



# HOUSE BILL No. 4326

February 7, 1995, Introduced by Reps. DeLange, Middleton, Dalman, Brackenridge and McNutt and referred to the Committee on Regulatory Affairs.

A bill to define and prescribe certain disclosures and standards in contracts involving home inspection services; and to provide for the rights and remedies for certain persons for non-compliance with or violation of this act under certain circumstances.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2 "home inspection services act".

3       Sec. 3. As used in this act:

4       (a) "Accessories" means appliances that are fixtures in the  
5 residence. Accessories include built-in appliances and vacuum  
6 systems but do not include a security system.

7       (b) "Client" means the person on whose behalf a home  
8 inspector is acting.

1 (c) "Electrical system" means the total system in a  
2 residence which facilitates the flow of electricity beginning  
3 with the main panel and extending to the subpanels and including  
4 branch circuits, and directly wired electrical and lighting  
5 fixtures.

6 (d) "Foundation" means 1 or more of the following upon which  
7 a residence is placed:

8 (i) Slab.

9 (ii) Crawl space.

10 (iii) Basement.

11 (iv) Piers.

12 (e) "Heating and air conditioning system" means a separate  
13 or combined system used to distribute or radiate heat or cool air  
14 throughout all or part of a residence. The radiation or distri-  
15 bution of heat may be accomplished by means of a central heat  
16 source or thermostatically controlled heat sources in 1 or more  
17 rooms of a residence. Air conditioning does not include a unit  
18 mounted in a wall or a window unless the unit utilizes ducts to  
19 distribute the air.

20 (f) "Home inspector" means a person engaged in, or offering  
21 to engage in, the business of providing home inspection services  
22 but does not include any of the following:

23 (i) A person acting on behalf of a local, state, or federal  
24 governmental unit or agency conducting an inspection or investi-  
25 gation concerning compliance with either or both of the  
26 following:

1 (A) Health or safety laws or regulations.

2 (B) Construction or building laws or regulations.

3 (ii) A person licensed, registered, or certified under 1 or  
4 more of the following while conducting an inspection that is rea-  
5 sonably related to a task or prospective task within the scope of  
6 licensure, registration, or certification:

7 (A) Article 20 of the occupational code, Act No. 299 of the  
8 Public Acts of 1980, being sections 339.2001 to 339.2014 of the  
9 Michigan Compiled Laws.

10 (B) Article 26 of Act No. 299 of the Public Acts of 1980,  
11 being sections 339.2601 to 339.2637 of the Michigan Compiled  
12 Laws.

13 (C) Act No. 222 of the Public Acts of 1901, being sections  
14 338.951 to 338.965 of the Michigan Compiled Laws.

15 (D) Act No. 266 of the Public Acts of 1929, being sections  
16 338.901 to 338.917 of the Michigan Compiled Laws.

17 (E) The electrical administrative act, Act No. 217 of the  
18 Public Acts of 1956, being sections 338.881 to 338.892 of the  
19 Michigan Compiled Laws.

20 (F) The Forbes mechanical contractors act, Act No. 192 of  
21 the Public Acts of 1984, being sections 338.971 to 338.988 of the  
22 Michigan Compiled Laws.

23 (g) "Home inspection services" means services provided to a  
24 client, for consideration, which are designed to identify and  
25 disclose the functional condition of the major systems and acces-  
26 sories in a residence at the time of the inspection. Home

1 inspection services do not include an inspection designed only to  
2 disclose any of the following:

3       (i) Compliance with local, state, or federal building or  
4 construction laws or regulations.

5       (ii) Compliance with local, state, or federal health and  
6 safety laws or regulations.

7       (iii) The presence or absence of pests, termites, or other  
8 vermin or damage resulting from the presence of pests, termites,  
9 or vermin.

10       (h) "Major deficiency" means a defect in 1 or more major  
11 systems or accessories that may cause the reasonable likelihood  
12 of harm to the safety of the occupants so as to require their  
13 evacuation of the residence for more than 3 days or which may  
14 result in the reasonable likelihood of a major system or acces-  
15 sory becoming nonoperational.

16       (i) "Major system" means any 1 of the following:

17       (i) Electrical system.

18       (ii) Heating and air conditioning system.

19       (iii) Plumbing system.

20       (iv) Structure and foundation system.

21       (j) "Person" means an individual, partnership, corporation,  
22 or other legal entity.

23       (k) "Plumbing system" means that system regulating the  
24 inward and outward flow of water and sewage in a residence and  
25 includes, but is not limited to, water heaters, fixtures, fau-  
26 cets, valves, and pipes. Plumbing does not include wells, septic

1 systems, water softeners, or sump pumps unless included in  
2 writing in the contract for home inspection services.

3 (l) "Residence" means a building used primarily for family  
4 living quarters and designed for occupancy of not more than 4  
5 families in separate living quarters.

6 (m) "Structure" means the walls, windows, doors, and roof on  
7 the exterior of a residence and the walls, ceilings, floors, win-  
8 dows, and doors on the interior of a residence.

9 Sec. 5. (1) A person providing or offering to provide home  
10 inspection services shall comply with this act.

11 (2) A home inspector who enters into a contract for home  
12 inspection services that is not in conformance with this act  
13 shall be subject to the remedies provided for under this act.

14 (3) A home inspector shall inspect those major systems of a  
15 residence that are the subject of a contract for home inspection  
16 services only to the extent that those major systems and accesso-  
17 ries are readily accessible and visible to the home inspector. A  
18 home inspector shall indicate in writing any accessory or major  
19 system, or any part of an accessory or major system, that was not  
20 able to be inspected and the reasons for the inability to  
21 inspect.

22 (4) A home inspector who inspects a residence shall not  
23 repair or offer to repair a residence which was the subject of  
24 home inspection services provided by that home inspector unless  
25 the repair is pursuant to a home warranty provided by the home  
26 inspector.

1       Sec. 7. (1) The home inspector shall disclose whether he or  
2 she, an employee or agent, or an immediate family member has an  
3 ownership interest in the residence being inspected.

4       (2) A home inspector shall disclose whether he or she, an  
5 employee or agent, or an immediate family member is a member of a  
6 board of directors of, or an officer of, an entity which has an  
7 ownership interest in the residence being inspected.

8       (3) A home inspector shall furnish to the client a document  
9 entitled "disclosure statement" which shall be presented at the  
10 time the written home inspection report is conveyed to the client  
11 and shall contain, at a minimum, both of the following:

12       (a) The scope of the home inspection services with a  
13 detailed description of the major systems and accessories to be  
14 inspected, the type of major deficiencies the home inspection is  
15 designed to reveal, and items that are excluded from coverage  
16 under the contract of home inspection services.

17       (b) A statement that a home inspector inspecting a particu-  
18 lar residence shall not repair or offer to repair a residence  
19 which was the subject of home inspection services provided by  
20 that home inspector unless the repair is pursuant to a home war-  
21 ranty provided by the home inspector.

22       Sec. 9. (1) A contract for home inspection services shall  
23 be in writing, executed by the home inspector and either the  
24 client or the client's agent, and in conformance with  
25 section 11. A copy of the executed contract for home inspection  
26 services shall be provided to the client at the time of its  
27 execution.

1       (2) All terms of the contract for home inspection services  
2 shall be contained in the written contract except that conditions  
3 of the residence affecting the home inspector's ability to con-  
4 duct a home inspection shall be noted in a separate document  
5 attached to the contract. Any changes or modifications of the  
6 terms of the contract for home inspection services shall be  
7 reduced to writing.

8       (3) Unless otherwise indicated in writing, the purchaser of  
9 a residence being inspected is considered the client in the case  
10 of a home inspection conducted as part of a sale of the  
11 residence.

12       Sec. 11. The following shall be contained in a contract for  
13 home inspection services:

14       (a) A description of the home inspection services to be  
15 provided.

16       (b) Any disclaimers including, but not limited to, the  
17 absence of any warranties as to the adequacy of future per-  
18 formance of a major system or accessory and the fact that the  
19 home inspection is considered a valid assessment of the condition  
20 of the residence only as of the date the home inspection was  
21 conducted.

22       (c) Any exclusion of defects not reasonably apparent by  
23 visual inspection.

24       (d) Any exclusion of any major system or accessory not oper-  
25 able at the time of the conduct of the home inspection.

26       Sec. 13. (1) After performing home inspection services, a  
27 home inspector shall provide to the client a written home

1 inspection report containing the results of the home inspection.  
2 The home inspection report shall include a list of the major sys-  
3 tems or accessories inspected and any major systems or accesso-  
4 ries not inspected. The home inspector shall list in the report  
5 any conditions affecting or limiting the ability of the home  
6 inspector to provide home inspection services pursuant to the  
7 contract.

8 (2) The home inspection report shall include the following  
9 statements:

10 (a) That defects not reasonably apparent by visual inspec-  
11 tion are excluded.

12 (b) That a major system or accessory not operable at the  
13 time of the conduct of the home inspection is excluded.

14 (3) The home inspector shall indicate in the written home  
15 inspection report the fact that the home inspection is considered  
16 a valid assessment of the condition of the residence only as of  
17 the date the home inspection was conducted.

18 (4) A home inspector shall retain a copy of the contract for  
19 home inspection services and the written home inspection report  
20 for at least 3 years after the date of the report.

21 Sec. 15. A contract for home inspection services that is  
22 not in compliance with this act is voidable at the option of the  
23 client.

24 Sec. 16. This act shall take effect January 1, 1996.