

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 865  
Committee Substitute Favorable 6/17/21

Short Title: Private Commercial Inspection System.

(Public)

Sponsors:

Referred to:

May 5, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE INSPECTIONS BY PRIVATE INSPECTORS OF COMMERCIAL  
3 BUILDINGS AND STRUCTURES FOR COMPLIANCE WITH THE NORTH  
4 CAROLINA STATE BUILDING CODE.

5 The General Assembly of North Carolina enacts:

6 SECTION 1.(a) G.S. 143-151.8(a) reads as rewritten:

7 "§ 143-151.8. Definitions.

8 (a) As used in this Article, unless the context otherwise requires:

9 ...

10 (4a) "Private commercial inspection" means inspection by a private commercial  
11 inspector of the manner of construction, workmanship, and materials for the  
12 construction of commercial buildings and structures, including their  
13 components and elements, for compliance with the North Carolina State  
14 Building Code, except those sections of the Code which pertain to boilers and  
15 elevators which the State Department of Labor engages in the administration  
16 and enforcement of those sections.

17 (4b) "Private commercial inspector" means a person qualified through certification  
18 and registration pursuant to this Article to engage in the practice of private  
19 commercial inspections.

20 ...."

21 SECTION 1.(b) G.S. 143-151.12 reads as rewritten:

22 "§ 143-151.12. Powers.

23 In addition to powers conferred upon the Board elsewhere in this Article, the Board shall  
24 have the power to:

25 (1) Adopt rules necessary to administer this ~~Article;~~Article.

26 (1a) Require State agencies, local inspection departments, and local governing  
27 bodies to submit reports and information about the employment, education,  
28 and training of Code-enforcement ~~officials;~~officials.

29 (2) Establish minimum standards for employment as a Code-enforcement official:  
30 (i) in probationary or temporary status, and (ii) in permanent  
31 ~~positions;~~positions.

32 (3) Certify persons as being qualified under the provisions of this Article to be  
33 Code-enforcement officials, including persons employed by a federally  
34 recognized Indian Tribe to perform inspections on tribal lands under  
35 ~~G.S. 153A-350.1;~~G.S. 160D-1101.



- 1           (3a) Certify and register persons as being qualified under the provisions of this  
 2 Article to be private commercial inspectors for the purposes of conducting  
 3 private commercial inspections.
- 4           (4) Consult and cooperate with counties, municipalities, agencies of this State,  
 5 other governmental agencies, and with universities, colleges, junior colleges,  
 6 community colleges and other institutions concerning the development of  
 7 Code-enforcement or private commercial inspector training schools and  
 8 programs or courses of ~~instruction~~;instruction.
- 9           (5) Establish minimum standards and levels of education or equivalent experience  
 10 for all Code-enforcement or private commercial inspector instructors, teachers  
 11 or ~~professors~~;professors.
- 12          (5a) Ensure that the minimum standards for and education of private commercial  
 13 inspectors include specific instruction on the duties and responsibilities  
 14 imposed by law on a private commercial inspector.
- 15          (6) Conduct and encourage research by public and private agencies which shall  
 16 be designed to improve education and training in the administration of Code  
 17 ~~enforcement~~;enforcement or private commercial inspection.
- 18          (7) Adopt and amend bylaws, consistent with law, for its internal management  
 19 and control; appoint such advisory committees as it may deem necessary; and  
 20 enter into contracts and do such other things as may be necessary and  
 21 incidental to the exercise of its authority pursuant to this ~~Article~~; and, Article.
- 22          (8) Make recommendations concerning any matters within its purview pursuant  
 23 to this ~~Article~~; [and] Article.
- 24          (9) Establish within the Department of Insurance a marketplace pool of qualified  
 25 Code-enforcement officials available for the following purposes:
- 26           a. When requested by the Insurance Commissioner, to assist in the  
 27 discharge of the Commissioner's duty under G.S. 143-139 to  
 28 supervise, administer, and enforce the North Carolina State Building  
 29 Code.
- 30           b. When requested by local inspection departments, to assist in Code  
 31 enforcement."

32           **SECTION 1.(c)** G.S. 143-151.14 reads as rewritten:

33           "**§ 143-151.14. Comity.**

34           ...

35           (a1) The Board may, without requiring an examination, grant a standard private  
 36 commercial inspector certificate as a qualified private commercial inspector for a particular type  
 37 of position and level to any person who, at the time of application, is certified as a qualified  
 38 Code-enforcement official or, as the equivalent of a private commercial inspector, in good  
 39 standing by a similar board of another state, district, or territory where standards are acceptable  
 40 to the Board and not lower than those required by this Article for a similar type of position and  
 41 level in this State. Any Code-enforcement official granted a certificate under this section and  
 42 registered under G.S. 143-151.19A may, unless prohibited by the terms of their employment as  
 43 a Code-enforcement official, engage in the practice of private commercial inspection throughout  
 44 the State.

45           ...

46           (b1) The Board may, without requiring an examination, grant a standard private  
 47 commercial inspector certificate as a qualified private commercial inspector for a particular type  
 48 of position and level to any person who, at the time of application, is certified as a qualified  
 49 Code-enforcement official or, as the equivalent of a private commercial inspector, in good  
 50 standing by the International Code Council where standards and examination are acceptable to

1 the Board and not lower than those required by this Article for a type of position and level in this  
2 State.

3 (c) The certificates granted under subsections ~~(a) and (b)~~-(a), (a1), (b), and (b1) of this  
4 section shall expire after three years unless within that time period the holder completes a short  
5 course, as prescribed by the Board, relating to the State Building Code regulations and  
6 Code-enforcement administration.

7 ...."

8 **SECTION 1.(d)** Article 9C of Chapter 143 of the General Statutes is amended by  
9 adding a new section to read:

10 **"§ 143-151.14A. Required standards and certificates for private commercial inspectors.**

11 (a) No person shall engage in private commercial inspection under this Article unless that  
12 person possesses one of the following types of private commercial inspector certificates,  
13 currently valid, issued by the Board attesting to that person's qualifications to engage in private  
14 commercial inspection: (i) a standard private commercial inspector certificate or (ii) a limited  
15 private commercial inspector certificate provided for in subsection (c) of this section. To obtain  
16 a standard private commercial inspector certificate, a person must pass an examination, as  
17 prescribed by the Board or by a contracting party under G.S. 143-151.16(d), that is based on the  
18 North Carolina State Building Code and administrative procedures required for Code  
19 enforcement or private commercial inspection. The Board may issue a standard private  
20 commercial inspector certificate of qualification to each person who successfully completes the  
21 examination. The private commercial inspector certificate authorizes that person, upon  
22 registration as provided in G.S. 143-151.19A, to engage in private commercial inspection and to  
23 practice as a qualified private commercial inspector in North Carolina. The private commercial  
24 inspector certificate of qualification shall bear the signatures of the chairman and secretary of the  
25 Board.

26 (b) The Board shall issue one or more standard private commercial inspector certificates  
27 to each private commercial inspector demonstrating the qualifications set forth in subsection (c)  
28 of this section. Standard private commercial inspector certificates are available for each of the  
29 following types of qualified private commercial inspectors:

- 30 (1) Building inspector.
- 31 (2) Electrical inspector.
- 32 (3) Mechanical inspector.
- 33 (4) Plumbing inspector.
- 34 (5) Fire inspector.

35 (c) The holder of a standard private commercial inspector certificate may only conduct  
36 private commercial inspections within the inspection area and level described upon the certificate  
37 issued by the Board; however, for any area in which the private commercial inspector is not  
38 certified, that private commercial inspector may contract with a private commercial inspector  
39 who is certified in that area to conduct the necessary inspection. A private commercial inspector  
40 may qualify and hold one or more private commercial inspector certificates. These private  
41 commercial inspector certificates may be for different levels in different types of positions as  
42 defined in this section and in rules adopted by the Board.

43 (d) A private commercial inspector holding a certificate indicating a specified level of  
44 proficiency in a particular type of position may conduct a private commercial inspection calling  
45 for that type of qualification anywhere in the State. With respect to all types of private  
46 commercial inspectors, those with Level I, Level II, or Level III certificates shall be qualified to  
47 inspect and approve only those types and sizes of commercial buildings and structures as  
48 specified in rules adopted by the Board.

49 (e) A private commercial inspector holding a limited private commercial inspector  
50 certificate may conduct a private commercial inspection requiring a higher level private

1 commercial inspector certificate only upon issuance by the Board of a standard private  
2 commercial inspector certificate appropriate for that higher level private commercial inspection.

3 (f) Notwithstanding subsection (a) of this section, the Board shall, without requiring an  
4 examination, issue a standard private commercial inspector certificate to all of the following:

5 (1) Any person who is currently certified as a Code-enforcement official under  
6 this Article.

7 (2) An architect licensed under Chapter 83A of the General Statutes.

8 (3) An engineer licensed under Chapter 89C of the General Statutes.

9 (g) The private commercial inspector certificate issued to an architect or engineer under  
10 subsection (f) of this section shall be without regard to levels and shall authorize that architect or  
11 engineer to conduct any commercial inspection except a final fire inspection."

12 **SECTION 1.(e)** Article 9C of Chapter 143 of the General Statutes is amended by  
13 adding a new section to read:

14 **"§ 143-151.14B. Professional development program for private commercial inspectors.**

15 (a) The Board may establish professional development requirements for private  
16 commercial inspectors as a condition of the renewal or reactivation of their certificates. The  
17 purposes of these professional development requirements are to assist private commercial  
18 inspectors in maintaining professional competence in their inspections and to assure the health,  
19 safety, and welfare of the citizens of North Carolina. A private commercial inspector subject to  
20 this section shall present evidence to the Board at each certificate renewal after initial  
21 certification, that during the 12 months before the certificate expiration date, the private  
22 commercial inspector has completed the required number of credit hours in courses approved by  
23 the Board. Annual continuing education hour requirements shall be determined by the Board but  
24 shall not be more than six credit hours. For licensed architects and engineers issued a standard  
25 private commercial inspector certificate under G.S. 143-151.14A, the Board shall develop a  
26 continuing education program providing that two of the required six hours of annual continuing  
27 education be in subjects specific to each of those individual professions.

28 (b) The Board may require an individual who earns a certificate under programs  
29 established in G.S. 143-151.14A to complete professional development courses, not to exceed  
30 six hours in each technical area of certification, within one year after that individual is first  
31 employed as a private commercial inspector or engages in private commercial inspection.

32 (c) As a condition of reactivating a standard or limited certificate, the Board may require  
33 the completion of professional development courses within one year after reemployment as a  
34 private commercial inspector as follows:

35 (1) An individual who has been on inactive status for more than two years and  
36 who has not been continuously employed by a city or county inspection  
37 department, private commercial inspector, or engaged in the business of  
38 private commercial inspections, during the period of inactive status shall  
39 complete professional development courses not to exceed six hours for each  
40 technical area in which the individual is certified.

41 (2) An individual who has been on inactive status for more than two years and  
42 who has been continuously employed by a city or county inspection  
43 department, private commercial inspector, or engaged in the business of  
44 private commercial inspections, during the period of inactive status shall  
45 complete professional development courses not to exceed three hours for each  
46 technical area in which the individual is certified.

47 (3) An individual who has been on inactive status for two years or less shall  
48 complete professional development courses not to exceed two hours for each  
49 technical area in which the individual is certified.

50 (d) The Board may, for good cause shown, grant extensions of time to private commercial  
51 inspectors to comply with these requirements. A private commercial inspector who, after

1 obtaining an extension under this subsection, offers evidence satisfactory to the Board that the  
2 private commercial inspector has satisfactorily completed the required professional development  
3 courses is in compliance with this section.

4 (e) The Board may adopt rules to implement this section, including rules that govern:

5 (1) The content and subject matter of professional development courses.

6 (2) The criteria, standards, and procedures for the approval of courses, course  
7 sponsors, and course instructors.

8 (3) The methods of instruction.

9 (4) The computation of course credit.

10 (5) The ability to carry forward course credit from one year to another.

11 (6) The waiver of or variance from the professional development required for  
12 hardship or other reasons.

13 (7) The procedures for compliance and sanctions for noncompliance."

14 **SECTION 1.(f)** G.S. 143-151.15 reads as rewritten:

15 **"§ 143-151.15. Return of certificate to Board; reissuance by Board.**

16 (a) A certificate issued by the Board under this Article is valid as long as the person  
17 certified is ~~employed by any of the following:~~

18 (1) Employed by the State of North Carolina or any political subdivision thereof  
19 as a Code-enforcement official, or is employed official.

20 (2) Employed by a federally recognized Indian Tribe to perform inspections on  
21 tribal lands under G.S. 153A-350.1-G.S. 160D-1101 as a Code-enforcement  
22 official.

23 (3) Employed by a private commercial inspector.

24 (4) Is self-employed as a private commercial inspector.

25 (b) When the person certified leaves that employment described under subsection (a) of  
26 this section for any reason, ~~he that person~~ shall return the certificate to the Board. If the person  
27 subsequently obtains employment ~~as a Code enforcement official in any governmental~~  
28 ~~jurisdiction described above,~~ described under subsection (a) of this section, the Board may  
29 reissue the certificate to ~~him.~~ that person.

30 (c) The provisions of G.S. 143-151.16(b) relating to renewal fees and late renewals shall  
31 apply, if appropriate. The provisions of G.S. 143-151.16(c) shall not apply. This section does not  
32 affect the Board's powers under G.S. 143-151.17."

33 **SECTION 1.(g)** G.S. 143-151.16 reads as rewritten:

34 **"§ 143-151.16. Certification fees; renewal of certificates; examination fees.**

35 (a) The Board shall establish a schedule of fees to be paid by each applicant for  
36 certification as a qualified Code-enforcement ~~official.~~ official or as a private commercial  
37 inspector. Such fee shall not exceed twenty dollars (\$20.00) for each applicant.

38 (b) A certificate, other than a probationary certificate, as a qualified Code-enforcement  
39 official or as a private commercial inspector, issued pursuant to the provisions of this Article  
40 must be renewed annually on or before the first day of July. Each application for renewal must  
41 be accompanied by a renewal fee to be determined by the Board, but not to exceed ten dollars  
42 (\$10.00). The Board is authorized to charge an extra four dollar (\$4.00) late renewal fee for  
43 renewals made after the first day of July each year.

44 (c) Any person who fails to renew ~~his~~ their certificate for a period of two consecutive  
45 years may be required by the Board to take and pass the same examination as unlicensed  
46 applicants before allowing such person to renew ~~his~~ their certificate.

47 (d) The Board may contract with persons for the development and administration of the  
48 examinations required by ~~G.S. 143-151.13(a),~~ G.S. 143-151.13(a) and G.S. 143-151.14A(a)  
49 for course development related to the examinations, for review of a particular applicant's  
50 examination, and for other related services. The person with whom the Board contracts may  
51 charge applicants a reasonable fee for the costs associated with the development and

1 administration of the examinations, for course development related to the examinations, for  
2 review of the applicant's examinations, and for other related services. The fee shall be agreed to  
3 by the Board and the other contracting party. The amount of the fee under this subsection shall  
4 not exceed one hundred seventy-five dollars (\$175.00). Contracts for the development and  
5 administration of the examinations, for course development related to the examinations, and for  
6 review of examinations shall not be subject to Article 3, 3C, or 8 of Chapter 143 of the General  
7 Statutes or to Article 15 of Chapter 143B of the General Statutes. However, the Board shall: (i)  
8 submit all proposed contracts for supplies, materials, printing, equipment, and contractual  
9 services that exceed one million dollars (\$1,000,000) authorized by this subsection to the  
10 Attorney General or the Attorney General's designee for review as provided in G.S. 114-8.3; and  
11 (ii) include in all proposed contracts to be awarded by the Board under this subsection a standard  
12 clause which provides that the State Auditor and internal auditors of the Board may audit the  
13 records of the contractor during and after the term of the contract to verify accounts and data  
14 affecting fees and performance. The Board shall not award a cost plus percentage of cost  
15 agreement or contract for any purpose."

16 **SECTION 1.(h)** G.S. 143-151.17 reads as rewritten:

17 **"§ 143-151.17. Grounds for disciplinary actions; investigation; administrative procedures.**

18 ...

19 (a) A private commercial inspector shall not inspect any property under this Article in  
20 which the inspector, or a person with whom the inspector has a close familial, business, or other  
21 associational relationship, has an ownership or direct financial interest. For purposes of this  
22 section, a "close familial relationship" means a spouse, parent, child, brother, sister, grandparent,  
23 or grandchild. The term includes the step, half, and in-law relationships.

24 (b) The Board may investigate the actions of any qualified Code-enforcement ~~official~~  
25 official, private commercial inspector, or any applicant therefor, upon the verified complaint in  
26 writing of any person alleging a violation of subsection (a) of this section. The Board may  
27 suspend, revoke, or demote to a lower level any certificate of any qualified Code-enforcement  
28 official or private commercial inspector and refuse to grant a certificate to any applicant, whom  
29 it finds to have been guilty of one or more of the actions set out in subsection (a) as grounds for  
30 disciplinary action.

31 ...

32 (e) The provisions of this section shall apply to Code-enforcement ~~officials~~officials,  
33 private commercial inspectors, and applicants who are employed or seek to be employed by a  
34 federally recognized Indian Tribe to perform inspections on tribal lands under  
35 ~~G.S. 153A-350.1~~G.S. 160D-1101."

36 **SECTION 1.(i)** G.S. 143-151.18 reads as rewritten:

37 **"§ 143-151.18. Violations; penalty; injunction.**

38 On and after July 1, 1979, it shall be unlawful for any person to represent ~~himself~~themselves  
39 as a qualified Code-enforcement official or private commercial inspector who does not hold a  
40 currently valid certificate of qualification issued by the Board. Further, it shall be unlawful for  
41 any person to practice Code enforcement or conduct private commercial inspections except as  
42 allowed by any currently valid certificate issued to that person by the Board. Any person violating  
43 any of the provisions of this Article shall be guilty of a Class 1 misdemeanor. The Board is  
44 authorized to apply to any judge of the superior court for an injunction in order to prevent any  
45 violation or threatened violation of the provisions of this Article."

46 **SECTION 1.(j)** G.S. 143-151.19 reads as rewritten:

47 **"§ 143-151.19. Administration.**

48 ...

49 (c) The Board shall keep current a record of the names and addresses of all qualified  
50 Code-enforcement officials and private commercial inspectors and any additional personal data

1 as the Board deems necessary. The Board annually shall publish a list of all currently certified  
2 Code-enforcement ~~officials~~ officials and private commercial inspectors.

3 ...

4 (e) The Board shall issue a duplicate certificate to practice as a qualified  
5 Code-enforcement official or private commercial inspector in place of one which has been lost,  
6 destroyed, or mutilated upon proper application and payment of a fee to be determined by the  
7 Board."

8 **SECTION 1.(k)** Article 9C of Chapter 143 of the General Statutes is amended by  
9 adding a new section to read:

10 **"§ 143-151.19A. Registration of private commercial inspectors; inspection procedure plan;  
11 qualified private commercial inspector designation.**

12 (a) No person shall engage in private commercial inspection unless that person is first  
13 registered with the Board. To be registered, a person must submit an application for registration  
14 on a form provided by the Board that includes:

15 (1) Proof of certification pursuant to this Article.

16 (2) An inspection procedure plan that includes all of the following:

17 a. A statement as to whether the person intends to conduct private  
18 commercial inspections in all of the areas in which the person holds a  
19 certificate issued under G.S. 143-151.14A.

20 b. For any areas in which the person is not certified under  
21 G.S. 143-151.14A, a statement as to how that person intends to fulfill  
22 contractual obligations to conduct private commercial inspections in  
23 those areas for which the person is not certified.

24 c. A statement as to the person's experience level in each of the areas in  
25 which that person holds a certificate issued under G.S. 143-151.14A.

26 (3) Any other information required by the Board.

27 (b) The Board shall review the inspection procedure plan required by subsection (a) of  
28 this section and shall register and assign the person a registration number if it determines the plan  
29 is adequate and the person otherwise meets the requirements of this Article. If the Board denies  
30 an application for registration or the application is deficient, the Board shall notify the applicant  
31 in writing with an explanation for the denial and give the applicant a reasonable opportunity to  
32 correct any deficiencies and resubmit the application. If the Board denies the resubmitted  
33 application, the applicant shall be notified in writing and may seek review as provided in  
34 G.S. 143-151.17(d).

35 (c) The Board shall keep current a record of the names and addresses of all registered  
36 private commercial inspectors and maintain this record on the Department of Insurance's website.  
37 The Board may combine the records maintained and published under this subsection with those  
38 required in G.S. 143-151.19. The Board may request updates from registered private commercial  
39 inspectors registered under this section.

40 (d) A private commercial inspector may submit an amended registration or inspection  
41 procedure plan to the Board at any time.

42 (e) The Board shall establish a schedule of fees to be paid by each applicant for  
43 registration under this section. Such fee shall not exceed twenty dollars (\$20.00) for each  
44 applicant."

45 **SECTION 2.(a)** G.S. 160D-402(d) reads as rewritten:

46 "(d) Financial Support. – The local government may appropriate for the support of the  
47 staff any funds that it deems necessary. It shall have power to fix reasonable fees for support,  
48 administration, and implementation of programs authorized by this Chapter, and all such fees  
49 shall be used for no other purposes. When an inspection, for which the permit holder has paid a  
50 fee to the local government, is performed by a private commercial inspector, or by a marketplace  
51 pool Code-enforcement official upon request of the Insurance Commissioner under

1 G.S. 143-151.12(9)a., the local government shall promptly return to the permit holder the fee  
2 collected by the local government for ~~such~~that inspection. This subsection applies to the  
3 following types of inspection: plumbing, electrical systems, general building restrictions and  
4 regulations, heating and air-conditioning, and the general construction of buildings."

5 **SECTION 2.(b)** G.S. 160D-403 reads as rewritten:

6 "**§ 160D-403. Administrative development approvals and determinations.**

7 ...

8 (e) Inspections. – Administrative staff may inspect work undertaken pursuant to a  
9 development approval to assure that the work is being done in accordance with applicable State  
10 and local laws and of the terms of the approval. In exercising this power, staff are authorized to  
11 enter any premises within the jurisdiction of the local government at all reasonable hours for the  
12 purposes of inspection or other enforcement action, upon presentation of proper credentials;  
13 provided, however, that the appropriate consent has been given for inspection of areas not open  
14 to the public or that an appropriate inspection warrant has been secured. This subsection shall not  
15 apply to work for which a holder has elected to utilize private commercial inspections for  
16 inspection of commercial buildings and structures for compliance with the North Carolina State  
17 Building Code pursuant to Article 11 of this Chapter.

18 ...

19 (g) Certificate of Occupancy. – A local government may, upon completion of work or  
20 activity undertaken pursuant to a development approval, make final inspections and issue a  
21 certificate of compliance or occupancy if staff finds that the completed work complies with all  
22 applicable State and local laws and with the terms of the approval. Except as provided in  
23 G.S. 160D-1105.2, a local government shall not conduct final inspections of work or activity on  
24 commercial buildings or structures for projects under G.S. 160D-1105.1. No building, structure,  
25 or use of land that is subject to a building permit required by Article 11 of this Chapter shall be  
26 occupied or used until a certificate of occupancy or temporary certificate pursuant to  
27 ~~G.S. 160D-1114~~ G.S. 160D-1116 has been issued.

28 ...."

29 **SECTION 3.(a)** G.S. 160D-1101 reads as rewritten:

30 "**§ 160D-1101. Definitions.**

31 As used in this Article, the following terms shall have their ordinary meaning and shall also  
32 be read to include the following:

33 ...

34 (3a) Private commercial inspection. – Shall have the same meaning as in  
35 G.S. 143-151.8(a)(4a).

36 (3b) Private commercial inspector. – Shall have the same meaning as in  
37 G.S. 143-151.8(a)(4b).

38 ...."

39 **SECTION 3.(b)** G.S. 160D-1102 reads as rewritten:

40 "**§ 160D-1102. Building code administration.**

41 (a) A local government may create an inspection department and may appoint inspectors  
42 who may be given appropriate titles, such as building inspector, electrical inspector, plumbing  
43 inspector, housing inspector, zoning inspector, heating and air-conditioning inspector, fire  
44 prevention inspector, or deputy or assistant inspector, or such other titles as may be generally  
45 descriptive of the duties assigned. Every local government shall perform the duties and  
46 responsibilities set forth in ~~G.S. 160D-1105~~ G.S. 160D-1104 either by (i) creating its own  
47 inspection department, (ii) creating a joint inspection department in cooperation with one or more  
48 other units of local government, pursuant to G.S. 160D-1105 or Part 1 of Article 20 of Chapter  
49 160A of the General Statutes, (iii) contracting with another unit of local government for the  
50 provision of inspection services pursuant to Part 1 of Article 20 of Chapter 160A of the General

1 Statutes, or (iv) arranging for the county in which a city is located to perform inspection services  
2 within the city's jurisdiction as authorized by G.S. 160D-1105 and G.S. 160D-202.

3 (b) In the event that any local government fails to provide inspection services or ceases  
4 to provide such services, the Commissioner of Insurance shall arrange for the provision of such  
5 services, either through personnel employed by the department or through an arrangement with  
6 other units of government. In either event, the Commissioner shall have and may exercise within  
7 the local government's planning and development regulation jurisdiction all powers made  
8 available to the governing board with respect to building inspection under this Article and Part 1  
9 of Article 20 of Chapter 160A of the General Statutes. Whenever the Commissioner has  
10 intervened in this manner, the local government may assume provision of inspection services  
11 only after giving the Commissioner two years' written notice of its intention to do so; provided,  
12 however, that the Commissioner may waive this requirement or permit assumption at an earlier  
13 date upon finding that such earlier assumption will not unduly interfere with arrangements made  
14 for the provision of those services.

15 (c) No local government shall adopt or enforce any ordinance prohibiting private  
16 commercial inspections by private commercial inspectors nor shall the Commissioner of  
17 Insurance prohibit private commercial inspections by private commercial inspectors when the  
18 Department of Insurance has intervened pursuant to subsection (b) of this section."

19 **SECTION 3.(c)** Article 11 of Chapter 160D of the General Statutes is amended by  
20 adding a new section to read:

21 **"§ 160D-1103.1. Qualifications of private commercial inspectors.**

22 No private commercial inspections shall be conducted except by private commercial  
23 inspectors qualified under Article 9C of Chapter 143 of the General Statutes."

24 **SECTION 3.(d)** G.S. 160D-1104(b) reads as rewritten:

25 **"§ 160D-1104. Duties and responsibilities.**

26 ...  
27 (b) The duties and responsibilities set forth in subsection (a) of this section include the  
28 receipt of applications for permits and the issuance or denial of permits, the making of any  
29 necessary inspections in a timely ~~manner, manner~~ except those inspections made by a private  
30 commercial inspector, the issuance or denial of certificates of ~~compliance, compliance~~ other than  
31 those certificates of compliance with the State Building Code issued or denied by a private  
32 commercial inspector, the issuance of orders to correct violations, the bringing of judicial actions  
33 against actual or threatened violations, the keeping of adequate records, and any other actions  
34 that may be required in order adequately to enforce those laws. The governing board has the  
35 authority to enact reasonable and appropriate provisions governing the enforcement of those  
36 laws."

37 **SECTION 3.(e)** G.S. 160D-1105 reads as rewritten:

38 **"§ 160D-1105. Other arrangements for inspections.**

39 (a) A local government may contract with an individual who is not a local government  
40 employee but who holds one of the applicable certificates as provided in G.S. 160D-1103 or with  
41 the employer of an individual who holds one of the applicable certificates as provided in  
42 G.S. 160D-1103.

43 (b) Notwithstanding any other provision of this Article, a local government may contract  
44 with a private commercial inspector certified and registered under Article 9C of Chapter 143 of  
45 the General Statutes to conduct inspections under this Article.

46 (c) A permit holder may contract with a private commercial inspector to conduct private  
47 commercial inspections, as provided in G.S. 160D-1105.1, of commercial buildings and  
48 structures for compliance with the State Building Code."

49 **SECTION 3.(f)** Article 11 of Chapter 160D of the General Statutes is amended by  
50 adding a new section to read:

51 **"§ 160D-1105.1. Private commercial inspection authorized; exceptions.**

1        (a) Notwithstanding the requirements of this Article and except as provided in subsection  
2 (d) of this section, a local government and the Commissioner of Insurance, when the Department  
3 of Insurance has intervened pursuant to G.S. 160D-1102(b), shall accept and approve, without  
4 further responsibility to inspect, a signed inspection report evidencing the inspection of a  
5 commercial building or structure by a private commercial inspector provided all of the following  
6 apply:

- 7        (1) The private commercial inspection is limited to inspection for compliance  
8 with the State Building Code.
- 9        (2) The private commercial inspector submitting the signed inspection report is  
10 the same as designated on the permit application or permit amendment under  
11 G.S. 160D-1110(c1), and the report contains the registration number assigned  
12 that inspector under G.S. 143-151.19A(b).
- 13        (3) The private commercial inspector conducting the inspection, or any inspector  
14 under contract with the private commercial inspector to conduct private  
15 commercial inspections for the project, is qualified under the provisions of  
16 Article 9C of Chapter 143 of the General Statutes to conduct that private  
17 commercial inspection at the time of the inspection.
- 18        (4) The private commercial inspector conducting the inspection, if other than the  
19 private commercial inspector submitting the inspection report in subdivision  
20 (a)(1) of this section, is employed by or under contract to the private  
21 commercial inspector submitting the report.
- 22        (5) The private commercial inspector provides the local government or the  
23 Commissioner of Insurance, as applicable, with a copy of each signed  
24 inspection report. The signed inspection report shall be provided by electronic  
25 or physical delivery, and its receipt shall be promptly acknowledged by the  
26 local government or the Commissioner of Insurance, as applicable, through  
27 reciprocal means.
- 28        (6) Compliance with G.S. 160D-1105.3 through proof of either of the following:
  - 29        a. A payment bond executed in favor of the local government.
  - 30        b. Issuance coverage issued by a company approved by the  
31 Commissioner of Insurance.
- 32        (7) The permit holder and private commercial inspector execute a written contract  
33 that shall include, at a minimum, all of the following:
  - 34        a. A requirement that the private commercial inspector will be  
35 responsible for all required inspections on the commercial building or  
36 structure for compliance with the State Building Code.
  - 37        b. The specific types of inspections to be conducted by the private  
38 commercial inspector or certified employees of the private commercial  
39 inspector.
  - 40        c. The specific types of inspections, if any, to be conducted by those  
41 under contract with the private commercial inspector.
  - 42        d. The reinspection process, including inspector compensation, when an  
43 inspection demonstrates noncompliance with the State Building Code.
  - 44        e. The process, including private commercial inspector compensation, to  
45 deliver additional inspections required due to unforeseen  
46 circumstances, changes to orders, changes to the State Building Code,  
47 or any other event or occurrence necessitating additional inspections.
  - 48        f. The principal private commercial inspector for the project.

49        (b) Upon issuing an inspection report receipt as required under subdivision (a)(5) of this  
50 section, the local government or Commissioner of Insurance, its inspection departments, and its  
51 inspectors shall be discharged and released from any liabilities, duties, and responsibilities

1 imposed by this Article with respect to or in common law from any claim arising out of or  
2 attributed to the inspection for which the inspection report was submitted pursuant to this section.

3 (c) The inspection report required by this section shall be on the form developed by the  
4 North Carolina Code Officials Qualification Board in the Department of Insurance under  
5 G.S. 160D-1105.5.

6 (d) The provisions of this section shall not apply to final fire inspections under  
7 G.S. 160D-1105.2."

8 **SECTION 3.(g)** Article 11 of Chapter 160D of the General Statutes is amended by  
9 adding a new section to read:

10 **"§ 160D-1105.2. Final fire inspections.**

11 Notwithstanding any other provision of this Article, private commercial inspectors shall have  
12 no authority to conduct final fire inspections required by the State Building Code. The local  
13 government that issued the building permit shall perform the duty and responsibility of  
14 conducting the final fire inspection."

15 **SECTION 3.(h)** Article 11 of Chapter 160D of the General Statutes is amended by  
16 adding a new section to read:

17 **"§ 160D-1105.3. Private commercial inspection payment bond; insurance alternative.**

18 (a) Prior to issuing or amending a building permit in which the applicant indicates an  
19 intent to use a private commercial inspector, the local government shall require the applicant to  
20 provide a payment bond or proof of insurance coverage in the amount of one hundred twenty-five  
21 percent (125%) of the local government's estimated cost to inspect the entire project itself. The  
22 purpose of the payment bond or insurance coverage is to provide a means of compensating the  
23 local government for the costs of any inspections it must conduct under subsection (b) of this  
24 section. The payment bond or insurance policy shall be executed in favor of the local government  
25 by one or more surety companies legally authorized to do business in the State of North Carolina  
26 and shall become effective upon the issuance of the building permit. A copy of any insurance  
27 policy used to satisfy this section shall be provided to the Commissioner of Insurance.

28 (b) If for any reason a private commercial inspector ceases inspecting or otherwise  
29 abandons a project, the local government issuing the permit shall, at the written request of the  
30 permit holder, be responsible for inspecting the project from the point in time of the last private  
31 commercial inspection.

32 (c) Local governments required to begin inspecting commercial projects under  
33 subsection (b) of this section may claim against the payment bond for the costs of inspecting the  
34 project or may seek payment from the permit holder for whom the local government conducted  
35 the inspections."

36 **SECTION 3.(i)** Article 11 of Chapter 160D of the General Statutes is amended by  
37 adding a new section to read:

38 **"§ 160D-1105.4. Limited immunity of private commercial inspectors.**

39 Private commercial inspectors shall be immune from suit and liability for any claim for  
40 damage to or loss of property or personal injury or other civil liability caused by or arising out of  
41 any actual or alleged act, error, or omission from a private commercial inspection or issuance of  
42 a certificate of compliance with the State Building Code unless the damage, loss, injury, or other  
43 liability was caused by the intentional or willful and wanton misconduct of the private  
44 commercial inspector."

45 **SECTION 3.(j)** Article 11 of Chapter 160D of the General Statutes is amended by  
46 adding a new section to read:

47 **"§ 160D-1105.5. Uniform forms for private commercial inspection.**

48 (a) The North Carolina Code Officials Qualification Board in the Department of  
49 Insurance shall develop the following uniform forms used for private commercial inspections:

- 50 (1) Inspection reports required under G.S. 160D-1105.1(a) that are specific to the  
51 type of inspection being conducted.

1           (2)   Notice of intent to use a private commercial inspector that contains the  
2           information required under G.S. 160D-1110(c1).

3           (3)   Certificate of compliance with the State Building Code under  
4           G.S. 160D-1116.

5           (b)   No local government may require information on the forms developed under this  
6           section other than that contained on the form."

7           **SECTION 3.(k)** G.S. 160D-1109 reads as rewritten:

8           "**§ 160D-1109. Failure to perform duties.**

9           ...

10          (c)   A member of the inspection department shall not be in violation of this section when  
11          the local government, its inspection department, or one of the inspectors issues an inspection  
12          report receipt for or accepts an inspection report evidencing compliance with the applicable North  
13          Carolina State Building Code from a private commercial inspector in accordance with this  
14          Article."

15          **SECTION 3.(l)** G.S. 160D-1110 reads as rewritten:

16          "**§ 160D-1110. Building permits.**

17          ...

18          (c1)   Applicants for a building permit or permit amendment under this section who opt to  
19          use a private commercial inspector to conduct inspections to determine compliance with the State  
20          Building Code shall attach as an addendum to their permit application or amendment a notice of  
21          intent to use a private commercial inspector on the project. The notice of intent must contain the  
22          private commercial inspector's contact information, including name, physical and mailing  
23          address, email address, telephone number, and the registration number assigned to that inspector  
24          under G.S. 143-151.19A(b). The local government permit fee schedule for projects to be  
25          inspected by private commercial inspectors shall be reduced by eighty percent (80%), and the  
26          remaining twenty percent (20%) may be retained by the local government as an administrative  
27          cost. The notice of intent shall be on the form developed by the North Carolina Code Officials  
28          Qualification Board in the Department of Insurance under G.S. 160D-1105.5.

29          (c2)   Except for the final fire inspection as provided in G.S. 160D-1105.2, a local  
30          government issuing a building permit for projects to be inspected by private commercial  
31          inspectors shall not conduct inspections on the project for compliance with the State Building  
32          Code or otherwise interfere, directly or indirectly, with the private commercial inspection  
33          process. The local government issuing the permit shall conduct the inspections on the project  
34          necessary to determine compliance with any local law applicable to the construction of  
35          commercial buildings or structures.

36          ...."

37          **SECTION 3.(m)** G.S. 160D-1112 reads as rewritten:

38          "**§ 160D-1112. Changes in ~~work~~,work or permit.**

39          After a building permit has been issued, no changes or deviations from the terms of the  
40          application, plans and specifications, or the permit, except where changes or deviations are  
41          clearly permissible under the State Building Code, shall be made until specific written approval  
42          of proposed changes or deviations has been obtained from the inspection department. A building  
43          permit shall be amended to designate the use of or changes in the designated private commercial  
44          inspector."

45          **SECTION 3.(n)** G.S. 160D-1116 reads as rewritten:

46          "**§ 160D-1116. Certificates of compliance; 60-day notice; temporary certificates of**  
47          occupancy.

48          (a)   At the conclusion of all work done under a building permit, the appropriate ~~inspector~~  
49          inspector, including a private commercial inspector, if applicable, shall make a final inspection,  
50          and, if the completed work complies with all applicable State and local laws and with the terms  
51          of the permit, ~~the inspector shall issue a certificate of compliance.~~ compliance provided that

1 private commercial inspectors may only issue certificates of compliance with the State Building  
2 Code. Except as provided by subsection (b) of this section, no new building or part thereof may  
3 be occupied, no addition or enlargement of an existing building may be occupied, and no existing  
4 building that has been altered or moved may be occupied, until the inspection department or the  
5 private commercial inspector, if applicable, has issued a certificate of compliance. Certificates  
6 of compliance issued by private commercial inspectors shall be on the form developed by the  
7 North Carolina Code Officials Qualification Board in the Department of Insurance under  
8 G.S. 160D-1105.5.

9 (a1) No less than 60 days from the date a private commercial inspector anticipates issuing  
10 a certificate of compliance pursuant to subsection (a) of this section, the private commercial  
11 inspector shall notify the applicable local government in writing by electronic mail, first-class  
12 mail, or physical delivery of the date the inspector anticipates issuing a certificate of compliance  
13 with the State Building Code.

14 (a2) Private commercial inspectors issuing a certificate of compliance with the State  
15 Building Code shall provide the local government with a copy of that certificate by electronic  
16 mail, first-class mail, or physical delivery, and its receipt shall be promptly acknowledged by the  
17 local government through reciprocal means.

18 (b) A temporary certificate of occupancy may be issued by the local government  
19 permitting occupancy for a stated period of time of either the entire building or of specified  
20 portions of the building if the local government inspector finds that the building may safely be  
21 occupied prior to its final completion. A permit holder may request and be issued a temporary  
22 certificate of occupancy if the conditions and requirements of the North Carolina State Building  
23 Code are met. Only a local government may issue a certificate of occupancy or a temporary  
24 certificate of occupancy.

25 (b1) A certificate of occupancy shall not be withheld on any project for which a certificate  
26 of compliance has been issued by a private commercial inspector under this Article.

27 (b2) Upon issuing a certificate of occupancy or temporary certificate of occupancy under  
28 this section for any commercial project in which a private commercial inspector has issued a  
29 certificate of compliance, the local government or Commissioner of Insurance may rely on the  
30 private commercial inspector's certificate of compliance that the completed work is in  
31 compliance with the State Building Code, and the local government or Commissioner of  
32 Insurance, its inspection departments, and its inspectors shall be discharged and released from  
33 any liabilities, duties, and responsibilities imposed by this Article with respect to or in common  
34 law from any claim arising out of or attributed to the certificate of compliance.

35 (c) Any person who owns, leases, or controls a building and occupies or allows the  
36 occupancy of the building or a part of the building before a certificate of compliance or temporary  
37 certificate of occupancy has been issued pursuant to subsection (a) or (b) of this section is guilty  
38 of a Class 1 misdemeanor."

39 **SECTION 4.** The North Carolina Department of Insurance shall adopt temporary  
40 rules to implement this act no later than 90 days after this act becomes law.

41 **SECTION 5.** Section 1 of this act becomes effective October 1, 2021, and subsection  
42 (i) of that section applies to offenses committed on or after that date. Sections 2 and 3 of this act  
43 become effective January 1, 2022, and apply to applications for building permits issued on or  
44 after that date. The remainder of this act is effective when it becomes law.