

Senate File 460 - Enrolled

Senate File 460

AN ACT

RELATING TO HOME INSPECTIONS, INCLUDING PERSONS AUTHORIZED TO PERFORM HOME INSPECTIONS AND REQUIREMENTS FOR INDEPENDENT HOME INSPECTION REPORTS, PROVIDING PENALTIES, AND MAKING PENALTIES APPLICABLE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. **558A.4A Independent home inspection report — persons authorized to issue.**

1. A person shall not issue an independent home inspection report unless the person is a home inspector, a person who holds a license or registration in good standing to perform home inspections in another state, an architect licensed pursuant to chapter 544A, or a professional engineer licensed pursuant to chapter 542B.

2. A home inspector shall conduct a home inspection with the degree of care that a reasonably prudent home inspector would exercise, which shall be based on the standards of practice and code of ethics of a national home inspectors association.

3. a. A home inspector, employer of a home inspector, or a person who controls or has a financial interest in the employer of a home inspector, who does any of the following commits an unlawful practice under section 714.16, subsection 2, paragraph "a":

(1) Performs or offers to perform for an additional fee any repairs to a structure with respect to which the home inspector has prepared a home inspection report within the preceding twelve months. This subparagraph does not apply to remediation for

radon or wood-destroying insects.

(2) Inspects for a fee any property in which the home inspector, the employer of the home inspector, or person who controls or has a financial interest in the employer of a home inspector has an interest in the transfer of the property, including but not limited to receipt of a commission as a licensee under chapter 543B, unless the interest in the transfer of the property is disclosed in writing to the buyer before the home inspection is performed and the buyer signs an acknowledgment of receipt of the disclosure.

(3) Offers or delivers a commission, referral fee, or kickback to the seller of the inspected property or to a licensee under chapter 543B for either or both of the seller and the buyer for the referral of business to the home inspector, the employer of the home inspector, or person who controls or has a financial interest in the employer of a home inspector.

(4) Accepts an engagement to perform a home inspection or to prepare a home inspection report in which the engagement or the fee payable for the inspection is contingent upon the conclusions in the report, preestablished or prescribed findings, or the closing of the transaction.

b. Paragraph "a" does not apply to a home warranty company that is affiliated with or retains a home inspector if the home warranty company performs repairs pursuant to claims made under a home warranty contract.

c. In addition to any remedies available for a violation of section 714.16, subsection 2, paragraph "a", the owner of a property on which repairs are performed in violation of paragraph "a", subparagraph (1), shall be entitled to a full refund of any moneys paid for those repairs, and any promissory note or other obligation to pay given to the person performing those repairs shall be void.

4. An independent home inspection report must be in writing and must include all of the following:

a. A description of the scope of the inspection, including an identification of the structural elements, systems, and subsystems covered by the report.

b. A description of any material defects noted during the inspection, along with any recommendation that certain experts be retained to determine the extent of the defects and any

corrective action that should be taken. A material defect that poses an unreasonable risk to people on the property must be conspicuously identified as such.

c. All of the following statements, set forth conspicuously:

(1) "A home inspection is intended to assist in evaluation of the overall condition of the dwelling. The inspection is based on observation of the visible and apparent condition of the structure and its components on the date of inspection."

(2) "The results of this home inspection are not intended to make any representation regarding the presence or absence of latent or concealed defects that are not reasonably ascertainable in a competently performed home inspection. No warranty or guarantee is expressed or implied."

(3) "If the person conducting your home inspection is not a licensed structural engineer or other professional whose license authorizes the rendering of an opinion as to the structural integrity of a building or its other component parts, you may be advised to seek a professional opinion as to any defects or concerns mentioned in the report."

(4) "The home inspection report is not to be construed as an appraisal and may not be used as such for any purpose."

5. Except as otherwise required by law, a home inspector shall not deliver a home inspection report to any person other than the client of the home inspector without the client's consent. The seller shall have the right, upon request, to receive without charge a copy of a home inspection report from the person for whom it was prepared.

6. A home inspector shall not express either orally or in writing an estimate of the cost to repair a defect found during a home inspection, except that such an estimate may be included in an independent home inspection report if all of the following apply:

a. The report identifies the source of the estimate.

b. The estimate is stated as a range of costs.

c. The report states that the parties should consider obtaining an estimate from a contractor who performs the type of repair involved.

7. A home inspector shall maintain insurance against errors and omissions in the performance of a home inspection and general liability, with coverages of not less than one hundred thousand

dollars per occurrence and five hundred thousand dollars in the aggregate, and with deductibles of not more than two thousand five hundred dollars.

a. Except as provided in paragraph "b", a home inspector shall maintain insurance under this subsection for at least one year after the latest home inspection report the home inspector delivers.

b. Paragraph "a" does not apply to a home inspection report that was delivered prior to the effective date of this Act.

8. A buyer shall be entitled to rely in good faith, without independent investigation, on a written representation that a person is a home inspector, a person who holds a license or registration in good standing to perform home inspections in another state, an architect licensed pursuant to chapter 544A, or a professional engineer licensed pursuant to chapter 542B.

9. A contract with a person to provide a home inspection shall not limit the liability of the person providing the home inspection for gross negligence or willful misconduct, or waive or modify a provision of this section. However, the scope of a home inspection, the services to be performed, and the systems and conditions to be inspected or excluded from inspection may be defined by a contract between the person providing the home inspection and the client.

10. a. A home inspector who does not maintain insurance in violation of subsection 7 or who falsely represents that the person is a home inspector, a person who holds a license or registration in good standing to perform home inspections in another state, an architect licensed pursuant to chapter 544A, or a professional engineer licensed pursuant to chapter 542B, is guilty of the following:

(1) For a first offense, a simple misdemeanor.

(2) For a second or subsequent offense, a serious misdemeanor.

b. A person who violates a provision of subsection 4 is guilty of a simple misdemeanor punishable by a fine not to exceed five hundred dollars.

11. For purposes of this section:

a. "Home inspection" means a noninvasive visual examination of some combination of the mechanical, electrical, or plumbing systems or the structural and essential components of a

residential dwelling, that is intended to identify material defects in those systems and components and is performed for a fee in connection with or in preparation for a proposed or possible residential real estate transfer. "Home inspection" includes a consultation regarding the property that is represented to be a home inspection or that is described by a similar term. "Home inspection" does not include an examination of a single system or component of a residential dwelling or an examination that is limited to inspection for or of one or more of the following:

- (1) Wood-destroying insects.
- (2) Underground tanks and wells.
- (3) Septic systems.
- (4) Swimming pools and spas.
- (5) Alarm systems.
- (6) Air and water quality.
- (7) Tennis courts and playground equipment.
- (8) Pollutants.
- (9) Toxic chemicals and environmental hazards.

b. "Home inspection report" means a written report of the results of a home inspection.

c. "Home inspector" means a member in good standing of a national home inspectors association, or a person supervised by a member in good standing of a national home inspectors association who agrees to be responsible for the contents of any home inspection report produced by the person.

d. "National home inspectors association" means a national association of home inspectors that meets all of the following requirements:

- (1) Operates on a nonprofit basis and does not operate as a franchise.
- (2) Has members in more than ten states.
- (3) Requires that a person shall not become a full member unless the person has performed or participated in more than one hundred home inspections and has passed a psychometrically sound examination testing knowledge of the proper procedures for conducting a home inspection.
- (4) Requires that its members comply with a code of conduct and attend continuing professional education classes as an

ongoing condition of membership.

AMY SINCLAIR
President of the Senate

PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 460, Ninety-first General Assembly.

W. CHARLES SMITHSON
Secretary of the Senate

Approved _____, 2025

KIM REYNOLDS
Governor

unofficial