



NCHILB Newsletter - Spring 2014

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 public health, safety and welfare, and 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.

Chairman's Message – Marion Peeples

My, how time flies. This year finds licensees wrapping up the last 16 hour series of the 48 hour continuing education courses in the fundamentals of inspection that was mandated by legislation. Hopefully, recent rule changes initiated by the Board will see continuing education requirements scaled back to 12 hours per year as had been the case since the beginning of licensure. The 48 hour fundamentals course was good in that it reinforced the basics of inspection. Unfortunately the 48 hour course requirement had to have a "one size fits all" character in order to cover the material at hand. It's a tough task to tailor education in specific subjects to the experience, education, and skill levels of over a thousand inspectors.

Moving on, licensees now have the opportunity to focus more on their individual technical weaknesses. With the better part of a year to go until we begin a new continuing education cycle, there is plenty of time to reflect on our weaknesses and plan educational purchases to suit our needs. Once more we will be free to take advantage of a variety of classroom offerings from our approved education sponsors, some of the finest inspector educators in the country. Online offerings are growing in number and popularity and national inspector associations may again ask for approval for their offerings delivered at national conferences.

There are many venues out there for gaining the required continuing education credits. I humbly ask that you think about the educational topics that would most

improve your inspection skills as you get the required credits.

Marion Peeples, Chairman NCHILB

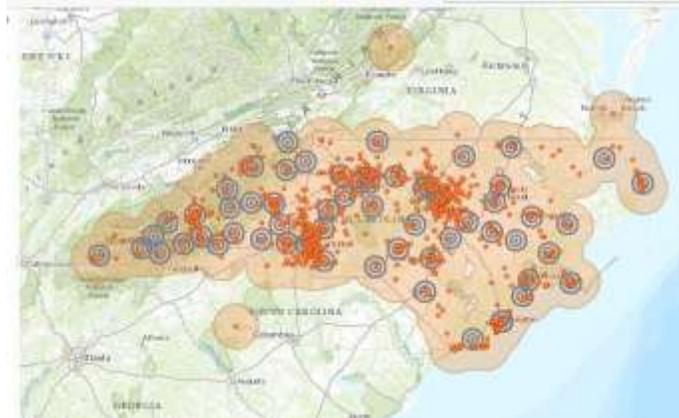
Director's Message – Mike Hejduk

Oct. 1, 2013, marked the end of the associate home inspector program. As of Sep. 30, there were approximately 15 associates on active status who will no longer be able to perform home inspections for compensation in North Carolina. We look forward to them registering for the home inspection exam at their earliest convenience.

The number of applicants qualifying to register for the exam through pre-licensing programs appears to be increasing. Approximately 50% of applicants in the past two years have qualified as licensed general contractors, and 30% have qualified through pre-licensing. Preliminary data indicates passing rates for the state exam appear essentially the same for both qualifications at 75%.

Thank you to the nearly 300 active licensees who participated in our recent online survey. In case you missed the email on this, the respondents reported conducting over 48,000 inspections in the first 11 months of the year. This data provides one avenue for the board and staff to understand how well consumers are being served by licensees. How? Compared to existing home sales of nearly 104,000 reported by the N.C. Association of REALTORS® (NCAR) through November 2013, at least 46% of home sales involved the services of a licensed home inspector. An increased response rate by licensees might show a higher percentage than this. Several years ago, some of the national inspector associations projected the percentage to be 70%. Our sample seems to be far short of that. A majority of those licensees participating in our survey voluntarily provided a city name. Thank you. Along with the number of home inspections completed, this helped to show the health of the housing market across

the state. Based on the location of all licensees on active status as listed in the directory, and average distance driven to an inspection reported (20 miles), it appears very little of the state isn't within a short drive of the average inspector's "territory," as shown in the following map. The orange dots represent licensee locations, the light orange areas are 20-mile buffers, and the blue "targets" are local Board of REALTORS® offices. Perhaps we can infer that if a consumer desires a home inspection by a licensee, he/she doesn't have to look far, and that sufficient choice is available from Manteo to Murphy.



Another source of feedback is from our peers in other agencies, such as licensed real estate brokers, licensed general contractors, REALTORS® and Home Builder Association members. On Dec. 17, several informal "focus group" sessions were held with brokers in the Burlington and Greensboro markets. Many expressed their appreciation for licensees who conduct thorough inspections and debrief clients about the results on-site in a professional manner. Most felt that fees charged by inspectors were reasonable, reflecting the responsibility and liability set in the inspection agreement. The majority of brokers felt that photos were an important, if not essential, element of a home inspection report. In the coming months, various committees of the board and staff will review and analyze the survey and feedback information, and develop a list of best practice tips for incorporation into the 2015 update course for licensees.

Priorities for 2013/2014

The board conducted its annual planning session on the afternoon of Thursday, Jan. 9, and brainstormed about challenges in the coming year. As a result, the board's stated priorities for the current license period are:

- Develop the Update Course for 2014/2015
- Develop a Continuing Education (CE) course on the Standards of Practice for joint use by the NC Real Estate Commission (NCREC)
- Conduct new licensee report audits

Committees 2013/2014

Standing:

Application Evaluation – W. Sawyer

Exam – C. Noles

Finance – T. Jarrett

Legislative – T. Jarrett

Education – "TJ" Jones

Standards of Practice – F. Herndon

Investigation Review – "TJ" Jones

Advisory:

New Licensee Report Audits – **F. Herndon**

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. Please note that the new edition of the regulations, with all amendments effective through [Feb. 1, 2014](#), is available on the website.

Proposed Rule Changes in Process

You will notice several proposed rule changes in the N.C. Register in the coming months. It is anticipated that the required public hearing will be held the morning of the April 11 regular board meeting. The proposed changes delete definitions and references to associate home inspectors, as well as reduce continuing education hours from 16 back to 12 following the end of the 48 hour education program mandated by the N.C. General Assembly in Session Law 2009-509.

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 Legislative Committee is currently monitoring bills under consideration by the N.C. Legislature.

Licensing

- **Statistics (as of Dec. 31, 2013).**

Home Inspectors – active	996
<u>Associate Home Inspectors - active</u>	<u>N/A</u>
Total Inspectors – active	996
Home Inspectors – inactive	778
<u>Associate Inspectors – inactive</u>	<u>N/A</u>
Total Inspectors – inactive	778
Total # N.C. Licensees	1,774

Home Inspection Reports

Licensees using commercially available report software packages should ensure that automated report default settings provide an accurate report for the property inspected. Specifically, licensees should check that the summary statement required by N.C. Gen. Stat. § 143-151.58(a1) is included and written as quoted in the statute. Licensees may consider including the general statute to establish the source of this consumer notice at the beginning or end of this statement as shown below.

N.C. Gen. Stat. § 143-151.58(a1):

“This summary page is not the entire report. The complete report may include additional information of interest or concern to you. It is strongly recommended that you promptly read the complete report. For information regarding the negotiability of any item in this report under the real estate purchase contract, contact your North Carolina real estate agent or an attorney.” [N.C. Gen. Stat. § 143-151.58(a1)]

Licensees are also reminded that this statute states *“the summary must also describe any system or component that appears not to function as intended, based upon documented tangible evidence, and that requires either subsequent examination or further investigation by a specialist.”* It is important to note that Board Rule 11 NCAC 08.1103(b)(3)(C) only requires the report to state *“any systems or components so inspected that do not function as intended, allowing for normal wear and tear, or adversely affect the habitability of the dwelling;”*

Board Disciplinary Action

Rule changes effective Feb. 1, 2014, require the Investigation Review Committee to make recommendations to the board for final resolution of all complaints, including dismissal and letters of caution, in addition to the recommendations the committee currently makes for consent agreements and hearings. 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. Licensees are encouraged to read the “TOP TEN TIPS FOR AVOIDING COMPLAINTS WITH YOUR LICENSING BOARD,” written by the board’s N.C. Dept. of Justice assigned legal counsel, Ms. M. Denise Stanford, included at the end of this newsletter.

Consent Agreements. Since the Fall 2012 issue of the newsletter, the board has resolved complaints concerning licenses through disciplinary action as listed below:

- Jul. 12, 2013, Simpson, Jeffrey Myron. (#1017): Sufficient evidence to support the allegations that he did not advise the NCHILB of the North Carolina Board of Examiners for Engineers and Surveyors (NCBEES) disciplinary action against his professional license and that he advertised home inspections for compensation when he did not hold an active home inspector license. Sanction: twelve months suspension, Ten months active suspension, two months stayed suspension. Simpson agreed to make revisions to all advertising materials in which he, his firm JM Simpson Engineers, PC, or his employees offer to perform inspections of residential property subject to the provisions of the N.C. Home Inspector Licensure Act. Simpson agreed to submit his proposed revisions to the Investigation Review Committee for review and approval prior to making the changes accessible by the public.
- Oct. 11, 2013, Cauthen, John B. (#2376): Sufficient evidence to support the allegations that the summary page did not describe two systems or components that appeared not to function as intended, based on documented tangible evidence, and that required subsequent examination or further investigation by a specialist. The summary did not include Inspection Item 1.0 Foundation, Basements and Crawlspace reported as a Repair or Replace and did not include Inspection Item 2.5(2) Grading “Negative slopes” that recommended “Consult an experienced landscaper or water drainage specialist for more information.” Sanction: Six months probation; complete eight additional hours of education to include four hours in report writing and four hours in structural inspection, and submit one inspection report for review after completion of the additional education.
- Jan. 10, 2014, Conroy, Thomas Carl (#1862): Sufficient evidence to support the allegations that he did not provide a better understanding of the property conditions of system or components by not explaining the consequences of the reported conditions, and not directing the recipient to a course of action with regard to the condition for all of the reported items. Sanction: Six-month probation; complete one four-hour hour class related to report writing, and submit one inspection report for review after completion of the additional education.
- Jan. 10, 2014, Pinyoun, Jeff (#2258): The licensee admits to no wrongdoing in this controversy. The board asserts that there is sufficient evidence to

support the allegation he did not report unconventional structural repairs at the area of the presumed former floor furnace, which could adversely affect the habitability of the dwelling and warranted further investigation by a specialist. Six-month probation.

Additional Services Offered by Home

Inspectors

Some licensees offer radon sampling in addition to their home inspection services. From time to time, questions arise from the public or licensees whether such services require special certifications or additional licenses. While the National Radon Safety Board (NRSB) and National Environmental Health Association – National Radon Proficiency Program (NEHA-NRPP) provide certification and continuing education for radon measurement professionals, the N.C. Division of Radiation Protection and N.C. Radon Program do not require such certifications because homeowners are permitted to perform such surveys themselves. In light of the current position of the responsible state agency in this matter, as long as licensees do not advertise they are certified to provide radon testing services when in fact they are not, offering to or performing such services is not considered a violation of the Standards of Practice.

On the other hand, in 2013, the NCHILB received copies of “Notice of Noncompliance” letters issued by the N.C. Department of Health and Human Services (NCDHHS) to two licensed home inspectors concerning their lead-based paint and asbestos sampling activities and reports. Neither home inspector held a valid certification to perform such sampling. The North Carolina Lead-Based Paint Hazard Management Program (LHMP) requires lead inspections, lead dust wipe and paint chip sample activities to be performed only by persons properly certified by the program. The N.C. Asbestos Hazard Management Program (AHMP) requires that no person shall perform asbestos management activities (including collecting samples) unless properly accredited to do so. NCDHHS asked NCHILB staff to inform licensed home inspectors about the certification and accreditation requirements for identifying lead and asbestos hazards.

Both letters were referred to the Investigation Review Committee which resulted in non-disciplinary *Letters of Caution* issued to the inspectors alleged to have performed the activities. The committee determined that performing such services without proper credentials could be considered “offering or performing any act or service contrary to law” which is prohibited by Board Rule 11 NCAC 08.1105(c)(1).

Building Codes

Occasionally, home inspectors may 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 to ensure compliance with these statutory requirements.

- (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_and_Codes.aspx

To subscribe, go to:

https://lists.ncmail.net/mailman/listinfo/ncdoi_engineering

The 2012 N.C. 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 Road, 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 Butch Upton^{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®



For Christmas 2013, NCHILB staff decorated and donated a tree to the annual "Owens Tree" program sponsored by the NC Dept. of Insurance and Office of State Fire Marshal that provides gifts to critically ill children spending the holiday in the hospital.

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TOP TEN TIPS FOR AVOIDING COMPLAINTS WITH YOUR LICENSING BOARD

By M. Denise Stanford, NCDOJ



Dealing with complaints is time-consuming and stressful, regardless of the outcome. At times, complaints are unavoidable. However, there are preventive actions you can take to minimize your chances of having a complaint filed against you and to maximize your chances of successfully defending yourself in front of your board if a complaint is filed. Here are the top ten tips for avoiding complaints with your licensing board.

10. Keep up with the law. When a complaint is filed against you, the first thing the board will consider is whether you have violated your licensing practice act. Educate yourself on what your act requires and how your board has interpreted those requirements. The board's newsletter and website are good resources for this information. Be sure to keep yourself current on any recent amendments to your licensing act by the legislature. The corollary to knowing your practice act is complying with the practice act. Be sure you comply with everything your act requires.

9. Keep up with your board rules. The board will also review the complaint for any violations of its rules. Stay current on your board's rules. The board is required to give notice and receive comment on any rule before its adoption. Stay informed about rules that your board is considering. Once the rule is adopted and goes into effect, you will be better prepared to comply with it.

8. Educate/Supervise your staff. You are responsible for what your staff does. Be sure they know what the law and board rules require. In some instances, your board could discipline your license for the illegal actions of your employees. Be sure that they are operating within the confines of the law and your board's rules. Make sure that your staff is following your dictates. Don't ignore red flags. Implement a system of checks and balances. Take corrective action early if you do find any wrongdoing on the part of your staff.

7. Think twice before suing your clients. Before suing your clients in court, be sure that the services you provided were above reproach. Many times, clients who have been sued by a licensee will file a complaint with the licensee's board. This will subject the services you provided to a heightened scrutiny. Clients may not be paying you because they have a complaint about the service that you rendered. Be sure that you have addressed any complaints your clients may have before serving them with a lawsuit.

6. Communicate with your clients. One of the main reasons that complaints are filed with licensing boards is because of poor client management on the part of the licensee. If clients feel that they have been dealt with fairly and honestly, they are less likely to file a complaint with the board. Don't ignore complaints from your clients. Communication is essential. Be accessible to your clients. Always communicate with your clients in a courteous manner. Be sure your staff does, as well. What you say, and the way you say it, can and will come back to haunt you. Document your communications with clients.

5. Write it down. Be sure that your documentation is more than adequate. If there is a dispute, you will gain a lot of credibility if you have documented in advance what occurred. Be sure to document any problems that have occurred and the steps that you took to correct them. If any staff was involved, have them document their version. Failure to document can also be a potential violation of your practice act or board rules. Implement a recordkeeping system so that your documents are readily retrievable. Backup your records when appropriate.

4. Implement reminder systems. Be sure you are doing what you are supposed to be doing and following up when required. Implement and follow a reminder system to be sure that all deadlines are met.

3. Deal with problems early. Don't ignore problems hoping they will go away. What starts as a small problem can, in time, lead to a complaint with your licensing board. Dealing with the problem early can help to resolve it and may avoid a future complaint to your board.

2. Get legal advice early. Taking appropriate legal steps may resolve problems or protect you in the future should you end up before your board or in court. Consult with counsel before taking action to be sure that you are aware of all the legal ramifications of your actions.

1. Encourage and promote professionalism. Above all else, remember that you are a professional. Treat your clients and colleagues with respect and courtesy. Commit yourself to practicing your profession at the highest skill level and with the utmost integrity.

(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 Primer on Building Codes for Home Inspectors	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