



NCHILB Newsletter - Summer 2010

North Carolina Home Inspector Licensure Board

322 Chapanoke Rd, Suite 115, Raleigh, NC 27603

(Tel) 919-662-4480 (Fax) 919 662 4459 Website: <http://www.nchilb.com/>

Mission Statement:

The mission of the N.C. Home Inspector Licensure Board is to safeguard the public health, safety, and welfare, and to protect the public from being harmed by unqualified persons by regulating the use of the title "Licensed Home Inspector," and by providing for the licensure and regulation of those who perform home inspections for compensation.

Letter from the Chairman – Wm. T. Jones:

I am extremely proud to be the newly elected Chairman of the North Carolina Home Inspectors Licensure Board. This year will be a very busy year for the Board with all of the new legislative directives. Much time will need to be spent in committee meetings designing 3 new 16 hour continuing education programs as well as establishing criteria for a new pre-licensing program alternative path to licensure. With the help and expertise of several of the members of our excellent licensed home inspectors associations, these courses will be a great asset in the quest to continually improve the quality and integrity of home inspections in North Carolina.

Also I am pleased to announce that the 2010-2011 NCHILB meeting schedule includes an opportunity to hold a Board meeting on the Outer Banks of North Carolina. The November 19, 2010 NCHILB meeting is scheduled to be held in Manteo, NC. I would like to encourage all of the home inspectors in the Eastern Carolina area to attend this meeting.

I look forward to meeting many of you at the Board meetings and ask that you continue to share your ideas and concerns with the Board as this is how we continue to improve our industry.

William T. "TJ" Jones
Chairman

Director's Message - Mike Hejduk:

In addition to our new Chairman, the July 16, meeting of the Board resulted in the following election of new officers: Vice-Chairman, Marion Peeples; Secretary, Chris Noles, and; Treasurer, Ted Triebel.

Staff serves the Board and licensees in 3 main functional areas through every license renewal period:

Education, Licensing, Investigations

Information regarding each of these three areas is provided below.

Education - The summer months of July, August and September include a full schedule of Continuing Education (CE) opportunities for licensees. Staff and Board members will be monitoring courses as they are held in and around the Raleigh area, and reviewing student survey forms. This year's Board-developed update course on wood deck inspection and reporting has already generated some feedback regarding "DDID" (Describe, Determine, Implication, Direction) requirements that is addressed in the Education portion of this newsletter. In addition, subcommittees have begun work on both a 48 hour CE program and a pre-licensing education program. CE requirements will be increasing from 12 to 16 hours beginning with license renewal period Oct. 1, 2011.

Licensing - The majority of 1,400 license renewal application forms are submitted after the Sept. 10 annual deadline for CE. As you can imagine, processing so many paper applications and fees consumes tremendous staff time. This year we

anticipate introducing a limited online renewal and CE lookup capability for active home inspectors. Those who are renewing online should have the ability to pay using credit or debit card or electronic check. Printing and mailing of renewal documents will be outsourced this year to provide all active licensees a license renewal application, this newsletter and the April 1, 2010, edition of the Board Rules. While Staff is placing increased emphasis on email communications with licensees through the Listserve subscription, many licensees still prefer mailings as well.

Investigations – Staff receives complaints against licensed inspectors and unlicensed entities. Once the required information is received from the complainant and licensee, a site visit may be conducted if appropriate. An investigation report is then drafted that details the alleged complaint items, findings and conclusions. The volume of complaints and active investigations has warranted recruitment of contract investigators to supplement Staff in order to speed processing time. These individuals are also assisting Staff in reviewing home inspection reports submitted as a result of disciplinary action or under the new licensee report review program for compliance with the Standards of Practice.

Priorities for 2010:

The Board's stated priorities for 2010 are:

- Assist Home Inspectors in improving the quality of home inspection reports
- Take appropriate action against unlicensed activity as authorized by the law
- Enable online license renewals / photo IDs
- Facilitate a pre-licensing education program of instruction

Board Meetings 2010:

Regular Board meetings are generally scheduled for the second Friday of every other month resulting in six meetings per year. Upcoming meetings are currently scheduled to meet at the Board's office in Raleigh on Sept. 17 and in Manteo on Nov. 19, at the Dare County Administrative Office building.



May 14, 2010 Board Meeting in Raleigh, N.C.

Committees:

- ✓ **Application Evaluation – T. Jarrett**
Equivalent Experience Review
- ✓ **Exam – D. Jones**
Review & develop additional questions
- ✓ **Finance – T. Triebel**
Develop Budget
- ✓ **Legislative – T. Triebel**
Monitor Laws & Rule Changes
- ✓ **Education – C. Noles**
*Board Developed Update Course
48 hour Continuing Education program
Pre-Licensing program*
- ✓ **Standards of Practice – D. Jones**
*Rule Changes
Interpretations & FAQs
Recommended Language*
- ✓ **Investigator Advisory – G. Canipe**
*Complaints – Licensed/Unlicensed
Investigations – Contract Assistance
Disciplinary Actions/Consent Agreements*
- ✓ **Personnel – W. Jones**

“Spotlight on Standards”

Licensees are responsible for staying up-to-date with the laws and rules affecting their practice, and are strongly encouraged to regularly read and review the Standards of Practice and Rules of Ethics.

This issue of the newsletter takes a detailed look at two main requirements of Section .1103, “Purpose and Scope”: The written **contract** and the **report**.

- **The written contract must be signed by the client before the home inspection is performed.** An inspection is defined in

.1101(13) as a visual examination. The contract is considered a separate document from the report and must be signed by the client prior to the inspection beginning. In other words, do not do the field inspection thinking you will just release the report after the contract is signed. The contract is a separate document from the report and must be signed by the client first. The home inspection report should not include the contract among its numbered pages. The contract must also include a statement that the home inspection is in accordance with the Standards of Practice (SOP), as well as a description of services to be provided and their cost. A copy of the Standards of Practice may be attached to the contract for the convenience of the client or referral to the document online. When the client requests inspection of only a limited number of systems or components, the contract must state this. However, licensees should note that the home inspection report is still required to be in accordance with the SOP if two or more systems of the home are inspected, and if the home inspector receives compensation for the inspection. The report must still state all the systems and components required to be inspected by the SOP with the notation that they were not inspected because their inspection was excluded as agreed upon in the contract.

- The home inspection **report** must be in writing and must state all the systems and components that the SOP requires to be **inspected**. Please note that while the report template “boilerplate” language may be identical to the SOP by stating, for example, “The inspector shall inspect the foundation...”, this is not the same as clearly indicating (by check mark or statement) in the report that the foundation was inspected. The same applies to requirements where the inspector shall **describe, operate or report** something about a system or component. A check or mark in a box labeled “Inspected” is better evidence of compliance than the generic statement from the SOP. The report must state the systems or components that do not function as intended (or appear not to function as intended) or adversely affect the habitability of the dwelling [i.e. safety items]. It should be noted that the written home inspection report

must include a Summary Page. Where this requirement was previously included in this section of the rules, it is now contained in NCGS 143-151.58(a1) with different provisions. You should review NCGS 143-151.58 to make sure your reports are in compliance with this statute.

License Administration - Terri Tart:

- **Renewals.** All licenses expire on Sept. 30 if an application for renewal has not been submitted and the renewal fee is not paid. Current rules require licensees to attend a minimum of 12 hours of continuing education each license year in order to renew a license on active status. Licensees may request that active licenses be placed on inactive status prior to expiration on Sept. 30 even if required continuing education credits of 12 hours have not been attained. Separate renewal application forms are provided for home inspectors and associate inspectors. Associates seeking renewal must obtain a signature endorsement by their supervising inspector.
- **Active vs. Inactive License Status.** Requests to place a license on inactive status must be in writing. Please see NCGS 143-151.55(c) for inactive license requirements. Additionally, you may call or email Staff with specific questions. A proposed rule change to NCAC Section .1012 approved by the Board at the May 14, 2010 regular meeting would limit the period of time that licensees may remain on inactive status to no more than two consecutive licensure periods.
- **Late Renewals.** Licenses renewed on or after Oct. 1 are considered late renewals. A licensee seeking to renew late must pay late fees in addition to the annual renewal fees. If a proposed rule change to NCAC Section .1011 Fee Schedule is adopted by the Rules Review Commission (RRC) on Sept. 16, both the annual renewal fee and late renewal fees for home and associate inspectors will increase as follows:

Late Fees	Home Insp.	Assoc. Insp.
Current	\$150+\$25= \$175	\$100+\$15=\$115
Proposed	\$160+\$30= \$190	\$110+\$20=\$130

If adopted by the RRC, this rule change will take effect on Oct. 1, 2010. Further information

will be provided via the email Listserve pending action by the RRC.

• **Statistics (as of July 30, 2010).**

Home Inspectors – active	1357
<u>Associate Home Inspectors - active</u>	<u>72</u>
Total Inspectors – active	1429
Home Inspectors – inactive	466
<u>Associate Inspectors – inactive</u>	<u>60</u>
Total Inspectors – inactive	526
Total # N.C. Licensees	1955

• **Applications.** Persons interested in becoming licensed in North Carolina must submit a completed application form. Application forms are available through the Board website, or may be mailed by Staff upon request. The application must be accompanied by the applicable fee for home inspector or associate home inspector. Applicants determined by Staff to meet requirements are mailed notices, and thereafter may register to take the mandatory state exam. Staff may refer certain applications to the Application Evaluation Review Committee for approval/denial.

• **Exams.** Advance registration and payment of the required fee is necessary to sit for the State licensure exam. All examinations are held at the Board's testing room in Raleigh. If necessary an additional day of exams may be added. A score of 70% is required to pass the exam. Examination reviews are available only to applicants who fail the exam. Applicants who do not score a passing grade must wait 6 months to take the exam again.

• **License Issuance.** Upon an applicant's successful completion of the exam and payment of the initial license issuance fee, the newly licensed home inspector will be assigned a license number and mailed a license certificate and a pocket identification card (ID). The annual license period runs from Oct. 1 to Sept. 30. New licensees are required by the Board to submit their first 2 home inspection reports to Staff for review as a check for compliance with the Standards of Practice.

• **Change of Address.** Licensees must provide change of address information to the Board per General Statute 143-151.54(a). Please note that annual license renewal notices are mailed each

year to licensees at the last mailing address provided. The introduction of online renewals will also allow licensees to change their mailing and *email* address information.

• **Associate Home Inspector.** Session Law 2009-509 prohibits the Board from accepting applications for licensure as an associate home inspector after Apr. 1, 2011. The Board may not issue a license for an associate home inspector on or after Oct. 1, 2011. The Board may not renew an associate home inspector license on or after Oct. 1, 2013. From the preceding table, there are 132 licensed associate home inspectors (72 active, 60 inactive). Staff has received several calls asking whether recent statute changes will permit these licensees to take the home inspector exam. Associate home inspectors who hold a license as of Oct. 1, 2011 and have performed 100 inspections for compensation and have 1 year experience may qualify for the home inspector exam registration. In other words, even though NCGS 143-151.51(a)(5)(a) effective Oct. 1, 2011, only refers to satisfactory completion of an education program, the associate program participants are "grandfathered".

Continuing Education - Jennifer Hollyfield:

• **Update Course.** The update course for 2009/2010 is Accuracy in Inspection – Wood Decks. Please note that because the course was developed last year, information on page 13 of the course booklet related to the Summary Page requirements should be changed to delete references to rule section .1103(d) since NCGS 143-151.58(a1) now applies. In addition, initial feedback from students questioned the need to refer all repair work to a licensed general contractor. Staff acknowledges that work under \$30,000 in value may be completed by any qualified person. In past years, Staff printed and mailed the Board-developed update course booklets to all licensees. Licensees sometimes misplaced these prior to attending classes. This year the printed booklets are being provided to course sponsors for distribution to students when the course convenes. In the future, sponsors will be responsible for printing the course book from a disk/download and

distributing of the course materials to students in their classes. The update course approved for 2010/2011 is Electrical Safety – Part I. Instructors planning to teach next year’s update course were required to attend mandatory training on Aug. 16.

- **Elective Courses.** Sponsors are responsible for updating and developing new elective courses for approval annually. Sponsors and instructors must also reapply each year for approval. Please check the Board’s website for a complete listing of course offerings for the current license renewal period. Licensed inspectors must currently earn 12 hours of continuing education (CE) credits every license period (Oct. 1 to Sept. 30), including a 4 hours Board-developed update course and 8 hours of sponsor-developed elective courses. Information on Board-approved courses, locations and instructors is available through the website menu item [CONTINUING EDUCATION, INFORMATION](#). Mindful of increasing costs associated with continuing education, the Board has filed a proposed change to rule .1326 that deletes the requirement for continuous video communication -- which allows for remote broadcasting of CE instruction via computer screen with continuous audio by the instructor. This change is intended to allow for “webinars” and conference calls with on-site course monitors at several meeting locations. The real-time video requirement was deemed prohibitively expensive.
- **48 Hour CE Program.** Session Law 2009-509 instructed the Board to require all licensees licensed on or before Sep. 30, 2011, to complete a continuing education program focused on inspection techniques and reporting requirements. The program must consist of a total of 48 hours of instruction over 3 years, with 16 hours taken in each year. The Education Committee has established a subcommittee to develop this 3 year schedule and core curriculum to allow coordination by Elective Course Sponsors.
- **CE Rule Changes.** In response to the 48 hour program requirement, the Board is considering a proposed rule change to .1302 to increase the annual CE requirement from 12 to 16 hours.

The Board has also filed a related proposed rule change to .1303 to increase the maximum CE required to reinstate an inactive license from 16 to 24 hours.

- **Pre-licensing Education Program.** Session Law 2009-509 amended NCGS 143-151.49(b) to provide a path to licensure as a home inspector through attendance and graduation from a pre-licensing education program. Rule .1004(c), effective Apr. 1, 2010, requires the pre-licensing home inspection course or training program to consist of at least 120 hours of instruction. The Education Committee has established a subcommittee to develop classroom and field training criteria for such a program.
- **Statistics.**

Update Course Sponsors - approved	25
Update Course Instructors - approved	13
Elective Course Sponsors - approved	25
Elective Course Instructors - approved	92
Elective Courses - approved	43

Investigations - Phil Joyner:

- **Complaints.** Recent updates to the Board’s website include new information on the [Complaint Process](#) menu selection and a new complaint form. Anyone may file a complaint against a licensee within 3 years of the date the home inspection was performed. Complaints must be in writing, signed and dated and include the mailing address and phone number of the complainant as well as the street address of the home that was inspected. Supporting documentation must include a copy of the contract and home inspection report. A copy of the complaint is provided to the licensee for comment. Persons doing home inspections without a valid license are guilty of a Class 2 misdemeanor, a criminal offense per General Statute 143-151.59. The Board does not have jurisdiction to directly discipline persons who are not licensees, and therefore complaints against unlicensed entities must be handled by a different process than complaints against licensees.
- **Site Visits Following a Complaint.** After an initial review of the complaint and the home inspection report a site visit by an investigator

may be scheduled if appropriate. Due to an increasing number of complaints in recent years, some of these field visits are conducted by contract investigators located outside of Raleigh. Site visits can provide an opportunity for the investigator to have face-to-face meetings with property owners, complainants, inspectors and other potential witnesses such as real estate and other professionals familiar with the property. Site visits may also reveal additional violations of the Standards of Practice not included in the complaint but subject to disciplinary action by the Board.

- **Investigation Reports.** Staff’s investigation of the complaint determines whether there is sufficient evidence of violations of the Standards of Practice, Code of Ethics or of the General Statutes to proceed to a disciplinary hearing or warrant other disciplinary action. Investigation findings are documented in a report that is provided to the complainant and the licensee. Appendices to the report include the home inspection report, complaint, and any other relevant documentation such as specialist reports or photographs. Generally, investigation reports will address both the complainant’s allegations and additional items discovered by Staff that may deal with SOP compliance. If there are findings in the investigation report (or by the Investigatory Advisory Committee upon appeal by a complainant) that there is sufficient evidence to support the allegations in a complaint, the Board schedules a time and place for a disciplinary hearing and gives notice to the licensee.
- **Contract Investigators.** Staff has contracted with two experienced individuals for Fiscal Year (FY) 2010/2011 to assist in field investigations and investigation report drafting. These contractors are located in the Charlotte area and will be assigned cases based on geographic need after confirmation that no actual or apparent conflict of interest exists regarding any of the persons involved with the complaint. A third contract investigator is assisting Staff review of home inspector reports submitted as part of consent agreements and under the new licensee report audit program.
- **Statistics.**

Complaints/Investigations involving Licensees - current	39
Complaints/Investigations involving Unlicensed Persons - current	7

Board Disciplinary Action

A recent review revealed that between 1996 and 2010 (14 years), there have been approximately 500 complaints filed with the Board, and 100 disciplinary actions imposed by the Board against licensees. This averages to about 36 complaints and 7 disciplinary actions per year. An alphabetical list of current and former licensees who have been disciplined is available through the Web site menu item [DISCIPLINARY ACTIONS](#).

Since the beginning of the current license period on Oct. 1, 2009 through Jun. 30, 2010 (the first 3 quarters of the license period) the Board has resolved 3 controversies concerning a license by

Consent Agreements:

- Nov. 20, 2009: Goforth, D. Jarrod (#296): 6 months probation ending May 20, 2010; 4 hr course Report Writing; submit 2 home inspection reports for review.
 - Nov. 20, 2009: Michael, Larry Jason (#2855): 6 months probation ending May 20, 2010; 4 hr course Report Writing; submit 2 home inspection reports for review
 - Feb. 26, 2010: Greenwold, Larry Andrew (#436): 6 months probation ending Aug. 26, 2010; 4 hr course Report Writing; submit 2 home inspection reports for review
- **Consent Agreements.** Common terms negotiated may include license suspension, probation, completion of additional continuing education courses related to specific violations of the Standards of Practice (SOP), and the requirement that the licensee submit home inspection reports to the Board for review. For example, if there is an apparent violation involving a licensee’s failure to inspect the operation of ground fault circuit interrupters per .1110(a)(7), s/he may be required to take an electrical systems elective course – before the expiration of the probationary period – in addition to the annual 8 hour required elective

CE. The licensee would then be required to submit additional reports for Staff review after the CE is taken to ensure his or her reports meet minimum SOP requirements. Non-compliance with terms and conditions of the consent agreement may also provide grounds for further disciplinary action.

- **Disciplinary Hearings.** General Statute 143-151.56(b) states the Board may refuse to renew, suspend, revoke or impose probationary conditions upon a licensee after holding a hearing. As with a driver's license, holding a home inspection license is a privilege, not a right. If the Board suspends or revokes a license issued by it, the individual to whom it was issued must turn over the license to the Board upon demand. The Board may also issue a Letter of Reprimand as part of a disciplinary order. Reprimands have been issued in several cases where the licensee could not produce a contract signed by the client.

• **Statistics.**

Consent Agreements - Active	32
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Photographs



Outgoing Chairman Gerald Canipe congratulates new Chairman William Talmadge (TJ) Jones.



Outgoing Chairman Gerald Canipe thanks Larry Summer for his 15+ years of dedicated service on the Board. Larry has been an appointee since the Board was first established. He will continue to serve until his successor is appointed.

N.C. Home Inspector Licensure Board Appointees

- Chairman..... William Talmadge 'TJ' Jones^{2A}
- Vice Chairman Marion Peoples^{1A}
- Secretary Chris Noles⁴
- Treasurer..... Ted Triebel^{3B}
- Member T. Larry Summer^{1D}
- Member David G. Jones^{2A}
- Member Gerald Canipe^{3A}
- Member Tony Jarrett^{1C}

Appointed by:

1. Governor
2. President Pro Tempore Senate
3. Speaker of the House of Representatives
4. Commissioner of Insurance

Representing:

- A. Home Inspectors
- B. Public Member
- C. N.C. Association of Realtors®
- D. N.C. Home Builders Association®

NCHILB/NCDOI Staff

EXECUTIVE DIRECTOR:

Mike Hejduk, PE
Mike.hejduk@ncdoi.gov
 (919) 662-4480 x272



LICENSE ADMINISTRATION:

Terri Tart
Terri.tart@ncdoi.gov
 (919) 662-4480 x274



EDUCATION COORDINATOR:

Jennifer Hollyfield
Jennifer.hollyfield@ncdoi.gov
 (919) 662-4480 x273



INVESTIGATOR:

Phil Joyner
Phil.joyner@ncdoi.gov
 (919) 662-4480 x285

