

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

S

D

SENATE DRS75232-LU-108* (03/12)

Short Title: Amend Home Inspector Licensure Laws.

(Public)

Sponsors: Senators Hoyle, and Vaughan.

Referred to:

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 (5a) Effective October 1, 2011, meet one of the following conditions:

26 a. Have satisfactorily completed an approved pre-licensing education
27 program consisting of no more than 200 hours of instruction in
28 subjects determined by the Board at least three years before the date
29 the application is made. The instruction may include requirements of
30 field training, classroom instruction, distance learning, peer review,
31 or other educational formats approved by the Board.

32 b. Have education and experience the Board considers to be equivalent
33 to the requirements of sub-subdivision a. of this subdivision.

34 c. Be licensed as a general contractor under Article 1 of Chapter 87 of
35 the General Statutes, an architect under Chapter 83A of the General



* D R S 7 5 2 3 2 - L U - 1 0 8 *

1 Statutes, or a professional engineer under Chapter 89C of the General
2 Statutes. A person qualifying under this sub-subdivision shall remain
3 in good standing with the person's respective licensing board.

4 (b) When an applicant has satisfactorily completed the requirements in subsection (a) of
5 this section, the Board shall notify the applicant and the applicant shall submit evidence to the
6 Board that the applicant has the following:

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

11 (2) One of the following:

12 a. Minimum net assets in an amount determined by the Board, which
13 amount may not be less than seventeen thousand five hundred dollars
14 (\$17,500) nor more than thirty-five thousand dollars (\$35,000);

15 b. A bond in an amount determined by the Board, which amount may
16 not be less than seventeen thousand five hundred dollars (\$17,500)
17 nor more than thirty-five thousand dollars (\$35,000); or

18 c. Errors and omissions insurance in the amount of two hundred fifty
19 thousand dollars (\$250,000), which insurance may be individual
20 coverage or coverage under an employer policy, with coverage
21 parameters established by the Board.

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

24 (c) All home inspectors licensed on or before September 30, 2011, shall, no later than
25 October 1, 2013, complete an abbreviated licensing education program prescribed by the Board
26 of not less than 50 educational hours of instruction and not more than 75 educational hours of
27 instruction. The instruction may include requirements of field training, classroom instruction,
28 distance learning, peer review, or other educational formats approved by the Board. A home
29 inspector licensed before October 1, 2006, shall not be required to complete the abbreviated
30 licensing education program required by this subsection if the home inspector submits to the
31 Board a request to waive the abbreviated licensing education program requirement and an
32 affidavit stating that the home inspector has completed at least 750 home inspections that meet
33 the standards of practice guidelines of two or more systems. The Board may require each
34 licensed home inspector submitting a request for waiver and an affidavit to submit up to three
35 inspection reports for the Board's random review. Upon reviewing the inspection reports, the
36 Board may request further inspection reports or information from the home inspector or require
37 the home inspector to complete the abbreviated licensing education program. The Board shall
38 either approve or deny a request for waiver within 120 days from the date the request and the
39 affidavit are submitted unless the Board requests that a home inspector submit three inspection
40 reports for review or further information regarding the request.

41 (d) All associate licensed home inspectors with an active license on October 1, 2011,
42 shall do one of the following:

43 (1) No later than September 30, 2013, complete the associate licensure program
44 and the abbreviated licensing education program prescribed by the Board
45 under subsection (c) of this section.

46 (2) Enroll in the new licensing program prescribed by the Board pursuant to
47 subsection (a)(5a) of this section.

48 Upon completing one of the options under subdivisions (1) or (2) of this subsection, the Board
49 shall terminate the associate status of the associate home inspector's license and the associate
50 home inspector shall be issued a home inspector license. If an associate home inspector fails to

1 complete the requirements of this subsection before October 1, 2013, the Board shall cancel the
2 associate home inspector's license."

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

4 "**§ 143-151.54. Miscellaneous license provisions.**

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

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

15 **SECTION 3.** G.S. 143-151.55 reads as rewritten:

16 "**§ 143-151.55. Renewal of license; inactive licenses; lapsed licenses.**

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

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

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

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

41 (d) Lapsed License. – The license of a licensed home inspector shall lapse if the
42 licensee fails to continuously maintain minimum net assets or a bond as required by
43 G.S. 143-151.58. The license of a licensed associate home inspector shall lapse if the licensee
44 fails to continuously be employed by or affiliated with a licensed home inspector as required by
45 G.S. 143-151.58."

46 **SECTION 4.** G.S. 143-151.56(a) is amended by adding the following new
47 subdivision to read:

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

51 ...

1 (8) Failed to maintain the requirements prescribed by G.S. 143-151.51(b)."

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

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

8 **SECTION 6.** G.S. 143-151.58 reads as rewritten:

9 "**§ 143-151.58. Duties of licensed home inspector or licensed associate home inspector.**

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

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

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

34 (b) Insurance, Net Assets, and Bond Required-Requirements. – A licensed home
35 inspector must continuously maintain general liability insurance and minimum net assets or
36 assets, a bond—bond, or errors and omissions insurance as required in
37 G.S. 143-151.51(3).143-151.51(b).

38 (c) **Supervision.** – A licensed associate home inspector must be continuously employed
39 by or affiliated with a licensed home inspector as required in G.S. 143-151.52(5).

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

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

47 "(a) **Requirements.** – The Board may establish programs of continuing education for
48 licensees under this Article. A licensee subject to a program under this section shall present
49 evidence to the Board upon the license renewal following initial licensure, and every renewal
50 thereafter, that during the 12 months preceding the annual license expiration date the licensee
51 has completed the required number of classroom hours of instruction in courses approved by

1 the Board. Annual continuing education hour requirements shall be determined by the Board,
2 but shall ~~not be more than~~ no less than 12 credit hours ~~hours and no more than 20 credit hours~~.
3 No member of the Board shall provide or sponsor a continuing education course under this
4 section while that person is serving on the Board."

5 **SECTION 8.** Effective September 30, 2011, the Board shall not issue associate
6 home inspector licenses. The Board shall not accept any applications for licensure as an
7 associate home inspector after April 1, 2011.

8 **SECTION 9.** G.S. 143-151.51(a)(3) and (5) are repealed effective September 30,
9 2011.

10 **SECTION 10.** G.S. 143-151.52 is repealed effective September 30, 2013.

11 **SECTION 11.** Sections 2, 3, and 7 of this act become effective September 1, 2009.
12 Sections 4 and 6 of this act become effective October 1, 2011. The remainder of this act is
13 effective when it becomes law.