>

North Carolina Licensure (Chapter 143) 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
(910) 715-0991
www.ncdoi.com/

Scroll down to Home Inspector Licensure Board

The General Statutes and the Administrative Code are meant to be used together.

To download Chapter 143 go to:
<http://www.ncdoi.com/OSFM/Documents/Engineering/HILB/NCHILBStatutes.PDF>

To download the Administrative Code go to:
www.ncdoi.com/OSFM/Documents/Engineering/HILB/BoardRules2000.PDF

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, 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 standards for schools to remain approved to provide courses of instruction, 7) reciprocity agreements, and 8) investigative procedures. 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 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 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
(405) 271-5217

www.health.state.ok.us/

To download the law go to: http://www2.isb.state.ok.us/2001-02SB/sb198_sflr.rtf

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
(503) 378-4621
(503) 373-2007 f
<http://www.ccb.state.or.us/CCBHome.htm>

To download ORS 701.350 go to: <http://ccbed.ccb.state.or.us/WebPDF/CCB/statutes/hi>

For information on Continuing Education Units go to:
<http://ccbed.ccb.state.or.us/WebPDF/CCB/Publications/hi-ceu.pdf>

For a Summary of the Standards of Practice go to:
<http://ccbed.ccb.state.or.us/WebPDF/CCB/Publications/hi-s-sop.pdf>

For the full text of the Rules of the Board, including the full Standards, go to:
<http://ccbed.ccb.state.or.us/WebPDF/CCB/Publications/hi-s-sop.pdf>

For information on the Oregon Exam go to:
<http://ccbed.ccb.state.or.us/WebPDF/CCB/Publications/HI-AP-P.pdf>

Pennsylvania Trade Practice Act (Act 114 of 2000, Title 68 enacted in 2000). The law 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 establish 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 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 Bureau of Consumer Protection
(717) 787-9707

To download the law go to:

<http://www.legis.state.pa.us/WU01/LI/BI/BT/1999/0/SB1032P2140.HTM>

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 and would be required to pass written examinations. This law will take effect on January 1, 2001.

For more information, contact the RI Contractors' Registration Board
(401) 222-1268
(401) 222-2599f
www.crb.state.ri.us/inspectors.htm

To download the law go to:

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, contact the Department of Labor, Licensing and Regulation

Residential Builders Commission
(803) 896-4363 main
(803) 896-4603 for
Home Inspectors
www.llr.state.sc.us

To download the law go to: <http://www.lpir.state.sc.us/code/t40c059.htm>

South Dakota Licensure (Chapter 3621C) 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 licensing exam. 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
(605) 773-3600
(605) 773-4356 www.state.sd.us/sdrec/ To download the law go to:
<http://www.state.sd.us/sdrec/home%20inspector%20statutes.htm>

Tennessee Certification (Title 62, Chapter 6, Part 3) enacted in 1997. Tennessee law only applies to the inspection of new construction and authorizes such inspections if the inspector is: 1) a licensed contractor; 2) certified by the state as a fire prevention officer building official; 3) certified by the Southern Building Code Congress; 4) certified by the Home Inspectors of Tennessee Association; or 5) certified by ASHI. The law only applies to inspectors in certain counties in Tennessee.

For more information, contact the Department of Commerce, Division of Regulatory Box (615) 741-3449
www.state.in.us/commerce

To download the law go to:
<http://198.187.128.12/tennessee/next.dll?f=templates&fn=fs-main.htm&2.0>

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. The law also requires home inspector applicants to work as apprentice inspectors under the supervision of a professional licer 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
(512) 465-3900
(512) 465-3910 f
www.trec.state.tx.us/

To download the law go to: <http://www.capitol.state.tx.us/statutes/vn/vn00113A.html>

To download the Rules go to:
[info.sos.state.tx.us/pub/plsql/readtac\\$ext.ViewTAC?tac_view=5&ti=22&pt=23&ch=535&](http://info.sos.state.tx.us/pub/plsql/readtac$ext.ViewTAC?tac_view=5&ti=22&pt=23&ch=535&)

Virginia Certification (Chapter 723, adding Chap. 5 of Title 54.1) 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 any written or electronic examination offered or approved by the Board. 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, 2001 effective date.

For more information, contact Virginia Board for Asbestos, Lead, and Home Inspectors
(804) 367-8507
http://www.state.va.us/dpor/asb_main.htm

To download the law go to:
<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+TOC5401000000500000000000>

In PDF: http://www.state.va.us/dpor/asb_finalreq.pdf

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 ASHI's 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.

For more information, contact the Department of Regulation and Licensing

(608) 266-2112

(608) 267-0644 f

<http://www.state.wi.us/agencies/drl/>

or go to: www.drl.state.wi.us/Regulation/applicant_information/dod1200.html

To download the law go to: <http://www.legis.state.wi.us/statutes/99Stat0440.pdf> (see section 440.97)

To download all WS Statutes and Rules pertaining to HI's go to:

http://www.drl.state.wi.us/Regulation/publications/admincode_statutes_h-m.htm#Home

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Final Edition

Anchorage Daily News

Monday, June 17, 2002

ALASKA'S NEWSPAPER

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This house is no home sweet home

■ **UNFIXABLE?** House that passed inspections before purchase has major faults.

By ROSEMARY SHINOHARA
Anchorage Daily News

Spenard resident Hope Prehn got a government-subsidized loan to buy a house that was supposed to have been fully inspected and in good condition. She has learned, too late, that the house is rotting and is probably unfixable.

"The place is not safe, and I don't know what to do," said Prehn, 38, a single mother with two children, and a first-time homebuyer.

"I'm stuck with a home that's con-

demnable."

None of the companies and agencies involved in the purchase think it's their fault.

The bank and a housing agency that signed off on the loan, and the home inspector who indicated major problems had been taken care of, suggest Prehn look elsewhere for help. They say there's nothing they can do about the fact that they helped her purchase a house that cost \$117,000 and could prove to be worthless.

However, former owner Rick Anderson has agreed to participate with Prehn in a voluntary mediation session before an official of the Anchorage Board of Realtors. Anderson said he is not aware of the specific problems. "I'm in the dark and know that she's not happy. That's

where we stand."

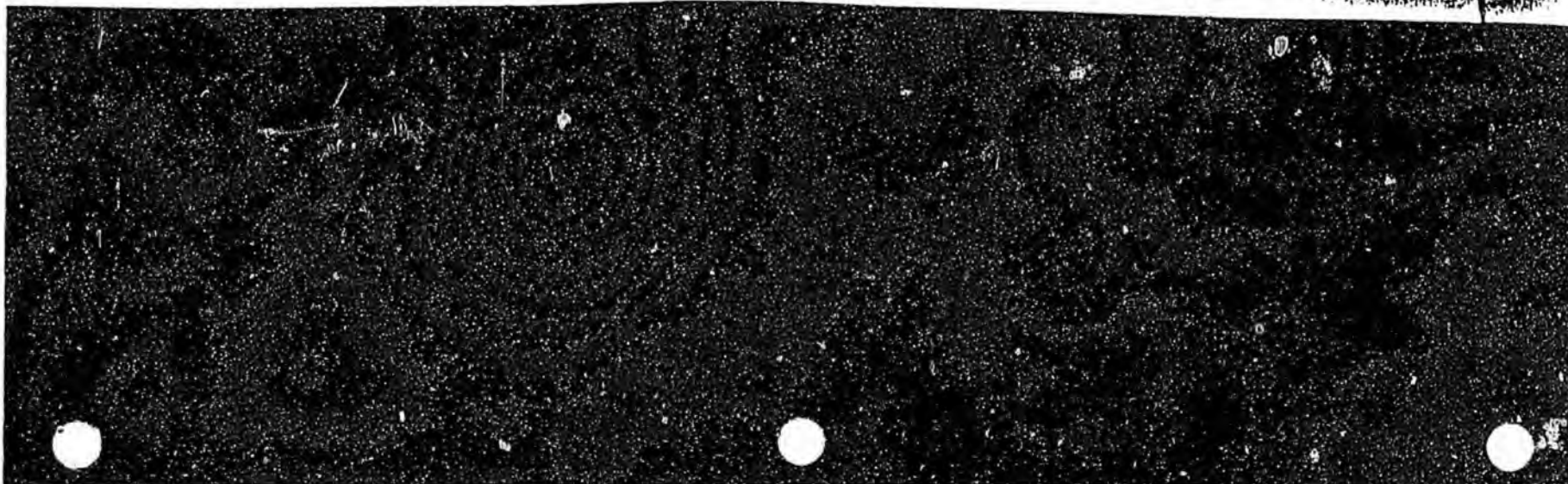
Ironically, Prehn bought the house near Tudor Road and Minnesota Drive through a program aimed at giving low- and moderate-income families a chance to raise their standards of living. AnchorHomes, sponsored by the city and run by the nonprofit Anchorage Neighborhood Housing Services, contributes to the down payment and closing costs, with government money.

When she began looking for a house last year, Prehn thought she'd done everything right. She went to a first-time home buyers class and took to heart the importance of getting a home inspection by an

See Back Page, DEFECTS



Hope Prehn bought a house in Spenard in January with the help of AnchorHomes, a program sponsored by the city and run by the nonprofit Anchorage Neighborhood Housing Services. Two experts have since told her the house is a wreck.



DEFECTS: Owner of rotting home can't find anyone to take responsibility

Continued from A-1

expert.

Houses in her price range were scarce. She knew the Spenard house needed work, but the location was right, not too far from her job as a state social services associate. And she planned to remodel.

The house, blue-green with a peeling white picket fence, was built about 1950. With a swing set in the yard and a black-and-white cat roaming around, it looks cozy.

But in reality it's about as cozy as an electric shock — which someone could get from nailing a picture to one of its walls, with wires strung around instead of through the studs, an inspector said.

Prehn moved in Jan. 12. She pulled off some dark wall panels about two months later and began discovering that both the wooden supports and the foundation are falling apart.

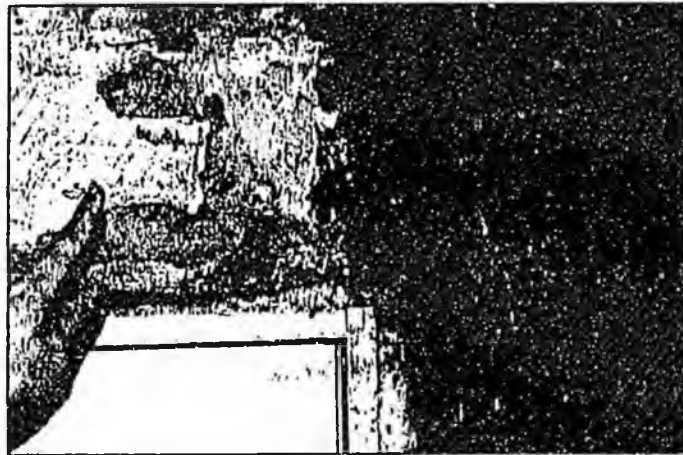
Since she first peered behind the panels, two experts have told her the house is a wreck, and a project manager for Anchorage Neighborhood Housing has confirmed that the wood frame is rotting and the foundation is falling.

General contractor Eric Hawley of Hawleycraft, whom Prehn asked to look at the house and give her some advice, said in an interview that the defects are obvious.

"The foundation is crumbling. The structural members are rotting. It needs to be bulldozed," said Hawley, who specializes in structural work.

"I was there for five minutes, and I could tell right away I would have torn the place down, no questions asked," he said.

A home inspector Prehn hired in April, Christopher Effgen of Alaska Inspection Center, examined both the house and the documents Prehn accumulated before buying it.



WILL ROTH / Anchorage Daily News

Roger Steber, a construction project manager for Anchorage Neighborhood Housing, said in a written report that he saw "extensive deterioration" of the wood frame around a door where Hope Prehn had removed wood paneling and of wood framing around the foundation.

"I am at a loss to suggest anything," Effgen wrote in his post-purchase report. "The foundation is subpar. It did not meet the standards of the Building Code where the code was enforced at the time of construction."

It's easy to see that the south wall leans outward at the base, Effgen said. "The wood supporting the wall on the south addition, and therefore the roof, is rotten. The walls are in the process of rolling off that rotten wood." The south section of the house, added on at least 20 years ago, is unsafe and should be dismantled, he said.

First National Bank of Anchorage, which gave Prehn the home loan, would have sent its own inspector to Prehn's house if the bank were going to keep the loan in its own portfolio, said David Lawer, senior vice president of the bank.

But if it's going to pass the loan along to another investor — which it did in this case — the bank does not make its own inspection, Lawer said.

The bank is concerned primarily with whether the borrower has means to repay the mortgage and not whether the house is worth the money being paid for it, he said.

"The rule traditionally is buyer, beware," he said.

Anchorage Neighborhood Housing provided about \$20,000 for Prehn's down payment. The housing agency requires the buyer to get a home inspection but doesn't inspect houses itself either.

Agency director Mary Jane Michael said in an interview that "for a down payment loan, we tend to rely on the primary mortgage lender," the bank.

Prehn's situation is unfortunate, Michael said. "It makes me think we

should be doing our own inspections, but we're a nonprofit."

The agency did send one of its construction project managers over to examine Prehn's house this spring, at Prehn's request.

The project manager, Roger Steber, said in his written report that he saw "extensive deterioration" of the wood frame around the door, where Prehn had removed the wood paneling, and of wood framing around the foundation.

"We kind of agree with her" that the house has serious problems, Michael said. "We've tried every way we can to figure out what to do about it. My suggestion to her would be to hire an attorney and see if there are flaws in the original home inspection."

A growing concern in Alaska is that there are no standards for home inspectors. Anyone can claim to be one. Home inspectors in Alaska may get certified by the American Society of Home Inspectors if they choose to, says Kevin Jones of Quality Home Inspectors, president of the society's local chapter. Certified inspectors have passed an exam that proves they have a certain level of knowledge and they have committed to continuing education, Jones said.

Rep. Norm Rokeberg, R-Anchorage, has been trying for four years to get a state law enacted requiring home inspectors to be licensed. Over the years, home inspectors have become an ever more important part of real estate transactions, Rokeberg said. His bill died in the Senate when the Legislature adjourned in May.

Christopher Effgen of Alaska Inspection Center, the inspection firm Prehn hired to examine the house after she bought it, does think the pre-purchase inspection of her house was flawed.

The first inspector missed major

clues to the structural defects, even accounting for the fact that the original inspection was what is called "nondestructive"—based on what the inspector could see and feel without tearing out any walls, floors or other parts, Effgen said.

But Tanya Bratslavsky of Bratslavsky Consulting Engineers, who performed the initial pre-purchase inspection and a follow-up before Prehn bought the house, said she relied on reports from three contractors that the structural systems were acceptable.

In an April letter to Prehn, Bratslavsky said contractors performed detailed checks of the boiler, water heater, walls, foundation and roof. But she wasn't present when they did it, she said.

"Since all of the contractors' inspections and reports were performed ... before the engineer was invited to the house again, no opportunity was provided to verify their work; and thus the engineer had to rely on the information provided in the reports."

She advised Prehn: "You should look to the seller and his contractors to compensate you for your damages since they made the representations that all the problems had been fixed."

Prehn is fighting to get what she thought she paid for. She hired a lawyer on contingency. She asked the Board of Realtors to set up a mediation session, which it is doing. She has filed claims or complaints whenever she thinks it might do some good.

"I want it either repaired or replaced, or I want all the money back, including the down payment," she said. "I don't think it's fair for me to have to go back and live in an apartment. I was trying to move up in the world, not down."

Reporter Rosemary Shinozaki can be reached at rshinozaki@adn.com and 257-4340.

**Inspectors should be bonded;
Hope Prehn should get windfall**

In response to the Hope Prehn home inspection story, the fault lies squarely on the backs of the home inspection company ("This house is no home sweet home," June 17). This industry as a whole is run by people who have, for the most part, never swung a hammer in their lives. They live off of the referrals generated by the lenders and make sure the value comes in at the requested amount. The truth is most never look at the things they claim.

In a town where you cannot even have a sign too tall or smoke in a restaurant, you would think it would not be too much to ask that these companies be required to purchase a bond. The real pros will not have a problem taking a test and getting bonded if they have nothing to hide. As for the rest, they are just taking advantage of a loophole in the system that allows them to make a fast buck off something they know little or nothing about.

Hope Prehn should get a judgment for the proceeds of an auction of everything this company and all their principals own.

— Warren Weldon
Chugiak

JUNE 21, 2002 ADN



By Rick Jarvis, CRS, CRP
Associated Broker
Re/Max Properties

Should We Care Who the Buyer Chooses to Do a Home Inspection?

Who are those guys who have so much influence on the residential real estate market? Their written reports and recommendations affect the buying and selling of millions of dollars worth of properties each year. But they are NOT state tested for knowledge, or licensed or regulated in any manner. Their reports and their opinions can and often do influence the decision making of buyers, lenders, appraisers, real estate agents, underwriters, contractors, and specialists of all kinds. Yet they are Not regulated in any manner.

Let me ask you a few questions: What is the purpose of a home inspection? What do you know about the background, experience and training of your favorite "home inspector?" Why should we care? As a Buyer's Agent, should we care who the buyer chooses to do a home inspection? As a Seller representative, should we question a home inspection report or depend upon the appraisers and lender to scrutinize these reports? Have you ever asked a home inspector to show you where his recommendations for repairs are supported by code or lender requirements?

Perhaps the most important question to ask a home inspector is: DO YOU HAVE ERRORS AND OMISSIONS INSURANCE? Could this be important information for a buyer, seller or real estate agent to know about? What if the home inspector makes a mistake? A few are trying to hold their liability to only the cost of the home inspection report. One home inspector said the reason he did not have E & O insurance was to avoid being sued. "That way they don't come after me." Gee. I wonder who a disgruntled buyer or seller will look to next?

Now don't get me wrong, and let me make it perfectly clear: I do believe that there is a vital place and purpose for home inspections within the scope of a real estate transaction. In fact I believe that almost every home inspector I have met tries his best to do a thorough and conscientious inspection.

After conducting an informal survey of home inspectors, the following observations were made:

1. *Every home inspector interviewed agreed that some*

form of reasonable and reliable regulation for home inspectors is needed.

2. *Only about half the home inspectors interviewed had Errors and Omission Insurance.*

3. *Three years was about the average time frame a home inspector has been in the business.*

4. *Most thought the American Society of Home Inspectors (ASHI) set the best standards and qualifications for a person to become a home inspector.*

5. *Most every home inspector had a construction, engineering or architectural background.*

6. *On average the home inspectors interviewed conducted between 125-175 home inspections a year.*

The demand for home inspections is ever increasing. Relocation companies are now requiring home inspections on the home purchase by transferee as a requirement for a "buy out" program when the employee is transferred again. Alaska Housing is planning to make home inspections "mandatory" for a buyer to sign. It makes buyers aware of the importance of a home inspection and asks them to indicate whether or not they will be obtaining a home inspection. Indeed, home inspections are becoming a normal routine for most residential transactions.

Let me suggest that all home inspectors organize themselves to become self-regulated. They should set the standards by which all home inspections are conducted and establish the qualifications to become a general home inspector in Alaska. They need to have continuing educational courses. They should have standardized written report forms. They need to have E & O Insurance. They should do this ASAP. And if they cannot organize themselves, then the Real Estate Commission, interested REALTOR® Boards, real estate agents, brokers, appraisers, home inspectors, banks and mortgage companies should create a task force to ask the State Legislature to regulate home inspectors.

In the meantime, what to do? Ask lots of questions -- E&O, background, experience, how report is structured, easy to understand, how long to receive, fees, liability, issues, etc. The Anchorage Board is looking for your input about this process. Please send your comments/recommendations: Fax - 563-8476.

Home-inspection bill would help buyers



CLAIR RAMSEY

Home inspections have become an intricate part of the home-buying process. As the importance of home inspection has increased, so have concerns of regulating this relatively new profession in Alaska. Legislation sponsored by state Rep. Norm Rokeberg, R-Anchorage, has taken on the job.

Rokeberg's proposal — HB207 — calls for state oversight of home inspectors similar to that applied to real estate agents, with licensing, bonding and educational requirements.

With input of local inspectors and the rest of the real estate industry, I hope that this proposal will be the guideline to ensure professional inspections provide adequate consumer protection with a minimal amount of government regulation.

Home inspections have also become a focal point for changes to the Federal Housing Authority's appraisal process. Andrew Cuomo, federal secretary of Housing

Please see Page C-2, RAMSEY

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RAMSEY: Bill would help buyers

Continued from Page C-1

and Urban Development, recently announced an initiative to provide extra protection to the more than 1 million families that obtain FHA-insured loans each year. FHA-insured loans allow buyers who may not qualify under other financing programs to purchase a house using a minimal amount of money up front (a little more than 3 percent of the purchase price).

Key aspects of the Homebuyer Protection Initiative include: 1) Educating consumers about appraisals and inspections; 2) mandatory testing of appraisers to ensure quality appraisals; and 3) uncovering significant hidden defects in houses before purchase by providing a more comprehensive appraisal.

The reason for the change in focus is in response to major defects in houses being sold that are not detected before the sale. A new home buyer who barely qualifies for a loan typically lacks cash to make major repairs. As a result, some buyers defaulted on their mortgages, filed for bankruptcy or both.

The FHA's Homebuyer Protection Initiative encourages buyers to obtain a home inspection and not rely solely on the appraisal. The agency believes the home inspection is so important it even allows the

The Homebuyer Protection Initiative encourages buyers to obtain a home inspection.

areas for deficiencies normally covered under a home inspection. Such areas include health and safety issues; electrical, heating and plumbing systems; the structural condition of the walls, ceilings and foundations, as well as other items.

To eliminate the liability inherent with working outside their area of expertise, one solution may be for appraisers to receive a copy of the home inspection before completing their appraisal. Because the inspection typically occurs before the appraisal, this is easy to do. If for any reason the appraisal is ordered first, the appraisers can complete the investigative work but hold back the appraisal until they can review the inspection report.

In an era of specialization, every aspect of buying a house needs to be dealt with by the proper professional. The lender provides the best financing to fit your needs, the appraiser determines value and the home inspector examines the property for soundness and safety. Doubling up on services is like asking the surgeon or anesthesiologist to do the other person's job. Not

But it wasn't enough. Not nearly. In fact, 1998 was an economic disaster for Bristol Bay salmon catch.

1998	188,818,987	130,583,667	569.3
1995	218,001,719	170,029,388	590.3
1994	181,218,648	174,547,820	593.5
1993	218,071,180	145,328,506	577.5

Expert home inspections useful for buyer and seller



CLAIR
RAMSEY

Previously I discussed licensing of home inspectors (June 27, Page C-1). This time, let's focus on the actual home inspection. After a buyer and seller sign a purchase agreement on a home, defining price and terms, the home inspection occurs. By the time the inspection report and buyer's request for repairs is delivered to the seller, the home typically has been off the market for two weeks.

In many cases the results of the inspection report reopen negotiations between buyer and seller. Negotiating on repairs can delay closing, and it rarely is resolved to the seller's liking. The lender and/or appraiser also may require repairs of major items noted in the inspection before financing the home.

The home inspection report typically groups items between minor ongoing

maintenance and major repairs. Major repairs are of most concern to buyers and sellers alike. Major problem areas frequently include the roof, groundwater, furnaces and decks.

Let's start with the roof. What is the age and condition of the roof? Is the roof ventilated or non ventilated? Does the roof have an ice shield? If the roof is 2 to 3 years old, there should not be a problem. If the roof is 20 years old, per-

haps there are reasons for concern. Non ventilated roofs are subject to condensation problems not always visible on the home's interior. Ice shields help prevent infiltration of water when ice dams form in the winter months. Replacing or repairing a roof can be expensive.

Groundwater problems are a second

Please See Page C-5, RAMSEY

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RAMSEY: Inspections focus on repairs.

Continued from Page C-1

area of concern. Is there evidence of water in the crawl space? How is water removed from the crawl space? Does your home have a sump pump? Does it pump into the city sewer — which is illegal — or to an outside drain? Does the ground outside slope away from the home, or toward it? Ground that slopes toward the house may send water into the crawl space or basement. The crawl space is an area where homeowners rarely look, unless a problem arises. Groundwater problems can also be expensive to repair.

The third problem area is the furnace. What is the condition of the furnace or forced-air heating systems? Does the furnace have a cracked heat exchanger? If it is 10 to 15 years old, it may have. This may necessitate a new furnace if the heat exchanger cannot be economically replaced.

As Anchorage ages, it becomes evident that many homes built in the late '70s and early '80s are not withstanding the test of time gracefully. Decks and bathrooms are typical areas of concern in older homes. Most decks were built with fir, and homeowners did not fully understand the upkeep required. Many of these decks are now rotting and require renovation or even complete replacement.

Bathrooms in older homes may also need

attention. Walls around tubs and showers may be showing evidence of deterioration as water penetrates through the grout between the tile to the sheet rock behind. Removing and replacing select tiles can be difficult, particularly when trying to match older ceramic tile. However, repairing either of these areas prior to putting your home on the market helps demonstrate that your property has been adequately maintained.

Before you sell your home, find out if you have a major problem. Don't worry about small items like ground-fault circuit interrupter outlets (GFCIs), seismic straps or hot water tanks. Focus on the bigger-cost items. If you have any concerns about these types of problems, address them before going on the market. Have your real estate agent recommend an inspector to check specific areas of concern. If you wait, it will be harder to get the buyers to adjust the sales price or participate in repairs after they make an offer. Completing repairs first may allow you to recover some of the expense with an increase in the sales price.

Clair Ramsey, CRS, is a local associate broker specializing in residential real estate. His opinion column appears every fourth Sunday. His e-mail address is ramsey@alaska.net.

INSPECT THE INSPECTOR: Choosing the Right One Can Help Avoid Costly Mistakes

by Karen Crawford, HouseMaster, 346-9190, hmalaska@pobox.alaska.net

Home buyer horror stories are plentiful: A new home owner finds the roof leaks during the first rain, the circuit breakers blow the first time everything gets plugged in, the furnace malfunctions during the first cold snap.

Buying a home is fraught with perils that are supposed to be eliminated with a professional home inspection. Unfortunately, such new homeowner nightmares can, and do, happen - even when a "professional" home inspector was called in to inspect the prospective home.

Many homebuyers think they are automatically protected against risk and liability when they order a home inspection. But home inspectors, unfortunately, are not all created equal.

There is so much riding on the inspection, yet many homebuyers don't know what qualifications they should be looking for in an inspection firm.

Inspection Industry Unregulated

There is no "official" regulation of the home inspection industry with regard to training, experience or insurance coverage, so credentials and credibility vary widely. It's the 'consumer beware' in this situation.

The home inspection industry grew out of a group of contractors, roofers and plumbers who supplemented their earnings during slow periods with inspections. These "independents" often did not have the complete knowledge of the total workings of a house and their findings were not always impartial.

Along with the boom real estate market in the 80s, the residential home inspection industry grew rapidly. Today, the consumer has the choice of hiring an independent inspector, who may or may not do it as a full-time profession, or go with an inspection company whose sole business is home inspections. These firms run the gamut from small "mom and pop" operations, to companies or franchise offices affiliated with a large national corporation. HouseMaster, with more than 230 offices across the U.S. and Canada, falls into the latter group.

Insurance & Training of Great Importance

Because there is no federal, state or provincial regulation of the home inspection industry, consumers need to know what to look for when hiring an inspector. While everyone - trained or not - is capable of making a mistake, the outcome can vary greatly depending on several key factors. Carrying the necessary insurance - called "Errors and Omissions (E&O)" insurance - is one of these critical factors.

In the event your buyer must bring a lawsuit against an uninsured inspector, chances are he'll simply go out of business and they will never collect the money needed for repairs, even if you win your case in court.

For maximum benefit and liability protection for both buyers and sellers, HouseMaster advises that it is essential to hire a home inspection firm that employs inspectors with all of the following credentials:

* **Training and Technical Support:** training in all aspects of home inspection and ongoing support for questions and changes in residential construction techniques and systems.

* **Certification:** certification by a reputable training institute, which requires re-testing annually, such as The American Society of Home Inspectors (ASHI) or National Institute of Building Inspectors (NIBI).

* **Insurance:** insurance coverage, including general liability, worker's compensation and especially E and O insurance, which is like malpractice insurance

* **Written Guarantee:** a formal, written guarantee, which backs up the inspection findings.

If the inspector is missing any of these important credentials - particularly the E and O insurance - don't hire them. Even if they say they are certified, that does not guarantee that they have all the other credentials.

Large reputable companies have helped set many industry-accepted inspector requirements with their own stringent rules. HouseMaster, for example, requires all its franchise offices to carry Errors and Omissions insurance. It encourages all of its offices to have their inspectors trained and certified.

Engineer Versus General Inspector

Many engineers have been drawn to the inspection field as their industries have changed and scaled down, such as the defense industry or the aerospace industry. Consequently, there has been some confusion about whether to hire an 'engineer' or a 'general inspector'. But licensed engineers - even trained structural engineers - may not know a great deal about heating, plumbing, electrical systems or roofing. Hiring one for a home inspection is just like getting a heart specialist to do a general physical. Consumers should verify specifically what home inspection and experience training they have had in addition to their engineering background.

The biggest misconception is that structural problems can only be detected by a structural engineer. Properly trained inspectors are totally capable of detecting structural deficiencies.

In reality, the incidence of structural problems with resale homes is only around two percent, according to HouseMaster statistics. The highest incidence of problems, however, is with electrical wiring, water penetration, plumbing, heating and roofing, depending on the age of the home.

Is a structural engineer going to be able to find an electrical or heating system deficiency? These are serious and often expensive problems to be concerned with.

(Continued from Page 7)

According to Warren Boroson, co-author with HouseMaster Chairman Kenneth Austin of "The Homebuyer's Inspection Guide" available in bookstores, most homebuyers seem more comfortable dealing with people who have extensive home inspection experience, rather than those who have only advanced degrees. For example, an engineer may have studied aeronautical or chemical engineering, both of which offer no practical expertise in the systems that make a house work.

It's really critical to find a home inspector who is knowledgeable about all the systems within a home, is trained to look for symptoms of problems and keeps up to date on equipment and repair techniques. In the small percentage of cases where a structural condition is detected during an inspection, we may recommend further evaluation by a licensed engineer.

Proper Insurance Coverage Key Factor in the Litigious '90s

Critical to the home inspection is that the inspection firm or inspector carries all the proper insurance coverage. This helps ensure that the buyer is not financially responsible if the inspector makes an error (E&O), falls off the roof (Worker's Comp) or damages the seller's property in some way (General Liability).

Errors and Omissions insurance in real estate is the equivalent of malpractice insurance. This is very difficult insurance for home inspectors to obtain. If your buyers find an inspector who does not carry this type of insurance, it is usually an indication that the inspector has had no formal training, or has a poor track record in the industry.

Because of the cost of E and O insurance and the difficulty in qualifying for it, a small percentage of independent inspectors will carry it.

General liability insurance and worker's compensation is also extremely important. Without such coverage, the homebuyer assumes a large degree of liability for the safety and well being of the inspector while in the employ of the homebuyer during the inspection.

Independent Vs. Large Inspection Firm

There are other advantages to hiring a home inspector who works for an established company. National companies have set requirements for hiring, training, professionalism and insurance coverage; they have credibility and experience; and they can offer special services and technical support to customers and inspectors.

It is also important to ask whether the inspection firm will stand behind its inspection with a formal, written guarantee. HouseMaster, for example, includes in the inspection fee, a complimentary 90-day guarantee on the inspection for most of the major elements in the home that it found to be satisfactory at the time of the inspection.

In addition, its technical information center is available for buyers who want to know more about how to maintain or repair equipment in their home.

Educating homebuyers about the operation and maintenance of their new home is one of our main objectives. We encourage buyers to

(Continued on Page 14)

Finally A Tax Break For Self-Employed MSAs (Medical Savings Accounts) Passed by Congress Signed by President

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Lonnie Crosby
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 Fax: 907-243-7847

3118-297 *Law dictates funding maximums
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Happy Thanksgiving!

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(Continued from Page 8)

... along on the inspection, ask questions and call our office afterwards. We also provide printed material and a free instructional videotape on home maintenance and repairs as part of our comprehensive inspection package.

When you consider the potential risk and liability involved with the purchase or sale of a home, it pays to shop for the best - not the cheapest - inspection service available in your area.

The Six Most Important Questions to Ask When Hiring A Home Inspector

1. Is home inspection your only business?

Make certain it is, in order to avoid any potential conflicts of interest. Many independent inspectors do it on a part-time basis to supplement their real businesses as contractors, roofers, etc., and their report findings might be suspect.

2. Do you carry all the necessary insurance, including professional liability (E&O), general liability and worker's compensation?

E&O is the number one priority, says Warren Boroson, co-author of the Homebuyer's Inspection Guide. This malpractice-type insurance protects the inspector (and indirectly the homebuyer and those referring the inspector) against post-inspection legal problems. General liability covers personal liability not covered by the basic E&O policy and worker's compensation covers the safety of the inspector during the inspection.

3. Does the home inspection firm offer a written guarantee on the inspection?

It's best to hire an inspection company that offers a formal, written guarantee along with the inspection, although not many do.

4. How long does the inspection take and can the homebuyer accompany the inspector?

Yes, they should. A professional inspection of the average house takes about two hours. Be skeptical of home inspectors who don't want you to tag along. Inspectors who invite the homebuyer along will often offer valuable maintenance tips.

5. What type of a report will they buyer receive and when will they receive it?

There are various types of reports given by professional inspectors, including typed narrative (sent to the homebuyer within a week), and on-the-spot written reports for those who need or want the information as soon as possible. Don't accept a verbal report without a written backup, since you will have no record of the inspector's findings for future referral.

6. Is the inspector trained or certified in home inspection by a recognizable organization, such as the American Society of Home Inspector's (ASHI)?

With no official government regulation of the home inspection industry required in Alaska, certification by ASHI ensures that the inspector meets strict guidelines set forth by one of the largest and most reputable home inspection organizations.

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*- Katherine Herfindahl
Fortune Properties*

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State of Alaska

**Residential Real Property Transfer
Disclosure Statement**

Attached two pages, where indicated,
note the use of a home inspection.

* Note

Documentation:

Check the documents for the subject property that the seller has available for review:

- Current Engineer/Property Inspection Report(s) completed within the last 24 months
- Preliminary Title Report
- As-Built Survey
- Written Agreements With Adjacent Property Owners
- Energy Rating Certificate
- Resale Certificate
- Water Rights Certificate
- Deed Restrictions
- Subdivision Covenants/Restrictions
- Party Wall Agreement
- Lease/Rental Agreement
- Soils Test
- Well Log and Water Tests
- Hazardous Materials Test(s)
- Other _____
- Other _____

Additional Information:

Supply information for the following items:

- | | Yes | No |
|---|--------------------------|--------------------------|
| > Drainage: | | |
| • Are you aware of ever having any water in the crawl space, basement, or lower level? | <input type="checkbox"/> | <input type="checkbox"/> |
| • If Yes, how has the problem been resolved? | | |
| <input type="checkbox"/> Sump Pump(s) <input type="checkbox"/> Curtain Drain <input type="checkbox"/> Rain Gutter Extension <input type="checkbox"/> Other _____ | | |
| • When was problem resolved? _____ | | |
| • Location of each sump pump: _____ | | |
| • To where does the water drain after it leaves the sump pump? _____ | | |
| • If gutters, where do downspouts discharge? _____ | | |
| • Is there a floor drain in the structure, including garage? | <input type="checkbox"/> | <input type="checkbox"/> |
| • If Yes, where is it located and where does it drain to? _____ | | |
| > Roof or Other Leakage: | | |
| • Age: _____ years. | | |
| • Type: <input type="checkbox"/> Asphalt/Composition Shingle <input type="checkbox"/> Cedar Shake <input type="checkbox"/> Built-up <input type="checkbox"/> Metal <input type="checkbox"/> Other _____ | | |
| • Are you aware of any ice damming on the roof? | <input type="checkbox"/> | <input type="checkbox"/> |
| • If Yes, provide location. _____ | | |
| • Are you aware of any water leaking into the home? i.e., windows, lights, fireplace, etc. | <input type="checkbox"/> | <input type="checkbox"/> |
| • If Yes, provide location. _____ | | |
| > Fireplace and/or Woodstove: Date chimneys last cleaned? _____ Who cleaned? _____ | | |
| > Heating System(s): | | |
| • Mark all types that apply: <input type="checkbox"/> Hot Water Baseboard <input type="checkbox"/> Forced Air <input type="checkbox"/> Radiant Heat <input type="checkbox"/> Electrical Heat | | |
| <input type="checkbox"/> Wood Stove <input type="checkbox"/> Other _____ | | |
| • Age: _____ years. Last Cleaned: _____ Last Inspected: _____ | | |
| • Source: <input type="checkbox"/> Natural Gas <input type="checkbox"/> Electric <input type="checkbox"/> Oil with _____ gallon storage which is <input type="checkbox"/> Buried <input type="checkbox"/> Above General | | |
| <input type="checkbox"/> Propane Tank <input type="checkbox"/> Wood <input type="checkbox"/> Coal <input type="checkbox"/> Other _____ | | |
| • Age of Tank? _____ years | | |
| > Hot Water Heater: | | |
| • Age: _____ years. Capacity: _____ gallons Type: <input type="checkbox"/> Gas <input type="checkbox"/> Electric <input type="checkbox"/> Other _____ | | |
| > Water Supply: | | |
| • Type: <input type="checkbox"/> Public <input type="checkbox"/> Private <input type="checkbox"/> Community <input type="checkbox"/> Cistern <input type="checkbox"/> Other _____ | | |
| • Have you had any problems with your water supply? | <input type="checkbox"/> | <input type="checkbox"/> |
| • If Private: Well Depth: _____ feet. Flow Rate: _____ gallons per minute. | | |
| • Has the water supply been tested in the past 12 months? | <input type="checkbox"/> | <input type="checkbox"/> |
| • If Yes, attach all documentation from all tests. | | |
| • Has the well failed while you have owned the property? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Have you ever had a well pump problem or failure? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do you supply water to or receive water from others? | <input type="checkbox"/> | <input type="checkbox"/> |
| • If Yes, is there a recorded agreement? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do you have a water rights certificate for this property? | <input type="checkbox"/> | <input type="checkbox"/> |

Seller's Initials

Date

Property Address

Buyer's Initials

Date

I/We have completed this disclosure statement according to AS 34.70.010 - AS 34.70.200 and these instructions, and the statements are made in good faith and are true and correct to the best of my/our knowledge as of the date signed. I/We authorize any agent(s) representing any principal(s) in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated transfer of the property or interest in the property.

Seller: _____ Date: _____

Seller: _____ Date: _____

Buyer's Notice and Receipt of Copy

Transferee (Buyer) Awareness Notice: Under AS 34.70.050, Transferee (Buyer) is independently responsible for determining whether a person who has been convicted of a sex offense resides in the vicinity of the property that is the subject of the Transferee's (Buyer's) potential real estate transaction. This information is available at the following locations: Alaska State Trooper Posts, Municipal Police Departments, and on the State of Alaska Information Center Internet site: www.state.ak.us, under Hot Topics for the "Registry/Sex Offenders."

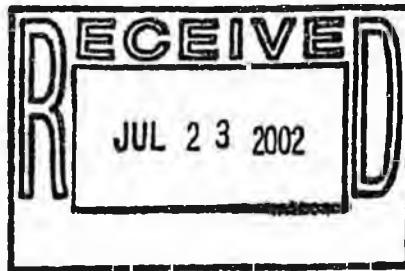
** Note*

The Buyer is urged to inspect the property carefully and to have the property inspected by an expert. Buyer understands that there are aspects of the property of which the Seller may not have knowledge and that this disclosure statement does not encompass those aspects. Buyer also acknowledges that he/she has read and received a signed copy of this statement from the Seller or the Seller's agent.

Buyer: _____ Date: _____

Buyer: _____ Date: _____

Seller's Initials Date Property Address Buyer's Initials Date



Richard F. Gaver
3050 Lore Road, C2
Anchorage, AK 99507
July 22, 2002

Representative Norman Rokeberg
716 West 4th Avenue, Suite 640
Anchorage, AK 99501-2133

Re: Home inspector licensing

Dear Sir:

From an Anchorage Daily News article by Rosemary Shinohara (This house is no home sweet home) published last month, I learned of your efforts to enact a state law requiring home inspectors to be licensed. I am rather surprised this is not already required of inspectors, and firmly believe anybody involved in the home buying process ought to be licensed and regulated.

As evidenced by Ms. Shinohara's story about Hope Prehn, I think it irrefutable there is plenty of fault and blame in this pitiful and woeful situation, in which all these "experts" failed, collectively and selfishly, to provide this poor woman even a modicum of fairness and decency. How could so many participants be involved in this abomination without even one putting a stop to it? I would object to anyone involved being referred to as a professional.

As Ms. Prehn did, I also attended a first-time home buyers class. It did not prepare me for what was to come. I came through the process much better than she did, but it all left me disgusted and quite angry at all I endured to get through it. Deceit, lies, misinformation, obfuscation and condescension were my experience. I've used this opportunity to convey my thoughts on the subject to AHFC, sponsor of Home Choice, the first-time home buyers class I went to (and still endorse). The class ought to begin with "caveat emptor" (let the buyer beware).

Sincerely,

Richard F. Gaver

Enclosure: letter to AHFC



ALASKA ASSOCIATION OF REALTORS, INC.
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503
Telephone 907-563-7133 • Fax 907-563-8476

January 24, 2003

Representative Rokeberg
State Capitol
Juneau, Alaska 99801-1182

RE: Relating to the licensing of home inspectors

Dear Representative Rokeberg,

The Alaska Association of REALTORS with over 1,100 members statewide supports House Bill 9 relating to the licensing of home inspectors.

We agree that there should be some minimum standards set forth in this bill to protect the consumer. Minimum standards should include but are not limited to testing, education and the forming of a home inspector board.

The Association encourages the passage of HB 9 during this first session. We are available as a resource to pass this bill. Please feel free to contact the Alaska Association at (907) 563-7133.

Sincerely,

A handwritten signature in cursive script that reads 'Carole Winton'.

Carole Winton
President





**ANCHORAGE BOARD
OF REALTORS, INC.**

REALTOR® *The Voice for Real Estate™* in Anchorage

741 Sesame Street
Suite #100
Anchorage, Alaska 99503
(907) 561-2338
(907) 563-8478 Fax

January 24, 2003

Representative Rokeberg
State Capitol
Juneau, Alaska 99801-1182

RE: HB 9 – Relating to the licensing of home inspectors

Dear Representative Rokeberg,

The Anchorage Board of REALTORS with over 600 members statewide supports House Bill 9 relating to the licensing of home inspector.

The Anchorage Board is in agreement with the Alaska Association of REALTORS that there should be minimum standards set forth for home inspectors to protect the consumer.

The Board encourages the passage of HB 9.

Sincerely,

Bert Dozark, CRS, GRI
President



LESSMEIER & WINTERS

LAWYERS - LLC

431 NORTH FRANKLIN STREET
SUITE 400
JUNEAU, ALASKA 99801-1186

MICHAEL L. LESSMEIER
GREGORY W. LESSMEIER
SHELDON E. WINTERS
COLBY J. SMITH

TELEPHONE: (907) 586-5912
FACSIMILE: (907) 463-3020
E-MAIL: lw@gdn.net

February 2, 2001

Representative Norman Rokeberg
State Capitol
Juneau, Alaska 99801-1182

FEB 02 2001

Re: CSHB 27

Dear Representative Rokeberg:

I am writing to you on behalf of State Farm Insurance Companies. State Farm insures roughly 75,000 homes in Alaska. Creating a board of home inspectors and requiring licensure, registration and oversight of home inspectors will in a variety of ways only benefit home owners, prospective home purchasers, qualified home inspectors and the public in general. State Farm supports CSHB 27 and encourages its passage.

Sincerely,

LESSMEIER & WINTERS

By: 
Sheldon E. Winters



WARD

Development
& Construction Management
INCORPORATED

April 18, 2002

Worm
Dear Legislator:

It is my understanding that HB 27, licensing of home inspectors, will be heard on the House Floor today.

I would like to urge my support for this bill, given it's broad support within the affected industries. This piece of legislation has been in the works for several years and the version you see today is the product of hard work and compromise by the many parties involved.

Some may ask; is this a union issue? It is not. Labor should not be affected.

Others may ask; how will this affect the Third Party Alternative Inspector ordinance that is being introduced at the Anchorage Assembly? It will enhance it. If the Anchorage ordinance were adopted, those inspectors would be licensed and certified, which is good public policy.

I would be available to answer any questions on my cell phone at 229-8403.

Thank you for your support!

Robin

Robin E. Ward

Approved

Date: 3/19/02

Submitted by: Assemblymembers Von Gemmingen,
Tesche, Taylor, Van Etten, Traini
Prepared by: Department of Assembly
For reading: March 19, 2002

**ANCHORAGE, ALASKA
AR NO. 2002-93**

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING CS FOR HOUSE BILL NO. 27(JUD), "AN ACT RELATING TO THE LICENSURE AND REGISTRATION OF INDIVIDUALS WHO PERFORM HOME INSPECTIONS; RELATING TO HOME INSPECTION REQUIREMENTS FOR RESIDENTIAL LOANS PURCHASED OR APPROVED BY THE ALASKA HOUSING FINANCE CORPORATION; RELATING TO CIVIL ACTIONS BY AND AGAINST HOME INSPECTORS; AND PROVIDING FOR AN EFFECTIVE DATE."

WHEREAS, currently there is no State agency that oversees the home inspector industry and anyone can determine that he/she is a home inspector; and

WHEREAS, consumers throughout the State of Alaska desire and should have assurance that the home inspector they hire is competent, and that they have recourse against inspectors who are not; and

WHEREAS, faulty inspections could have serious consequences for consumers when purchasing or selling a home, and inspectors should and must be held accountable for their work; and

WHEREAS, representatives within the industry agree licensure for home inspectors is a worthwhile goal to establish a competency level that will protect the name of the profession and protect consumers from faulty inspections; and

WHEREAS, CSHB 27 (JUD) accomplishes this by establishing licensing qualifications such as registration, insurance, and proof of competency through the administration of a written and practical examination.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1: That the Anchorage Assembly supports and urges passage of CSHB 27 (JUD) which will provide protection to consumers and the home inspection industry.

Section 2: That copies of this resolution be forwarded to the Governor and the Alaska State Legislature immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2002.

Chair

ATTEST:

Municipal Clerk

MAR 21 2002

Subject: House Bill 27 - Home Inspection Licensing

Date: Mon, 06 May 2002 16:14:53 -0800

From: Karen Crawford <housemaster@alaska.com>

Organization: HouseMaster

To: Representative Norman Rokeberg <Representative_Norman_Rokeberg@legis.state.ak.us>

Representative Rokeberg:

As an active ASHI member and a long term home inspector I wish to add my encouragement for the passage of HB 27. We have waited too long to provide for inspector certification by the state. While the vocal minority will always find something in the bill to complain about it is my feeling that we must proceed with passage of the bill and work out the kinks should any arise. State certification is ongoing throughout the rest of the country and sooner or later will encompass the entire 50 states.

Only through a well thought out certification bill will we be able to achieve minimum standards for those people calling themselves home inspectors and thereby provide the home buying public with assurance of professional inspections.

The following ASHI members/ candidates support the passage of this legislation.

Don Sheppard Owner/President HouseMaster Home Inspection Service
ASHI #118913, NIBI #65495RT, ICBO#0865225-55

Frank Sobottka Inspector ASHI #204775, NIBI135700RT, ICBO#5071485-55
Mark Crawford Inspector ASHI Candidate, NIBI #141601RT

Gregg Russo Inspector ASHI Candidate

Sincerely,

Don Sheppard

Subject: HB27

Date: Tue, 7 May 2002 02:33:01 EDT

From: Qualhome@aol.com

To: Representative_Norman_Rokeberg@legis.state.ak.us

Representative Rokeburg,

My name is Kevin Jones and I am the owner operator of Quality Home Inspection Service in Anchorage. I wish to express my support for HB27 and would ask for your assistance and support in getting this very important consumer protection bill into law. It appears that only the negative responses are reaching the senates ears when the majority of home inspectors are supportive of this bill.

Currently in Alaska anyone with a 50 dollar business license can advertise themselves as home inspectors to the buying public, without any background or experience in the principles of construction and building safety. I am a member of the American Society of Home Inspectors and currently hold the position of Alaska ASHI President. I am also a Certified Combination Dwelling Inspector through the International Conference of Building Officials (ICBO). In the state we have 19 members or candidates in the local Alaska ASHI chapter. Our organization requires passing the national home inspectors examination and having performed at least 250 fee paid inspections that conform to the Standards and Practice set forth by the organization. Additionally membership requires 20 continuing education credits for renewal every year. Certification from the ICBO required passing an examination on the knowledge of the Uniform Building Code, Uniform Mechanical Code, Uniform Plumbing Code, National Electric Code, International Residential Code, International Mechanical Code and the International Plumbing Code. The ICBO requires recertification by examination every three years.

As you can see the knowledge required to adequately and responsibly perform home inspections cannot be obtained with a 50 dollar bill and a business license. Home purchasing will likely be the single most important and costly decision the majority of consumers will ever make. In that regard the homebuying public deserves to have qualified and knowledgeable individuals representing them in the process of their home buying experience. With the price of homes today few people can ill afford to find costly defects existed after the fact, when a professional inspector could identify them prior to moving into the new home and allow the homebuyer to make knowledged decisions. It is only natural then that some sort of protection be in place to ensure that the individuals performing the inspections meet some established minimum standard/requirement of knowledge and experience.

This is where HB27 comes into effect. This bill has been around for almost two years and provides the consumer protection that everyone is entitled to. Again I would appreciate your help and support in gaining passage of this bill during the 2nd session. Thanks so much for your time.

Sincerely,

Kevin D Jones
Quality Home Inspection Service
333-1719
Owner

[Fwd: hb27 reply]

Subject: [Fwd: hb27 reply]

Date: Tue, 30 Apr 2002 10:12:08 -0800

From: Heather Nobrega <Heather_Nobrega@legis.state.ak.us>

Organization: Representative Norman Rokeberg, Alaska State House

To: Janet Seitz <Janet_Seitz@legis.state.ak.us>

Ryan wrote:

> Dear Mr. Rokeberg,
> I am a former professional builder, former consultant on code; and
> energy codes in Wash, state. I am currently living in Homer, Alaska and
> have become aware of hb27 and would like to give some feedback, as I'm
> disabled and can't go to the phone office. Thank you so much for this
> bill, a real necessity in the "assumed wild west." People are coming
> into the State at record numbers, all thinking they can do anything they
> want to, "they've got money". Inspectors and appraisers have for years
> merely provided the reports that the person paying them requires. There
> has been a total disregard for our energy codes, state building codes,
> or federal law. Inspectors are telling sellers they have a choice
> whether to disclose anything at all. We recently saw an example where
> the seller paid for the inspection, didn't like it, hired another
> inspector, didn't like that one and hired another. Inspectors need to be
> hired by the borough, or state or totally private and independent. If
> reports are truly written to meet the needs of the highest bidder, then
> what's the use of a law. The bill addresses much of this and is really a
> good bill, in my thinking. I do feel though that the criminal side of
> this kind of "bait and switch" is not addressed adequately, penalties
> need to be higher, liability carried should be much higher. The limits
> you proposed would not cover errors that could literally be in the
> hundreds of thousands. The home I mentioned is a good example, the older
> folks buying it were gullible and too believing, but the owner when
> asked why they didn't disclose, simply stated, "they didn't ask". They
> shouldn't have to. They would have purchased the home, then discovered
> how much did not meet code, needed to be repaired or completely rebuilt
> . I know your bill is intended to address this, just thank you so much
> from all in Alaska. I think this will be a very good bill for the people
> of this state.
> If I can be of any further help or provide you any other feedback,
> please write back. Thank you again.
> Jerry Migdal
> Homer, Alaska 99603

Committee Aide Alaska State House Judiciary Committee

F. Venuti, P. O. Box # 3652, Homer, Alaska 99603
 telephone (907) 235-7480 or 399-1550
fcvenuti@xyz.net

January 31, 2003

Representative Tom Anderson
 Vice Chair, House Judiciary Committee
 House of Representatives
 State Capital, Juneau, Alaska 99801-1182

Dear Representative Anderson,

Please allow me to introduce myself. I am a certified International Conference of Building Officials - Combination Dwelling Inspector (ICBO # 865284-55) who works on the Kenai Peninsula. I am also a FHA / HUD Compliance Inspector (FHA # 3516), and I serve as the Veterans Administration Compliance Inspector on the Kenai Peninsula (VA # 1004). I hold these positions as a result of examination and appointment, as well as continuing education, which involves becoming re-certified by examination every three years. I also am a certified (by examination) HUD 203K Renovation Loan Consultant (HUD #S0127). Further, I bring to these positions more than thirty years of experience in the building construction industry. I have served as an inspector for the past eleven years. I have inspected thousands of new and existing properties worth many millions of dollars. I love my job and feel that I am very good at what I do. You are welcome to contact the following references from within the homebuilding, banking and real estate industries:

Connie Alderfer	Alderfer Group Realtors, 235-5232
Angie Newby	Homer Real Estate Associates, 235-5294
Terry Yaeger	Remax of Homer, 235-7733
Annie Whitnay	Coastal Realty, 235-7700
Sam Beachy	Beachy Construction, Inc., 235-8876
Clint Hall	Hall Quality Builders, 283-7007
Bruce Petska	Big Mountain Builders, 299-0421
Mike Dye	First National Bank Of Alaska, Homer branch manager, 235-5800
Julie Woodward	Wells Fargo Bank, Homer branch manager, 235-8151

A hearing will be held regarding House Bill 9 in the House Judiciary Committee on Wednesday, February 5 2003 at 1:00 PM. I would like to provide the following testimony on that proposed Bill. As I read the proposed bill (which is version 23-LS00291A), I would like to raise the following issues:

On Section 7. AS 08.18.022. page #4. Lines 23 thru 24

Contrary to a statement made by the sponsor of this bill at a public hearing (House Labor & Commerce) on January 29, 2003, the inclusion of courses & examination offered by the American Society of Home Inspectors would require that the inspector actually join that society. I would like to add that ASHI is a for-profit organization, not some noble fraternal order. This would add an additional \$ 350. to the cost of doing business, which would be beyond the cost of the license, bond, and insurance. Most experienced inspectors within in the business consider ASHI membership as something that can easily be purchased from the back of a book of matches and do not hold membership within that organization in very high regard. Reference to ASHI examinations or courses should be removed from this bill.

Also in the same **Sec.7 page 5 line 6-8** where any individual who is the subject of an unresolved complaint is restricted from doing business as an inspector.

My question is: What if the complaint is unfounded ?

On section 7, page #5, Lines 21 thru 31 and page #6 Lines 1 thru 10.

re: pre-inspection reports This procedure is specific to existing home inspections only.

Often on new construction, I never meet the homeowner(s). My contract is with the builder.

There is no need for a written report. This procedure is outlined in the Construction Inspection Guidelines which published on the AHFC website (www.ahfc.state.ak.us click on the construction link).

The only paperwork involved is the signed-off Summary of Inspections (AHFC form PUR 102).

The assembly or component either meets or fails to meet the code and is either signed off or not.

The signed PUR 102 then stays with the property until the property no longer exists, so the six-month validity of a report as outlined in this bill is not valid. My point is that existing & new inspections are not the same process and the writers of this bill apparently do not understand that fact.

Further, it has been my experience that 90% of all inspections on existing homes are performed at the request of the buyer, not the seller as suggested by the sponsor of this bill on January 29th.

On section 9, AS 08.18.031, page #6, Lines 17 thru 31

re: continuing competency. The determination as to what constitutes continuing competency should be clearly spelled out within the bill and not left to the whims of an individual or entity that may not clearly understand the Alaskan new & existing home inspection process. As it currently stands, any inspector who holds any form of ICBO (International Conference of Building Officials) certification must be re-certified every three years; that is because the codes also change every three years.

If the intent of this bill is (as stated on page #1) to regulate inspectors on projects relating to Alaska Housing Finance Corporation, then AHFC should dictate what constitutes continuing competency, not ASHI, or the University of Alaska.

Also, why is this bill limited to AHFC insured mortgages ?

AHFC mortgages are not the only type of mortgage financing available in Alaska.

On section 30, AS 08.18.156, (8) page #15 Lines 31

re: exemptions for energy raters. This effectively eliminates Energy Raters from the provisions of this bill. Energy Ratings are an essential part of the inspection process for AHFC loan packages. Just as the signed-off AHFC Summary of Inspections (PUR 102) becomes part of the legal documentation of a property at closing, so does the energy rating (PUR 101).

This proposed bill should also regulate energy raters.

re: exemptions for engineers

In that same section, on line 13-18 which allows engineers to perform inspections, the presumption seems to be that engineers are somehow infallible.

I can assure you that based upon my experience in the field; there are good engineers, as well as bad engineers, just as there are good and bad inspectors.

Any entity that inspects a property should be held to the same standard of responsibility and exposed to the same liability as the rest of us. I might add that engineers are not required to have insurance.

This section of the Bill sets up two classes of inspectors and is not fair to the consumer.

On section 30, lines 26-28 of page 15

This section which permits general contractors to inspect and perform work on the same project is in conflict with Sec. 30 page 14 lines 5-7 which prohibits working on a job that you have inspected.

On section 43, page #22, Lines 16 & 17

re: proposed required examinations. Most existing inspectors who perform inspections on AHFC properties hold the ICBO Combination Dwelling Inspector certification. This certification requires a higher degree of knowledge than the Building Inspector or Property Maintenance and Housing Inspector examinations listed in this requirement. The Combination Dwelling Inspector certification should be an adequate certification for issuing a joint registration certificate. The cost of taking these redundant and lesser examinations adds an additional unnecessary cost to the process and will dilute the quality of the inspector pool.

Within this bill, why is there no discussion about a requirement for experience ?

I know of three individuals who work in this field who have never built a thing and I cringe when I see those magazine advertisements that state, "Make Big money as a Home Inspector !"

Before being issued a license, inspectors should be made to prove some documented experience within the building industry.

What ever happened to the Residential Property Disclosure statement ?

That statute (AS 34.70.010) was intended to provide honest information about a property to a buyer. There are provisions in that statute for failing to comply. Does anyone know if this rule is has ever become enforceable ? Often, when I read one of these statements and compare it to the actual property that I am inspecting, I feel as if I am at the wrong address. In essence, that statue has really failed to provide any measure of protection for homebuyers and I wonder if this current bill will be of any additional value.

AK Statute AS 18.56.300 (c) limits the liability of inspectors unless the action is for damages caused by gross negligence or intentional misconduct. The International Residential Code is the present code in effect within Alaska for dwellings. Section R104.8 of this code also limits the liability of inspectors. Both of these regulations recognize that the inspector is placed in a perilous position and provide a measure of protection so that the inspector can make independent decisions and not be harassed by frivolous lawsuits. As the law stands now, if the inspector is grossly negligent or participates in misconduct, the inspector can be held liable. **This is as it should be.**

If as stated by the sponsor of this bill, one of the driving issues behind this bill is that gross negligence or intentional misconduct by inspectors is hard to prove, I would like to suggest that if this bill passes, those very same standards would still need to be met in any court of law before an inspector is held liable and in spite of this bill, will be just as difficult to prove. **From that viewpoint, this bill is a futile exercise.**

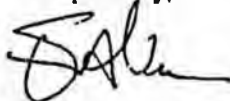
As an experienced professional working within the industry, it is my opinion that this proposed bill is seriously flawed. Many of us working within the industry feel that if it passes, it will quickly become open season on inspectors. It is unfortunate that impetus for this bill is not coming from the Inspection industry. It comes from the Real Estate industry and appears to be an attempt to shift liability to inspectors.

I have been tracking the progress of this bill in its many forms for the past three years. In all of the committee teleconferenced hearings on this proposed bill that i have monitored over the past two years, I have never heard one inspector testify in favor of this bill and the added costs involved which would inevitably find its way to the consumer.

I respectfully request that this bill not be passed.

Thank you for taking the time to read this testimony, and thank you for serving our great state.

Respectfully,



F. Venuti
Homer, Alaska