New Legal Requirements For Home Inspections (SF 460)

What Realtors, Buyers and Sellers Need To Know

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Effective 07/01/25, the Iowa Code sets forth various requirements regarding home inspections, which are summarized below:

Authorized Inspectors: Only the following individuals are able to issue an independent home inspection report:

- A "home inspector," which is defined as a person who is a member in good standing of a national home inspectors association (or a person supervised by such a member who takes responsibility for the contents of the inspection reports);
- A person who holds a license or registration in good standing to perform home inspections in another state;
- Licensed architects under Iowa Code Chapter 544A; or
- Licensed professional engineers under Chapter 542B.

Standard of Care and Prohibitions: (1) Inspectors must perform their duties with the care of a reasonably prudent home inspector, adhering to the standards of practice and the code of ethics of a national home inspector association. (2) Inspectors, employers of a home inspector and people with a controlling/financial in a home inspection company are prohibited from:

- Performing or offering to perform repairs on a property they have inspected within 12 months (except radon/termite work);
- Inspecting properties in which they have an interest in the transfer, unless prior written disclosure and acknowledged by buyer.
- Offering or accepting referral fees, commissions or kickbacks from sellers or licensees involved in the transaction; or
- Accepting an engagement to perform an inspection or prepare a report where the engagement or inspection fee is contingent upon (1) the conclusions in the report, (2) preestablished/prescribed findings, or (3) closing of the transaction.

Required Report Contents: Inspection reports must be written and must include the following:

- Description of the scope of the inspection, including an identification of systems, subsystems and structural elements;
- Description of material defects, along with any recommendations that experts be retained to determine the extent of the defects and corrective action.
- A material defect that poses an unreasonable risk to people on the property must be conspicuously identified as such.
- The below-listed statutorily required statements, which must be set forth conspicuously:
    - "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."
    - "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."
    - "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."
    - "The home inspection report is not to be construed as an appraisal and may not be used as such for any purpose."

Disclosure and Use of Reports:

- Cannot be disclosed to third parties without the client's consent;
- May be requested by sellers at no charge; and
- May contain written cost estimates for repairs only if (1) the source of the estimate is identified; (2) a range of costs is provided; and (3) a statement advising consultation with a qualified contractor is included.

Insurance and No Limitation of Liability: (1) Inspectors must carry general liability insurance with a minimum coverage of $100,000.00 per occurrence and $500,000.00 aggregate coverage. (2) A contract to provide home inspection services shall not limit the liability of the person providing the home inspection for gross negligence or willful misconduct.

If you have questions, please contact Jodie McDougal at jmcdougal@fredlaw.com or 515.242.8971.