



NCHILB Newsletter - Fall 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

Well, here we go plunging headlong into another year of licensure. Due to an incredible amount of work on the part of the Board staff, we have been able to offer online license renewal to licensees in recent years. Remarkably, nearly 80 percent of licensees renewed online this year through the new web site interface! Don't think for a second that the increase in online renewals has come about without a cost. Staff has spent a great deal of time working with licensees to guide them through the process. Like any new endeavor, both the provider and the user have learned from the experience and next year promises to provide an even more seamless renewal process.

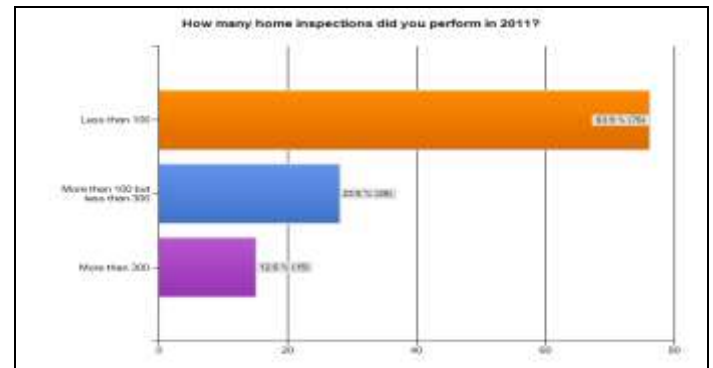
Executive Director Hejduk is already at work developing next year's update course, one that will focus on the ethical dilemmas we face in the day-to-day conduct of our profession. While no course can answer all questions about how to interact with our clients and those who refer business, the course will aim to provide guidance in major areas of concern. The Board and its staff are always ready to help licensees with questions about ethics. Please remember, the worst question in the world is the one that was not asked. If you are troubled by an ethical question, or not sure of how to handle a given situation, please contact the Board and ask for clarification.

Marion Peeples, Chairman NCHILB

Director's Message – Mike Hejduk

Thank you to all licensees who responded to the poll and surveys that were posted on the web site and emailed. Your feedback was reviewed by staff and shared with the Board at the October regular meeting. A number of licensees told me that they wanted to hear the results, as well.

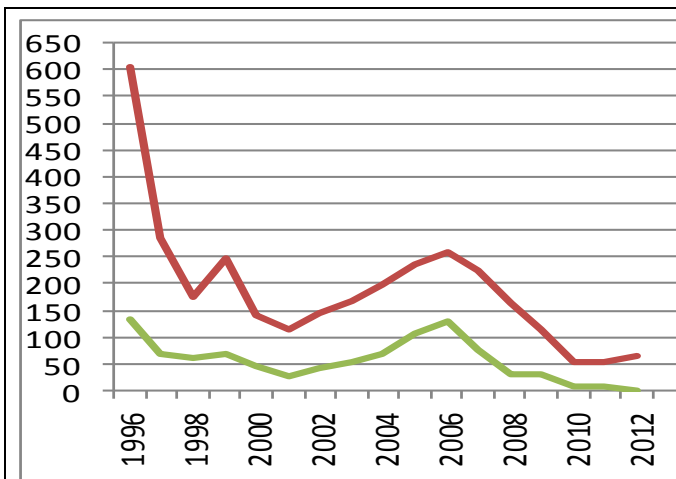
For the poll available through the link on the Board website, about 120 licensees [only 11% of the 1,050 active at the time] provided a response to the posted question: **"How many home inspections did you perform in 2011?"** The chart below shows 76 (64%) less than 100; 28 (24%) between 100 and 300, and; 15 (13%) more than 300.



As of Oct. 31, 2012, there were 891 active licensed home inspectors, compared to 976 on that date in 2011. The chart below shows the distribution of license numbers in increments of 250 who fulfilled required Continuing Education (CE) prior to the Sep. 10 cutoff date. What can be gleaned from this information? Nearly 50% of the 250 license numbers above 3000 attended CE. These represented the most recently issued licenses dating back to the summer of 2009 – post recession.



By comparison, only 38 of the 250 (15%) license numbers 1000 to 1250 — issued from 1998 to 1999 — attended CE to renew their license. The chart below shows the number of new home inspector licenses issued in each year since licensing was required.



Number of New Licensees: Home Inspector & Assoc. What does this data tell us? Certainly that only a handful of those initially licensed in 1996 remain as active inspectors 16 years later [76 out of 600 (12%)]. Or perhaps that only about 1 in 3 people who get a license stay in the business for a 20-year career. The good news may be that after four years of decline, we are seeing a slight upswing in new licenses issued, from 250 in 2006, down to 50 in 2010 and 2011. A guess would be that this year's increase to 63 (to date) reflects the effects of both a slowly recovering economy, as well as the newly instituted qualification path of pre-licensing.

The survey questions, available through the link in the LISTSERVE email, received 47 responses. This was an initial effort to test the available software and see what response levels might be.

The questions asked by the survey were:

1. How many years have you been an NC licensed Home Inspector?
2. How many home inspections have you done since Jan. 1, 2012?
3. What percentage of your business is referred by realty firms & agents?
4. How would you rate your most recent CE courses?
5. Do you prefer Classroom or On-line Class format for CE?
6. What is your Zip Code?
7. Do you perform other types of inspections such as HUD 203(k) or Property Condition Reports?
8. Do you use building codes when performing an inspection?

Some of the things we learned:

- 20 respondents (42%) were licensed > 15 yrs.
- 9 respondents (19%) have done > 200 inspections.
- 10 respondents (21%) said they got < 30% of their business referrals from realty firms & agents.
- 35 respondents (74%) rated CE as Good or Great.
- 2/3 of respondents prefer CE in a classroom setting over an on-line format.
- 16 respondents (33%) said they perform other types of inspections such as HUD 203(k) or PCR.
- 20 respondents (43%) said they used building codes at least sometimes when performing inspections.

What does this tell the Board?

First, the sample size was quite small (and not scientifically random) and therefore the answers are not necessarily representative of what all licensees in the state might say. In other words, the information may not be statistically significant. However, we might infer that while many licensees see a benefit to attending CE seminars with their peers, there is growing interest in meeting CE requirements online. This is where individualized responses from licensees shed more light on the data. I received about 38 email responses from licensees in response to my LISTSERVE request.

Here's what licensees said:

- 14 noted the high cost of maintaining a license (fees, CE* and insurance) as a burden.
- 2 stated the CE provided was not useful.

2 stated that their business has prospered during the recession because they didn't rely on realty firms for referrals.

Those who cited the cost of 16 hrs CE noted the extra expense of travel and lodging required to attend the seminar. A number of emails stated that online CE saved them money, time and the aggravation they've experienced from other licensees who sometimes interrupt the CE instructor presentations.

Priorities for 2012/2013

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

- Develop a 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. Peebles**
- **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 that 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. All proposed rules are subject to the rule-making process, which includes a public hearing conducted by the agency. The Board is aware of two such requirements at the present time:

- [Session Law 2012-196, 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, 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. A new Board Rule 11 NCAC 08.1012 is proposed. 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>

Additional proposed rule changes approved by the Board and submitted to the rule-making process include:

- 11 NCAC 08.1023 Application for Program Sponsor Approval that would establish minimum education and experience standards for pre-licensing program instructors.
- 11 NCAC 08.1116(e) Code of Ethics that would replace the current language with the following

statement from the ASHI Code of Ethics: “No licensee shall directly or indirectly compensate realty agents, or other parties having a financial interest in closing or settlement of real estate transactions, for the referral of inspections or for inclusion on a list of recommended inspectors, preferred providers, or similar arrangements.”

License Administration – Terri Tart

- **Online Renewals.** As noted in the Chairman’s message, the vast majority of licensees renewed their licenses online this year. However, many had trouble with the login process because they did not remember their password or answers to the security questions they selected. While we were able to reset many accounts, staff encourages licensees to write down this information and keep it in a handy location for future reference. Because the renewal application form for Associate Home Inspectors includes a place for the signature of the supervising Home Inspector, Associates were not permitted to renew online. However, the Associate program ends on Oct. 1, 2013. All Associates wanting to continue working in the business of home inspections for compensation after that date should plan to register for the Feb. 7, 2012 home inspector exam. The deadline for registration is Jan. 11, 2013. *Note: Examinees who fail the Feb. exam must wait six months before taking the exam again by N.C. Gen. Stat. § 143-151.57(b). The Aug. 8, 2013 exam is the last exam that will be given before Oct. 1, 2013. See the exam schedule posted on the Board web site.*
- **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, 2012	\$160+\$30=\$190	\$110+\$20=\$130

- **Statistics (as of Oct 20, 2012).**

Home Inspectors – active	883
<u>Associate Home Inspectors - active</u>	<u>21</u>
Total Inspectors – active	904
Home Inspectors – inactive	748
<u>Associate Inspectors – inactive</u>	<u>75</u>
Total Inspectors – inactive	823
Total # N.C. Licensees	1,727

- **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 by credit card or electronic check. Applicants determined by Staff to meet the statutory and rule

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 six 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 CUC10 Safety Training Part II – Risk Assessment.
- **Elective Courses.** Sponsors are responsible for updating and developing new elective courses for approval annually. Sponsors and instructors must also re-apply each year for approval. Staff is currently developing an online payment capability for sponsors course application and renewal fees. 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 four 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 three years, with 16 hours taken in each year. The Board has approved a three-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:

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 committee 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. Disciplinary action taken against a licensee within the past three years is now available through the [DIRECTORY](#) menu of the website by selecting the “[Discipline](#)” link at the far right.

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

- Oct. 12, 2012, Martin, Steven C. (#2869): Letter of Reprimand for failure to properly supervise an Associate Home Inspector in performing the inspection and issue the written home inspection report. Sufficient evidence to support the allegations that he failed to state the name, license number, and signature of the person supervising the inspection and the signature of the person conducting the inspection; did not explain the consequences of the reported defective conditions observed in the floor system, and; did not provide a

better understanding of the property conditions, by not reporting the severity of deterioration or abnormal or harmful water penetration into the building or signs of abnormal or harmful condensation on building components. 15 days active suspension, 15 days stayed suspension, 12 months' probation, and; submit 1 report for review after completing the Board developed update course CUC09 Standards of Practice, Practical Application..

- Oct. 12, 2012, Kendrick, Roger (#A-942): Sufficient evidence to support allegations that he failed to state the name, license number, and signature of the person supervising the inspection and the signature of the person conducting the inspection; did not explain the consequences of the reported defective conditions observed in the floor system, and; did not provide a better understanding of the property conditions, by not reporting the severity of deterioration or abnormal or harmful water penetration into the building or signs of abnormal or harmful condensation on building components. 15 days active suspension, 15 days stayed suspension; 6 months' probation; submit 1 report for review after completing the Board developed update course CUC09 Standards of Practice, Practical Application.
- Oct. 12, 2012, Eckrote, Dave (#148): Sufficient evidence to support the allegations that he failed to provide a better understanding of the property conditions, by not reporting the grading and drainage issues, and not reporting signs of abnormal or harmful water penetration on the interior face of the foundation wall which could adversely affect the habitability of the dwelling; inspect the exterior grading and drainage by not reporting the grading and drainage issues, or not reporting a reason for not inspecting the grading and drainage; describe components that did not function in the summary, and; submitted an inspection report that did not describe certain systems and components required to be described by the Standards of Practice and that did not explain the consequences or implications of the defective conditions. 15 days stayed suspension; 6 months' probation; submit 1 report for review after completing the Board developed update course CUC09 Standards of Practice, Practical Application.
- Oct. 12, 2012, Daniels, Charles (#2715): Sufficient evidence to support the allegations: did not describe the type of roof structure and roof covering materials for the screen porch roof; did not provide a written contract signed by the client before the home

inspection was performed; did not include his signature on the written home inspection reports, and; did not quote the required summary statement. 6 months' probation; additional education of one 4 hr class on report writing and one 4 hr class related to structural inspections; submit 1 report for review after attending the required classes.

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 quoted/cited 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>

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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®

(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 – Risk Assessment	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