



# NCHILB Newsletter - Fall 2010

## North Carolina Home Inspector Licensure Board

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### **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 would like to thank those who attended the November 19<sup>th</sup> board meeting in Manteo. I realize that the travel distance and slow economy may have been factors working against greater participation; however those that did attend enjoyed beautiful weather, a great facility and a very informative meeting.

At the beginning of our Thursday's mandatory board member training Waverly Sawyer of Camden was sworn in to replace the position of Home Builder's Representative formerly held by Larry Summer of Cherryville. We welcome and look forward to working with Waverly in our continuing efforts to improve our industry.

Our "Outer Banks venue" provided the ideal opportunity to hear a presentation on the IBHS FORTIFIED for Existing Homes™ program intended to facilitate insurance premium discounts for homeowners in Coastal Counties. This is going to be a "hot topic" while the Board considers issues related to licensed home inspector participation. The Standards of Practice and Rules committee members and staff will be weighing the consequences associated with either requiring or not requiring these "information gatherers" to be licensed as home inspectors.

Once again, I look forward to seeing many more of you at our next meeting at the Board's office in Raleigh in January, 2011.

Respectfully,  
William T. "TJ" Jones  
Chairman

### **Director's Message - Mike Heiduk:**

The November Board meeting held in Manteo included mandatory training for Board members as required by N.C.G.S. 93B-5. The Board was privileged to have N.C. Chief Administrative Law Judge and Director of the Office of Administrative Hearings Julian Mann and attorney Jack Nichols of Allen and Pinnix, P.A. as speakers.

Dare County Board of Commissioners Chairman Warren Judge provided a warm welcome to the Board and expressed his appreciation for everyone making the trip east. County Manager Bobby Outten remarked on his experiences with home inspectors and real estate closing contracts in his private practice work as an attorney.

Education – A three year schedule of Continuing Education course content has been developed along with criteria to evaluate pre-licensing courses when they are developed.

Licensing - More than 200 licensees renewed online for the first time this year, and pocket IDs were issued with color photos.

Occasionally Staff receives calls from people who are searching for the services of home inspectors. While the website includes a directory of names, additional information can be found through the various trade associations as well. Recently, links to home inspector associations have been added to the [CONSUMERS](#) menu item tab on the Board's home page.

### **Priorities for 2011:**

The Board's stated priorities for 2011 are:

- Facilitate a pre-licensing education program of instruction
- Reduce complaint processing time through final action by Board to six (6) months.
- Assist Home Inspectors in improving the quality of home inspection reports
- Take appropriate action against unlicensed activity as authorized by the law

## **Board Meetings 2011:**

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 be held at the Board's office in Raleigh.



*At the July 16, 2010 Board Meeting in Raleigh, Chairman "TJ" Jones presented a plaque of appreciation to the Board's longest serving member, Larry Summer, for his 15 years of service.*



*Chairman "TJ" Jones welcomes Waverly Sawyer, the new Governor's appointee recommended by the N.C. Home Builders Association, on November 19, 2010 at the Board Meeting in Manteo. Mr. Sawyer is a native of Camden County and began his career in real estate sales and construction in 1972.*

## **Committees:**

- ✓ **Application Evaluation – T. Jarrett**  
*Equivalent Experience Review*
- ✓ **Exam – D. Jones**  
*Develop additional exam bank questions*
- ✓ **Finance – T. Triebel**  
*Develop and monitor 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 Code of Ethics. Licensees using commercially available report software packages should ensure automated report default settings, if used; provide an accurate report for the property inspected. Please note that a current edition of the Rules with all amendments effective Oct. 1, 2010 is available through the web site.

This issue of the newsletter takes a look at two recent changes to 11 N.C.A.C. 8.1116 Code of Ethics effective Oct. 1, 2010:

- (h) *A licensee shall not solicit for repairs of systems or components found defective in the course of a home inspection performed by the licensee or that licensee's company.*

Licensees should note the term "solicit" in the above prohibition is defined as "to seek to obtain" or "to petition persistently." Home Inspectors who are also General Contractors are reminded to disclose this business interest as well.

- (j) *Licensees shall not inspect properties under contingent arrangements whereby any compensation or future referrals are dependent on reported findings or on the sale of a property.*

This language is not intended to prohibit payment or the issuance of the report from occurring at the time of closing, as long as payment is required whether or not the house sells. This subparagraph seeks to make clear that payment is required regardless of the outcome.

## **Proposed Rule Changes in Process**

Following advertisement in the North Carolina Register, a Public Hearing was held on Nov. 19 for the following proposed rule changes: .1302, .1318, .1319, .1332, and .1336. These proposed changes increase annual continuing education (CE) requirements from 12 to 16 hours, increase elective course hours from 8 to 12, and allow electronic payments for CE related fees. No comments were received at the Public Hearing. The Board will consider adoption of these rules following the close of the written comment period in a special meeting via teleconference on Dec. 16, 2010.

The Board adopted the following rule changes at its November meeting following the end of the comment period: .1012, .1303 and .1326. These proposed changes reduce the term of an inactive license to 2 years, increase the maximum continuing education (CE) credit hours required to activate an inactive license from 16 to 24 hours, and modify requirements for interactive audio and visual instruction. The last item is intended to facilitate licensees attaining CE credit through attendance at association chapter meetings. These changes have been filed with the Rules Review Commission.

## **License Administration - Terri Tart:**

- **Inactive License Status.** 118 licensees submitted written requests prior to Sept. 30, 2010 to place their license on INACTIVE status. The most common reason, if one was provided, was due to the state of the economy and reduced market demand for home inspection services. Current Board policy allows INACTIVE license status for a maximum of 3 years. No Continuing Education (CE) is required to retain a license on INACTIVE status. Staff requested surrender of pocket ID cards and plans to issue new cards clearly marked INACTIVE as a reminder that no home inspections may be done for compensation while on INACTIVE status.
- **Expired License Status.** 240 licenses went from ACTIVE to EXPIRED status on Sept. 30, 2010 that were not renewed or placed on inactive status.
- **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. A rule change to 11 N.C.A.C. 8.1011 Fee Schedule was adopted by the Rules Review Commission (RRC) on Sept. 16, 2010. Both the annual renewal fee and late renewal fees for home and associate inspectors increased as follows:

<b>Fees</b>	<b>Home Insp.</b>	<b>Assoc. Insp.</b>
Oct.1, 2010	\$160+\$30=\$190	\$110+\$20=\$130

- **Statistics (as of Sept. 30, 2010).**

Home Inspectors – active	1053
<u>Associate Home Inspectors - active</u>	<u>32</u>
<b>Total Inspectors – active</b>	<b>1085</b>
Home Inspectors – inactive	569
<u>Associate Inspectors – inactive</u>	<u>69</u>
<b>Total Inspectors – inactive</b>	<b>638</b>
<b>Total # N.C. Licensees</b>	<b>1723</b>

- **Applications.** Persons interested in becoming licensed in North Carolina must submit a completed application form. Application forms are available through the Board website, or they may be mailed by Staff upon request. The application must be accompanied by the applicable fee for a 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 or 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. The annual license period runs from Oct. 1 to Sept. 30. NOTE: New licensees are required 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 e-mail address information.

- **Associate Home Inspector.** Session Law 2009-509 prohibits the Board from accepting applications for licensure as an associate home inspector after April 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 101 licensed associate home inspectors (32 active, 69 inactive). Staff has received several calls concerning 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 N.C.G.S. 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 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. The update course for 2011-2012 currently under development (part of the first 16 hour module of the 48 hour CE program) will address compliance with the Standards of Practice.
- **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 hour 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 a computer screen with continuous audio from 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 Sept. 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 endorsed a 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 approved a proposed rule change to .1302 to increase the annual CE requirement from 12 to 16 hours. The Board approved 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 April 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 reviewed classroom and field training criteria of 120 hours and 80 hours respectively.
- **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, be signed and dated, and include the mailing address and phone number of the complainant and the street address of the home that was inspected. Supporting documentation must include a copy of the contract and the 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 through a different process than complaints against licensees.

- **Site Visits.** After an initial review of the complaint and the home inspection report, a site visit may be scheduled if appropriate. Site visits provide an opportunity for 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.** After all relevant evidence collected, it is evaluated it is listed in the investigation report as either supporting or refuting the allegations contained in the complaint. The Engineering Division Staff Investigator reports findings and conclusions and mails copies of the report to both the complainant and the licensee. Complainants may request in writing a committee review of reports they believe lack sufficient evidence to support the allegations.

**Board Disciplinary Action**

A list of licensees previously disciplined by the Board is available through the Web site menu item [DISCIPLINARY ACTIONS](#).

Between July 1, 2010 and this fall issue of the newsletter, the Board has resolved 2 controversies concerning a license by **Consent Agreements**:

- July 16, 2010, Hickinbotham, Scott R. (#1869): Letter of Reprimand; 30 days license suspension beginning Sept. 1, 2010 and ending Sept. 30, 2010; 12 months probation ending Sept. 30, 2011; one 4 hour course Report Writing; and submission of a written contract, and submission of 3 home inspection reports for review.
  - Nov. 19, 2010, Supler, Jon (#48): 4 months probation ending March 19, 2010; one 4 hour course Report Writing; and submission of 1 home inspection report for review.
- **Consent Agreements.** Common terms negotiated may include letter of reprimand, 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 (GFCIs) per .1110(a)(7), the licensee 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 or revoke licenses 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 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.
- **Statistics.**

Consent Agreements - Active	2
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**Photographs**



*Chairman “TJ” Jones talks with Larry Summer and former Board Chairman John Hamrick at the July 16, 2010 meeting.*



*Board members attended mandatory training on N.C. General Statutes applicable to their public service at the Dare County Administrative Building in Manteo on November 18, 2010.*



*Dare County Administrative Building, Manteo, N.C.*

**N.C. Home Inspector Licensure Board**  
**Appointees**

- Chairman..... William Talmadge ‘TJ’ Jones<sup>2A</sup>**
- Vice Chairman .... Marion Peeples<sup>1A</sup>**
- Secretary..... Chris Noles<sup>4</sup>**
- Treasurer..... Ted Triebel<sup>3B</sup>**
- Member ..... Waverly Sawyer<sup>1D</sup>**
- Member ..... David G. Jones<sup>2A</sup>**
- Member ..... Gerald Canipe<sup>3A</sup>**
- Member ..... Tony Jarrett<sup>1C</sup>**

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®

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