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REGULATION OF HOME INSPECTORS

1997 Wisconsin Act 81, passed by the legislature and signed by Governor Tommy Thompson to take effect on November 1, 1998, requires that the Department of Regulation and Licensing (DORL) register and regulate Wisconsin's commercial home inspectors.

HOME INSPECTOR REGISTRY

The fiscal note to 1997 Assembly Bill 334, which became Act 81, reported that home inspectors examine approximately two-thirds of all homes sold in Wisconsin (97,400 resales in 1996). Inspections apply to real property that contains not more than four dwelling units. Virtually all commercial inspections involve pre-owned housing. (New housing is inspected by municipal officials.)

Under the new law, DORL will maintain the home inspector registry and issue 2-year certificates to individuals who conduct inspections of residential property for compensation. Inspectors will be subject to competency testing, continuing education requirements, practice standards and liability limits.

Individuals who are not listed on the state registry may not use any title or description that implies that the individual is a home inspector. Also, no business may provide home inspection services or use the term "home inspectors" to describe its services unless each of the home inspectors it employs is registered. (Some government employees are separately authorized to perform home inspections as part of their jobs.)

Applicants for the home inspector registry must:

1. Submit an official application form to DORL and pay a \$41 fee. (Renewal certificates are granted beginning January 1 of each odd-numbered year for the same fee.)
2. Submit satisfactory evidence to DORL that the applicant is not subject to a pending criminal charge and has not been convicted of a felony, misdemeanor or other offense that is substantially related to the practice of home inspection.
3. Pass a DORL-approved examination similar in content to that required for membership in the American Society of Home Inspectors. Examinations will be conducted at least semiannually, and applicants must satisfy registration requirements at least 30 days before the examination date.

Registered inspectors will be required to complete 20 hours of continuing education each calendar year, in accordance with rules promulgated by DORL.

STANDARDS OF PRACTICE

Act 81 requires a home inspector to perform a "reasonably competent and diligent inspection" that complies with statutory law and administrative rules. An inspection must examine

readily accessible areas “to detect observable conditions of an improvement to residential real property” and the components of that improvement, but it does not have to be technically exhaustive. The home inspector must submit a written report to the client listing the components of an improvement that were inspected and describing any conditions that, if not repaired, would have significant adverse effect on the life expectancy of the improvement (or its component).

A home inspector is not required to report concerning: the life expectancy of an improvement or component; the cause of the need for any major repair; the method or materials for making any repair or correction; or whether an improvement is being put to a suitable use or complies with applicable regulatory requirements. The inspector may not report, verbally or in writing, about the market value or marketability of a property and whether the property should be purchased. Inspectors may report observations or conditions in addition to those required by DORL, but they are not required to offer a warranty or guarantee of any kind. They also do not have to perform any operations that might damage improvements or enter areas that might be dangerous.

LIABILITY AND DISCIPLINE OF HOME INSPECTORS

The statute of limitations for recovering damages for an act or omission of a home inspector extends for two years from the date of the inspection, but the inspector cannot be sued for damages by a person that is not a party to the transaction for which the home inspection was conducted.

DORL is authorized to make investigations and conduct hearings to determine whether a home inspector has violated the laws regulating home inspection. It may reprimand the inspector or deny, limit, suspend or revoke a certificate if it finds unprofessional conduct, including performing inspections while impaired by alcohol or drugs, practicing without professional skills, advertising in a false and deceptive manner, or making material false statements on applications.

FOR MORE INFORMATION

For copies of 1997 Wisconsin Act 81, contact the Legislative Reference Bureau at (608) 266-0342. For more detailed information about home inspection regulation and registration, contact the Bureau of Direct Licensing and Real Estate, Department of Regulation and Licensing, at (608) 266-5439.