

**Senate Study Bill 1144 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY CHAIRPERSON  
BOUSSELOT)

**A BILL FOR**

1 An Act relating to home inspections, including persons authorized  
2 to perform home inspections and requirements for independent  
3 home inspection reports, providing penalties, and making  
4 penalties applicable.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 558A.4, subsection 2, paragraph a, Code  
2 2025, is amended to read as follows:

3 a. A transferor subject to the requirements of section  
4 558.70 shall recommend in writing that the transferee obtain an  
5 independent home inspection report from a person authorized to  
6 issue an independent home inspection report pursuant to section  
7 558A.4A, subsection 1, to provide full and complete information  
8 as required to be disclosed under this section and under rules  
9 adopted by the real estate commission pursuant to section 543B.9.

10 Sec. 2. NEW SECTION. 558A.4A Independent home inspection  
11 report — persons authorized to issue.

12 1. A person shall not issue an independent home inspection  
13 report as provided in section 558A.4, subsection 2, unless the  
14 person is a home inspector, an architect licensed pursuant to  
15 chapter 544A, or a professional engineer licensed pursuant to  
16 chapter 542B.

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

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

26 (1) Performs or offers to perform for an additional fee any  
27 repairs to a structure with respect to which the home inspector  
28 has prepared a home inspection report within the preceding twelve  
29 months. This subparagraph does not apply to remediation for  
30 radon or wood-destroying insects.

31 (2) Inspects for a fee any property in which the home  
32 inspector, the employer of the home inspector, or person who  
33 controls or has a financial interest in the employer of a home  
34 inspector has an interest in the transfer of the property,  
35 including but not limited to receipt of a commission as a

1 licensee under chapter 543B, unless the interest in the transfer  
2 of the property is disclosed in writing to the buyer before  
3 the home inspection is performed and the buyer signs an  
4 acknowledgment of receipt of the disclosure.

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

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

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

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

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

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

32 b. A description of any material defects noted during the  
33 inspection, along with any recommendation that certain experts  
34 be retained to determine the extent of the defects and any  
35 corrective action that should be taken. A material defect that

1 poses an unreasonable risk to people on the property must be  
2 conspicuously identified as such.

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

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

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

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

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

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

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

32 a. The report identifies the source of the estimate.

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

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

1 repair involved.

2 7. A home inspector shall maintain insurance against errors  
3 and omissions in the performance of a home inspection and general  
4 liability, with coverages of not less than one hundred thousand  
5 dollars per occurrence and five hundred thousand dollars in the  
6 aggregate, and with deductibles of not more than two thousand  
7 five hundred dollars.

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

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

14 8. A buyer shall be entitled to rely in good faith, without  
15 independent investigation, on a written representation that a  
16 person is a home inspector, an architect licensed pursuant to  
17 chapter 544A, or a professional engineer licensed pursuant to  
18 chapter 542B.

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

27 10. a. A home inspector who does not maintain insurance in  
28 violation of subsection 7 or who falsely represents that the  
29 person is a home inspector, an architect licensed pursuant to  
30 chapter 544A, or a professional engineer licensed pursuant to  
31 chapter 542B, is guilty of the following:

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

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

35 b. A person who violates a provision of subsection 4 is

1 guilty of a simple misdemeanor punishable by a fine not to exceed  
2 five hundred dollars.

3 11. For purposes of this section:

4 a. "*Home inspection*" means a noninvasive visual examination  
5 of some combination of the mechanical, electrical, or plumbing  
6 systems or the structural and essential components of a  
7 residential dwelling, that is intended to identify material  
8 defects in those systems and components and is performed  
9 for a fee in connection with or in preparation for a  
10 proposed or possible residential real estate transfer. "*Home*  
11 *inspection*" includes a consultation regarding the property that  
12 is represented to be a home inspection or that is described by a  
13 similar term. "*Home inspection*" does not include an examination  
14 of a single system or component of a residential dwelling or an  
15 examination that is limited to inspection for or of one or more  
16 of the following:

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

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

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

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

1 (1) Operates on a nonprofit basis and does not operate as a  
2 franchise.

3 (2) Has members in more than ten states.

4 (3) Requires that a person shall not become a full member  
5 unless the person has performed or participated in more than  
6 one hundred home inspections and has passed a recognized or  
7 accredited examination testing knowledge of the proper procedures  
8 for conducting a home inspection.

9 (4) Requires that its members comply with a code of conduct  
10 and attend continuing professional education classes as an  
11 ongoing condition of membership.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with  
14 the explanation's substance by the members of the general assembly.

15 This bill prohibits a person from issuing an independent home  
16 inspection report, defined in the bill, unless the person is  
17 a home inspector, defined in the bill, an architect licensed  
18 pursuant to Code chapter 544A (licensed architects), or a  
19 professional engineer licensed pursuant to Code chapter 542B  
20 (professional engineers and land surveyors).

21 The bill requires a home inspector to perform a home  
22 inspection, defined in the bill, with the degree of care that  
23 a reasonably prudent home inspector would exercise, which shall  
24 be based on the standards of practice and a code of ethics of  
25 a national home inspectors association. The bill makes a home  
26 inspector, an employer of a home inspector, or a person having  
27 a financial interest in the employer of a home inspector (1)  
28 offering to repair an issue identified in a home inspection  
29 report for a fee, (2) inspecting for a fee a property in which  
30 the person has an interest in the transfer, (3) offering a  
31 fee, commission, or kickback to a seller for a referral for  
32 an inspection, or (4) accepting payment for a particular result  
33 of a home inspection, an unfair practice. An unfair practice  
34 is punishable as provided by law, including by a civil penalty  
35 not to exceed \$40,000. This prohibition does not apply to a

1 home warranty company that is affiliated with or retains a home  
2 inspector if the home warranty company performs repairs pursuant  
3 to claims made under a home warranty contract.

4 The bill requires a home inspection report to include certain  
5 elements. A home inspection report must include a description  
6 of the scope of the report, a list of material defects found  
7 during the home inspection, and certain statements about the  
8 contents of the report. A home inspector who fails to include  
9 a necessary element in a home inspection report is guilty of a  
10 simple misdemeanor punishable by a fine not to exceed \$500.

11 The bill provides limited circumstances under which a home  
12 inspection report may be disclosed to a person other than the  
13 person who commissioned the report. The bill prohibits a home  
14 inspection report from including an estimate as to repair costs  
15 unless the report identifies the source of the estimate, the  
16 estimate is stated as a range, and the home inspector suggests  
17 that the parties consult a professional in the quoted repair.  
18 The bill prohibits a contract to provide a home inspection  
19 from limiting the liability of the person providing the home  
20 inspection for gross negligence or willful misconduct, or waiving  
21 or modifying a provision of the bill.

22 The bill requires a home inspector to maintain insurance  
23 against errors and omissions in the performance of a home  
24 inspection and general liability, with coverages of not less  
25 than \$100,000 per occurrence and \$500,000 in the aggregate,  
26 and with deductibles of not more than \$2,500. The bill makes  
27 a failure to maintain insurance required by the bill, or a  
28 false representation as a person authorized to perform home  
29 inspections, a simple misdemeanor for a first offense and a  
30 serious misdemeanor for a second or subsequent offense. A simple  
31 misdemeanor is punishable by confinement for no more than 30 days  
32 and a fine of at least \$105 but not more than \$855. A serious  
33 misdemeanor is punishable by confinement for no more than one  
34 year and a fine of at least \$430 but not more than \$2,560.