



NCHILB Newsletter - Summer 2012

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 – Marion Peeples:

The last few years have been difficult ones for most licensees. Turmoil in the housing market has led to a substantial reduction in the demand for home inspections. Some licensees have retired before they intended to and others have sought employment in other fields. As one could well imagine, the number of licensees on inactive status has risen. This downward trend in active licensees has forced the Board to make some difficult budget decisions....holding all the Board meetings at the Raleigh office, reducing the frequency of regular Board meetings from every other month (6 per year) to quarterly (4), and reassessing staff allocations may hold the line until the real estate market rebounds and the number of licensees again begins to grow.

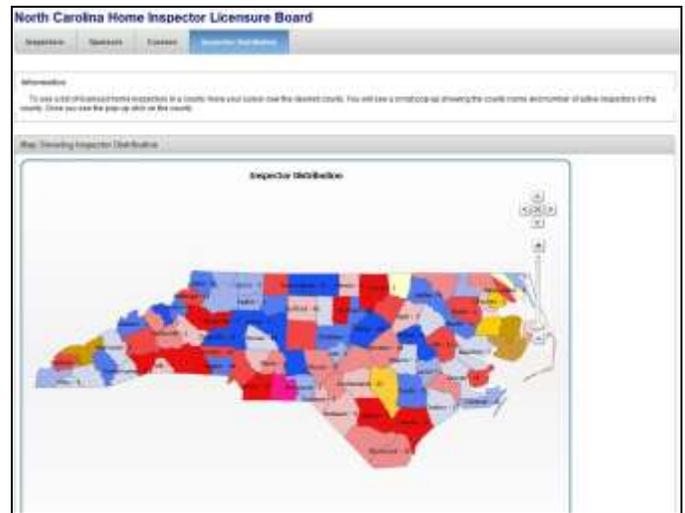
On the positive side, the ongoing effort to provide the public with email notifications via ListServe and online renewals and electronic document processing for licensees has resulted in better use of staff time and improved communication with the Board.

In brief, our Mission Statement says the Board exists to protect the public. To that end, we welcome the thoughts and opinions of the licensees to guide formulation of policy. The public is not only welcome, but are encouraged to attend committee and Board meetings. As with any deliberative body, not all expressed opinions are acted upon, but all are welcome.

Marion Peeples, Chairman NCHILB

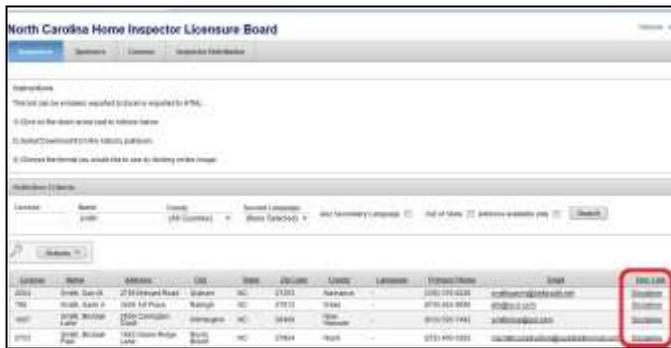
Director's Message - Mike Heiduk

For the past 9 months staff has worked with the NC Dept. of Insurance Information Technology (NCDOI IT) to transition the license, education and complaint databases from a Microsoft ACCESS desktop network application to a web based ORACLE platform. The most visible change can be seen by selecting the **DIRECTORY** menu item from the home page that results in a map showing the number the active licensees in each county by placing the mouse pointer over the county.



Clicking on a county then generates a list of home inspectors with their address, phone and email contact information - if they have given permission to staff to include this in the directory. The list may be downloaded in a Microsoft Excel file for further use. Consumers are also provided a link (circled in red in the screen image on page 2) showing any Board disciplinary actions against the license within the past 3 years.

Previously, several directory indexes were published in PDF file format and uploaded to the website by staff following annual renewals. Subsequently, staff would receive calls from consumers and licensees that the directories were out of date, especially late renewals. The new web based platform ensures that current information is always available.



Other changes include a new online application, exam registration and initial license issuance process and payment capability. Where previously the process required staff to mail 6 or more acknowledgement letters and notifications, now the entire process may be handled by email except for mailing the certificate of licensure and a printed copy of the current Board rules. This has already streamlined paper handling, mailings and data entry by staff making the entire process more efficient and cost effective.

Board approved Continuing Education (CE) Sponsors now have online accounts to create their class rosters directly from the database of licensees. This includes an automatic verification of licensee name and license number and a check whether the course had been attended within the past 3 years. CE Sponsors may then submit the student names for credit electronically along with the payment of the required per student fee. This system is designed to update CE credit hours automatically in each licensee record once the payment is received, permitting licensees to renew online sooner after attending the classes.

As with most new computer systems, the initial deployment has included a few glitches. The Board and staff ask for your patience during this technology upgrade.

Priorities for 2012/2013

The Board's stated priorities for the upcoming year are to:

- Online license renewals and CE rosters
- Code of Ethics update course
- Process complaints for Board action within six (6) months
- Conduct new licensee report audits
- Exam development
- Take appropriate action against unlicensed activity as authorized by law

Committees 2012/2013

- **Application Evaluation – W. Sawyer**
Equivalent Experience Review
- **Exam – C. Noles**
Develop additional exam bank questions
- **Finance – T. Jarrett**
Develop and monitor Budget
- **Legislative – T. Jarrett**
Monitor Laws & Rule Changes
- **Education – “TJ” Jones**
Board Developed Update Course
48 hour Continuing Education program
Pre-Licensing program
- **Standards of Practice – F. Herndon**
Rule Changes
Interpretations & FAQs
Recommended Language
- **Investigation Review – G. Canipe**
Complaints – Licensed/Unlicensed
Investigations & Contract Assistance
Disciplinary Actions/Consent Agreements
- **Personnel – M. Peeples**
- **Advisory Committee – F. Herndon**
New Licensee Report Audits

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 provide an accurate report for the property inspected. Please note that the current edition of the rules with all amendments effective through [Oct. 1, 2011](#), is available through the website.

Proposed Rule Changes in Process

From time to time legislation is approved that requires the Board to create or modify rules to fully implement the law. The Board is aware of two such requirements at the present time as follows:

- Session Law 2012-196, House Bill 799, Effective Jul. 24, 2012, An Act to Allow Licensure by Endorsement for Military Personnel and Military Spouses. Appears to allow applicants with a military background in an occupational licensing area to receive “a license, certification, or registration” after complying with certain requirements. Boards must implement the act within 1 year. NC has a large military presence in installations such as Fort Bragg, Camp Lejeune, MCAS Cherry Point, Pope AFB and Seymour

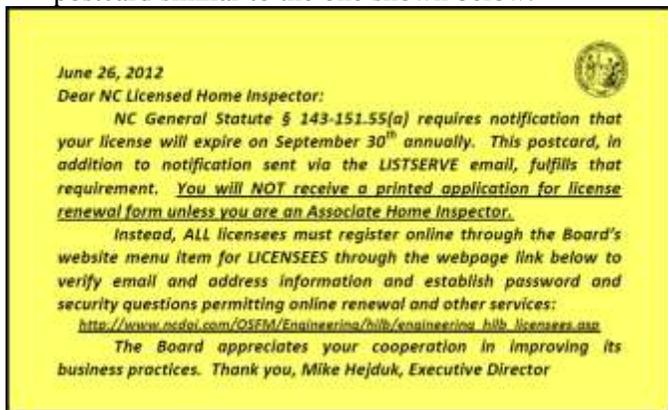
Johnson. The text of the law may be accessed through the NC General Assembly web link:

<http://www.ncleg.net/gascripts/BillLookup/BillLookup.pl?Session=2011&BillID=H799>

- Session Law 2009-125, House Bill 221, Effective Oct. 1, 2009. In the event that the Board's authority to expend funds is suspended pursuant to N.C. Gen. Stat. § 93B-2(d) [failure to comply with reporting requirements by Oct. 31 each year], the Board shall continue to issue and renew licenses, registrations, and certifications and all fees tendered shall be placed in an escrow account maintained by the Board for this purpose. Once the Board's authority is restored, the funds shall be moved from the escrow account into the general operating account. The text of the law may be accessed through the NC General Assembly web link:
<http://www.ncleg.net/gascripts/BillLookup/BillLookup.pl?Session=2009&BillID=H221>

License Administration - Terri Tart

- **On-line Renewals.** This year licensees will not receive a paper renewal application form unless they request one. Instead, the Board will notify licensees of the Sep. 30 expiration by mailing a yellow postcard similar to the one shown below.



- **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.

Fees	Home Insp.	Assoc. Insp.
Oct.1, 2011	\$160+\$30=\$190	\$110+\$20=\$130

- **Statistics (as of Jun 29, 2012).**

Home Inspectors – active	1,051
Associate Home Inspectors - active	35
Total Inspectors – active	1,086
Home Inspectors – inactive	677
Associate Inspectors – inactive	73
Total Inspectors – inactive	750
Total # N.C. Licensees	1,836

- **Applications.** The initial license application process has transitioned from the traditional paper form to an online application allowing uploading of a photo, supporting documentation and payment. Applicants determined by Staff to meet requirements are emailed notices and thereafter may register online to take the mandatory state exam. Staff may refer certain applications to the Application Evaluation Review Committee for approval.
- **Exams.** Advance registration and payment of the \$80.00 exam 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 one (1) inspection report and contract signed by the client to staff for review 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/maintain their mailing and e-mail address information themselves.
- **Associate Home Inspector.** Session Law 2009-509 prohibited the Board from accepting applications for licensure as an associate home inspector after Apr. 1, 2011. The Board stopped issuing licenses for associate home inspectors effective Oct. 1, 2011. The Board may not renew an associate home inspector license on or after Oct. 1, 2013. Staff has received several calls concerning whether recent statute changes will permit associate licensees to take the home inspector exam. Associate home inspectors who hold a license as of Oct. 1, 2011, may qualify for the home inspector exam registration under the equivalent experience provisions of the Board rules. 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, associate program participants

may be “grandfathered in” if approved by the Application Evaluation Committee.

Education Coordinator - Jennifer Hollyfield:

- **Update Course.** The Board-developed update course for the current license renewal period is CUC09 Standards of Practice, Practical Application.
- **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 now earn 16 hours of continuing education (CE) credits every license period (Oct. 1 to Sept. 30) including the 4 hour Board-developed update course and 12 hours of sponsor-developed elective courses. Information on Board-approved courses, locations and instructors is available through the website menu item [CONTINUING EDUCATION, INFORMATION](#).
- **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 consists of a total of 48 hours of instruction over 3 years, with 16 hours taken in each year. The Board has approved a 3 year schedule and core curriculum each year to facilitate preparation by Elective Course Sponsors. [A matrix showing the scheduled as approved is included as the last page of this newsletter.](#)
- **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 successful completion of a pre-licensing education program. The Rules Review Commission approved several rules (.1020 to .1028) that appear in the Oct. 1, 2011, edition applicable to sponsors interested in offering home inspection pre-licensing courses in North Carolina. A complete pre-licensing program consists of both 120 hours of classroom or online coursework and 80 hours of field training by an approved program sponsor totaling 200 hours.

Investigations - Phil Joyner:

As noted in a prior newsletter, the weak economy and reduced number of existing home sales over the last few years appears to have softened demand for the services of home inspectors resulting in a steady decrease in the number of active licensees. Coincidentally (or consequently) the number of complaints filed against licensees has also dropped. Reduced revenues from

license renewal and continuing education student fees have prompted the Board to make some difficult budget decisions resulting in a recommendation to the Office of State Fire Marshal, Engineering Division, to reduce the staff investigator position from 40 to 20 hours per week following a 90 day notice. This change is scheduled to take effect Oct. 1, 2012. The Board has a stated goal of processing complaints within 6 months as a performance measure of service to consumers. The past several years have required the assistance of contract inspectors to perform site visits and conduct interviews in order to reduce the backlog of complaints and achieve this goal.

Investigation Review Committee. The Board’s bylaws establish this as a standing committee charged with reviewing all investigation reports that have basis in fact to a complaint and determining if a disciplinary hearing will be held. The committee reviews all staff proposed consent agreements and makes recommendations to the Board. Normally, these committee meetings go into closed session, citing one or more permissible purposes under N.C. Gen. Stat. § 143-318.11, such as to hear reports concerning investigations of alleged criminal misconduct, since all alleged violations of the Home Inspector Licensure Act are potential Class 2 misdemeanors under N.C. Gen. Stat. § 143-151.49. Three members of the Board currently serve on this committee, two of whom are home inspectors. The Board’s legal counsel, provided by the N.C. Department of Justice, may attend these committee meetings when requested. These Board members are not allowed to vote in any cases that are referred to the Board for a disciplinary hearing because they have access to information that may or may not be admitted as evidence in a hearing. They may participate to meet quorum requirements.

Board Disciplinary Action

Disciplinary action by the Board occurs as a result of a hearing or approval of a consent agreement negotiated by staff and upon the recommendation of the Investigation Review Committee. Expired licenses are not subject to disciplinary action by the Board except where the licensee has signed a consent agreement to resolve a controversy regarding the license. Generally, such agreements allow for future reinstatement of a license provided certain terms and conditions are fulfilled upon activation of the license. In some cases, licensees decide to allow their licenses to expire effective Sep. 30 in the face of a complaint and do not agree to sign a consent agreement. Should these individuals apply for licensure in the future, the Application Evaluation Committee would decide whether or not to approve the application. Appeals of this committee’s decisions are heard by the Board. A

list of licensees disciplined by the Board within the past 3 years is available through the website menu item [DISCIPLINARY ACTIONS](#). Recent disciplinary action taken against a licensee is now also available through the DIRECTORY menu of the website by selecting the “[Discipline](#)” link at the far right (screen image below).

Consent Agreements. Since the last issue of the newsletter, the Board has resolved complaints concerning licenses as listed below:

- Apr. 13, 2012, DiRenzi, John (#2391): Letter of Reprimand for not providing a written contract signed by the client before the home inspection was performed and not stating the home inspection was in accordance with the Standards of Practice. Sufficient evidence to support the allegations that he failed to include the required summary statement, report whether or not any garage door operator will automatically reverse or stop when meeting reasonable resistance during closing, report the method used to inspect the roofing, describe the water heater, main water supply shutoff, and electrical panel locations or presence or absence of smoke detectors. 6 months probation; 4 hours additional education (report writing), and; submit 1 report for review.
- Jul. 13, 2012, Best, Edgar (#2826): Letter of Reprimand for contract deficiencies and failure to submit the complete home inspection report within 3 business days of performing the inspection. Sufficient evidence to support allegations of: not describing in the summary, systems and/or components, which either did not function as intended, required subsequent examination, or required further investigation by a specialist; not providing a better understanding of the property conditions, by not reporting the ducts and insulation as warranting further investigation by a specialist, and; not describing the type of foundation, wall structure, columns supporting the roof at front porch or ceiling structure respectively. 10 days active suspension; 12 months probation; submit 1 report for review after completing the Board developed update course CUC09 Standards of Practice, Practical Application.
- Jul. 13, 2012, Daniels, Charles (#2715): Letter of Reprimand for the improper contracts and the deficiencies in the inspection reports. Sufficient evidence to support the allegations: no signature on the written home inspection reports; not quoting the

required summary statement, and; not recommending further evaluation of the HVAC system and components by a specialist. 6 months probation; submit 1 report for review.

- Jul. 13, 2012, Kossler, Keven H. (#17): Letter of Reprimand for providing an initially incomplete and inaccurate home inspection report. Sufficient evidence to support allegations of: not providing the client with a better understanding of the property conditions as inspected at the time of the home inspection; not discharging his duties with impartiality to all by initially issuing an incomplete home inspection report; not quoting verbatim the required summary statement, and; not describing the water heating equipment location in his home inspection report. 7 days active suspension; 23 days stayed suspension; 12 months probation.

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 a license, the individual to whom it was issued must turn over the license to the Board upon demand. Licensees on inactive status remain subject to disciplinary action by the Board.

Building Codes

From time to time, home inspectors observe a defect or condition that affects the safety or habitability of a dwelling that they also think may be a code violation. While [N.C. General Statute § 143-151.58\(a2\)](#) does allow home inspectors to state a deficiency as a violation of code, there are very specific requirements that must be met as summarized below. Licensees are urged to read the law carefully before making such statements in reports because you will be held accountable.

- (1) Licensees must determine the date of construction, renovation, and any subsequent installation or replacement of any system or component of the home and include this information in the home inspection report.
- (2) Licensees must determine the State Building Code (i.e. Residential, Electrical, Mechanical, Plumbing/Gas) in effect at the time of construction, renovation, and any subsequent installation or replacement of any system or component of the home and include photocopies of the applicable sections of the code in the home inspection report.
- (3) Licensees must use the code in effect at the time of construction, renovation, and any subsequent

installation or replacement. In other words, just because a condition observed does not meet current code requirements, you cannot cite it as a code violation if it was not required by the code that was in effect when the house was built or renovated.

The N.C. Department of Insurance Office of State Fire Marshal, Engineering Division produces a free e-newsletter. Most of the articles are code-related, including interpretations, research on construction methods and materials, etc. To read previously posted newsletters, go to:

http://www.ncdoi.com/OSFM/Engineering/engineering_newsletter.asp

To subscribe, go to:

http://www.ncdoi.com/OSFM/Engineering/engineering_home.asp and click on the box on the right that says "Sign up for Email Updates".

The 2012 NC Residential Code posted on the ICC website at the link below is the final free (view-only) document.

http://www.ecodes.biz/ecodes_support/Free_Resources/2012NorthCarolina/12NorthCarolina_main.html

The soft cover books are available for sale in the OSFM office at 322 Chapanoke Rd, Raleigh, NC or through the ICC online store:

<http://www.iccsafe.org/Store/Pages/Product.aspx?category=15408&cat=ICCSafe&id=5711S12>

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

Chairman..... Marion Peeples^{1A}
Vice Chairman Fred Herndon^{2A}
Secretary Chris Noles⁴
Treasurer..... Tony Jarrett^{1C}
Member Gerald Canipe^{3A}
Member Wm Talmadge 'TJ' Jones^{2A}
Member Joseph Ramsey^{3B}
Member Waverly Sawyer^{1D}

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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(3) x 16 = 48 Hour Course Topics

	2011-2012	2012-2013	2013-2014
Board-Developed Update (4 hour)	N.C. General Statutes N.C. Administrative Code Standards of Practice Inspection Requirements Report Writing Checklist Code of Ethics	Personal safety	Code of Ethics
Elective Course 1 (4 hour)	Structural Foundations Under floor spaces Basements Slabs (up to and including sill plates)	Structural Framing Under floor Attics, Walls	Roofing Exteriors
Elective Course 2 (4 hour)	Electrical Chronological History and progression <u>Focus on Exterior</u> Grounding and Bonding Main Distribution and sub panels	Electrical <u>Focus on Interior</u> GFCI, AFCI, Receptacles, Lights, Branch circuits 3 way circuits Smoke detectors, etc.	Insulation, Ventilation, Interiors and Built-In appliances Blown, Batt, and Foam spray insulations
Elective Course 3 (4 hour)	HVAC Refrigeration Cycle Heat Pumps, Air Conditioning, Thermostats, Multi zoning Emergency Heat (both electric resistance and gas piggy back hybrids)	HVAC Gas Heat (LP and Natural) Electric Furnaces, Hydronic Heat (Steam, Water, Apollo)	Plumbing Water Supplies, Piping Drain Waste Vents systems Piping and supports Water Heaters