

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 1007*
Judiciary II Committee Substitute Adopted 5/11/09

Short Title: Amend Home Inspector Licensure Laws.

(Public)

Sponsors:

Referred to:

March 26, 2009

1 A BILL TO BE ENTITLED
2 AN ACT AMENDING THE LAWS UNDER THE NORTH CAROLINA HOME
3 INSPECTOR LICENSURE ACT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 143-151.51 reads as rewritten:

6 "**§ 143-151.51. Requirements to be licensed as a home inspector.**

7 (a) To be licensed as a home inspector, an applicant must do all of the following:

8 (1) Submit a completed application to the Board upon a form provided by the
9 Board.

10 (2) Pass a licensing examination prescribed by the Board.

11 (3) Have minimum net assets or a bond in an amount determined by the Board.
12 The amount may not be less than five thousand dollars (\$5,000) nor more
13 than ten thousand dollars (\$10,000).

14 (4) Pay the applicable fees.

15 (5) Meet one of the following three conditions:

16 a. Have a high school diploma or its equivalent, have been engaged as a
17 licensed associate home inspector for at least one year, and have
18 completed 100 home inspections for compensation.

19 b. Have education and experience the Board considers to be equivalent
20 to that required by ~~subpart~~ sub-subdivision a. of this subdivision.

21 c. Be licensed as a general contractor under Article 1 of Chapter 87 of
22 the General Statutes, as an architect under Chapter 83A of the
23 General Statutes, or as a professional engineer under Chapter 89C of
24 the General Statutes.

25 (b) All home inspectors licensed on or before September 30, 2011, shall, no later than
26 October 1, 2013, complete an abbreviated licensing education program prescribed by the Board
27 of not less than 50 educational hours of instruction and not more than 75 educational hours of
28 instruction. The instruction may include requirements of field training, classroom instruction,
29 distance learning, peer review, or other educational formats approved by the Board. A home
30 inspector licensed before October 1, 2006, shall not be required to complete the abbreviated
31 licensing education program required by this subsection if the home inspector submits to the
32 Board a request to waive the abbreviated licensing education program requirement and an
33 affidavit stating that the home inspector has completed at least 750 home inspections that meet
34 the standards of practice guidelines of two or more systems. The Board may require each
35 licensed home inspector submitting a request for waiver and an affidavit to submit up to three
36 inspection reports for the Board's random review. Upon reviewing the inspection reports, the
37 Board may request further inspection reports or information from the home inspector or require



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1 the home inspector to complete the abbreviated licensing education program. The Board shall
2 either approve or deny a request for waiver within 120 days from the date the request and the
3 affidavit are submitted unless the Board requests that a home inspector submit three inspection
4 reports for review or further information regarding the request."

5 **SECTION 1.1.** Effective September 30, 2011, G.S. 143-151.49(b) is repealed.

6 **SECTION 1.2.** Effective September 30, 2011, G.S. 151.51(a)(5), as amended by
7 Section 1 of this act, reads as rewritten:

8 "(a) To be licensed as a home inspector, an applicant must do all of the following:

9 ...

10 (5) Meet one of the following three conditions:

- 11 a. ~~Have a high school diploma or its equivalent, have been engaged as a~~
12 ~~licensed associate home inspector for at least one year, and have~~
13 ~~completed 100 home inspections for compensation. Within three~~
14 ~~years preceding the date the application is made to the Board and~~
15 ~~prior to taking the licensing examination, have satisfactorily~~
16 ~~completed an approved pre-licensing education program consisting~~
17 ~~of no more than 200 hours of instruction in subjects determined by~~
18 ~~the Board. The instruction may include requirements of field~~
19 ~~training, classroom instruction, distance learning, peer review, or~~
20 ~~other educational formats approved by the Board.~~
21 b. Have education and experience the Board considers to be equivalent
22 to that required by sub-subdivision a. of this subdivision.
23 c. Be licensed for at least six months as a general contractor under
24 Article 1 of Chapter 87 of the General Statutes, as an architect under
25 Chapter 83A of the General Statutes, or as a professional engineer
26 under Chapter 89C of the General Statutes. A person qualifying
27 under this sub-subdivision shall remain in good standing with that
28 person's respective licensing board."

29 **SECTION 1.3.** Effective September 30, 2011, G.S. 143-151.51(a)(3) is repealed.

30 **SECTION 1.4.** Effective September 30, 2011, G.S. 143-151.51 is amended by
31 adding two new subsections to read:

32 "(a1) When an applicant has satisfactorily completed the requirements in subsection (a) of
33 this section, the Board shall notify the applicant, and the applicant shall submit evidence to the
34 Board that the applicant has the following:

35 (1) General liability insurance in the amount of two hundred fifty thousand
36 dollars (\$250,000), which insurance may be individual coverage or coverage
37 under an employer policy, with coverage parameters established by the
38 Board; and

39 (2) One of the following:

- 40 a. Minimum net assets in an amount determined by the Board, which
41 amount may not be less than seventeen thousand five hundred dollars
42 (\$17,500) nor more than thirty-five thousand dollars (\$35,000);
43 b. A bond in an amount determined by the Board, which amount may
44 not be less than seventeen thousand five hundred dollars (\$17,500)
45 nor more than thirty-five thousand dollars (\$35,000); or
46 c. Errors and omissions insurance in the amount of two hundred fifty
47 thousand dollars (\$250,000), which insurance may be individual
48 coverage or coverage under an employer policy, with coverage
49 parameters established by the Board.

50 Upon determining that an applicant has satisfied the requirements of this subsection, the
51 Board shall issue a home inspector license to the applicant.

1 ...
2 (c) All licensed associate home inspectors with an active license on October 1, 2011,
3 shall do one of the following:

- 4 (1) No later than September 30, 2013, complete the associate licensure program
5 and the abbreviated licensing education program prescribed by the Board
6 under subsection (c) of this section.
7 (2) Enroll in the new licensing program prescribed by the Board pursuant to
8 subdivision (5) of subsection (a) of this section.

9 Upon completing one of the options under subdivision (1) or (2) of this subsection and
10 passing the examination required by subdivision (2) of subsection (a) of this section, the Board
11 shall terminate the associate status of the associate home inspector's license and the licensed
12 associate home inspector shall be issued a home inspector license. If an associate home
13 inspector fails to complete the requirements of this subsection before October 1, 2013, the
14 Board shall cancel the associate home inspector's license."

15 **SECTION 1.5.** The Board shall not accept any applications for licensure as an
16 associate home inspector after April 1, 2011. Beginning September 30, 2011, the Board shall
17 not issue new associate home inspector licenses. The Board may renew existing associate home
18 licenses on September 30, 2012.

19 **SECTION 2.** G.S. 143-151.54 reads as rewritten:

20 "**§ 143-151.54. Miscellaneous license provisions.**

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

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

31 **SECTION 3.** G.S. 143-151.55(b) and (c) read as rewritten:

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

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

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

47 **SECTION 3.1.** Effective September 30, 2011, G.S. 143-151.55(d) reads as
48 rewritten:

49 "(d) Lapsed License. – The license of a licensed home inspector shall lapse if the
50 licensee fails to continuously maintain ~~minimum net assets or a bond as required by~~
51 G.S. 143-151.58 the requirements provided in G.S. 143-151.58(b). The license of a licensed

1 associate home inspector shall lapse if the licensee fails to continuously be employed by or
2 affiliated with a licensed home inspector as required by G.S. 143-151.58."

3 **SECTION 4.** Effective September 30, 2011, G.S. 143-151.56(a) is amended by
4 adding the following new subdivision to read:

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

8 ...

9 (8) Failed to maintain the requirements prescribed by G.S. 143-151.58(b)."

10 **SECTION 5.** G.S. 143-151.57(b) reads as rewritten:

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

16 **SECTION 6.** G.S. 143-151.58 is amended by adding two new subsections to read:

17 "(a1) Summary Page. – A licensed home inspector or licensed associate home inspector
18 must provide a summary page with each written report of the home inspection for each
19 repurchase home inspection of three or more systems. The summary page must describe any
20 system or component of the home that does not function as intended, allowing for normal wear
21 and tear. The summary page may describe any system or component that, based upon
22 documented visible evidence, either requires subsequent examination because the system or
23 component appears not to function as intended or that requires further investigation by a
24 specialist. The summary page may also describe any system or component that poses a safety
25 concern. All other subject matters pertaining to the home inspection must appear in the body of
26 the report. The summary page must contain the following statement: 'This summary page is not
27 the entire report. The complete report may include additional information of interest or concern
28 to you. It is strongly recommended that you promptly read the complete report. For information
29 regarding the negotiability of any item in this report under the real estate purchase contract,
30 contact your North Carolina real estate agent or an attorney.'

31 (a2) North Carolina State Building Code. – If a licensed home inspector or licensed
32 associate home inspector includes a deficiency in the written report of the home inspection that
33 is stated as a violation of the North Carolina State Residential Building Code, the home
34 inspector or associate home inspector is responsible for determining the construction dates of
35 the home, State, and municipal building codes in effect at the time of construction and must
36 conduct the home inspection using the building codes in effect at the time of the construction."

37 **SECTION 6.1.** G.S. 143-151.58(d) reads as rewritten:

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

44 **SECTION 6.2.** Effective September 30, 2011, G.S. 143-151.58(b) reads as
45 rewritten:

46 "(b) Insurance, Net Assets, and Bond Required-Requirements. – A licensed home
47 inspector must continuously maintain general liability insurance and minimum net assets or
48 assets, a bond—bond, or errors and omissions insurance as required in
49 G.S. 143-151.51(3); 143-151.51(a1)."

50 **SECTION 7.** G.S. 143-151.64(a) reads as rewritten:

"(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 more than~~ no less than 12 credit hours ~~hours and no more than 20 credit 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."

SECTION 8. G.S. 143-151.50(a) reads as rewritten:

"(a) Requirement. – To perform a home inspection for compensation ~~on or after October 1, 1996,~~ or to claim to be a licensed home inspector or a licensed associate home ~~inspector on or after that date,~~ 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."

SECTION 9. Effective September 30, 2013, G.S. 143-151.45(1), 143-151.52, 143-151.58(c), and 143-151.61 are repealed.

SECTION 10. Effective September 30, 2013, G.S. 143-151.50, as amended by Section 8 of this act, reads as rewritten:

"§ **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 or a licensed associate 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 or licensed associate 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."

SECTION 11. Effective September 30, 2013, G.S. 143-151.55(d), as amended by Section 3.1 of this act, reads as rewritten:

"(d) Lapsed License. – The license of a licensed home inspector shall lapse if the licensee fails to continuously maintain the requirements provided in G.S. 143-151.58(b). ~~The license of a licensed associate home inspector shall lapse if the licensee fails to continuously be employed by or affiliated with a licensed home inspector as required by G.S. 143-151.58.~~"

SECTION 12. Effective September 30, 2013, G.S. 143-151.57(a) reads as rewritten:

"(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	\$25.00
Application for associate home inspector	15.00
Home inspector examination	75.00
Issuance of home inspector license	150.00
Issuance of associate home inspector license	100.00
Late renewal of home inspector license	25.00
Late renewal of associate home inspector license	15.00
Application for course approval	150.00
Renewal of course approval	75.00
Course fee, per credit hour per license	5.00

- 1 Credit for unapproved continuing education course 50.00
2 Copies of Board rules or licensure standards Cost of printing and mailing."
3 **SECTION 13.** Effective September 30, 2013, G.S. 143-151.58(a) reads as
4 rewritten:
5 "(a) Home Inspection Report. – A licensed home inspector ~~or licensed associate home~~
6 ~~inspector~~ must give to each person for whom the inspector performs a home inspection for
7 compensation a written report of the home inspection. The inspector must give the person the
8 report by the date set in a written agreement by the parties to the home inspection. If the parties
9 to the home inspection did not agree on a date in a written agreement, the inspector must give
10 the person the report within three business days after the inspection was performed."
11 **SECTION 14.** Effective September 30, 2013, G.S. 143-151.58(a1) and (a2), as
12 enacted in Section 6 of this act, read as rewritten:
13 "(a1) Summary Page. – A licensed home inspector ~~or licensed associate home inspector~~
14 must provide a summary page with each written report of the home inspection for each
15 prepurchase home inspection of three or more systems. The summary page must describe any
16 system or component of the home that does not function as intended, allowing for normal wear
17 and tear. The summary page may describe any system or component that, based upon
18 documented visible evidence, either requires subsequent examination because the system or
19 component appears to not function as intended or that requires further investigation by a
20 specialist. The summary page may also describe any system or component that poses a safety
21 concern. All other subject matters pertaining to the home inspection must appear in the body of
22 the report. The summary page must contain the following statement: "This summary page is not
23 the entire report. The complete report may include additional information of interest or concern
24 to you. It is strongly recommended that you promptly read the complete report. For information
25 regarding the negotiability of any item in this report under the real estate purchase contract,
26 contact your North Carolina real estate agent or an attorney."
27 (a2) North Carolina State Building Code. – If a licensed home inspector ~~or licensed~~
28 ~~associate home inspector~~ includes a deficiency in the written report of the home inspection that
29 is stated as a violation of the North Carolina State Residential Building Code, the home
30 inspector ~~or associate home inspector~~ is responsible for determining the construction dates of
31 the home, State, and municipal building codes in effect at the time of construction and must
32 conduct the home inspection using the building codes in effect at the time of the construction."
33 **SECTION 15.** Sections 1, 2, 3, 6, 6.1, and 7 of this act become effective October 1,
34 2009. Except as otherwise provided, the remainder of this act is effective when it becomes law.