

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 1007*
PROPOSED COMMITTEE SUBSTITUTE S1007-PCS35315-RCf-22

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



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1 licensed home inspector submitting a request for waiver and an affidavit to submit up to three
2 inspection reports for the Board's random review. Upon reviewing the inspection reports, the
3 Board may request further inspection reports or information from the home inspector or require
4 the home inspector to complete the abbreviated licensing education program. The Board shall
5 either approve or deny a request for waiver within 120 days from the date the request and the
6 affidavit are submitted unless the Board requests that a home inspector submit three inspection
7 reports for review or further information regarding the request."

8 **SECTION 1.1.** Effective September 30, 2011, G.S. 143-151.49(b) is repealed.

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

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

12 ...

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

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

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

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

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

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

42 (2) One of the following:

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

1 coverage or coverage under an employer policy, with coverage
2 parameters established by the Board.

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

5 ...

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

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

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

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

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

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

24 **"§ 143-151.54. Miscellaneous license provisions.**

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

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

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

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

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

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

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

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

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

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

13 ...

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

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

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

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

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

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

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

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

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

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

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

6 "(a) Requirements. – The Board may establish programs of continuing education for
 7 licensees under this Article. A licensee subject to a program under this section shall present
 8 evidence to the Board upon the license renewal following initial licensure, and every renewal
 9 thereafter, that during the 12 months preceding the annual license expiration date the licensee
 10 has completed the required number of classroom hours of instruction in courses approved by
 11 the Board. Annual continuing education hour requirements shall be determined by the Board,
 12 but shall ~~not be more than~~no less than 12 credit hours and no more than 20 credit hours.
 13 No member of the Board shall provide or sponsor a continuing education course under this
 14 section while that person is serving on the Board."

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

16 "(a) Requirement. – To perform a home inspection for compensation ~~on or after October~~
 17 ~~1, 1996,~~ or to claim to be a licensed home inspector or a licensed associate home ~~inspector on~~
 18 ~~or after that date,~~ inspector, an individual must be licensed by the Board. An individual who is
 19 not licensed by the Board may perform a home inspection without compensation."

20 **SECTION 9.** Effective September 30, 2013, G.S. 143-151.45(1), 143-151.52,
 21 143-151.58(c), and 143-151.61 are repealed.

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

24 "**§ 143-151.50. License required to perform home inspections for compensation or to**
 25 **claim to be a "licensed home inspector".**

26 (a) Requirement. – To perform a home inspection for compensation or to claim to be a
 27 licensed home ~~inspector or a licensed associate home~~ inspector, an individual must be licensed
 28 by the Board. An individual who is not licensed by the Board may perform a home inspection
 29 without compensation.

30 (b) Form of License. – The Board may issue a license only to an individual and may not
 31 issue a license to a partnership, an association, a corporation, a firm, or another group. A
 32 licensed home ~~inspector or licensed associate home~~ inspector, however, may perform home
 33 inspections for or on behalf of a partnership, an association, a corporation, a firm, or another
 34 group, may conduct business as one of these entities, and may enter into and enforce contracts
 35 as one of these entities."

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

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

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

44 "(a) Maximum Fees. – The Board may adopt fees that do not exceed the amounts set in
 45 the following table for administering this Article:

<u>Item</u>	<u>Maximum Fee</u>
46 Application for home inspector license	\$25.00
47 Application for associate home inspector	15.00
48 Home inspector examination	75.00
49 Issuance of home inspector license	150.00
50 Issuance of associate home inspector license	100.00

1	Late renewal of home inspector license	25.00
2	Late renewal of associate home inspector license	15.00
3	Application for course approval	150.00
4	Renewal of course approval	75.00
5	Course fee, per credit hour per license	5.00
6	Credit for unapproved continuing education course	50.00
7	Copies of Board rules or licensure standards	Cost of printing and mailing."

8 **SECTION 13.** Effective September 30, 2013, G.S. 143-151.58(a) reads as
9 rewritten:

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 **SECTION 14.** Effective September 30, 2013, G.S. 143-151.58(a1) and (a2), as
17 enacted in Section 6 of this act, read as rewritten:

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

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

38 **SECTION 15.** Sections 1, 2, 3, 6, 6.1, and 7 of this act become effective October 1,
39 2009. Except as otherwise provided, the remainder of this act is effective when it becomes law.