

HOUSE BILL NO. 1473

Introduced by

Representatives Potter, Nottestad

Senators Espegard, Kringstad, J. Lee, Seymour

1 A BILL for an Act to create and enact a new chapter to title 43 of the North Dakota Century
2 Code, relating to a board of home inspectors and the licensing of home inspectors; and to
3 provide a penalty.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new chapter to title 43 of the North Dakota Century Code is created and
6 enacted as follows:

7 **Definitions.** As used in this chapter, unless the context otherwise requires:

- 8 1. "Board" means the North Dakota board of home inspectors.
- 9 2. "Client" means a person that engages or seeks to engage the services of a home
10 inspector for a home inspection.
- 11 3. "Home inspection" means the process by which a home inspector provides a
12 nonintrusive, visual examination and written evaluation of the heating system,
13 cooling system, plumbing system, electrical system, structural components,
14 foundation, roof, masonry structure, and exterior and interior components of a
15 residential building. The term does not include an examination of items that are
16 concealed or not readily accessible or identification of concealed conditions or
17 defects.
- 18 4. "Home inspector" means an individual licensed under this chapter to conduct home
19 inspections.
- 20 5. "Residential building" means a structure consisting of not more than four family
21 dwelling units.

22 **North Dakota board of home inspectors - Appointment - Terms.** The North Dakota
23 board of home inspectors consists of five home inspectors appointed by the governor, except
24 the first board need not consist of licensed home inspectors. The members of the board must

1 be appointed for terms of three years, staggered so that the term of at least one member
2 expires on July first of each year. Each member shall hold office until that member's successor
3 is appointed and qualified. In July of each year, the board shall meet and select one member
4 as president, one member as vice president, and one member as secretary and treasurer. The
5 board may employ and set the compensation of employees to assist the board in its duties. A
6 member of the board is entitled to receive fifty dollars per day and travel expenses in the
7 amount provided by law for state officials and employees when performing the official duties of
8 the board.

9 **Board to adopt rules.** The board shall adopt rules establishing competency standards,
10 standards of practice, a code of ethics, and requirements for licensure, licensure renewal and
11 reinstatement, liability insurance, and continuing education.

12 **Licensing of home inspectors.** An individual may not perform a home inspection for
13 compensation unless licensed under this chapter. An applicant for a license as a home
14 inspector shall file a written application in the form prescribed by the board. An applicant must:

- 15 1. Be at least eighteen years of age.
- 16 2. Be of good moral character.
- 17 3. Have passed a written examination approved by the board that meets the
18 competency standards established by the board.
- 19 4. Have passed a course of study and a home inspection training program that meets
20 the standards established by the board.
- 21 5. Pays a fee as determined by the board, not to exceed two hundred dollars.

22 **Exceptions to licensing requirements.** The licensing requirements of this chapter do
23 not apply to:

- 24 1. An individual employed as a code enforcement official by the state or a political
25 subdivision when acting within the scope of that governmental employment.
- 26 2. An individual licensed, certified, or registered under this title when acting within the
27 scope of practice of that individual's profession or occupation.
- 28 3. An individual engaged as an insurance adjuster when acting within the scope of
29 that employment.

30 **Reciprocal licensing.** The board may issue a license to perform home inspections to
31 an individual who holds a valid license issued by another state that has standards substantially

1 equivalent to those provided under this chapter upon payment to the board of the fee
2 determined by the board and submission of a written application as provided by the board.

3 **Renewal of licenses.** A license issued under this chapter expires two calendar years
4 after issuance and may be renewed upon submission of a renewal fee as determined by the
5 board, but not to exceed two hundred dollars, and provision of proof of completion of continuing
6 education requirements as established by the board.

7 **Revocation of license.** The board may suspend or revoke a license issued by the
8 board for a violation of this chapter or of a rule adopted by the board. The board may refuse to
9 grant or may suspend or revoke a license if the licensee or applicant:

- 10 1. Disclosed any information concerning the results of a home inspection without the
11 approval of a client.
- 12 2. Accepted compensation from more than one interested party for the same service
13 without the written consent of all interested parties.
- 14 3. Failed to disclose promptly to a client information about any business interest that
15 may affect the client in connection with the home inspection.
- 16 4. Violated any provision of this chapter or any rule adopted by the board.

17 **Liability of home inspectors - Statute of limitations.**

- 18 1. A home inspector's liability to a client with respect to a residential building may not
19 exceed thirty thousand dollars if the total invoiced amount of the home inspection is
20 more than two thousand five hundred dollars and may not exceed twice the total
21 invoiced amount of a home inspection which is two thousand five hundred dollars
22 or less. This section does not preclude a client and a home inspector from
23 contracting for greater or lesser damage amounts.
- 24 2. A client may not commence an action to recover damages for an act or omission of
25 a home inspector performing a home inspection more than six months after the
26 date the home inspection was completed.

27 **Penalty.** A person who violates this chapter is guilty of a class B misdemeanor.