

DRAFT Minutes of the North Carolina Home Inspector Licensure Board

January 13, 2023

The regular meeting of the North Carolina Home Inspector Licensing Board (“Board”) was held at 9:00 am Friday, January 13, 2023, by video teleconference via WebEx.

The following members of the Board were present remotely:

| | | | |
|--------------|-------------|-----------------|-----------------------|
| Connie Corey | Arthur Hall | Derrick Johnson | William “Bill” Morris |
| David Dye | Rob Roegner | Joseph Ramsey | David Price |

The following members of the Board’s legal counsel from the North Carolina Department of Justice, Attorney General’s Office were present remotely:

Denise Sanford Gina Cleary

The following North Carolina Department of Insurance, Engineering Division staff members were present remotely:

| | | | |
|-----------------|---------------|---------------------|-----------------|
| Mike Hejduk | Beth Williams | Jennifer Hollyfield | Rodney Daughtry |
| Sam Whittington | Rich Hall | Sarah Barcenias | Jeff Johnson |

The following public visitors were present remotely:

| | | | |
|----------------|---------------|-----------------|-----------------|
| Bonnie Gregory | Jonathan Gach | Dominic Simon | Wayne Clevenger |
| Rachel Blunk | Jarred Bell | Preston Sandlin | Dustin |
| Jaxson Hanes | Annie Dance | Edwin Bass | Pam Melton |
| Mitchell Pyle | Brandon L | | |

Introduction

Chairwoman Connie Corey called the meeting to order at 9:00 AM, provided opening remarks, and asked Denise Stanford to introduce and welcome North Carolina Department of Justice, Assistant Attorney General Gina Cleary as the Board’s new legal counsel.

Vice-Chairman David Dye read the Ethics Awareness and Conflict of Interest reminder.

Approval of Minutes

October 14, 2022, Regular Meeting Minutes.

Vice-Chairman David Dye made a motion to approve the minutes. David Price seconded the motion. The motion passed unanimously.

Staff Report

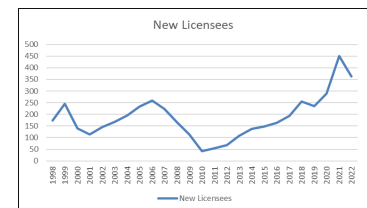
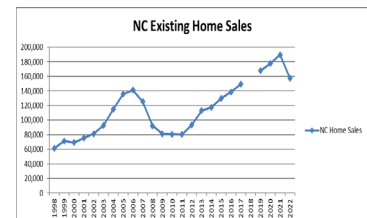
Mike Hejduk shared activity statistics for FY 2022-2023 second quarter in the table below. Hejduk reported that this slide is the staff report for the most part and work continues on the development of a dashboard for the web page.

| HILB | Total FY 2020-2021 | Total FY 2021-2022 | 1st QTR Jul - Sep | 2nd QTR Oct - Dec | 3rd QTR Jan - Mar | 4th QTR Apr - Jun | Total FY 2022-2023 |
|-----------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Licensees | 1,949 | 2,104 | 1,822 | 1,953 | | | |
| Applications | 613 | 558 | 114 | 72 | | | |
| Pre-Licensing | | 472 | 88 | 54 | | | |
| Military/Spouses | | 40 | 25 | 22 | | | |
| Criminal History | | 19 | 9 | 7 | | | |
| Exam eligibilities | | 526 | 58 | 98 | | | |
| Exams taken | | 526 | 91 | 112 | | | |
| Exams passed | | 396 | 38 | 72 | | | |
| Licenses issued | | 419 | 20 | 86 | | | |
| Complaints | 64 | 45 | 8 | 18 | | | |
| Disciplinary actions | 10 | 12 | 4 | 1 | | | |

The statistics and charts below show results of a voluntary survey of licensees done by Hejduk. Hejduk asked Chairwoman Corey and Pam Melton from the Association of Realtors about existing home sales. Hejduk shared that newly licensed home inspectors are on a downward trend and comments provided by licensees.

Licensee “STATS” vs Existing Home Sales 157,512

- 298/1,953 (15%) respondents $\frac{3}{4}$ < 10 years’ experience
- Home Inspections:
38,166 EXISTING homes, 9,142 NEW construction
- CE Classroom vs Online vs No Preference (Total 363)
127 vs 128 vs 44



Chairwoman Corey asked for input from licensed home inspectors participating in the meeting about the survey comments on working with REALTORS® and there was substantial discussion. Hejduk shared the Board web page and directory and map of licensed inspectors.

Committee Reports

Application Evaluation Committee

Joseph Ramsey reported that the committee met on January 6, 2023 and reviewed ten (10) applications. Ramsey stated that the committee recommends Board approval for the nine (9) applications and recommends one (1) application be denied.

Recommended for Approval

1. Joseph McGinnis
2. Trevor Woody
3. Patrick Mackin
4. Don Jensen
5. Andrew Kallas
6. Patrick Caldwell
7. Wayne Strauss
8. Eldric Long
9. Christopher Lynn

Recommended for Denial

1. James Delaney

Hall made a motion for approval and denial. Price seconded the motion. The motion was carried unanimously.

Examination Committee

Rob Roegner reported that the Committee did not meet. Rich Hall informed the Board of the following.

- HILB computer exams ended 12/20/2022.
- HILB paper exams will be given at NCSU McKimmon Center beginning 1/19/2023 under contract.
- Exam reviews will continue at Albemarle Building until further notice.

Finance Committee

Board Treasurer, Derrick Johnson noted contracts awarded for the Board-developed update course and exam administration. Johnson shared the table of revenues below. Johnson stated the finances are in order.

| Type | Unit | Count | Total |
|----------------------------|-------|--------|------------------|
| Application | \$35 | 143 | \$5,005 |
| Exam | \$80 | 207 | \$16,560 |
| License issue | \$160 | 140 | \$22,400 |
| Renewal | \$160 | 1,879 | \$300,640 |
| Late | \$30 | 188 | \$5,640 |
| Licensing Sub-Total | | | \$350,245 |
| Course Approval | \$150 | 31 | \$4,650 |
| Course Renewal | \$75 | 178 | \$13,350 |
| Per Student Fee | \$5 | 21,072 | \$105,360 |
| Education Sub-Total | | | \$123,360 |
| Grand Total | | | \$473,605 |

Johnson shared the December fund balance and noted that staff would meet with the NCDOT budget officer regarding the fund balance. Roegner explained that the new office space costs should be less than the Albemarle Building.

| Month | Expenditures | Revenues | Fund Balance |
|-------|---------------|---------------|-----------------|
| Jul | \$ 20,748.54 | \$ 33,565.00 | \$ 1,958,354.55 |
| Aug | \$ 41,298.49 | \$ 122,180.00 | \$ 2,026,419.60 |
| Sep | \$ 61,461.45 | \$ 351,690.00 | \$ 2,235,766.64 |
| Oct | \$ 78,553.94 | \$ 434,050.00 | \$ 2,301,034.15 |
| Nov | \$ 92,747.63 | \$ 457,475.00 | \$ 2,310,265.46 |
| Dec | \$ 113,495.64 | \$ 468,110.00 | \$ 2,300,152.45 |
| Jan | | | |
| Feb | | | |
| Mar | | | |
| Apr | | | |
| May | | | |
| Jun | | | |

Hejduk stated that this is the largest fund balance to date, and there needs to be a plan to use the funds. Roegner stated that there should be a long-term plan for HILB to spend funds.

Chairwoman Corey asked to make a note to talk about the topic at the strategic planning retreat meeting and asked what the impact of a downturn is on licensees. Hejduk referred to the 50% drop in licensees in 2009/2010 following the mortgage crisis.

Bonnie Gregory suggested a homeowner recovery fund to protect consumers from home inspectors who make mistakes during inspections. Chairwoman Corey directed Hejduk to make a note of this suggestion for further discussion. Hejduk explained the procedures for fee collection from permits for the Homeowner Recovery Fund administered by the North Carolina Licensing Board for General Contractors. Denise Stanford stated that the Homeowner Recovery Fund was established by statute. Bill Morris stated the Funeral Service Board has such a fund. Corey stated that the REALTORS® Association has such a fund. David Price asked whether funds could be used to promote the NCHILB web site, and marketing to the general public.

Legislative Committee

Hejduk stated the North Carolina General Assembly, State Legislature, is now in session.

Hejduk shared two proposed changes to statutes below that are important.

- G.S. 143-151.57 Increase the home inspector exam fee maximum from \$80 to \$200 to allow contracting out to a test administrator.
- G.S. 143-151.49 Add new powers and responsibilities to the Board for rulemaking to set requirements for pre-licensing sponsors and instructors.

Rich Hall shared preliminary cost data on Artificial Intelligence (AI) and live human proctoring services for computer based remote testing.

Education Committee

Bill Morris stated that the committee met on January 4, 2023. Jennifer Hollyfield stated the committee recommends approval of a pre-licensing field trainer.

Dye made a motion to approve Adam Fields as a pre-licensing trainer. Price seconded the motion. The motion carried unanimously.

Investigation Review Committee

Arthur Hall stated that the Committee met on January 5, 2023. The following cases were submitted for consideration.

Consent Agreement

921 Betts #635 (Cline)

922 Howard #324 (Schroeder)

938 Ryan #4392 (Harris)

940 Martin #2338 (Clarkson)

Hall made a motion to approve the four Consent Agreements presented. Chairwoman Corey seconded the motion. The motion passed unanimously.

Dismiss with *Letter of Caution*

943 Cassell #4745 (Resendez)

959 Tinstman 3979 (Moffitt)

Hall made a motion for two dismissals with Letters of Caution. Ramsey seconded the motion. The motion passed unanimously.

Dismiss

941 Brock #3379 (Jeanpierre)

945 Foote #5116 (Hoch)

950 Goembel #4493 (Whitt)

957 Hardesty #3362 (Weber)

Hall made a motion to dismiss these four complaints. Dye seconded the motion. The motion passed unanimously.

Walk and Talk Consultation Cease Letter

The committee reported on the investigation of Board initiated complaints for the below listed entities.

- Home Inspection Carolina
- Steve Smallman Home Inspections

Dye made a motion to issue Cease letters to both inspection firms. Ramsey seconded the motion. The motion passed unanimously.

Referral to SOP Committee

Hall made a referral to the Standards of Practice (SOP) Committee regarding reporting of imminent hazards to owners/occupants as an exception to the Code of Ethics requirement to maintain confidentiality of inspection results. 11 NCAC 08.1116(c).

Dye stated that the SOP Committee is reviewing the drafts of the statement above.

Dye would like to know the results of communicating with the company HomeCloud and whether they are in violation because of their business model. Sam Whittington stated that they are still investigating and hopefully will have the results of the investigation by the next Board

meeting. Hejduk requested direction and a motion be made for a Board request for an advisory letter in this matter to be sent to the Attorney General's office for review. Dye made the motion and Hall seconded the motion. Chairwoman Corey called for discussion, none offered. The motion carried unanimously.

Standards of Practice Committee

The Committee met on January 4, 2023. Additional changes to the NCHILB Standards of Practice were discussed.

On July 8, 2022, Board members voted to table proposed rule changes. N.C. Register Notice comment period ended July 15, 2022. Denise Stanford explained that N.C. Gen. Stat. § 150B-21.2(g) provides that the agency shall not adopt a rule until the time for comment on the proposed text of the rule has elapsed and shall not adopt a rule if more than 12 months have elapsed since the end of the time for comment on the proposed text of the rule. The proposed changes can be acted on until July 15, 2023.

The discussion was tabled for a later date.

Public Comment

Preston Sandlin stated that there is a push to let the real estate offices know that the Brokers-in-Charge understand that inspectors cannot "pay to play" or pay to be on a preferred list and that it was a part of the Brokers CE update in 2016 and 2017. Chairwoman Corey stated that she will follow up with Pam Melton and forward the update CE copy to the NC Real Estate Commission as a reminder.

Unfinished Business

OSFM is in the process of relocating to new offices on Rock Quarry Road, Raleigh. Future Board meetings will continue virtually until the renovations are complete. Roegner stated there is a conference room that may be used by the Board, but the room will not accommodate a large number of public attendees.

Hejduk stated that strategic planning meeting research is ongoing. Denise Stanford stated this meeting would be subject to the open meetings law. David Price asked if the public could attend via Webex, virtually. Stanford said this was acceptable. Chairwoman Corey stated to do this right, it should not be a half a day retreat. To be done right any meeting should not be rushed, or haphazard. Two days during the week may be necessary. David Price stated that the Home Builders Association met from 9am to 4pm and could have gone on longer. Corey would like educators and the public who attend to have time to share any concerns.

New Business

No new business.

Adjournment

David Dye made a motion to adjourn. Hall seconded the motion. The motion carried unanimously.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rob Roegner". The signature is fluid and cursive, with a prominent initial "R".

Rob Roegner
Secretary, N.C. Home Inspector Licensure Board

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