

Article 9F.

North Carolina Home Inspector Licensure Board.

§ 143-151.43. Short title.

This Article is the Home Inspector Licensure Act and may be cited by that name. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 143-151.45. Definitions.

The following definitions apply in this Article:

- (1) Repealed by Session Laws 2009-509, s. 3.3, effective October 1, 2013. See note.
- (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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 1998-211, s. 33; 2009-509, s. 3.3.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 2011-412, s. 6.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 2009-509, s. 2.1.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 2009-509, s. 3.4.)

§ 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 Laws 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 2009-509, s. 2.2.)

§ 143-151.52: Repealed by Session Laws 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 1998-211, s. 35.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 2009-509, s. 5.1.)

§ 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). (1993 (Reg. Sess., 1994), c. 724, s. 1; 1999-149, s. 1; 2009-509, ss. 2.3, 3.5, 5.2.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 1998-211, s. 36; 2009-509, s. 2.4.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 1999-149, s. 2; 2000-140, s. 32; 2009-451, s. 21.8; 2009-509, ss. 3.6, 5.3; 2014-115, s. 12.)

§ 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 Laws 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. (1993 (Reg. Sess., 1994), c. 724, s. 1; 1999-149, s. 3; 2009-509, ss. 2.5, 3.3, 3.7, 4.1, 4.2.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 143-151.61: Repealed by Session Laws 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. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 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. (1993 (Reg. Sess., 1994), c. 724, s. 1.)

§ 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. (1999-149, s. 4; 2001-421, s. 2.5; 2009-509, s. 1.1.)

§ 143-151.65: Reserved for future codification purposes.

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