



NORTH CAROLINA HOME INSPECTOR LICENSURE BOARD

HOME INSPECTOR LICENSURE ACT

N.C. GENERAL STATUTES CHAPTER 143, ARTICLE 9F

AND

**NORTH CAROLINA ADMINISTRATIVE CODE
(Rules of the Board)**

- **EQUIVALENT EXPERIENCE**
- **FEE SCHEDULE**
- **STANDARDS OF PRACTICE**
- **CODE OF ETHICS**
- **DISCIPLINARY ACTION**
- **CONTINUING EDUCATION**

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October 1, 2013

October 1, 2013 Message from the NCHILB Executive Director, Mike Hejduk

This issue of the NC General Statutes and Administrative Code (aka Board Rules) includes a brief summary of changes incorporated since its last publication date of September 1, 2013. These changes are noted by a vertical bar in the margin | to assist the reader. Together these Laws and Rules provide the regulatory guidance for the Board and Staff to License, Educate and Discipline home inspectors in North Carolina. This publication is for use and reference by applicants for licensure; active licensees; continuing education course sponsors and instructors, home building and real estate professionals, and of course; the general public as they are the consumers of home inspection services as either homebuyers or homeowners that the NC Home Inspector Licensure Act is intended to serve and protect.

Summary of Changes:

NC General Statutes:

- Session Law 2009-509, Senate Bill 1007. This legislation instituted various statute changes with various effective dates of August 26, 2009; October 1, 2009; October 1, 2011, and; October 1, 2013. This edition of the regulations permanently removes those provisions effective until October 1, 2013 and now repealed. Provisions effective October 1, 2013 (going forward) remain.

NC Administrative Code (NCAC / Board Rules)

- The Board requested several changes to the “Rules” based upon legislative changes and as a result of licensee input and Board Committee recommendations. After publication in the North Carolina Register, Public Hearing, Comments and Rules Review Commission approval the following rule adoption became effective on the date shown:

NOTE: THIS RULE CHANGE WAS ALREADY PUBLISHED IN THE LAST EDITION OF THE REGULATIONS BUT IS STILL HIGHLIGHTED IN THE MARGIN AS A REMINDER TO ALL LICENSEES

.1110 Electrical (September 1, 2013) The rule change requires home inspectors to report in writing on the presence or absence of permanently installed carbon monoxide alarms (in addition to smoke detectors) in any homes with fuel fired appliances or attached garages, and operate their test function, if accessible, except when detectors are part of a central system.

NORTH CAROLINA GENERAL STATUTES

Chapter 143, Article 9F — NC Home Inspector Licensure Act

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NORTH CAROLINA HOME INSPECTOR LICENSURE BOARD
GENERAL STATUTES

Title 11 – Department of Insurance, Chapter 8 – Engineering and Building Codes

§ 143-151.43. Short title.

This Article is the Home Inspector Licensure Act and may be cited by that name.

§ 143-151.44. Purpose.

This Article safeguards the public health, safety, and welfare and protects 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.

§ 143-151.45. Definitions.

The following definitions apply in this Article:

- (1) [Repealed by Session Law 2009-509, s.3.3, effective October 1, 2013]
- (2) Board. – The North Carolina Home Inspector Licensure Board.
- (3) Compensation. – A fee or anything else of value.
- (4) Home inspection. – A written evaluation of two or more of the following components of a residential building: heating system, cooling system, plumbing system, electrical system, structural components, foundation, roof, masonry structure, exterior and interior components, or any other related residential housing component.
- (5) Home inspector. – An individual who engages in the business of performing home inspections for compensation.
- (6) Residential building. – A structure intended to be, or that is in fact, used as a residence by one or more individuals.

§ 143-151.46. North Carolina Home Inspector Licensure Board established; members; terms; vacancies.

(a) Membership. – The North Carolina Home Inspector Licensure Board is established in the Department of Insurance. The Board shall be composed of the Commissioner of Insurance or the Commissioner's designee and seven additional members appointed as follows:

- (1) A public member who is not actively engaged in one of the professional categories in subdivisions (2) through (4) of this subsection, appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
- (2) Four home inspectors, two of whom shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one of whom shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, and one of whom shall be appointed by the Governor.
- (3) A licensed general contractor appointed by the Governor upon the recommendation of the North Carolina Home Builders Association.
- (4) A licensed real estate broker appointed by the Governor upon the recommendation of the North Carolina Association of Realtors.

All members of the Board must be citizens of the State. Appointments by the General Assembly must be made in accordance with G.S. 120-121.

(b) Terms. – The members shall be appointed for staggered terms and the initial appointments shall be made prior to August 1, 1995. The appointees shall hold office until July 1 of the year in which their respective terms expire and until their successors are appointed and qualified.

Of the members initially appointed, the home inspector appointed by the Governor shall serve a one-year term. The home inspector appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives and the licensed real estate broker shall serve two-year terms. One home inspector appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate and the licensed contractor shall serve three-year terms. The remaining home inspector appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate and the citizen of the State shall serve four-year terms.

Thereafter, as the term of each member expires, a successor shall be appointed for a term of four years.

(c) Vacancies. – Vacancies in the Board occurring for any reason shall be filled for the unexpired term by the appointing official making the original appointment. Vacancies in positions appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate or the Speaker of the House of Representatives shall be filled in accordance with G.S. 120-122.

§ 143-151.47. Compensation of Board members.

Members of the Board shall receive no salary for serving on the Board. Members may be reimbursed for their travel and other expenses in accordance with G.S. 93B-5 but may not receive the per diem authorized by that statute.

§ 143-151.48. Election of officers; meetings of Board.

(a) Officers. – Within 30 days after making appointments to the Board, the Governor shall call the first meeting of the Board. The Board shall elect a chair and a vice-chair who shall hold office according to rules adopted by the Board.

(b) Meetings. – The Board shall hold at least two regular meetings each year as provided by rules adopted by the Board. The Board may hold additional meetings upon the call of the chair or any two Board members. A majority of the Board membership constitutes a quorum.

§ 143-151.49. Powers and responsibilities of Board.

(a) General. – The Board has the power to do all of the following:

- (1) Examine and determine the qualifications and fitness of applicants for a new or renewed license.
- (2) Adopt and publish a code of ethics and standard of practice for persons licensed under this Article.
- (3) Issue, renew, deny, revoke, and suspend licenses under this Article.
- (4) Conduct investigations, subpoena individuals and records, and do all other things necessary and proper to discipline persons licensed under this Article and to enforce this Article.
- (5) Employ professional, clerical, investigative, or special personnel necessary to carry out the provisions of this Article.
- (6) Purchase or rent office space, equipment, and supplies necessary to carry out the provisions of this Article.
- (7) Adopt a seal by which it shall authenticate its proceedings, official records, and licenses.
- (8) Conduct administrative hearings in accordance with Article 3A of Chapter 150B of the General Statutes.
- (9) Establish fees as allowed by this Article.
- (10) Publish and make available upon request the licensure standards prescribed under this Article and all rules adopted by the Board.
- (11) Request and receive the assistance of State educational institutions or other State agencies.
- (11a) Establish education requirements for licensure.
- (12) Establish continuing education requirements for persons licensed under this Article.
- (13) Adopt rules necessary to implement this Article.

(b) Education Requirements. – The education program adopted by the Board may not consist of more than 200 hours of instruction. The instruction may include field training, classroom instruction, distance learning, peer review, and any other educational format approved by the Board.

§ 143-151.50. License required to perform home inspections for compensation or to claim to be a "licensed home inspector".

(a) Requirement. – To perform a home inspection for compensation or to claim to be a licensed home inspector, an individual must be licensed by the Board. An individual who is not licensed by the Board may perform a home inspection without compensation.

(b) Form of License. – The Board may issue a license only to an individual and may not issue a license to a partnership, an association, a corporation, a firm, or another group. A licensed home inspector, however, may perform home inspections for or on behalf of a partnership, an association, a corporation, a firm, or another group, may conduct business as one of these entities, and may enter into and enforce contracts as one of these entities.

§ 143-151.51. Requirements to be licensed as a home inspector.

(a) Licensure Eligibility. – To be eligible to be licensed as a home inspector, an applicant must do all of the following:

- (1) Submit a completed application to the Board upon a form provided by the Board.
- (2) Pass a licensing examination prescribed by the Board.
- (3) Repealed by Session Law 2009-509, s. 2.2, effective October 1, 2011.

- (4) Pay the applicable fees.
- (5) Meet one of the following three conditions:
 - a. Have a high school diploma or its equivalent and satisfactorily complete an education program approved by the Board. The program must be completed within three years of the date the applicant submits an application for licensure under this section.
 - b. Have education and experience the Board considers to be equivalent to that required by sub-subdivision a. of this subdivision.
 - c. Be licensed for at least six months as a general contractor under Article 1 of Chapter 87 of the General Statutes, as an architect under Chapter 83A of the General Statutes, or as a professional engineer under Chapter 89C of the General Statutes. A person qualifying under this sub-subdivision on or after October 1, 2011, must remain in good standing with the person's respective licensing board.

(b) License. – Upon compliance with the conditions of licensure under subsection (a) of this section, to be eligible to be licensed as a home inspector, an applicant must meet all of the insurance requirements of this subsection.

- (1) General liability insurance in the amount of two hundred fifty thousand dollars (\$250,000), which insurance may be individual coverage or coverage under an employer policy, with coverage parameters established by the Board.
- (2) One of the following:
 - a. Minimum net assets in an amount determined by the Board, which amount may not be less than five thousand dollars (\$5,000) nor more than ten thousand dollars (\$10,000).
 - b. A bond in an amount determined by the Board, which amount may not be less than five thousand dollars (\$5,000) nor more than ten thousand dollars (\$10,000).
 - c. Errors and omissions insurance in the amount of two hundred fifty thousand dollars (\$250,000), which insurance may be individual coverage or coverage under an employer policy, with coverage parameters established by the Board.

§ 143-151.52. [Repealed by Session Law 2009-509, s.3.3 effective October 1, 2013]

§ 143-151.53. Notification to applicant following evaluation of application.

If the Board finds that the applicant has not met fully the requirements for licensing, the Board shall refuse to issue the license and shall notify in writing the applicant of the denial, stating the grounds of the denial. The application may also be denied for any reason for which a license may be suspended or revoked or not renewed under G.S. 143-151.56. Within 30 days after service of the notification, the applicant may make a written demand upon the Board for a review to determine the reasonableness of the Board's action. The review shall be completed without undue delay, and the applicant shall be notified promptly in writing as to the outcome of the review. Within 30 days after service of the notification as to the outcome, the applicant may make a written demand upon the Board for a hearing under Article 3A of Chapter 150B of the General Statutes if the applicant disagrees with the outcome.

§ 143-151.54. Miscellaneous license provisions.

(a) License as Property of the Board and Display of License. – A license issued by the Board is the property of the Board. If the Board suspends or revokes a license issued by it, the individual to whom it is issued must give it to the Board upon demand. An individual who is licensed by the Board must display the license certificate in the manner prescribed by the Board. A license holder whose address changes must report the change to the Board.

(b) Report Criminal Convictions and Disciplinary Actions. – A license holder who is convicted of any felony or misdemeanor or is disciplined by any governmental agency in connection with any other occupational or professional license shall file with the Board a written report of the conviction or disciplinary action within 60 days of the final judgment, order, or disposition of the case.

§ 143-151.55. Renewal of license; inactive licenses; lapsed licenses.

(a) Renewal. – A license expires on September 30 of each year. A license may be renewed by filing an application for renewal with the Board and paying the required renewal fee. The Board must notify license holders at least 30 days before their licenses expire. The Board must renew the license of a person who files an application for renewal, pays the required renewal fee, has fulfilled the continuing education requirements set by the Board, and is not in violation of this Article when the application is filed. If the Board imposes a continuing education requirement as a condition of renewing a license, the Board must ensure that the courses needed to fulfill the requirement are available in all geographic areas of the State.

(b) Late Renewal. – The Board may provide for the late renewal of a license upon the payment of a late fee, but no late renewal of a license may be granted more than one year after the license expires.

(c) Inactive License. – A license holder may apply to the Board to be placed on inactive status. An applicant for inactive status must follow the procedure set by the Board. A license holder who is granted inactive status is not subject to the license renewal requirements during the period the license holder remains on inactive status.

A license holder whose application is granted and is placed on inactive status may apply to the Board to be reinstated to active status at any time. To change a license from inactive status to active status, the license holder must complete the same number of continuing education credit hours that would have been required of the license holder had the license holder maintained an active license. The number of continuing education credit hours required to return an inactive license to active status shall not exceed 24 credit hours. The Board may set conditions for reinstatement to active status. An individual who is on inactive status and applies to be reinstated to active status must comply with the conditions set by the Board.

(d) Lapsed License. – The license of a licensed home inspector shall lapse if the licensee fails to continuously maintain the insurance requirements provided in G.S. 143-151.58(b).

§ 143-151.56. Suspension, revocation, and refusal to renew license.

(a) The Board may deny or refuse to issue or renew a license, may suspend or revoke a license, or may impose probationary conditions on a license if the license holder or applicant for licensure has engaged in any of the following conduct:

- (1) Employed fraud, deceit, or misrepresentation in obtaining or attempting to obtain or renew a license.
- (2) Committed an act of malpractice, gross negligence, or incompetence in the practice of home inspections.
- (3) Without having a current license, either performed home inspections for compensation or claimed to be licensed.
- (4) Engaged in conduct that could result in harm or injury to the public.
- (5) Been convicted of or pled guilty or nolo contendere to any misdemeanor involving moral turpitude or to any felony.
- (6) Been adjudicated incompetent.
- (7) Engaged in any act or practice that violates any of the provisions of this Article or any rule issued by the Board, or aided, abetted, or assisted any person in a violation of any of the provisions of this Article.
- (8) Failed to maintain the requirements provided in G.S. 143-151.58(b).

(b) A denial of licensure, refusal to renew, suspension, revocation, or imposition of probationary conditions upon a license holder may be ordered by the Board after a hearing held in accordance with Article 3A of Chapter 150B of the General Statutes and rules adopted by the Board. An application may be made to the Board for reinstatement of a revoked license if the revocation has been in effect for at least one year.

§ 143-151.57. Fees.

(a) Maximum Fees. – The Board may adopt fees that do not exceed the amounts set in the following table for administering this Article:

<u>Item</u>	<u>Maximum Fee</u>
Application for home inspector license	\$35.00
Home inspector examination	\$80.00
Issuance or renewal of home inspector license	\$160.00
Late renewal of home inspector license	\$30.00
Application for course approval	\$150.00
Renewal of course approval	\$75.00
Course fee, per credit hour per licensee	\$5.00
Credit for unapproved continuing education course.....	\$50.00
Copies of Board rules or licensure standards	Cost of printing and mailing.

(b) Subsequent Application. – An individual who applied for a license as a home inspector and who failed the home inspector examination is not required to pay an additional application fee if the individual submits another application for a license as a home inspector. The individual must pay the examination fee, however, to be eligible to take the examination again. An individual may take the examination only once every 180 days.

§ 143-151.58. Duties of licensed home inspector.

(a) Home Inspection Report. – A licensed home inspector must give to each person for whom the inspector performs a home inspection for compensation a written report of the home inspection. The inspector must give the person the report by the date set in a written agreement by the parties to the home inspection. If the parties to the home inspection did not agree on a date in a written agreement, the inspector must give the person the report within three business days after the inspection was performed.

(a1) Summary Page. – A written report provided under subsection (a) of this section for a prepurchase home inspection of three or more systems must include a summary page that contains the information required by this subsection. All other subject matters pertaining to the home inspection must appear in the body of the report. The summary page must contain the following statement: "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."

The summary page must describe any system or component of the home that does not function as intended, allowing for normal wear and tear that does not prevent the system or component from functioning as intended. The summary page 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. The summary page may describe any system or component that poses a safety concern.

(a2) State Building Code. – If a licensee includes a deficiency in the written report of a home inspection that is stated as a violation of the North Carolina State Residential Building Code, the licensee must do all of the following:

- (1) Determine the date of construction, renovation, and any subsequent installation or replacement of any system or component of the home.
- (2) Determine the State Building Code in effect at the time of construction, renovation, and any subsequent installation or replacement of any system or component of the home.
- (3) Conduct the home inspection using the building codes in effect at the time of the construction, renovation, and any subsequent installation or replacement of any system or component of the home.

In order to fully inform the client, if the licensee describes a deficiency as a violation of the State Building Code in the written report, then the report shall include the information described in subdivision (1) of this subsection and photocopies of the relevant provisions of the State Building Code used pursuant to subdivision (2) of this subsection to determine any violation stated in the report. The Board may adopt rules that are more restrictive on the use of the State Building Code by home inspectors.

(b) Insurance, Net Assets, and Bond Requirements. – A licensed home inspector must continuously maintain general liability insurance and minimum net assets, a bond, or errors and omissions insurance as required in G.S. 143-151.51(b).

(c) Repealed by Session Law 2009-509, s. 3.3, effective October 1, 2013.

(d) Record Keeping. – All licensees under this Article shall make and keep full and accurate records of business done under their licenses. Records shall include the written, signed contract and the written report required by subsection (a) of this section and the standards of practice referred to in G.S. 143-151.49(a)(2) and any other information the Board requires by rule. Records shall be retained by licensees for not less than three years. Licensees shall furnish their records to the Board on demand.

§ 143-151.59. Violation is a misdemeanor.

A person who violates a provision of this Article is guilty of a Class 2 misdemeanor. Each unlawful act or practice constitutes a distinct and separate offense.

§ 143-151.60. Injunctions.

The Board may make application to any appropriate court for an order enjoining violations of this Article. Upon a showing by the Board that any person has violated or is about to violate this Article, the court may grant an injunction or a restraining order or take other appropriate action.

§ 143-151.61. [Repealed by Session Law 2009-509, s.3.3, effective October 1, 2013]

§ 143-151.62. Persons and practices not affected.

This Article does not apply to any of the following:

- (1) A person who is employed as a code enforcement official by the State or a political subdivision of the State and is certified pursuant to Article 9C of Chapter 143 of the General Statutes, when acting within the scope of that employment.
- (2) A plumbing or heating contractor who does not claim to be a home inspector and is licensed under Article 2 of Chapter 87 of the General Statutes, when acting pursuant to that Article.
- (3) An electrical contractor who does not claim to be a home inspector and is licensed under Article 4 of Chapter 87 of the General Statutes, when acting pursuant to that Article.
- (4) A real estate broker or a real estate sales representative who does not claim to be a home inspector and is licensed under Article 1 of Chapter 93A of the General Statutes, when acting pursuant to that Article.
- (5) A structural pest control licensee licensed under the provisions of Article 4C of Chapter 106 of the General Statutes, an employee of the licensee, or a certified applicator licensed under the provisions of Article 4C of Chapter 106 of the General Statutes who does not claim to be a home inspector, while performing structural pest control activities pursuant to that Article.

§ 143-151.63. Administration.

(a) The Division of Engineering and Building Code in the Department of Insurance shall provide clerical and other staff services required by the Board, and shall administer and enforce all provisions of this Article and all rules adopted under this Article, subject to the direction of the Board. The Board shall reimburse the Division for its services to the Board.

(b) Any monies received by the Board pursuant to this Article shall be deposited in the State treasury to the account of the Board and shall be used to administer this Article.

(c) The books and records of the Board are subject to the oversight of the State Auditor, as provided in G.S. 93B-4.

§ 143-151.64. Continuing education requirements.

(a) Requirements. – The Board may establish programs of continuing education for licensees under this Article. A licensee subject to a program under this section shall present evidence to the Board upon the license renewal following initial licensure, and every renewal thereafter, that during the 12 months preceding the annual license expiration date the licensee has completed the required number of classroom hours of instruction in courses approved by the Board. Annual continuing education hour requirements shall be determined by the Board, but shall not be less than 12 credit hours and no more than 20 hours. No member of the Board shall provide or sponsor a continuing education course under this section while that person is serving on the Board.

(b) Fees. – The Board may establish a nonrefundable course application fee to be charged to a course sponsor for the review and approval of a proposed continuing education course. Approval of a continuing education course must be renewed annually. The Board may also require a course sponsor to pay a fee for each licensee completing an approved continuing education course conducted by the sponsor.

(c) Credit for Unapproved Course. – The Board may award continuing education credit for an unapproved course or related educational activity. The Board may prescribe procedures for a licensee to submit information on an unapproved course or related educational activity for continuing education credit. The Board may charge a fee to the licensee for each course or activity submitted.

(d) Extension of Time. – The Board may, for good cause shown, grant extensions of time to licensees to comply with these requirements. Any licensee who, after obtaining an extension under this subsection, offers evidence satisfactory to the Board that the licensee has satisfactorily completed the required continuing education courses, is in compliance with this section.

(e) Rules. – The Board may adopt rules governing continuing education requirements, including rules that govern:

- (1) The content and subject matter of continuing education courses.
- (2) The criteria, standards, and procedures for the approval of courses, course sponsors, and course instructors.
- (3) The methods of instruction.
- (4) The computation of course credit.
- (5) The ability to carry forward course credit from one year to another.
- (6) The waiver of or variance from the continuing education requirement for hardship or other reasons.
- (7) The procedures for compliance and sanctions for noncompliance.

NORTH CAROLINA HOME INSPECTOR LICENSURE BOARD

ADMINISTRATIVE CODE

Title 11 - Department of Insurance, Chapter 8 - Engineering and Building Codes

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ADMINISTRATIVE CODE
TITLE 11- DEPARTMENT OF INSURANCE
CHAPTER 8 - ENGINEERING AND BUILDING CODES

SECTION .1000 - NC HOME INSPECTOR LICENSURE BOARD

.1001 OFFICERS

The term of each officer shall be one year. Officers shall serve until a successor is elected and installed. Officers shall be eligible for re-election.

.1002 MEETINGS [Repealed Effective March 1, 2010]

.1003 PERSONS AND PRACTICES NOT AFFECTED

Registered architects, professional engineers, and licensed general contractors do not need home inspector licenses to make on site inspections of residential buildings for which they are preparing plans, designs, specifications, or estimates for construction, remodeling, or repairs.

.1004 EQUIVALENT EXPERIENCE

(a) The Board shall consider equivalent experience of applicants who do not meet the experience requirements of GS 143-151.51(5). Any one of the following descriptions of experience shall be considered sufficient to meet the equivalent experience requirements:

- (1) A bachelor of science degree from any engineering, architecture or building technology school and two years experience working in building design, construction, or inspection of building, electrical, mechanical, and plumbing systems.
- (2) A two year Associate of Applied Science degree from a community college or technical school in building technology, civil engineering, electrical engineering, mechanical engineering, or architecture; and either four years of design experience in building, electrical, mechanical, and plumbing systems, or four years experience as an employee who works under the direct supervision of a licensed general (residential or building) contractor and who supervises electrical, mechanical, and plumbing subcontractors.
- (3) Six years experience as an employee who works under the direct supervision of a licensed general contractor (residential or building) performing building construction and who supervises electrical, mechanical, and plumbing subcontractors.
- (4) Certification by the North Carolina Code Officials Qualification Board as a Code Enforcement Official with Standard Level I (or higher) inspection certification in four areas: building, electrical, mechanical, and plumbing.
- (5) Any combination of certification listed in Paragraph (a)(4) of this Rule and a license as an electrical contractor (limited or greater) issued by the NC Board of Electrical Examiners, or a license as a heating or cooling contractor (H1, H2, or H3), or a plumbing contractor issued by the NC Board of Examiners of Plumbing, Heating and Fire Sprinkler Contractors, resulting in either a certificate or a license in four areas in building, electrical, mechanical, and plumbing contracting or inspections.

(b) Applicants may submit other experience in the design, installation, or inspection of buildings and electrical, mechanical, and plumbing systems. The Board's Application Evaluation Committee shall consider such experience on a case-by-case basis.

(c) Successful completion of a home inspection course or training program, approved by the Board, is sufficient to meet the equivalent experience requirement for licensure. The applicant must provide to the Board certification from the home inspection course or training program demonstrating that the applicant has met all requirements of that program, including attendance, testing, and training as applicable. The home inspection course or training program shall consist of at least 120 hours of instruction. The Board shall approve a home inspection course or training program if such course or program provides adequate instruction to teach all skills and knowledge necessary to be a fully licensed home inspector in this State. The Board shall request any documentation or information needed to demonstrate that a home inspection course or training program meets such requirements.

.1005 RECIPROCITY

If an applicant is licensed as a home inspector in another state that has laws and rules that are similar to G.S. 143, Article 9F to the rules of the Board, the Board shall accept that license as evidence of experience. However, the applicant shall satisfactorily complete the Board's written examination and other licensing requirements before the Board shall issue the applicant a license.

.1006 INSURANCE REQUIREMENTS

(a) To be licensed as a home inspector, an applicant must meet the requirements set forth in G.S. 143-151.51(b) including general liability insurance that meets the following requirements:

- (1) The general liability insurance policy must cover the licensee's activities performed during the course of a home inspection on the premises of the home inspection; and
- (2) The general liability insurance policy must include coverage for both property damage and bodily injury coverage.

(b) The amount of the surety bond required in G.S. 143-151.51(b) shall be at least five thousand dollars (\$5,000). Any surety bond shall be written by a surety company that is authorized by the Commissioner of Insurance to do business in this State.

.1007 EXAMINATION

An applicant must pass an examination administered by the Board. The examination shall be administered at least twice each year. The applicant must answer 70% of the questions correctly to receive a passing grade. The examination shall include questions about the administrative rules adopted by the Board, G.S. 143, Article 9F, inspections of the building structures and their components, and electrical, mechanical, and plumbing systems and appliances.

.1008 APPLICATIONS FOR LICENSES

Persons may obtain license applications from the Board after they pay the appropriate fee. Applicants shall return a completed application form and any supporting documentation to the Board at least 30 days before the next scheduled examination. The Board shall notify applicants of the times, dates, and locations of examinations. If available space is not sufficient for the number of applicants, additional examinations shall be scheduled.

.1009 DISPLAY OF LICENSE

Home inspectors shall display their licenses at their places of business. If a home inspector works out of his or her home, the inspector shall keep the license on file in the home.

.1010 APPEALS OF DENIALS

The initial evaluations of license applications shall be made by the Board's staff. Any applicant wishing to appeal the staff's decision to deny his or her application shall make a written request for a review to the Board's Application Evaluation Committee. The applicant shall request a hearing if aggrieved by any final decision of the Board denying the application.

.1011 FEE SCHEDULE

(a) The following fees apply to the licensure of home inspectors:

Application for Home Inspector License	\$35.00
Application for Associate Home Inspector License	\$20.00
Home Inspector Examination.....	\$80.00
Initial Issuance or Annual Renewal of Home Inspector License	\$160.00
Initial Issuance or Annual Renewal of Associate Home Inspector License	\$110.00
Late Renewal Penalty Fee - Home Inspector License.....	\$30.00
Late Renewal Penalty Fee - Associate Home Inspector License	\$20.00
Copies of Board Rules and License Standards.....	\$5.00

(b) The home inspector and the associate home inspector initial issuance license fees are due after successful completion of the examination. The Board shall not issue a license until it receives the appropriate fee. The license is valid from the date of issue until the following September 30.

.1012 SUSPENSION OF AUTHORITY TO EXPEND FUNDS

In the event that the Board's authority to expend funds is suspended pursuant to G.S. 93B-2(d), the Board shall continue to issue and renew licenses. 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.

.1020 DEFINITIONS

(a) As used in Rules .1020 through .1028 of this Section:

- (1) "Course Sponsor" means a person approved by the Board to conduct home inspection prelicensing courses.
- (2) "Credit hour" means one continuing education course hour, comprising at least 50 minutes of instruction.
- (3) "License period" means October 1 through the following September 30.
- (4) "Licensee" means a home inspector or associate home inspector licensed by the Board under G.S. 143, Article 9F.
- (5) "Person" means an individual, partnership, firm, association, corporation, joint-stock company, trust, any similar entity, or any combination of the foregoing acting in concert.

(b) The definitions contained in G.S. 143-151.45 apply to this Section.

.1021 PROGRAM STRUCTURING AND ADMISSION REQUIREMENTS

The home inspection prelicensing education program shall consist of a minimum total of 200 hours consisting of classroom and field training as follows:

- (1) Academic education consisting of at least 120 hours classroom instruction; and
- (2) Training consisting of at least 80 hours of field instruction with at least 10 site visits.

.1022 PROGRAM SPONSORS

The course sponsor of a home inspection prelicensing program shall obtain approval of the Board for its educational program.

.1023 APPLICATION FOR PROGRAM SPONSOR APPROVAL

- (a) An entity seeking approval to sponsor a home inspection prelicensing education program must make written applications to the Board upon a form provided by the Board.
- (b) An applying entity that is not a resident of North Carolina shall also file with the application a consent to service of process and pleading.
- (c) The applicant shall submit separate applications to sponsor the academic classroom and practical training portions of the program.
- (d) The application shall be accompanied by a program plan outline, course description materials, instructor's guide and text book, North Carolina Standards Of Practice and Code Of Ethics (Section .1100 of Chapter 8), sample exams, and report formats.
- (e) The sponsor must obtain approval by the Board 45 days prior to the commencement of any courses or training.

.1024 COURSE REQUIREMENTS

(a) Prelicensing programs shall be comprised of the following subject areas:

- (1) Introduction to Home Inspection N.C. General Statutes, Standards of Practice and Code of Ethics, and
- (2) Inspection defect and report writing including:
 - (A) Structural Components;
 - (B) Exteriors;
 - (C) Roofing;
 - (D) Plumbing;
 - (E) Electrical;
 - (F) Heating;
 - (G) Air Conditioning;
 - (H) Insulation and Ventilation;
 - (I) Interiors; and
 - (J) Built in Kitchen Appliances

(b) Courses may include coverage of additional related subject areas not prescribed by the Board; however, any such course shall provide additional class time above the minimum requirement for the coverage of such additional subject areas.

(c) Classroom time and instructional materials shall be utilized for instructional purposes only and not for promoting the interests of or recruiting employees or members for any particular home inspector, home inspection firm or franchise.

(d) Practical training time and instructional materials shall be utilized for instructional purposes only and not for promoting the interests of or recruiting employees or members for any particular home inspector, home inspection firm or franchise.

.1025 COURSE COMPLETION STANDARDS

- (a) An applicant must attend at least 90 percent of all scheduled classroom hours.
- (b) A student's grade shall be based solely on his performance on examinations, on graded homework and class work assignments.
- (c) An applicant for licensure shall obtain a grade of at least 75 percent on a comprehensive final course examination that covers all prescribed subject areas. Take home or open book final course examinations are prohibited. Sponsors and instructors may utilize other course quizzes and tests in addition to the final course examination provided that a student's grade on the final course examination accounts for at least 75 percent of the student's grade for the course.
- (d) Prelicensing course final examinations may be provided by the Board for use by approved sponsors and instructors. If the Board does not provide such examinations, or if a sponsor or instructor elects not to use Board-provided examinations, the sponsor or instructor shall use a comprehensive examination which tests student's knowledge and mastery of the course subject matter. The examination is subject to review and approval by the Board. Sponsors may, within 90 days of the course ending date, allow a prelicensing course student one opportunity to make up any missed course final examination or to retake any failed course final examination without repeating the course. If examinations provided by the Board are used, any makeup or repeat examination shall consist of a different form of the examination than the one previously administered in the student's course. If examinations not provided by the Board are used, any makeup or repeat examination shall be comparable to the initial examination with regard to the number of questions, subject areas tested and overall difficulty, and at least 75 percent of the questions shall be different from those used on the initial examination.
- (e) Sponsors shall protect the security and integrity of course examinations at all times. This includes:
 - (1) Maintaining examinations and answer keys in a secure place accessible only to the instructor or sponsor;
 - (2) Prohibiting students from retaining copies of examinations, answer sheets, scratch paper containing notes or calculations that jeopardize examination security; and
 - (3) Monitoring students at all times when examinations are being administered.
- (f) Any student who gives or receives assistance during the examination shall turn in all exam materials and leave the room. Under these circumstances, the student's answer sheet shall not be scored and information regarding the giving of assistance shall be reported by the Course Sponsor to the Board within 10 days of the incident.

.1026 COURSE SCHEDULING

- (a) All courses must have fixed beginning and ending dates.
- (b) Sponsors may not utilize a scheduling system that allows students to enroll late for a course and then complete their course work in a subsequently scheduled course.
- (c) Late enrollment is permitted only if the enrolling student can satisfy the minimum attendance requirements set forth in Rule .1025 of this Section.
- (d) Courses shall not have practical training field exercises that exceed a total of eight hours in any given day.

.1027 TEXTBOOKS

- (a) Each course shall utilize a textbook or course materials which are approved by the Board
- (b) A request for Board approval of a proposed textbook or similar course materials shall be submitted in writing to the Board and accompanied by two copies of the proposed textbook or course materials.
- (c) Approval of a textbook or other course materials applies only to the edition reviewed by the Board.
- (d) A request for approval of a new edition of an approved textbook shall be made in writing to the Board.
- (e) If requested by the Board, the sponsor shall provide a copy of the new edition to the Board or shall submit a list of changes.
- (f) Approval is for an indefinite period; however, such approval may be terminated by the Board at any time upon determining that the approved edition no longer complies with the criteria for approval. The criteria for approval is:
 - (1) The textbook or materials shall provide accurate, current and complete coverage of the subject matter required by the Board for the course for which approval of the textbook or materials is sought, including coverage of unique North Carolina home inspection related laws, rules and practices that are integrated into the basic coverage; and
 - (2) The information provided shall be logically organized.

.1028 COURSE COMPLETION REPORTING

- (a) Program sponsors shall submit to the Board verification of each student who completes a prelicensing course that is in compliance with Board rules.
- (b) Sponsors shall provide students a certificate of course completion upon completing a prelicensing course that is in compliance with the Board rules.
- (c) A course completion certificate shall be prepared in the following format:
 - (1) the certificate shall be printed on the official sponsor letterhead offering the prelicensing course;
 - (2) the title of the completed prelicensing course;
 - (3) the student's first and last name who completed the prelicensing course;
 - (4) the instructor's name; and
 - (5) the signature certifying the completion of the course program shall be either an original signature, an electronic signature or stamped signature of the director, dean or other official and shall be in a color other than black ink.

SECTION .1100 - NC HOME INSPECTOR STANDARDS OF PRACTICE AND CODE OF ETHICS

.1101 DEFINITIONS

The following definitions apply to this Section:

- (1) "Automatic safety controls" means devices designed and installed to protect systems and components from excessively high or low pressures and temperatures, excessive electrical current, loss of water, loss of ignition, fuel leaks, fire, freezing, or other unsafe conditions.
- (2) "Central air conditioning" means a system that uses ducts to distribute cooled or dehumidified air to more than one room or uses pipes to distribute chilled water to heat exchangers in more than one room, and that is not plugged into an electrical convenience outlet.
- (3) "Component" means a readily accessible and observable aspect of a system, such as a floor, or wall, but not individual pieces such as boards or nails where many similar pieces make up the component.
- (4) "Cosmetic damage" means superficial blemishes or defects that do not interfere with the functionality of the component or system.
- (5) "Cross connection" means any physical connection or arrangement between potable water and any source of contamination.
- (6) "Dangerous or adverse situations" means situations that pose a threat of injury to the inspector, or those situations that require the use of special protective clothing or safety equipment.
- (7) "Describe" means report in writing a system or component by its type, or other inspected characteristics, to distinguish it from other systems or components used for the same purpose.
- (8) "Dismantle" means to take apart or remove any component, device or piece of equipment that is bolted, screwed, or fastened by other means and that would not be dismantled by a homeowner in the course of normal household maintenance.
- (9) "Enter" means to go into an area to inspect all visible components.
- (10) "Functional drainage" means a drain that empties in a reasonable amount of time and does not overflow when another fixture is drained simultaneously.
- (11) "Functional flow" means a reasonable flow at the highest fixture in a dwelling when another fixture is operated simultaneously.
- (12) "Habitable space" means a space in a building for living, sleeping, eating or cooking. "Habitable space" does not mean a bathroom, toilet room, closet, or any space used or designed for storage.
- (13) "Inspect" means the act of making a visual examination.
- (14) "Installed" means attached or connected such that an item requires tools for removal.
- (15) "Normal operating controls" means homeowner operated devices such as a thermostat, wall switch, or safety switch.
- (16) "On-site water supply quality" means water quality is based on the bacterial, chemical, mineral, and solids content of the water.
- (17) "On-site water supply quantity" means the rate of flow of on-site well water.
- (18) "Operate" means to cause systems or equipment to function.
- (19) "Readily accessible" means approachable or enterable for visual inspection without the risk of damage to any property or alteration of the accessible space, equipment, or opening.
- (20) "Readily openable access panel" means a panel provided for homeowner inspection and maintenance that has removable or operable fasteners or latch devices in order to be lifted off, swung open, or otherwise removed by one person; and its edges and fasteners are not painted in place. This definition is limited to those panels within normal reach or from a four-foot stepladder, and that are not blocked by stored items, furniture, or building components.
- (21) "Readily visible" means seen by using natural or artificial light without the use of equipment or tools other than a flashlight.
- (22) "Representative number" means, for multiple identical components such as windows and electrical outlets, one such component per room; and, for multiple identical exterior components, one such component on each side of the building.
- (23) "Roof drainage systems" means gutters, downspouts, leaders, splash blocks, and similar components used to carry water off a roof and away from a building.
- (24) "Shut down" means a piece of equipment or a system which cannot be operated by the device or control that a homeowner should normally use to operate it. If its safety switch or circuit breaker is in the "off" position, or its fuse is missing or blown, the inspector is not required to reestablish the circuit for the purpose of operating

- the equipment or system.
- (25) “Solid fuel heating device” means any wood, coal, or other similar organic fuel burning device, including fireplaces whether masonry or factory built, fireplace inserts and stoves, wood stoves (room heaters), central furnaces, and combinations of these devices.
 - (26) “Structural component” means a component that supports non-variable forces or weights (dead loads) and variable forces or weights (live loads).
 - (27) “System” means a combination of interacting or interdependent components, assembled to carry out one or more functions.
 - (28) “Technically exhaustive” means an inspection involving the use of measurements, instruments, testing, calculations, and other means to develop scientific or engineering findings, conclusions, and recommendations.
 - (29) “Under floor crawl space” means the area within the confines of the foundation and between the ground and the underside of the lowest floor structural component.

.1102 STANDARDS OF PRACTICE

This Section sets forth the minimum standards of practice required of licensed home inspectors and licensed associate home inspectors. In this Section, the term “home inspectors” means both licensed home inspectors and licensed associate home inspectors.

.1103 PURPOSE AND SCOPE

(a) Home inspections performed according to this Section shall provide the client with an understanding of the property conditions, as inspected at the time of the home inspection.

(b) Home inspectors shall:

(1) Provide a written contract, signed by the client, before the home inspection is performed that shall:

(A) State that the home inspection is in accordance with the Standards of Practice of the North Carolina Home Inspector Licensure Board;

(B) Describe what services shall be provided and their cost; and

(C) State, when an inspection is for only one or a limited number of systems or components, that the inspection is limited to only those systems or components.

(2) Inspect readily visible and readily accessible installed systems and components listed in this Section; and

(3) Submit a written report to the client that shall:

(A) Describe those systems and components required to be described in Rules .1106 through .1115 of this Section;

(B) State which systems and components present at the home and designated for inspection in this Section were not inspected, and the reason for not inspecting;

(C) 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;

(D) State whether the condition reported requires repair or subsequent observation, or warrants further investigation by a specialist. The statements shall describe the component or system and how the condition is defective, explain the consequences of the condition, and direct the recipient to a course of action with regard to the condition or refer the recipient to a specialist; and

(E) State the name, license number, and signature of the person supervising the inspection and the name, license number, and signature of the person conducting the inspection.

(c) This Section does not limit home inspectors from:

(1) Reporting observations and conditions or rendering opinions of items in addition to those required in Paragraph (b) of this Rule; or

(2) Excluding systems and components from the inspection if requested by the client, and so stated in the written contract.

.1104 GENERAL LIMITATIONS

(a) Home inspections done in accordance with this Section are not technically exhaustive.

(b) This Section applies to buildings with four or fewer dwelling units, and individually owned residential units within multi-family buildings, and their attached garages or carports.

.1105 GENERAL EXCLUSIONS:

- (a) Home inspectors are not required to report on:
- (1) Life expectancy of any component or system;
 - (2) The causes of the need for a repair;
 - (3) The methods, materials, and costs of corrections;
 - (4) The suitability of the property for any specialized use;
 - (5) Compliance or non-compliance with codes, ordinances, statutes, regulatory requirements or restrictions;
 - (6) The market value of the property or its marketability;
 - (7) The advisability or inadvisability of purchase of the property;
 - (8) Any component or system that was not inspected;
 - (9) The presence or absence of pests such as wood damaging organisms, rodents, or insects; or
 - (10) Cosmetic damage, underground items, or items not permanently installed.
- (b) Home inspectors are not required to:
- (1) Offer warranties or guarantees of any kind;
 - (2) Calculate the strength, adequacy, or efficiency of any system or component;
 - (3) Enter any area or perform any procedure that may damage the property or its components or be dangerous to or adversely affect the health or safety of the home inspector or other persons;
 - (4) Operate any system or component that is shut down or otherwise inoperable;
 - (5) Operate any system or component that does not respond to normal operating controls;
 - (6) Move personal items, panels, furniture, equipment, plant life, soil, snow, ice, or debris that obstructs access or visibility;
 - (7) Determine the presence or absence of any suspected adverse environmental condition or hazardous substance, including toxins, carcinogens, noise, contaminants in the building or in soil, water, and air;
 - (8) Determine the effectiveness of any system installed to control or remove suspected hazardous substances;
 - (9) Predict future condition, including failure of components;
 - (10) Project operating costs of components;
 - (11) Evaluate acoustical characteristics of any system or component;
 - (12) Inspect special equipment or accessories that are not listed as components to be inspected in this Section; or
 - (13) Disturb insulation, except as required in Rule .1114 of this Section.
- (c) Home inspectors shall not:
- (1) Offer or perform any act or service contrary to law; or
 - (2) Offer or perform engineering, architectural, plumbing, electrical or any other job function requiring an occupational license in the jurisdiction where the inspection is taking place, unless the home inspector holds a valid occupational license, in which case the home inspector shall inform the client that the home inspector is so licensed, and therefore qualified to go beyond this section and perform additional inspections beyond those within the scope of the Standards of Practice.

.1106 STRUCTURAL COMPONENTS

- (a) The home inspector shall inspect structural components including:
- (1) Foundation;
 - (2) Floors;
 - (3) Walls;
 - (4) Columns or piers;
 - (5) Ceilings; and
 - (6) Roofs.
- (b) The home inspector shall describe the type of:
- (1) Foundation;
 - (2) Floor structure;
 - (3) Wall structure;
 - (4) Columns or piers;
 - (5) Ceiling structure; and
 - (6) Roof structure.
- (c) The home inspector shall:
- (1) Probe structural components where deterioration is suspected;
 - (2) Enter under floor crawl spaces, basements, and attic spaces except when access is obstructed, when entry

- could damage the property, or when dangerous or adverse situations are suspected;
- (3) Report the methods used to inspect under floor crawl spaces and attics; and
 - (4) Report signs of abnormal or harmful water penetration into the building or signs of abnormal or harmful condensation on building components.

.1107 EXTERIOR

- (a) The home inspector shall inspect:
 - (1) Wall cladding, flashings, and trim;
 - (2) Entryway doors and a representative number of windows;
 - (3) Garage door operators;
 - (4) Decks, balconies, stoops, steps, areaways, porches and applicable railings;
 - (5) Eaves, soffits, and fascias;
 - (6) Driveways, patios, walkways, and retaining walls; and
 - (7) Vegetation, grading, and drainage with respect only to their effect on the condition of the building.
- (b) The home inspector shall:
 - (1) Describe wall cladding materials;
 - (2) Operate all entryway doors;
 - (3) Operate garage doors manually or by using permanently installed controls for any garage door operator;
 - (4) Report whether or not any garage door operator will automatically reverse or stop when meeting reasonable resistance during closing; and
 - (5) Probe exterior wood components where deterioration is suspected.
- (c) The home inspector is not required to inspect:
 - (1) Storm windows, storm doors, screening, shutters, awnings, and similar seasonal accessories;
 - (2) Fences;
 - (3) For the presence of safety glazing in doors and windows;
 - (4) Garage door operator remote control transmitters;
 - (5) Geological conditions;
 - (6) Soil conditions;
 - (7) Recreational facilities (including spas, saunas, steam baths, swimming pools, tennis courts, playground equipment, and other exercise, entertainment, or athletic facilities); except as otherwise provided in 11 NCAC 8.1109(d)(5)(F);
 - (8) Detached buildings or structures; or
 - (9) For the presence or condition of buried fuel storage tanks.

.1108 ROOFING

- (a) The home inspector shall inspect:
 - (1) Roof coverings;
 - (2) Roof drainage systems;
 - (3) Flashings;
 - (4) Skylights, chimneys, and roof penetrations; and
 - (5) Signs of leaks or abnormal condensation on building components.
- (b) The home inspector shall:
 - (1) Describe the type of roof covering materials; and
 - (2) Report the methods used to inspect the roofing.
- (c) The home inspector is not required to:
 - (1) Walk on the roofing; or
 - (2) Inspect attached accessories including solar systems, antennae, and lightning arrestors.

.1109 PLUMBING

- (a) The home inspector shall inspect:
 - (1) Interior water supply and distribution system, including: piping materials, supports, and insulation; fixtures and faucets; functional flow; leaks; and cross connections;
 - (2) Interior drain, waste, and vent system, including: traps; drain, waste, and vent piping; piping supports and pipe insulation; leaks; and functional drainage;
 - (3) Hot water systems including: water heating equipment; normal operating controls; automatic safety

- controls; and chimneys, flues, and vents;
- (4) Fuel storage and distribution systems including: interior fuel storage equipment, supply piping, venting, and supports; leaks; and
- (5) Sump pumps.
- (b) The home inspector shall describe:
 - (1) Water supply and distribution piping materials;
 - (2) Drain, waste, and vent piping materials;
 - (3) Water heating equipment, including fuel or power source, storage capacity, and location; and
 - (4) The location of any main water supply shutoff device.
- (c) The home inspector shall operate all plumbing fixtures, including their faucets and all exterior faucets attached to the house, except where the flow end of the faucet is connected to an appliance.
- (d) The home inspector is not required to:
 - (1) State the effectiveness of anti-siphon devices;
 - (2) Determine whether water supply and waste disposal systems are public or private;
 - (3) Operate automatic safety controls;
 - (4) Operate any valve except water closet flush valves, fixture faucets, and hose faucets;
 - (5) Inspect:
 - (A) Water conditioning systems;
 - (B) Fire and lawn sprinkler systems;
 - (C) On-site water supply quantity and quality;
 - (D) On-site waste disposal systems;
 - (E) Foundation irrigation systems;
 - (F) Bathroom spas, except as to functional flow and functional drainage;
 - (G) Swimming pools;
 - (H) Solar water heating equipment; or
 - (6) Inspect the system for proper sizing, design, or use of proper materials.

.1110 ELECTRICAL

- (a) The home inspector shall inspect:
 - (1) Electrical service entrance conductors;
 - (2) Electrical service equipment, grounding equipment, main overcurrent device, and main and distribution panels;
 - (3) Amperage and voltage ratings of the electrical service;
 - (4) Branch circuit conductors, their overcurrent devices, and the compatibility of their ampacities;
 - (5) The operation of a representative number of installed ceiling fans, lighting fixtures, switches and receptacles located inside the house, garage, and on the dwelling's exterior walls;
 - (6) The polarity and grounding of all receptacles within six feet of interior plumbing fixtures, and all receptacles in the garage or carport, and on the exterior of inspected structures;
 - (7) The operation of ground fault circuit interrupters; and
 - (8) Smoke detectors and permanently installed carbon monoxide alarms.
- (b) The home inspector shall describe:
 - (1) Electrical service amperage and voltage;
 - (2) Electrical service entry conductor materials;
 - (3) The electrical service type as being overhead or underground; and
 - (4) The location of main and distribution panels.
- (c) The home inspector shall report in writing the presence of any readily accessible single strand aluminum branch circuit wiring.
- (d) The home inspector shall report in writing on the presence or absence of smoke detectors, and permanently installed carbon monoxide alarms in any homes with fuel fired appliances or attached garages, and operate their test function, if accessible, except when detectors are part of a central system.
- (e) The home inspector is not required to:
 - (1) Insert any tool, probe, or testing device inside the panels;
 - (2) Test or operate any overcurrent device except ground fault circuit interrupters;
 - (3) Dismantle any electrical device or control other than to remove the covers of the main and auxiliary distribution panels; or

- (4) Inspect:
 - (A) Low voltage systems;
 - (B) Security systems and heat detectors;
 - (C) Telephone, security, cable TV, intercoms, or other ancillary wiring that is not a part of the primary electrical distribution system;
 - (D) Built-in vacuum equipment;
 - (E) Back up electrical generating equipment; or
 - (F) Other alternative electrical generating or renewable energy systems such as solar, wind or hydro power.

.1111 HEATING

- (a) The home inspector shall inspect permanently installed heating systems including:
 - (1) Heating equipment;
 - (2) Normal operating controls;
 - (3) Automatic safety controls;
 - (4) Chimneys, flues, and vents, where readily visible;
 - (5) Solid fuel heating devices;
 - (6) Heat distribution systems including fans, pumps, ducts and piping, with supports, insulation, air filters, registers, radiators, fan coil units, convectors; and
 - (7) The presence or absence of an installed heat source for each habitable space.
- (b) The home inspector shall describe:
 - (1) Energy source; and
 - (2) Heating equipment and distribution type.
- (c) The home inspector shall operate the systems using normal operating controls.
- (d) The home inspector shall open readily openable access panels provided by the manufacturer or installer for routine homeowner maintenance.
- (e) The home inspector is not required to:
 - (1) Operate heating systems when weather conditions or other circumstances may cause equipment damage;
 - (2) Operate automatic safety controls;
 - (3) Ignite or extinguish solid fuel fires; or
 - (4) Ignite a pilot light; or
 - (5) Inspect:
 - (A) The interior of flues;
 - (B) Fireplace insert flue connections;
 - (C) Heat exchanger;
 - (D) Humidifiers;
 - (E) Electronic air filters;
 - (F) The uniformity or adequacy of heat supply to the various rooms; or
 - (G) Solar space heating equipment.

.1112 AIR CONDITIONING

- (a) The home inspector shall inspect:
 - (1) Central air conditioning and through-the-wall installed cooling systems including:
 - (A) Cooling and air handling equipment; and
 - (B) Normal operating controls.
 - (2) Distribution systems including:
 - (A) Fans, pumps, ducts and piping, with associated supports, dampers, insulation, air filters, registers, fan-coil units; and
 - (B) The presence or absence of an installed cooling source for each habitable space.
- (b) The home inspector shall describe:
 - (1) Energy sources; and
 - (2) Cooling equipment type.
- (c) The home inspector shall operate the systems using normal operating controls.
- (d) The home inspector shall open readily openable access panels provided by the manufacturer or installer for routine homeowner maintenance.

- (e) The home inspector is not required to:
 - (1) Operate cooling systems when weather conditions or other circumstances may cause equipment damage;
 - (2) Inspect window air conditioners; or
 - (3) Inspect the uniformity or adequacy of cool-air supply to the various rooms.

.1113 INTERIORS

- (a) The home inspector shall inspect:
 - (1) Walls, ceiling, and floors;
 - (2) Steps, stairways, balconies, and railings;
 - (3) Counters and a representative number of built-in cabinets; and
 - (4) A representative number of doors and windows.
- (b) The home inspector shall:
 - (1) Operate a representative number of windows and interior doors; and
 - (2) Report signs of water penetration into the building or signs of abnormal or harmful condensation on building components.
- (c) The home inspector is not required to inspect:
 - (1) Paint, wallpaper, and other finish treatments on the interior walls, ceilings, and floors;
 - (2) Carpeting; or
 - (3) Draperies, blinds, or other window treatments.

.1114 INSULATION AND VENTILATION

- (a) The home inspector shall inspect:
 - (1) Insulation and vapor retarders in unfinished spaces;
 - (2) Ventilation of attics and foundation areas;
 - (3) Kitchen, bathroom, and laundry venting systems; and
 - (4) The operation of any readily accessible attic ventilation fan, and, when temperature permits, the operation of any readily accessible thermostatic control.
- (b) The home inspector shall describe:
 - (1) Insulation in unfinished spaces; and
 - (2) The absence of insulation in unfinished space at conditioned surfaces.
- (c) The home inspector is not required to report on:
 - (1) Concealed insulation and vapor retarders; or
 - (2) Venting equipment that is integral with household appliances.
- (d) The home inspector shall:
 - (1) Move insulation where readily visible evidence indicates the possibility of a problem; and
 - (2) Move floor insulation where plumbing drain/waste pipes penetrate floors, adjacent to earth-filled stoops or porches, and at exterior doors.

.1115 BUILT-IN KITCHEN APPLIANCES

- (a) The home inspector shall inspect and operate the basic functions of the following kitchen appliances:
 - (1) Permanently installed dishwasher(s), through a normal cycle;
 - (2) Range(s), cook top(s), and permanently installed oven(s);
 - (3) Trash compactor(s);
 - (4) Garbage disposal(s);
 - (5) Ventilation equipment or range hood(s); and
 - (6) Permanently installed microwave oven(s).
- (b) The home inspector is not required to inspect:
 - (1) Clocks, timers, self-cleaning oven functions, or thermostats for calibration or automatic operation;
 - (2) Non built-in appliances; or
 - (3) Refrigeration units.
- (c) The home inspector is not required to operate:
 - (1) Appliances in use; or
 - (2) Any appliance that is shut down or otherwise inoperable.

.1116 CODE OF ETHICS

- (a) Licensees shall discharge their duties with fidelity to the public and to their clients, with fairness and impartiality to all.
- (b) Opinions expressed by licensees shall be based only on their education, experience, and honest convictions.
- (c) A licensee shall not disclose any information about the results of an inspection without the approval of the client for whom the inspection was performed, or the client's designated representative.
- (d) No licensee shall accept compensation or any other consideration from more than one interested party for the same service without the consent of all interested parties.
- (e) No licensee shall compensate, either financially or through other services or benefits, realty agents or other parties with a financial interest in closing of settlement or real estate transactions for the following:
 - (1) Referral of inspections; or
 - (2) Inclusion on a list of recommended inspectors or preferred providers.
- (f) No licensee shall express, within the context of an inspection, an appraisal or opinion of the market value of the inspected property.
- (g) Before the execution of a contract to perform a home inspection, a licensee shall disclose to the client any interest he or she has in a business that may affect the client. No licensee shall allow his or her interest in any business to affect the quality or results of the inspection work that the licensee may be called upon to perform.
- (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.
- (i) Licensees shall not engage in false or misleading advertising or otherwise misrepresent any matters to the public.
- (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.

SECTION .1200 - HOME INSPECTOR DISCIPLINARY ACTIONS

.1201 DEFINITIONS

The following definitions are used in this Section:

- (1) The definitions in GS 143-151.45 are incorporated into this Section by reference. "Associate home inspector" is included where reference is made to "home inspector" or "licensee".
- (2) "File or filing" means to place the paper or item to be filed into the care and custody of the presiding officer, and acceptance thereof by him, except that the Board may permit the papers to be filed with the Board, in which event the Board shall note thereon the filing date. All documents filed with the presiding officer or the Board, except exhibits, shall be duplicate in letter size 8 1/2" by 11".
- (3) "Party" means the Board, the licensee, or an intervenor who qualifies under GS 150B-38(f). "Party" does not include a complainant unless the complainant is allowed to intervene under GS 150B-38(f).
- (4) "Service or serve" means personal delivery or, unless otherwise provided by law or rule, delivery by first class United States Postal Service mail or a licensed overnight express mail service, addressed to the person to be served at his or her last known address. A Certificate of Service by the person making the service shall be appended to every document requiring service under these rules. Service by mail or licensed overnight express mail is complete upon addressing, enveloping, and placing the item to be served, in an official depository of the United States Postal Service or delivering the item to an agent of an overnight express mail service.

.1202 COMPLAINTS

- (a) Anyone who believes that a licensee is or has been engaged in any conduct set out in GS 143-151.56(a) may file a written complaint against that licensee. The Board may, upon its own motion, initiate an investigation of a licensee. The Board shall not consider complaints that are received by the Board more than three years from the dates of the inspection.
- (b) An information memo containing instructions for filing the complaint shall be mailed to anyone requesting complaint information from the Board. The complaint shall specifically identify the licensee and describe the conduct complained about.
- (c) The complaint shall specifically identify the licensee and describe the conduct complaint about.
- (d) Supporting information shall be included to justify the complaint. Supporting information shall refer to specific violations of the Board's rules or of the General Statutes. If the complaint involves items included in the Standards of Practice that the licensee did not observe, a list of those items must be submitted with the complaint. This information may be provided by the complainant, an architect, professional engineer, licensed contractor, another licensed home inspector, or other person with knowledge of the Standards of Practice. A copy of the contract agreement, the inspection report, and any reports made by other consultants shall be included with the complaint.
- (e) The complaint shall be in writing, signed by the complainant, and dated. The complaint shall include the complainant's mailing address and a daytime phone number at which the complainant may be reached. The street address of the structure must be included.
- (f) The Board shall not consider services that are under the jurisdiction of other regulatory agencies or licensing boards, such as termite inspections, appraisals, services rendered by licensed architects, engineers, or general contractors, unless the persons rendering those services claim to be home inspectors.
- (g) The Board has no jurisdiction over persons who make specialized inspections as part of their repair or maintenance businesses, such as roofing repair contractors, chimney sweeps, duct cleaning, and interior environment specialists.

.1203 BOARD STAFF

The Engineering Division shall verify whether any allegations against a licensee are violations of the Standards of Practice, Code of Ethics, or of the General Statutes.

.1204 INVESTIGATION

- (a) On receipt of a complaint conforming to this Section, the Engineering Division shall make an investigation of the charges and issue a report. The report shall address each item alleged to be a violation of these rules or of the General Statutes.
- (b) A copy of the complaint shall be mailed to the home inspector. The inspector shall submit a written response to the Engineering Division within two weeks after receipt of the copy of the complaint.

- (c) A copy of the report shall be mailed to the complainant and to the inspector.
- (d) The report shall state that the complaint either has or lacks sufficient evidence to support the allegations in the complaint.
- (e) If the report states that the allegations lack sufficient evidence, the Engineering Division shall:
 - (1) Advise the complainant in writing that the evidence was insufficient to support the allegations in the complaint.
 - (2) Advise the complainant that the complaint may be reviewed by a committee of Board members appointed by the Chairman to determine whether the finding of the Engineering Division is correct.
 - (3) Advise the complainant that the complainant must make a written request for the review and must state in the request the reasons why the complainant is of the opinion the Engineering Division's determination is incorrect.
 - (4) If the complainant makes a written request for review by a committee of Board members, the chairman shall appoint the committee. The committee shall review the report and the complainant's documentation. If the committee finds that the allegations are unsupported by the evidence, the Engineering Division shall advise the complainant in writing that the committee has concurred with the Engineering Division's conclusion that the complaint lacks sufficient evidence to support the allegations in the complaint.

.1205 DISCIPLINARY HEARING

If there are findings in the report or by the review committee that there is sufficient evidence to support the allegations in the complaint, the Board shall fix a time and place for a disciplinary hearing and give notice to the licensee. The disciplinary hearing shall be held in accordance with GS 150B, Article 3A and this Section.

.1206 PRESIDING OFFICER

In all contested case hearings before the Board, the Chairman of the Board shall serve as presiding officer. In the absence of the Chairman, the Vice-Chairman shall serve as presiding officer, or a presiding officer shall be elected by the Board.

.1207 PREHEARING CONFERENCE

Upon the request of any party or upon the presiding officer's own motion, the presiding officer may hold a pre-hearing conference before a contested case hearing. A pre-hearing conference on the simplification of issues, amendments, stipulations, or other matters may be entered on the record or may be made the subject of an order by the presiding officer. Venue for purposes of a pre-hearing conference shall be determined in accordance with GS 150B-38 (e).

.1208 CONSENT AGREEMENT

(a) The Board's staff and the home inspector may attempt to resolve the complaint by means of a consent agreement. Such consent agreement may impose upon the licensee a penalty, or penalties, including the following: requiring the licensee to take training or educational courses, probation, letter of reprimand, suspension of license, or revocation of license.

(b) The proposed consent agreement shall then be presented to the Board at the next meeting. The Board may either accept the consent agreement as written, modify the consent agreement and send it back to the licensee for agreement, or reject the consent agreement.

.1209 FINAL BOARD ORDER

- (a) After the close of a contested case hearing, the Board shall meet and determine if the licensee engaged in the conduct alleged and the appropriate penalty, including requiring the licensee to take training or education courses, probation, letter of reprimand, or license suspension or revocation.
- (b) If a final Board order is to suspend, revoke, place on probation, or refuse to issue a license, the order shall set forth any conditions that must be met in order to remove the suspension or probation, to reissue the license, or to issue the license.
- (c) Contested case hearings shall be recorded either by a recording system or a professional court reporter using stenomask or stenotype. Transcript costs incurred by the Board shall be paid by the party or parties requesting a transcript. Any other costs incurred by the Board when using a professional court reporter shall be paid by the requesting party or parties.
- (d) Transcripts costs incurred by the Board shall be paid by the party or parties requesting a transcript. Any other costs incurred by the Board when using a professional court reporter shall be paid by the requesting party or parties.

(e) A 24-hour cancellation notice shall be required in all cases. The party or parties responsible for the cancellation shall be responsible for any cancellation fees charged by a professional court reporter.

(f) Transcripts of proceedings during which oral evidence is presented shall be made only upon request of a party. Transcript costs shall include the cost of an original for the Board. An attorney requesting a transcript on behalf of a party shall be a guarantor of payment of the cost. Cost shall be determined under supervision of the presiding officer who, in cases deemed to be appropriate by him, may require an advance security deposit to cover the prospective cost. The security deposit shall be applied to the actual cost and any excess shall be returned to the party that submitted it.

(g) Copies of tapes shall be available upon written request at cost of reproduction and postage

(h) Copies of Board hearings tapes or non-Board certified transcripts therefrom shall not be part of the official record.

SECTION .1300 - HOME INSPECTOR CONTINUING EDUCATION**.1301 DEFINITIONS**

(a) As used in this Section:

- (1) "Credit hour" means one continuing education course hour, comprising at least 50 minutes of instruction.
- (2) "License period" means October 1 through the following September 30.
- (3) "Licensee" means a home inspector or associate home inspector licensed by the Board under G.S. 143, Article 9F and Section .1000 of this Chapter.
- (4) "Person" means an individual, partnership, firm, association, corporation, joint-stock company, trust, any similar entity, or any combination of the foregoing acting in concert.

(b) The definitions contained in G.S. 143-151.45 apply to this Section.

.1302 CONTINUING EDUCATION REQUIRED FOR RENEWAL OF ACTIVE LICENSE

(a) In order to renew an active home inspector or associate home inspector license for license renewal periods beginning on or after October 1, 2011, the licensee shall have completed, during the license renewal period, 16 credit hours, except as described in Paragraph (b) of this Rule.

(b) In order to renew an active home inspector license for license renewal periods beginning on or after October 1, 2011, inspectors who are newly licensed on or after October 1, 2011, who have not completed the pre-licensing education program established pursuant to G.S. 143-151.51(1)(5)(a), or its equivalent pursuant to 11 NCAC 08.1004(c), must complete 20 hours of continuing education per year for the first three years of licensure that include the following:

- (1) Four hours of a Board approved mandatory course;
- (2) Four hours of the update course component described in 11 NCAC 08.1309; and
- (3) 12 hours of Board approved elective courses.

(c) A licensee who is newly licensed on or after June 1 is exempt from this Section for the initial license period.

.1303 INACTIVE LICENSE

A person holding an inactive license is not subject to this Section. In order to change a license from inactive status to active status, the licensee must complete the same number of continuing education credit hours that would have been required for an active license during the period of inactive status; but not more than the hours required in G.S. 143-151.55.

.1304 COURSE REQUIREMENTS

(a) The same elective continuing education course may be taken only once for continuing education credit during any three year period.

(b) A licensee may carry over up to eight elective credit hours per year until the next year.

.1305 ATTENDANCE REQUIREMENTS

In order to receive any credit for completing a continuing education course, a licensee must attend at least 90 percent of the scheduled credit hours for the course, regardless of the length of the course, and must comply with student participation standards described in Rule .1347 of this Section. No credit shall be awarded for attending less than 90 percent of the scheduled credit hours.

.1306 EXTENSIONS OF TIME

A licensee may request and be granted an extension of time to satisfy the continuing education requirement for a particular license period if the licensee provides evidence to the Board that the licensee was unable to obtain the necessary education because of an incapacitating illness or other circumstance that:

- (1) existed for 75 percent of the license period; and
- (2) constituted a verifiable hardship.

.1307 DENIAL OR WITHDRAWAL OF CREDIT

(a) The Board shall deny continuing education credit claimed by a licensee, and shall withdraw continuing education credit previously awarded by the Board to a licensee if:

- (1) The licensee provided incorrect or incomplete information to the Board concerning continuing education or compliance with this Section; or
- (2) The licensee was mistakenly awarded continuing education credit because of an administrative error; or

(3) The licensee failed to comply with the attendance requirement established by Rule .1305 of this Section.

(b) When continuing education credit is denied or withdrawn by the Board under Subparagraph (a)(1) or (a)(2) of this Rule, the Board shall, upon written request of the licensee, grant the licensee an extension of time of 60 days to satisfy the continuing education requirement. When continuing education credit is denied or withdrawn by the Board under Subparagraph (a)(3) of this Rule, the licensee remains responsible for satisfying the continuing education requirement.

.1308 [Repealed effective July 18, 2002].

.1309 UPDATE COURSE COMPONENT

(a) To keep a license on active status, a licensee shall complete a Board-developed update course within one year preceding license expiration. This course is in addition to the continuing education elective requirement described in Rule .1318 of this Section, and shall consist of four classroom hours of instruction.

(b) The Board shall develop annually an update course which shall be conducted by sponsors approved by the Board under this Section. The subject matter of this course shall be determined by the Board, which shall prepare a completely new course for each one-year period beginning October 1 and ending September 30. Sponsors shall acquire the Board-developed course materials and utilize such materials to conduct the update course. The course shall be conducted exactly as prescribed by the rules in this Section and the course materials developed by the Board. Sponsors shall provide licensees participating in their classes a copy of the student materials developed by the Board.

(c) Approval of a sponsor to conduct an update course authorizes the sponsor to conduct the update course using an instructor who has been approved by the Board as an update course instructor under Rules .1313 through .1317 of this Section. The sponsor may conduct the update course at any location as frequently as is desired during the approval period, provided that no courses may be conducted between September 10 and September 30 of any approval period.

.1310 APPLICATION FOR ORIGINAL APPROVAL OF UPDATE COURSES

An entity seeking original approval to sponsor a Board-developed update course shall make application on a form prescribed by the Board. An applying entity that is not a resident of North Carolina shall also file with the application a consent to service of process and pleadings.

.1311 CRITERIA FOR APPROVAL OF UPDATE COURSE SPONSOR

Approval to sponsor a Board-developed update course shall be granted to an applicant upon showing to the satisfaction of the Board that:

- (1) The applicant has submitted all information required by the rules in this Section;
- (2) The applicant has at least one proposed instructor who has been approved by the Board as an update course instructor under Rules .1313 through .1317 of this Section;
- (3) The applicant satisfies the requirements of Rules .1327 through .1337 of this Section relating to qualifications or eligibility of course sponsors; and
- (4) The applicant is honest. In this regard, the Board may consider the reputation and character of any owner, officer, continuing education coordinator, or director of any corporation, association, or organization applying for sponsor approval.

.1312 STUDENT FEE FOR UPDATE COURSES

A sponsor of an update course may establish the amount of the fee to be charged to students taking the course. The established fee shall be an all-inclusive fee, and no separate or additional fee may be charged to students for providing course materials required by the Board, providing course completion certificates, reporting course completion to the Board, or for recouping similar routine administrative expenses. The total amount of any fees to be charged shall be included in any advertising or promotional materials for the course.

.1313 NATURE AND SCOPE OF APPROVAL OF UPDATE COURSE INSTRUCTORS

Approval of update course instructors shall be accomplished on a calendar year basis separate from the approval of update course sponsors. Approval of an update course instructor authorizes the instructor to teach the update course for any approved update course sponsor; however, an approved update course instructor may not independently conduct an update course unless the instructor has also obtained approval as an update course sponsor. An instructor shall obtain written approval from the Board before teaching an update course and before representing to any sponsor or other party that he or she is approved or may be approved as an update course instructor.

.1314 APPLICATION AND CRITERIA FOR ORIGINAL APPROVAL OF UPDATE COURSE INSTRUCTORS

(a) A person seeking original approval as an update course instructor shall make application on a form prescribed by the Board. An applicant who is not a resident of North Carolina shall also file with the application a consent to service of process and pleadings. No application fee is required. All required information regarding the applicant's qualifications shall be submitted.

(b) The applicant shall be honest in all dealings with the Board and in course instruction.

(c) The applicant shall be qualified under one of the following standards:

- (1) Possession of a baccalaureate or higher degree with a major in the field of engineering, construction, or architecture;
- (2) Possession of a current North Carolina home inspector license, three years active full-time experience in performing home inspections for compensation within the previous 10 years, and 30 classroom hours of home inspection education, excluding prelicensing education, within the past three years, such education covering topics that are acceptable under Board rules for continuing education credit.
- (3) Possession of a current North Carolina home inspector license and experience teaching at least 10 home inspector prelicensing courses within the previous five years; or
- (4) Possession of qualifications found by the Board to be equivalent to one or more of the above standards, provided that the requirement for a current North Carolina home inspector license shall be waived only for applicants who qualify under Subparagraph (c)(1) of this Rule.

(d) The applicant shall possess good teaching skills as demonstrated on a video portraying the instructor teaching a live audience. The applicant shall submit the video to the Board for review. The video shall be 45-60 minutes in length and shall depict a continuous block of instruction on home inspections or a directly related topic. The video shall be unedited, shall show at least a portion of the audience, and shall have visual and sound quality sufficient to enable reviewers to clearly see and hear the instructor. The video shall have been made within the previous three years. The video shall demonstrate that the instructor possesses the teaching skills described in Rule .1345 of this Section.

.1315 RENEWAL OF APPROVAL OF UPDATE COURSE INSTRUCTORS

Board approval of update course instructors expires on December 31 following issuance of approval. In order to assure continuous approval, approved instructors shall file applications for renewal of approval on a form prescribed by the Board on or before December 1 immediately preceding expiration of their approval. In order to renew approval, applicants shall satisfy the criteria for original approval, with the exception of the requirement stated in Rule .1314(d) of this Section, unless requested by the Board under Rule .1317 of this Section.

.1316 DENIAL OR WITHDRAWAL OF APPROVAL OF UPDATE COURSE INSTRUCTORS

(a) The Board may deny or withdraw approval of any update course instructor upon finding that:

- (1) The instructor has made any false statements or presented any false information in connection with an application for approval or renewal of approval;
- (2) The instructor has failed to meet the criteria for approval described in Rule .1314 of this Section or has refused or failed to comply with any other provisions of this Section;
- (3) The instructor has failed to demonstrate, during the teaching of update courses, those effective teaching skills described in Rule .1345 of this Section;
- (4) The instructor has provided false or incorrect information in connection with any reports a course sponsor is required to submit to the Board; or
- (5) The instructor has been disciplined by the Board or any other occupational licensing agency in North Carolina or another jurisdiction.

(b) If a licensee who is an approved update course instructor engages in any dishonest, fraudulent, or conduct lacking moral turpitude in connection with the licensee's activities as an instructor, the licensee shall be subject to disciplinary action pursuant to G.S. 143-151.56.

.1317 REQUEST FOR VIDEO OF UPDATE COURSE INSTRUCTORS

When concerns about the quality of a course or instructor are made known to the Board, upon the written request of the Board, an approved update course instructor shall submit to the Board a video depicting the instructor teaching the update course. The video shall have been made within 12 months before the date of submittal, shall include a label that clearly identifies the instructor and the date of the video presentation, shall not be the same video that was submitted under Rule .1314(d) of this Section, and shall conform to specifications set forth in Rule .1314(d) of this Section.

.1318 ELECTIVE COURSE COMPONENT

(a) To renew a license on active status, a licensee shall complete 12 classroom hours of instruction in three or more Board approved elective courses within one year preceding license expiration and in addition to satisfying the continuing education mandatory update course requirement described in Rule .1309 of this Section.

(b) Approval of an elective course requires approval of the sponsor and instructor(s) as well as the course itself. Such approval authorizes the sponsor to conduct the approved course using the instructor(s) who have been found by the Board to satisfy the instructor requirements set forth in Rule .1322 of this Section. The sponsor may conduct the course at any location as frequently as is desired during the approval period. However, the sponsor may not conduct any session of an approved course for home inspector continuing education purposes between September 10 and September 30, inclusive, of any approval period.

.1319 APPLICATION FOR ORIGINAL APPROVAL OF AN ELECTIVE COURSE

A person seeking original approval of a proposed elective course shall make application on a form provided by the Board. The course shall be submitted to the Board for approval no less than 45 days before the course presentation date. The Board shall not accept an application for original approval between July 1 and September 30. This restriction shall not apply when an applicant is seeking approval to conduct a course for which another sponsor has obtained approval. The applicant shall submit a nonrefundable fee of one hundred fifty dollars (\$150.00) per course paid to the Home Inspector Licensure Board. The application shall be accompanied by a copy of the course plan or instructor's guide for the course and a copy of materials that will be provided to students. An applicant that is not a resident of North Carolina shall also file with the application a consent to service of process and pleadings.

.1320 CRITERIA FOR ELECTIVE COURSE APPROVAL

The following requirements shall be satisfied in order to obtain approval of a proposed elective course:

- (1) The applicant shall submit all information required by the rules in this Section and pay the application fee.
- (2) The applicant shall satisfy the requirements of Rules .1327 through .1337 of this Section relating to the qualifications or eligibility of course sponsors.
- (3) The subject matter of the course shall satisfy the elective course subject matter requirements set forth in Rule .1321 of this Section and all information to be presented in the course shall be current and accurate.
- (4) The course shall involve a minimum of two classroom hours of instruction on acceptable subject matter. A classroom hour consists of 50 minutes of instruction and 10 minutes of break time.
- (5) The applicant is honest. In this regard, the Board may consider the reputation and character of any owner, member, officer, continuing education coordinator, and director of any corporation, association, or organization applying for sponsor approval.
- (6) The proposed instructor(s) for the course shall possess the qualifications described in Rule .1322 of this Section.
- (7) The instructional delivery methods to be used in the course shall comply with the requirements described in Rule .1326 of this Section.
- (8) The applicant shall submit an instructor guide that includes:
 - (a) a detailed course outline;
 - (b) the amount of time to be devoted to each major topic and to breaks;
 - (c) the learning objective(s) for each major topic; and
 - (d) the instructional methods and instructional aids that will be used in the course.

The proposed time allotments shall be appropriate for the proposed subject matter to be taught. Unless the applicant can demonstrate that straight lecture is the most effective instructional method for the course, the instructor guide shall provide for the use of a variety of instructional methods and instructional aids intended to enhance student attentiveness and learning. Examples of instructional methods and instructional aids that may be appropriate include class discussion, role-playing, in-class work assignments, overhead transparencies, and videos.

- (9) The course shall include handout materials for students unless the applicant can demonstrate that such materials are either inappropriate or unnecessary for the course. Such materials shall be current, accurate, grammatically correct, logically organized, and produced in a manner that reflects reasonable quality.
- (10) Either the instructor guide or the student materials shall describe, in narrative form, the details of the substantive information to be presented in the course. The substantive information to be presented must be provided in sufficient detail to demonstrate that the information is current, accurate, and complete.

- (11) If an applicant proposes to use copyrighted materials in the course, such materials must be used in a form approved by the copyright holder. If any copyrighted material is to be duplicated by the applicant for use in the course, the sponsor shall have the specific permission of the copyright holder.
- (12) Applicants requesting approval of a computer-based instructional program need not comply with the requirements in Subparagraphs (8), (9), and (10) of this Rule; however, such applicants shall submit a written course plan that includes a detailed course outline, the minimum amount of time required for a typical licensee to complete each lesson, and the entire course and the learning objectives for each major topic. Such applicants shall also submit a complete copy of the instructional program on the medium that is to be utilized and shall make available, to the Board and at the sponsor's expense, all hardware and software necessary for review by the Board. The information in the instructional program shall comply with the requirements of Rule .1326 of this Section.

.1321 ELECTIVE COURSE SUBJECT MATTER

(a) Elective courses shall directly contribute to accomplishment of the primary purpose of mandatory continuing education, which is to help assure that licensees possess the knowledge, skills, and competence necessary to function in the home inspection profession in a manner that protects and serves the public interest. The knowledge or skills taught in an elective course shall enable licensees to better serve their clients and the subject matter shall be directly related to the home inspection profession. Examples of acceptable subject matter include rules adopted by the Board, including the Standards of Practice and Code of Ethics for home inspectors, which are found in 11 NCAC 08 .1100; G.S. 143, Article 9F; construction techniques; construction materials; residential environmental issues; residential mechanical systems and components; residential structural systems and components; and business administration or management.

(b) If there are unique North Carolina laws, rules, or customary practices that are relevant to a topic being addressed in an elective course, and if the course is to be conducted in North Carolina or primarily for the benefit of North Carolina licensees, then the course shall accurately and completely address such North Carolina laws, rules, or practices.

.1322 ELECTIVE COURSE INSTRUCTORS

(a) The instructor of an elective course shall be honest and shall be qualified under one of the following standards:

- (1) Possession of a baccalaureate or higher degree in a field directly related to the subject matter of the course;
- (2) Three years' full-time experience within the previous 10 years that is directly related to the subject matter of the course;
- (3) Three years' full-time experience within the previous 10 years teaching the subject matter of the course; or
- (4) Education or experience or both found by the Board to be equivalent to one or more of the above standards.

(b) If the subject matter of the course deals directly with conducting a home inspection according to the Standards of Practice and Code of Ethics in 11 NCAC 08, Section 1100, then the instructor shall also possess a current home inspector license issued by the Board.

.1323 ELECTIVE COURSE CREDIT HOURS

The elective course approval issued to a course sponsor shall include the number of credit hours of continuing education credit that may be awarded for the course. The maximum number of credit hours that may be awarded for an elective course is four credit hours.

.1324 REQUEST FOR VIDEO OF AN ELECTIVE COURSE

When concerns about the quality of a course or instructor are made known to the Board, upon the written request of the Board, the sponsor of an approved elective course shall submit to the Board a video depicting the course being taught by a particular instructor designated by the Board. The video shall have been made within 12 months before the date of submittal, shall include a label that clearly identifies the instructor and the date of the video presentation, shall not be the same video that was submitted under Rule .1314(d) of this Section, and shall conform to technical specifications set forth in Rule .1314(d) of this Section.

.1325 STUDENT FEES FOR ELECTIVE COURSES

A sponsor of an elective course may establish the amount of the fee to be charged to students taking the course. The established fee shall be an all-inclusive fee, and no separate or additional fee may be charged to students for providing course materials required by the Board, providing course completion certificates, reporting course completion to the Board, or for recouping similar routine administrative expenses. The total amount of any fees to be charged shall be included in any advertising or promotional materials for the course.

.1326 ELECTIVE COURSE INSTRUCTIONAL DELIVERY METHODS

(a) The principal instructional delivery method utilized in elective courses shall be one or more of the following:

- (1) Personal teaching by an instructor in a traditional classroom setting.
- (2) Instruction through an interactive audio and video system that requires continuous audio communication between the instructor and all students and that provides for monitoring and technical support at each site where the instructor or students are located.
- (3) Instruction through an interactive computer-based instructional program, which program provides for control of student progress through the educational materials by testing to assure student mastery of the subject matter at the end of each lesson, monitoring of time devoted to each lesson by the computer with automatic program shutdown after a period of non-activity by the student, which period shall be determined by the sponsor, and a monitoring system that assures that the student receiving continuing education credit for completing the program actually performed all the work required to complete the program; and
- (4) Personal teaching by an instructor in a field setting, such as a house or other structure, a new home construction site, a home renovation site, or other locations outside of a classroom that are appropriate for the subject matter of the course.

(b) The use of passive or non-interactive instructional delivery systems such as video, remote non-interactive television, or similar systems may be employed only in a limited manner to enhance or supplement one of the acceptable instructional delivery methods previously described in this Rule. No portion of a course may consist of correspondence instruction.

(c) A field setting shall have technical support at each site where the instructor and students are located, and have safeguards in place to prevent injury to the students, such as hardhats. A field setting shall not be at the residence of the instructor, course sponsor, or any other person affiliated with the course.

.1327 GENERAL SPONSOR ELIGIBILITY REQUIREMENTS

Any person is eligible to seek approval as a sponsor of continuing education courses, provided that the person seeking approval of a continuing education elective course is either the owner of the proprietary rights to the course or has lawfully acquired from the course owner the right to seek course approval from the Board and to conduct the course.

.1328 SPONSOR NAME

(a) The official name to be used by any course sponsor in connection with the offering of an approved continuing education course shall clearly distinguish the sponsor from any other previously approved continuing education course sponsor. Unless the sponsor is a licensed private home inspector training school proposing to operate continuing education courses in its own name, the official name also shall clearly distinguish the sponsor from any licensed private home inspector training school. The Board shall not approve a sponsor name that does not comply with this paragraph.

(b) Any advertisement or promotional material used by an approved course sponsor shall include the course sponsor's official name only.

.1329 SPONSOR ADVANCE APPROVAL REQUIRED

A prospective sponsor of an update course or elective course shall obtain written approval from the Board to conduct the course before offering or conducting the course and before advertising or otherwise representing that the course is approved for continuing education credit in North Carolina. No retroactive approval to conduct an update course shall be granted for any reason. Retroactive approval of an elective course shall be granted by the Board if the course sponsor can provide evidence to the Board that the course was not offered for purposes of satisfying the home inspector continuing education requirement and that the sponsor could not reasonably have been expected to anticipate that students would want to receive continuing education credit for the course.

.1330 CONTINUING EDUCATION COORDINATOR

A sponsor of an update course or elective course shall designate one person to serve as the continuing education coordinator for all Board-approved continuing education courses offered by the sponsor. The designated coordinator shall serve as the official contact person for the sponsor and shall be responsible for the following:

- (1) Supervising the conduct of attendees at the sponsor's Board-approved continuing education courses;
- (2) Signing the course completion certificates provided by the sponsor to licensees completing courses; and
- (3) Submitting to the Board all required fees, rosters, reports, and other information.

.1331 COURSE COMPLETION REPORTING

(a) Course sponsors shall prepare and submit to the Board reports verifying completion of a continuing education course for each licensee who satisfactorily completes the course according to the criteria in Rule .1305 of this Section and who desires continuing education credit for the course. The reports shall be completed on forms prescribed by the Board. Sponsors shall submit these reports to the Board in a manner that will assure receipt by the Board within 15 calendar days following the course, but in no case later than September 10 for courses conducted before that date.

(b) Course sponsors shall provide licensees enrolled in each continuing education course an opportunity to complete an evaluation of each approved continuing education course on a form prescribed by the Board. Sponsors shall submit the completed evaluation forms to the Board along with the reports that verify completion of a continuing education course.

(c) Course sponsors shall provide each licensee who satisfactorily completes an approved continuing education course according to the criteria in Rule .1305 of this Section a course completion certificate on a form prescribed by the Board. Sponsors shall provide the certificates to licensees within 15 calendar days following the course, but in no case later than September 10 for any course completed before that date. The certificate may be retained by the licensee as proof of having completed the course.

(d) When a licensee does not comply with the participation standards in Rule .1347 of this Section, the course sponsor shall advise the Board of this matter in writing at the time the sponsor submits the reports verifying completion of continuing education for the course. The sponsor who determines that a licensee failed to comply with either the Board's attendance or student participation standards in Rules .1305 and .1347 of this Section shall not provide the licensee with a course completion certificate nor shall the sponsor include the licensee's name on the reports verifying completion of continuing education.

.1332 PER STUDENT FEE

Following completion of any approved continuing education update or elective course, the sponsor shall submit to the Board, along with the roster and the items required to be submitted by Rule .1331 of this Section, a fee in the amount of five dollars (\$5.00) per credit hour for each licensee who satisfactorily completes the course according to the criteria in Rule .1305 of this Section. Fees shall be paid to the Home Inspector Licensure Board. The sponsor shall make a separate fee payment for each separate class session.

.1333 CHANGE IN SPONSOR OWNERSHIP

The approval granted to a course sponsor may be transferred to a new or different person only with the prior approval of the Board. The Board shall approve the transfer if the transferee satisfies the requirements of the rules in this Section. If the ownership of an approved course sponsor is to be sold or otherwise changed, the sponsor shall obtain Board approval of the ownership change. The Board shall approve the ownership change if the proposed new owner satisfies the requirements of the rules in this Section.

.1334 SPONSOR CHANGES DURING APPROVAL PERIOD

(a) Course sponsors shall give prior written notice to the Board in writing of any change in business name, continuing education coordinator, address, or business telephone number.

(b) Course sponsors shall obtain prior approval from the Board for any proposed changes in the content or number of hours for elective courses. The Board shall approve the changes if the changes satisfy the requirements of the rules in this Section. Changes in course content that are solely for the purpose of assuring that information provided in a course is current and accurate do not require approval during the approval period, but shall be reported at the time the sponsor requests renewal of course approval. Requests for approval of changes shall be in writing.

.1335 COURSE RECORDS

All course sponsors shall retain records of student registration, attendance, and course completion for each session of a continuing education course for two years. All course sponsors shall make these records available to the Board upon request.

.1336 RENEWAL OF COURSE AND SPONSOR APPROVAL

(a) Board approval of all continuing education elective courses and of update course sponsors expires on the next September 30 following the date of issuance. In order to assure continuous approval, renewal applications shall be accompanied by the prescribed renewal fee and filed on a form prescribed by the Board on or before July 31 of each year. Any incomplete renewal application received on or before July 30 that is not completed within 10 days after notice of the deficiency, as well as any renewal application received after July 31, shall not be accepted; and the sponsor shall file an application for original approval on or after October 1 in order to be reapproved. Applicants for renewal of approval shall

satisfy the criteria for original approval. When the Board issues original course or sponsor approval with an effective date between July 1 and September 10, the deadline for submittal of renewal applications shall be September 10 of the year in which the original approval is issued.

(b) The fee for renewal of Board approval shall be seventy-five dollars (\$75.00) for each elective course. Fees shall be paid to the Home Inspector Licensure Board and are nonrefundable.

.1337 DENIAL OR WITHDRAWAL OF APPROVAL OF COURSE OR COURSE SPONSOR

(a) The Board shall deny or withdraw approval of any course or course sponsor upon finding that:

- (1) the course sponsor has made any false statements or presented any false information in connection with an application for course or sponsor approval or renewal of the approval;
- (2) the course sponsor or any official or instructor employed by or under contract with the course sponsor has refused or failed to comply with any of the provisions of this Section;
- (3) the course sponsor or any official or instructor employed by or under contract with the course sponsor has provided false or incorrect information in connection with any reports the course sponsor is required to submit to the Board;
- (4) the course sponsor has engaged in a pattern of consistently canceling scheduled courses;
- (5) the course sponsor has knowingly paid fees to the Board with a check that was dishonored by a bank;
- (6) an instructor employed by or under contract with the course sponsor fails to conduct approved courses in a manner that demonstrates possession of the teaching skills described in Rule .1345 of this Section;
- (7) any court of competent jurisdiction has found the course sponsor or any official or instructor employed by or under contract with the course sponsor to have violated, in connection with the offering of continuing education courses, any applicable federal or state law or regulation prohibiting discrimination on the basis of disability, requiring places of public accommodation to be in compliance with prescribed accessibility standards, or requiring that courses related to licensing or certification for professional or trade purposes be offered in a place and manner accessible to persons with disabilities;

(b) If a licensee who is an approved course sponsor or an instructor employed by or under contract with an approved course sponsor engages in any dishonest, fraudulent, or conduct inconsistent with the Rules in this Section in connection with the licensee's activities as a course sponsor or instructor, the licensee shall be subject to disciplinary action pursuant to G.S. 143-151.56.

.1338 SCHEDULING

Courses shall be scheduled and conducted in a manner that limits class sessions to a maximum of eight classroom hours in any given day, including breaks for each class session. The maximum permissible class session without a break is 90 minutes. Courses scheduled for more than four hours in any given day shall include a meal break of at least one hour.

.1339 MINIMUM CLASS SIZE

The minimum class size for any session of an approved continuing education course shall be five students, as determined by the sponsor's pre-registration records. The minimum class size requirement shall not apply to class sessions when the sponsor notifies the Board in writing of the scheduled class session as provided in Rule .1340 of this Section and advertises in advance the scheduled class session in the community where the class session is to be held. A sponsor who conducts a class session for fewer than five students shall submit a copy of the advertisement for the class session with the reports verifying completion of the course plus a statement or other documentation indicating the date of the advertisement and the advertising method.

.1340 NOTICE OF SCHEDULED COURSES

(a) A sponsor shall provide the Board with written notice of each scheduled course offering no later than 10 days before a scheduled course date. The notice shall include the name and assigned number for the sponsor, the name and assigned number for the course, the scheduled date and time, specific location, and name of the instructor.

(b) A sponsor shall notify the Board of any schedule changes or course cancellations at least five days before to the original scheduled course date. If a change or cancellation is necessary because of some unforeseen circumstance, the sponsor shall notify the Board as soon as the sponsor effects the change or cancellation.

(c) A sponsor shall notify the Board as soon as it becomes apparent to the sponsor that enrollment in a planned class session will exceed 100 students.

.1341 ADVERTISING; PROVIDING COURSE INFORMATION

(a) Course sponsors shall not use advertising of any type that is false or misleading. If the number of continuing education credit hours awarded by the Board for an approved elective course is fewer than the number of scheduled hours for the course, any course advertisement or promotional materials that indicate the course is approved for home inspection continuing education credit in North Carolina shall specify the number of continuing education credit hours awarded by the Board for the course.

(b) Any flyers, brochures, or similar materials used to promote a continuing education course shall clearly describe the fee to be charged and the sponsor's cancellation and fee refund policies.

(c) A course sponsor of any elective course shall, upon request, provide any prospective student a description of the course content.

.1342 CLASSES OPEN TO ALL LICENSEES

All class sessions of approved continuing education courses shall be open to all licensees on a first-come, first-served basis. The sponsor of a course that has a bona fide education or experience prerequisite may refuse admission to a licensee who does not satisfy the prerequisite. A sponsor may contract with an organization such as a home inspection firm, franchise, or trade organization to conduct approved continuing education courses for licensees affiliated with the firm, franchise, or organization. The sponsor shall allow licensees not affiliated with the firm, franchise, or organization to enroll in any class session on a first-come, first-served basis.

.1343 CLASSROOM FACILITIES

A classroom in which a course is provided shall:

- (1) accommodate all enrolled students;
- (2) be equipped with student desks, worktables with chairs, or other seating having a surface on which students can write;
- (3) have light, heat, cooling, ventilation, and, as needed, a public address system; and
- (4) be free of distractions that would disrupt class sessions.

Subparagraphs (2) and (3) of this Rule are not required if the course is conducted in a field setting.

.1344 STUDENT CHECK-IN

Upon initially checking in for a class session, sponsors and instructors shall require licensees to provide their license numbers and shall provide each student with a copy of the continuing education student information sheet provided to sponsors by the Board.

.1345 INSTRUCTOR REQUIREMENTS

(a) Instructors shall assure that class sessions are started on time and are conducted for the full amount of time that is scheduled. Instructors shall also assure that each update course is taught according to the instructor guide provided by the Board and that each elective course is taught according to the course plan and instructor guide that was approved by the Board, including the furnishing of appropriate student materials.

(b) Instructors shall possess the ability to:

- (1) Communicate through speech, with the ability to speak clearly, and with voice inflection, using proper grammar, and vocabulary;
- (2) Present instruction in a thorough, accurate, logical, orderly and understandable manner;
- (3) Use varied instructional techniques in addition to straight lecture, such as class discussion, role-playing, or other techniques;
- (4) Use instructional aids, such as the overhead projector, to enhance learning; and
- (5) Interact with adult students in a positive manner that encourages students to learn, that demonstrates an understanding of varied student backgrounds, that avoids offending the sensibilities of students, and that avoids personal criticism of any other person, agency or organization.

.1346 MONITORING ATTENDANCE

(a) Sponsors and instructors shall monitor attendance for the duration of each class session to assure that all students reported as satisfactorily completing a course according to the criteria in Rule .1305 of this Section have attended at least 90 percent of the scheduled credit hours. Students shall not be admitted to a class session after 10 percent of the scheduled credit hours have been conducted. A student shall not be allowed to sign a course attendance roster report, shall not be issued a course completion certificate, and shall not be reported to the Board as having completed a course unless the student fully

satisfies the attendance requirement. Sponsors and instructors shall not make any exceptions to the attendance requirement for any reason.

(b) Sponsors shall assure that personnel in addition to the instructor are present during all class sessions to assist the instructor in monitoring attendance and performing the necessary administrative tasks associated with conducting a course. Sponsors shall provide one monitor for every 50 students attending a course. If a class size is 20 students or less, requirements for additional personnel are waived.

.1347 STUDENT PARTICIPATION STANDARDS

(a) In addition to requiring student compliance with the attendance requirement, sponsors and instructors shall require that students comply with the following student participation standards:

- (1) A student shall direct his or her attention to the instruction being provided and refrain from engaging in activities unrelated to the instruction.
- (2) A student shall refrain from engaging in any activities that are distracting to other students or the instructor, or that otherwise disrupt the orderly conduct of a class.
- (3) A student shall comply with all instructions provided by the sponsor or instructor related to providing information needed to properly report completion of a course by the student.

(b) Instructors and sponsors may dismiss from a class session any student who fails to comply with the student participation standards prescribed in Paragraph (a) of this Rule.

(c) Sponsors shall not issue a course completion certificate to any student who fails to comply with the student participation standards set forth in Paragraph (a) of this Rule, nor shall a sponsor include the name of that student on a report verifying completion of a continuing education course. A sponsor shall submit to the Board with the report for the class session a written statement that includes the name and license number of the student for whom the sponsor does not report course credit, details concerning the student's failure to comply with the student participation standards, and names of other persons in attendance at the class who witnessed the student's conduct.

.1348 SOLICITATION OF STUDENTS

Sponsors and instructors may make available for purchase by students materials that belong to the sponsor, instructor, or some other party; however, class time may not be used to promote or sell any materials or to solicit affiliation or membership in any business or organization.

.1349 CANCELLATION AND REFUND POLICIES

Course sponsors shall administer course cancellation and fee refund policies in a non-discriminatory manner. If a scheduled course is canceled, a sponsor shall notify preregistered students of the cancellation. All prepaid fees received from preregistered students shall be refunded within 30 days after date of cancellation or, with the student's permission, applied toward the fees for another course.

.1350 COURSE MONITORS

A course sponsor shall admit an authorized representative of the Board to monitor any continuing education class without prior notice. A Board representative shall not be required to register or pay any fee and shall not be reported as having completed the course.

.1351 ACCOMMODATIONS FOR PERSONS WITH DISABILITIES

Course sponsors may deviate from Board rules concerning the conduct of continuing education courses, such as rules addressing classroom facilities, minimum class size, and instructional methods, as may be necessary in order for the sponsor to comply with the Americans with Disabilities Act or other laws requiring sponsors to accommodate persons with disabilities. A sponsor providing a special accommodation for a licensee with a disability that requires the sponsor to deviate from Board rules shall notify the Board in writing of the accommodation at the time reports are submitted for the class session attended by the licensee.