

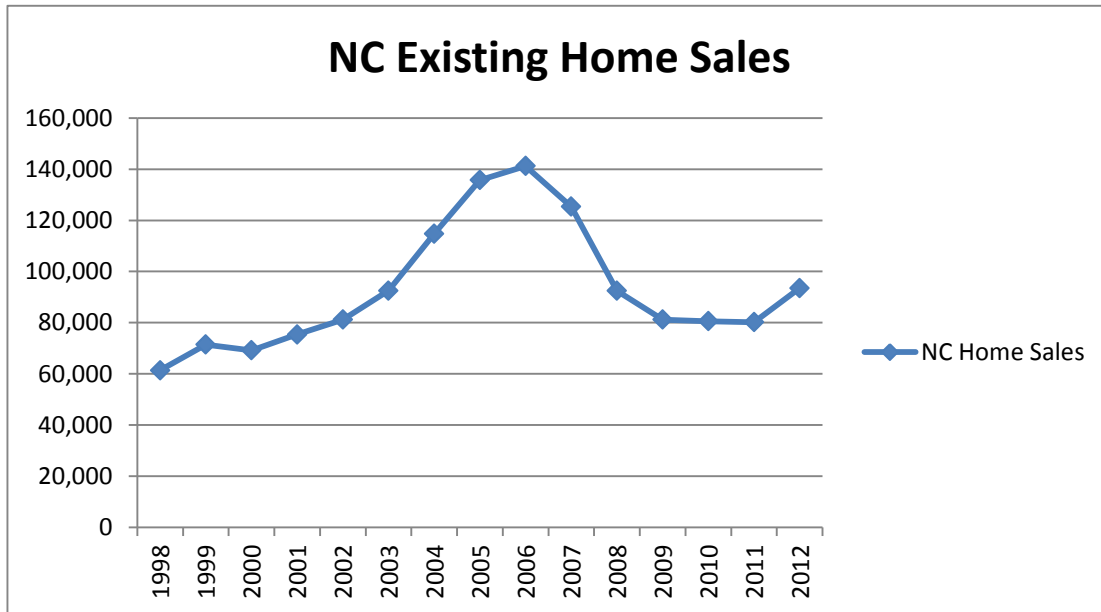


NCHILB Newsletter - Spring 2013

North Carolina Home Inspector Licensure Board

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Mission Statement

The mission of the N.C. Home Inspector Licensure Board is to safeguard public health, safety and welfare, and protect the public from being harmed by unqualified persons, by regulating the use of the title "Licensed Home Inspector," and by providing for the licensure and regulation of those who perform home inspections for compensation.

Letter from the Chairman – Marion Peeples

There has been a lot of activity at the Board over the last few months, but from a policy perspective the newly revised Code of Ethics (COE) stands out from the rest. The Rules Review Commission approved changes to the COE that became effective May 1, 2013. As amended, our Code of Ethics line (e) now reads as follows:

No licensee shall directly or indirectly compensate realty agents, or other parties having a financial interest in closing or settlement or real estate transactions for the following:

- 1) Referral of inspections; or*
- 2) Inclusion on a list of recommended inspectors or preferred providers.*

The Board recognized the need for more clarity regarding the interaction between home inspectors and people in a position to influence the decisions made by the home-buying public and took action to amend the COE.

It is paramount that the objectivity of home inspectors should remain beyond question. Home buyers hire inspectors at a point in their lives when they feel vulnerable and uncertain that they have made a good decision. Buyers are generally getting ready to spend hundreds of thousands of dollars for a home. The stress and emotional pressure cooker of a real estate transaction magnifies any perceived slight.

This COE change in no way prevents the practice of traditional advertising or one-on-one marketing; paid ads in trade publications or placing brochures in real estate offices. Buying doughnuts for special occasions has long been recognized as legitimate. The public perception of an unhealthy alliance between inspectors and others comes about when it becomes public knowledge that significant sums of money have changed hands or a quid

pro quo is present for special treatment. Newspapers and online real estate advice blogs are not shy about pointing out to consumers that they better beware of “too cozy” relationships between their inspector and the people who refer them.

Next year’s update course will deal extensively with the question of ethics as applied to our profession. Executive Director Hejduk has been hard at work developing this new course and we will all benefit from the questions the course will address.

As always, the Board is available to listen to questions and concerns regarding ethical dilemmas encountered by the licensees.

I leave you with this thought...if you have to stop and think about it or ask someone else about whether something is ethical, it probably isn’t.

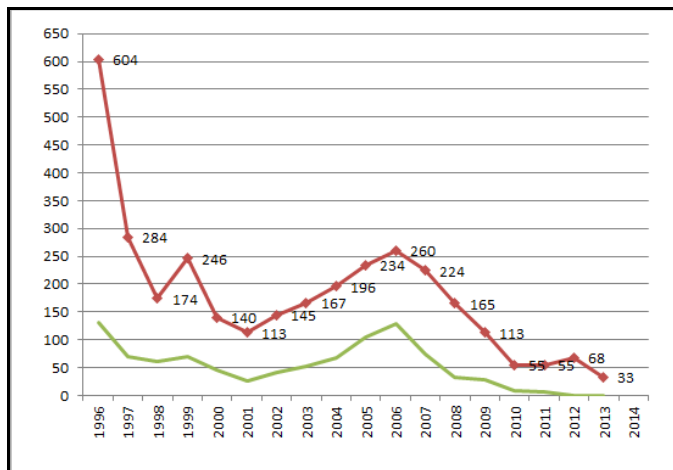
Marion Peeples, Chairman NCHILB

Director’s Message – Mike Hejduk

Data from the N.C. Association of REALTORS® for calendar year 2012 existing home sales shows a marked increase over the period 2009 to 2011. This appears to be great news for licensed home inspectors who have reported several lean years.

This newsletter breaks from the usual format to allow discussion of several issues that may be of interest to licensees and various aspects of the work being done by board committees and staff.

The collapse of the housing market in 2006 is evidenced by the graph above and by the sharp drop in newly licensed home inspectors in the graph below. We understand that several home inspector associations operating within North Carolina have seen a marked reduction in membership over the last few years, as well.



In October 2009, the data in these graphs was neither readily available, nor were they available in a “dashboard” through the website as inputs, processes or outputs as indicators of overall activity. In other words, the trends affecting licensees and the board weren’t obvious. Typically, budgets are planned and executed on a yearly basis and crises are handled as they arise. Looking at the “big picture” often seems like a luxury that one cannot afford. Fortunately, the board did conduct periodic planning sessions to look ahead and develop a strategy to deal with the changing conditions. In hindsight, it is clear that the dramatic increase in housing sales correlated with a surge in consumer complaints against licensees and the subsequent slowdown in the economy had a corresponding negative impact on the number of established licensees and persons seeking licensure.

In time, indicators such as the number of complaints pending investigation [45] and the time to process each complaint [>18 months] had become unacceptable. Board resources were leveraged by contracting with several inspectors to complete field investigations and conduct interviews. Investigation reports were then issued by staff and processed in committee. Once the complaint backlog and the number of incoming complaints had been reduced, the board recommended budget cost-savings by reducing the investigator position to part-time [20 hours per week].

To streamline office procedures, staff worked with the NCDOI Information Technology (IT) Application Development programmers to transition the licensee database from a desktop Microsoft ACCESS to a web-based Oracle architecture that would fully enable online license applications, renewals and CE-sponsored course credits and fee payments. While the project management development efforts spanned nearly a year, and required many man hours, many manual processes (such as data entry and mailings) have been reduced or eliminated entirely. Automating much of the CE credit data input task performed by the education coordinator following licensee attendance at sponsor-provided classes, allows greater emphasis on educational outcomes and course content. A new mass email capability improves communication and reduces costs between the board, staff and licensees.

Staff has experimented with administering online polls and surveys to licensees and has received encouraging feedback. During the board’s consideration of a proposed change to the Code of Ethics, licensees offered more than one hundred comments and nearly 900 “votes.”

From the years 1995 to 2004, the board met nearly once a month, even though it was only required to meet “at least two regular meetings each year” per N.C. Gen. Stat. § 143-151.48(b). In the early days of state licensing, exams were developed and rules were written to address major responsibilities of the board to provide continuing education and licensee disciplinary procedures. Subsequently, the board developed a set of by-laws and formalized a list of standing committees to facilitate the conduct of its “business” activities. From 2005 through 2010, the board generally met every other month (six times per year). Since 2011, primarily as a cost-saving measure, the board has transitioned to a quarterly regular meeting schedule with all meetings held at the board office in Raleigh rather than in other areas of the state in conjunction with industry association meetings that typically drew large numbers of licensees. All recent board meeting minutes are posted on the board website prior to the next meeting. Committee meetings are now held on an as-needed basis in the intervening months and routinely on the day preceding the board meeting.

Recently, the media has carried a range of stories about how “Big Data” and “Data Mining” are now essential to the growth and future success of many industries. Analytics associated with social media “likes” and facial recognition programs are moving ahead at breakneck speed. Staff maintains a Facebook page for the board at the link below and, little by little, its reach is expanding. The “Insights” section on the Administrators Panel (circled in red below) shows about 420 “People Reached” by the blue line and about 25 “People Talking About This” by the light green line. The spikes in participation appear to result from posts to the web page.

It is possible that the NCHILB Facebook page may facilitate conversation between licensees and among licensees, consumers and the board in ways we can’t fully appreciate at the moment. We are only in the early stages of exploring this media.



<https://www.facebook.com/nchilb>

Priorities for 2013/2014

The board’s stated priorities for the upcoming year are:

- Develop a Code of Ethics update course
- Exam development
- Conduct new licensee report audits
- Take appropriate action against unlicensed activity as authorized by law

Committees 2013/2014

Application Evaluation – W. Sawyer

The past year has seen an increase in the number of applicants seeking approval to sit for the licensing exam under the provisions of Board Rule 11 NCAC 08.1004(b) other equivalent experience. Typically, these individuals have either practiced general contracting or home inspections, but were licensed in states other than North Carolina. In order to be approved by staff to sit for the NCHILB state exam per N.C. Gen. Stat. § 143-151.51(a)(5)(a)&(c), applicants must either be actively licensed in North Carolina as general contractors, architects or engineers, or have successfully completed the Associate Home Inspector Program or an approved pre-licensing program. However, applicants with prior criminal convictions or disciplinary actions by other occupational licensing boards are also referred to committee. Licensed home inspectors in the Commonwealth of Massachusetts are approved by reciprocity to sit for the NCHILB state exam per Board Rule 11 NCAC 08.1005.

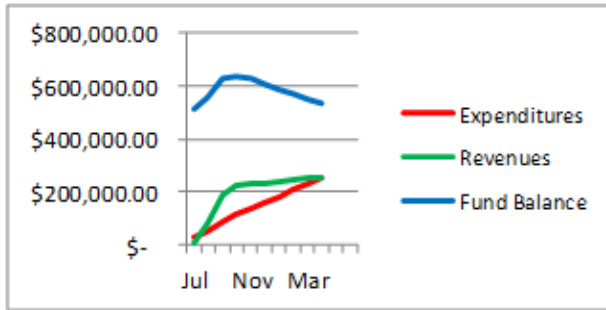
Exam – C. Noles

Passing rates for applicants taking the existing state exams since February 2010 are highly variable, ranging from a low of 30% to a high of 88%. Some new questions have been incorporated into a new exam to better assess successful candidates for licensure. Whether or not these changes will impact the exam passing rates is an open question. Generally, examinees that have successfully completed approved pre-licensing programs are performing satisfactorily on the state exam.

Finance – T. Jarrett

The loss of nearly one-third of all active licensed home inspectors since a high of about 1,500 in 2008 has had a significant impact on the board’s two main sources of revenue - license and continuing education fees. The board has made difficult decisions to “balance the budget” by curbing the costs of operations. As of May 20, 2013, there were approximately 1,000 active licensees. Between 1,250 and 1,300 licensees are needed to balance

current budget expenditures. Recently, the board and NCDOT staff were advised by the Office of State Auditor that an independent audit must be conducted per the requirements of N.C. Gen. Stat. § 93B-4 similar to other occupational licensing boards. A Request for Proposal (RFP) for these services is currently being developed. The chart below shows board revenues, expenditures and fund balance through April 30, 2013. While expenses are fairly constant throughout the year, revenues peak in August and September due to CE training and license renewals.



Legislative – T. Jarrett

Session Law 2013-24 [Senate Bill 33] establishes parameters for the use of criminal records in deciding whether to license individuals on the basis of prior criminal convictions. Senate Bill 10 proposes a study by the Program Evaluation Division to consider the feasibility of establishing a single state agency to oversee the administration of all or some occupational licensing boards.

Education – “TJ” Jones

The committee authorized development of and approved an additional update course “Primer on the use of the N.C. Residential Code for Home Inspectors.” This new course addresses N.C. Gen. Stat. § 143-151.58(a2) authority for home inspectors to state deficiencies as violations of the state building code and asks the question: “*But why would you want to?*” A course on the Code of Ethics, and recent rule change dealing with paid referrals, is currently under review by the N.C. Real Estate Commission. It is likely, given budget constraints for the foreseeable future, that more update courses will be developed by the committee and staff in lieu of contracting the work out.

Standards of Practice – F. Herndon

Effective May 1, 2013, Board Rule .1116(e) Code of Ethics changed to specifically prohibit paid referrals between home inspectors and realty firms/agents. A rule change is currently in process that adds CO alarms to the list of components requiring inspection

under the SOP. Proposed rule changes related to evaluating applications for licensure and the disciplinary action process against licensees are undergoing further evaluation. There have been several discussions suggesting revisions to the approved interpretation regarding Mold and Mildew Reporting. However, there is no consensus at this time on suitable replacement language.

Investigation Review – G. Canipe

The number of complaints received and under investigation by the board staff is at a near record low – for both licensed and unlicensed entities. Whether this is a result of better prepared applicants for licensure, more effective CE training for current licensees, concern about avoiding disciplinary action, or a combination of all three factors is anyone’s guess. Complaints are only one indicator of customer satisfaction and inspector aptitude. Similar to other occupational licensing boards, much of the work of disciplining licensees is handled by consent agreement. Staff and the board’s legal counsel attempt to negotiate terms and conditions of consent agreements with licensees rather than by issuing a Notice of Hearing. To the extent permitted that still preserves consumer and licensee privacy, the board attempts to share its disciplinary decisions to prevent future violations of the Standards of Practice by licensees.

Advisory Committee – F. Herndon

New Licensee Report Audits – Periodically, staff reminds newly licensed home inspectors to submit a sample contract and report for review in order to assess compliance with various provisions of the Standards of Practice. Several licensees have stated that they appreciate the comments provided, enabling them to write a better report.

Spotlight on Standards

Licensees are responsible for staying up-to-date with the laws and rules affecting their practice and are strongly encouraged to regularly read and review the Standards of Practice and Code of Ethics. Licensees using commercially available report software packages should ensure that automated report default settings provide an accurate report for the property inspected. Please note that the current edition of the rules, with all amendments effective through [May 1, 2013](#), is available through the website.

Ethics

All licensees should be aware that paragraph (e) of Board Rule 11 NCAC 08.1116 Code of Ethics was changed effective May 1, 2013. The change is intended

to respond to licensee and board concerns about reported “preferred partner” arrangements wherein licensees were offered exclusive access to realty professionals and customer referrals in exchange for cash payments. In previous newsletters and communications, this practice has also been called “pay to play,” a term more commonly associated with campaign contributions that result in awards of government contracts to the contributors. The new language states:

“No licensee shall directly or indirectly compensate realty agents, or other parties having a financial interest in closing or settlement or real estate transactions for the following:

- (1) Referral of inspections; or
- (2) Inclusion on a list of recommended inspectors or preferred providers.”

This language more clearly and narrowly addresses the unethical practice of home inspectors paying real estate agents for client referrals. Such practice is considered unethical because the inspector’s monetary investment/speculation in future referrals results in a conflict-of-interest in service to clients since they are steered to him by another party with a vested interest in the outcome of the real estate transaction. The specificity of the language is needed in order to apply it. The previous language was too broad in scope and, as one individual argued, could only be applied to payments made or received after the referral became the inspector’s client. Where the prior language may have been geared toward payments or “bribes” made by others to a home inspector in order to influence the results of his inspection, the new language emphasizes the risk to the public when inspectors attempt to benefit themselves by placing their interests ahead of their clients. In a sense, paying for referrals is also closely associated with paragraph (j) of this rule; the issue of inspecting under contingent arrangements whereby future referrals are dependent on reported findings.

The board’s main concern has been and continues to be that the public is afforded ample opportunity to select home inspectors based upon the quality of service rendered rather than advertising slogans such as “Preferred Partner” or “Preferred Vendor” where the recommendation is based upon undisclosed payments of fees rather than performance and client satisfaction. In a letter to licensees mailed in March 2010, staff outlined two elements that distinguish advertising from “pay to play” arrangements. First, where payments have been made to promote the names of home inspectors in association with realty agencies, the disclaimer “Paid Advertisement” should be clearly noted. Second, the

terms and conditions of such advertising must not include guarantees of exclusive referrals. The majority of complaints submitted by buyers against home inspectors include the statement “my realty agent recommended the home inspector.” These complaints often express the feeling that a defect in the home was purposely overlooked or minimized because there was some element of collusion between the home inspector and realty agent in securing the sale of the property. Paid referrals only serve to reinforce this perception.

In response to the board signaling its intentions to curb licensees paying for referrals, licensees (and some realty professionals) have asked questions and sought clarification on the propriety of a number of similar advertising, marketing and promotional activities. For example, a licensee asked if he could still give a holiday gift of a bottle or case of wine to show his appreciation to industry colleagues for a prosperous year. A real estate professional asked if the rule change would prohibit “branding/marketing” efforts designed to provide consumers “turnkey accountability.”

For the reasons below, the board has declined to provide interpretations or lists of such prohibited or accepted practices.

- 1) Session Law 2011-398 amended N.C. Gen. Stat. § 150B-18 to state: “An agency shall not seek to implement or enforce against any person a policy, guideline, or other nonbinding interpretive statement that meets the definition of a rule contained in G.S. 150B-2(8a) if the policy, guideline, or other nonbinding interpretive statement has not been adopted as a rule in accordance with this Article.”
- 2) The board has disciplinary authority over licensees only. N.C. Gen. Stat. § 143-151.50(b) Form of License states the board may issue a license only to an individual. A licensed home inspector 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.
- 3) The sheer number of variants, such as payment arrangements and dollar thresholds, charitable contributions, promotional gifts (pens, hats, drink coolers), advertising brochures, meals in kind, etc.

A key element in the board’s approach to solving this problem involves the cooperation of the N.C. Real Estate Commission (NCREC). Preliminary discussions suggest that by adopting the new language into the

NCHILB Standards of Practice for licensed home inspectors, real estate agents/brokers who required or accepted such payments in violation of NCHILB rules could be in violation of N.C. Gen. Stat. § 93A-6(a)(10) as improper dealing under the Real Estate Commission rules or may be in violation of the federal law Real Estate Settlement Procedures Act (RESPA). Home inspectors should report any agents that are insisting on being paid referral fees to the NCREC.

The final board-developed update course to be taught as part of the three (3) year 48-hour continuing education program is devoted exclusively to the Code of Ethics. The student guide is currently under review by the NCREC. It is anticipated that this course material will form the basis of future educational materials and open discussion with licensed real estate agents/brokers.

Contracts

Review of licensee contracts submitted to staff pursuant to the complaint process, as well as the new license report audit process, has yielded some general practices among licensees and franchisees worth mentioning. As previously noted in communications with licensees, Board Rule 11 NCAC 08.1103(b)(1) requires home inspectors to provide a written contract, signed by the client, before the home inspection is performed. The contract must state the home inspection is in accordance with the Standards of Practice of the North Carolina Home Inspector Licensure board; describe what services shall be provided and their cost, and; state systems and components limitations, if any, of the inspection.

Client Signature

Licensees are reminded that electronic signatures are permitted to show compliance with the requirement that clients sign the contract before the visual inspection portion of the home inspection is performed. The board issued an interpretation that is posted on the website:

http://www.ncdoi.com/OSFM/Engineering_and_Codes/Default.aspx?field1=Home_Inspector_-_Regulations_-_Interpretations&user=Home_Inspector_Licensure_Tools&sub=Home_Inspector_-_Regulations

The term “electronic signature” means an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record. In other words, after emailing a potential customer a copy of the contract for the scheduled home inspection, the recipient need only respond with an identifiable email acknowledging and approving the terms and conditions of the contract. Licensees should avoid reliance upon third parties for contract acceptance.

While the majority of pre-inspection agreements state

home inspections will be conducted per the NCHILB Standards of Practice, virtually none include a copy as an attachment or addendum to the contract for the convenience of the client. Some contracts do include or reference the board website www.nchilb.com for a copy of the regulations. The [CONSUMERS](#) tab of the board website includes an eight (8) page abridged version of the current Standards of Practice.

Confidential Report

Board Rule 11 NCAC 08.1116(c) states, “A licensee shall not disclose any information about the results of the inspection without the approval of the client for whom the inspection was performed, or the client’s designated representative.” Many contracts are written that include boilerplate language in which the client agrees to waive the confidentiality provisions of the Standards of Practice. Usually this is accomplished in a sentence authorizing or tasking the home inspector to provide a copy of the written home inspection report to other parties such as the real estate agents/brokers or the subject property owners. By signing the contract, the client intentionally or unintentionally authorizes release of the report to other parties. Some contracts default to the report results remaining confidential unless the client specifically elects to waive these rights by initialing an optional provision. A still smaller percentage of contracts treat the written home inspection report as an instrument of service wherein all rights are retained by the home inspector whose permission must be secured prior to the release of the report by the client.

Limitation of Liability

N.C. Gen. Stat. § 143-151.51(b) effective October 1, 2011, required all licensees to carry General Liability insurance in the amount of \$250,000 in addition to either a bond, minimum assets or errors and omissions insurance as a condition of licensure. Many contracts include language intended to limit liability to the fee paid for the inspection (typically between \$350 and \$450) in the event a dispute arises that cannot be resolved through arbitration or mediation. Some inspectors believe it is unethical to limit liability in this way, arguing that it is an “easy way out” of being held accountable for the quality of inspection performed for the consumer. However, this appears to be a minority viewpoint and the NCHILB Code of Ethics does not prohibit such contract terms. Another concern may be whether the written home inspection report is viewed as a “deliverable” or an “instrument of professional service” as far as ownership of the report is concerned. National franchises appear to provide standard contract templates for franchisees, even though each franchise is usually locally owned and operated. It may be prudent for franchisees to have such contracts reviewed by

attorneys licensed to practice in North Carolina.

Home Inspection Reports

The overall level of quality of written reports appears to be improving following recent CE classes that emphasize report writing and DDID (Describe, Defect, Implication and Direct). Also, standardized, commercially available software is being used by an increasing number of licensees, allowing easy incorporation of digital photographs, as well as review and distribution via the internet. Typically, these reports include a cover page with a street-view photo of the house, the property address, client(s) and inspector information. Whether the summary or report follows the cover page appears to be a matter of personal choice.

Many report formats list a legend of abbreviations in the beginning of the report. The list includes designations such as “IN” for Inspected, “S” for Satisfactory, “RR” for Repair and Replace, “NI” for Not Inspected, or “NA” for Not Applicable. These codes may also appear adjacent checkboxes throughout each of the major sections devoted to the various systems and components required to be inspected by the Standards of Practice. The clarity of the information presented to the client can vary greatly depending upon how this information is arranged. Also, it is not uncommon to find reports of up to 40 pages with a 20-page summary. The number of pages is often increased due to the inclusion of large photos and forced page formatting. Most off-the-shelf software does not provide specific templates for DDID statements.

While several schemes of organizing the summary page information are being used, most summaries duplicate selected deficiencies noted in the report. However, licensees are advised to read the requirements of N.C. Gen. Stat. § 143-151.58(a1) carefully because these requirements are worded slightly differently from Board Rule 11 NCAC 08.1103(b)(3). Specifically, while the report must “state any systems or components so inspected that do not function as intended...or adversely affect the habitability of the dwelling,” the summary must also “describe any system or component that *appears* not to function as intended...” [Italics added for emphasis]. The summary *may* describe any system or component that poses a safety concern.

Board Rule 11 NCAC 08.1103(c)(1) does not limit home inspectors from reporting observations and conditions or rendering opinions of items in addition to those required by the minimum Standards of Practice. Many licensees acknowledge that while the purpose of the written home inspection report is to the document defective conditions in the house, “best practice”

includes informing clients of the relative severity of problems noted and the need for repairs. Typically, deficiencies are categorized as “major” and “minor” by estimated cost or based upon imminent safety concerns. Without a doubt, a home inspector’s ability to judiciously discriminate between the urgent and mundane on his client’s behalf is a skill developed over the years through hundreds, if not thousands, of inspections. A word of caution to newly licensed inspectors: you are considered a generalist. Do not hesitate to recommend further investigation by a specialist for any system or component that appears not to function as intended or that may affect the safety and habitability of the dwelling.

The recently revised Standard Offer to Purchase and Contract substitutes a “due diligence” approach and separate repair negotiations from prior edition Alternatives 1 and 2. Licensed home inspectors should be aware of changes to this form jointly approved by the North Carolina Bar Association and North Carolina Association of REALTORS®. Why? A significant number of complaints against home inspectors are submitted by sellers who believe the home inspection report unfairly portrayed the condition of the home or was biased. As explained in a joint statement by the above associations, a buyer may walk away from the transaction during the due diligence period for any reason or no reason, even if the seller is willing to fix everything that the buyer may request or agree to any other concessions. Sellers sometimes blame the home inspection report and inspector for the lost sale. Home inspectors should remember at all times that the Code of Ethics requires them to discharge their duties with fairness and impartiality to all, as well as how the language in their reports may be perceived by parties other than their clients.

Proposed Rule Changes in Process

From time to time, legislation is approved that requires the board to create or modify rules to fully implement the law. All proposed rules are subject to the rule-making process, which includes a public hearing conducted by the agency. The Legislative Committee is currently monitoring bills under consideration by the N.C. Legislature.

Additional proposed rule changes approved by the board under consideration or submitted to the rule-making process are listed below and posted on the website:

- 11 NCAC 08.1008 Applications for Licenses – clarifies criminal conviction status as grounds for denial.

- 11 NCAC 08.1110 Electrical – adds CO alarms to components to be inspected and reported.
- 11 NCAC 08.1200 Disciplinary Actions – clarifies staff responsibility to collect and provide evidence in an investigation report for committee review.

License Administration – Terri Tart

Terri is assigned to the Application Evaluation, Finance and Legislative committees. In that capacity, she coordinates meeting schedules, develops agendas in collaboration with the committee chairperson and director, takes minutes, and maintains files. Terri also administers the state exam and assists applicants for licensure.

• **Statistics (as of Apr. 30, 2013).**

Home Inspectors – active	994
<u>Associate Home Inspectors - active</u>	<u>19</u>
Total Inspectors – active	1013
Home Inspectors – inactive	746
<u>Associate Inspectors – inactive</u>	<u>74</u>
Total Inspectors – inactive	820
Total # N.C. Licensees	1,833

Education Coordinator – Jennifer Hollyfield:

Jennifer is assigned to the Education, Exam and Standards of Practice committees. In that capacity, she coordinates meeting schedules, develops agendas in collaboration with the committee chairperson and director, takes minutes, and maintains files for sponsor study programs (CE & pre-licensing). Recently, staff has taken the lead in updating the *LXR-test*® exam question databank and has begun literature references to augment exam review feedback. Jennifer also monitors CE class sponsor and instructor activities in the field.

Investigations – Phil Joyner:

Phil is assigned to the Investigation Review Committee and occasionally provides support to other committees on an as-needed basis. In this capacity, he coordinates meeting schedules, develops agendas in collaboration with the committee chairperson and director, takes minutes, and maintains files. Phil receives and reviews complaints submitted against licensees, conducts field investigations, as well as interviews, with licensees and the public. Phil has been a licensed North Carolina home inspector since 1996. Phil prepares investigation reports and answers questions posed by the board’s legal counsel and committee members. Occasionally, Phil serves as a witness to testify in civil litigation.

Building Codes

From time to time, home inspectors observe a defect or condition that affects the safety or habitability of a

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

- (1) Licensees must determine the date of construction, renovation, and any subsequent installation or replacement of any system or component of the home and include this information in the home inspection report.
- (2) Licensees must determine the State Building Code (i.e., Residential, Electrical, Mechanical, Plumbing/Gas) in effect at the time of construction, renovation, and any subsequent installation or replacement of any system or component of the home and include photocopies of the applicable sections of the code quoted/cited in the home inspection report.
- (3) Licensees must use the code in effect at the time of construction, renovation, and any subsequent installation or replacement. In other words, just because a condition observed does not meet current code requirements, you cannot cite it as a code violation if it was not required by the code that was in effect when the house was built or renovated.

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

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

To subscribe, go to:

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

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

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

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

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

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

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

Appointed by:

1. Governor
2. President Pro Tempore Senate
3. Speaker of the House of Representatives
4. Commissioner of Insurance

Representing:

- A. Home Inspectors
- B. Public Member
- C. N.C. Association of Realtors®
- D. N.C. Home Builders Association®

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INVESTIGATOR:

Phil Joyner
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(3) x 16 = 48-Hour Course Topics

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