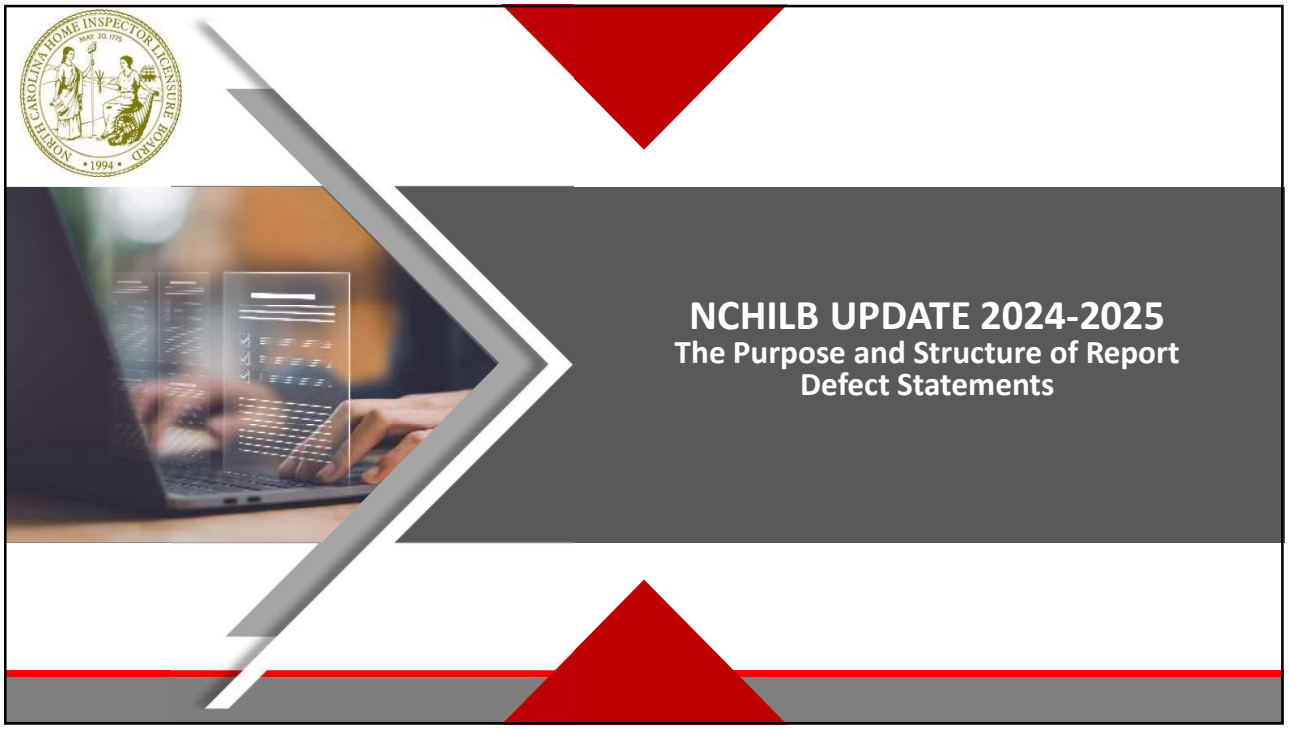
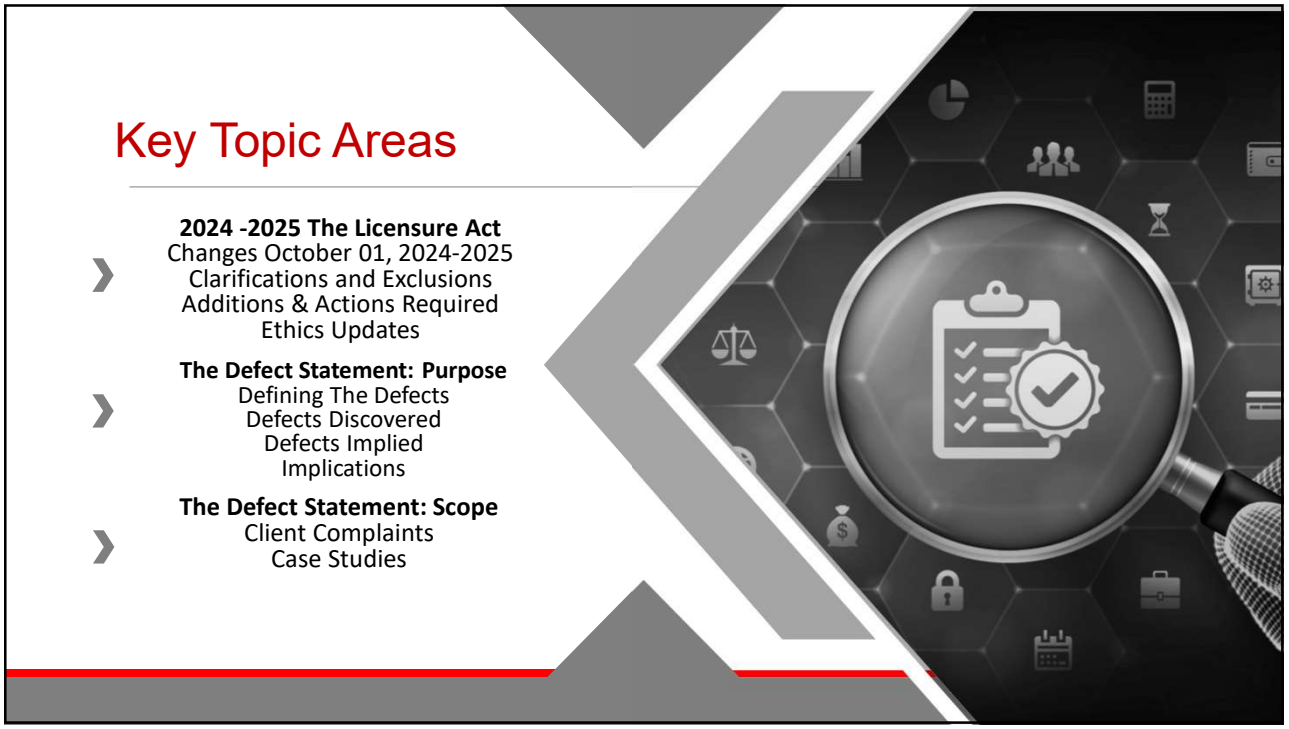
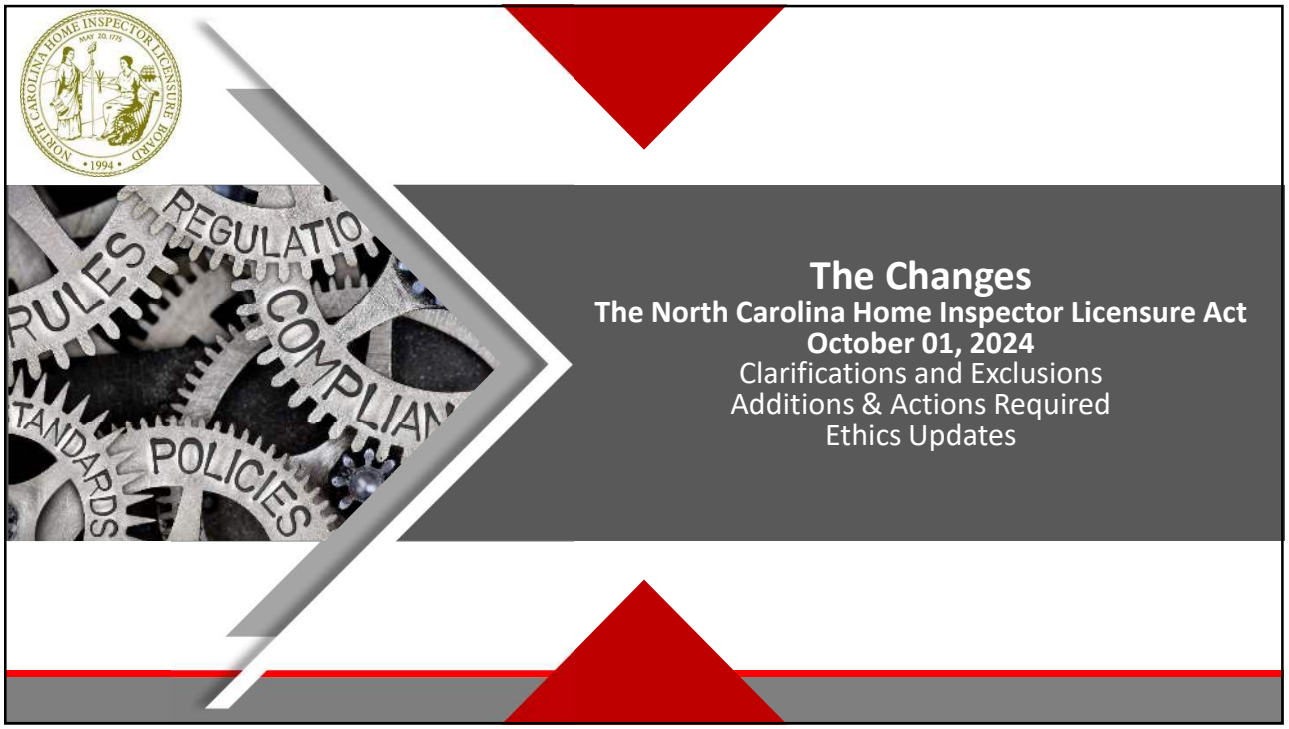

NORTH CAROLINA HOME INSPECTOR LICENSURE BOARD
MAY 20, 1976
1994
NCHILB UPDATE 2024-2025
The Purpose and Structure of Report
Defect Statements

1


Key Topic Areas
2024 -2025 The Licensure Act
Changes October 01, 2024-2025
Clarifications and Exclusions
Additions & Actions Required
Ethics Updates
The Defect Statement: Purpose
Defining The Defects
Defects Discovered
Defects Implied
Implications
The Defect Statement: Scope
Client Complaints
Case Studies

2



The Changes

The North Carolina Home Inspector Licensure Act
October 01, 2024
Clarifications and Exclusions
Additions & Actions Required
Ethics Updates

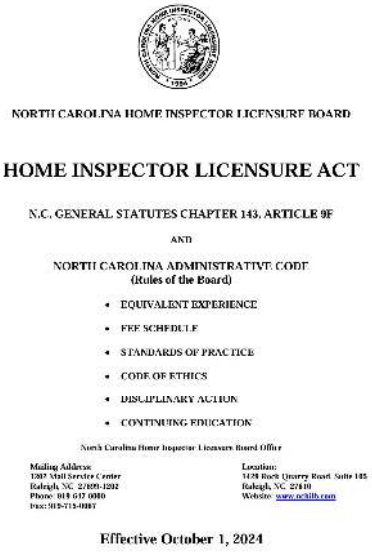
3

SESSION LAW 2023-151
SENATE BILL 409

NC General Statutes: The NC General Assembly enacted the following legislative changes to the General Statutes through the Session Laws (SL) listed below.

SL 2023-151 AN ACT TO AMEND… AND ***TO ESTABLISH AN INDEPENDENT OFFICE OF THE STATE FIRE MARSHAL IN THE DEPARTMENT OF INSURANCE,*** TO PRESCRIBE THE POWERS AND DUTIES OF THAT OFFICE…[Approved 9th day of November 2023]

• G.S. § 143-151.46 North Carolina Home Inspector Licensure Board established; members; terms; vacancies. Replaces Commissioner of Insurance with State Fire Marshal.



NORTH CAROLINA HOME INSPECTOR LICENSURE BOARD

HOME INSPECTOR LICENSURE ACT

N.C. GENERAL STATUTES CHAPTER 143, ARTICLE 9F

AND

NORTH CAROLINA ADMINISTRATIVE CODE
(Rules of the Board)

- EQUIVALENT EXPERIENCE
- FEE SCHEDULE
- STANDARDS OF PRACTICE
- CODE OF ETHICS
- DISCIPLINARY ACTION
- CONTINUING EDUCATION

North Carolina Home Inspector Licensure Board Office

Mailing Address:
1207 Mail Service Center
Raleigh, NC 27699-1202
Phone: 919 647 0000
Fax: 919-715-0007

Location:
1428 Rock Quarry Road, Suite 105
Raleigh, NC 27610
Website: www.nchilb.com

Effective October 1, 2024

4

4

A Summary of Changes

NC Administrative Code (NCAC / Board Rules)

.1101 Definitions – adds AFCI, Gray water, Gray water systems, GFCI, Sewage pump, Sump pump.

.1103 Purpose and Scope – requires name and license number of first or second page.

.1105 General Exclusions – adds elevators and 240V receptacles or outlets.

.1107 Exterior – modifies garage door reporting.

.1109 Plumbing – clarifies no inspection or operation of sewage pumps and gray water systems.

.1110 Electrical – clarifies inspection, reporting and testing of smoke and carbon monoxide alarms, GFCI and AFCI.

.1116 Code of Ethics – clarifies disclosure exception for emergency, prohibits licensee's company from referral or preferred provider payments, and client permission for distribution of information to third party.

5

5

Added Definitions .1101 DEFINITIONS The following definitions apply to this Section:

(2) "Arc-fault circuit interrupter" means a device intended to provide protection from the effects of arc faults by recognizing characteristics unique to arcing and de-energizing the circuit when an arc fault is detected.

6

6

Added Definitions .1101 DEFINITIONS The following definitions apply to this Section:

(16) "Ground-fault circuit interrupter" means devices intended for the protection of people that de-energizes a circuit or portion thereof within an established period of time when currents are out of balance.

7

7

Added Definitions .1101 DEFINITIONS The following definitions apply to this Section:

(14) "Gray water" means wastewater generated from household activities that do not involve human waste, such as bathing, showering, handwashing, and laundry, which typically contains some residues from soap, detergent, and dirt.

8

8

Added Definitions .1101 DEFINITIONS The following definitions apply to this Section:

(15) "Gray water system" means a water reuse system contained within a single-family residence or multiunit residential or commercial building that filters gray water or captured rainwater and reuses it for nonpotable purposes such as toilet flushing and irrigation.

9

9

Added Definitions .1101 DEFINITIONS The following definitions apply to this Section:

(30) "Sewage pump" means a device used at elevations where mechanical assistance is needed to move effluent to a sewage system.

10

10

Added Definitions .1101 DEFINITIONS The following definitions apply to this Section:

(34) "Sump pump" means a device used to remove non-effluent drainage.

11

11

Added General Exclusions:

.1105 General Exclusions:
(b) The home inspectors are not required to:
(16) inspect elevators or related equipment meant to transport occupants or materials between elevations; or
(17) inspect 240V receptacles or outlets.

12

12

Why & Where

.1110 ELECTRICAL
(a) The home inspector shall inspect:
(6) all readily accessible 120V receptacles within six feet of interior plumbing fixtures, not separated from a fixture by an operable door, and all receptacles in the garage or carport, and on the exterior of inspected structures; and

13

13

Why & Where

.1110 ELECTRICAL
(a) The home inspector shall inspect:
(7) the operation of ground fault circuit interrupters within six feet of the floor/ground.

14

14

Why & Where

.1110 ELECTRICAL

(b)The home inspector shall **describe**:

(2) electrical service entry conductor materials at the readily openable access panels at the main;

15

15

Why & Where: REPORT CHANGES REQUIRED

.1110 ELECTRICAL

(d) The home inspector shall report in writing on the presence or absence of readily accessible:

(1) installed smoke alarms, and operate their test function, except when smoke alarms are part of a central alarm system;
(2) installed carbon monoxide alarms in any homes with fireplaces, fuel fired appliances, or attached garages, and operate their test function, except when carbon monoxide alarms are part of a central alarm system; and

(3) ground fault protection of receptacles within six feet of interior plumbing fixtures not separated from a fixture by an operable door, and all receptacles in the garage or carport, on the exterior of inspected structures.

16

16

Why & Where

.1110 ELECTRICAL
(e) The home inspector is not required to:
(4) Inspect:
(I) elevators or related equipment used for the purpose of transporting occupants or materials between elevations.

17

17

Why & Where

.1109 PLUMBING
(d) The home inspector is not required to:
(1) state the requirement for or effectiveness of anti-siphon devices;
(2) determine whether water supply and waste disposal systems are public or private;
(3) determine the presence or absence of backflow devices;
(4) ...
(10) operate sewage pumps.

18

18

Why & Where

.1109 PLUMBING
(d) The home inspector is **not** required to:
(10) operate sewage pumps.

19

19

Why & Where

.1109 PLUMBING
(a) The home inspector shall inspect:
(1) interior water supply and distribution system, including: piping materials, supports, and insulation; fixtures and faucets; functional flow; leaks; and cross connections;
(2) interior drain, waste, and vent system, including: traps; drain, waste, and vent piping; piping supports and pipe insulation; leaks; and functional drainage;
(3) hot water systems including: water heating equipment; normal operating controls; automatic safety controls; and chimneys, flues, and vents;
(4) fuel storage and distribution systems including: interior fuel storage equipment, supply piping, venting, and supports; leaks; and
(5) sump pumps.

20

20

REPORT ACTIONS REQUIRED.

.1103 PURPOSE AND SCOPE

(3) submit a written report, pursuant to G.S. 143-151.58(a), to the client that shall:

(A) describe those systems and components required to be described in Rules .1106 through .1115 of this Section;
(B) state which systems and components present at the home and designated for inspection in this Section were not inspected, and the reason for not inspecting;
(C) state any systems or components inspected that do not function as intended, allowing for normal wear and tear, or appear not to function as intended, based upon documented tangible evidence;
(D) describe each system or component, pursuant to Part (b)(3)(C) of this Rule; state how the condition is defective; explain the implications of defective conditions reported; and direct the client to a course of action for repair, monitoring, or further investigation by a specialist;

(E) on the first or second page clearly state the name, license number, and signature of the person conducting the inspection.

21

21

REPORT ACTIONS REQUIRED

.1107 EXTERIOR

(b) The home inspector shall:

(4) report any garage door operator that will not automatically reverse when meeting reasonable resistance during closing;

(5) report any garage door that will not automatically reverse when photoelectric safety devices are actuated;

(6) report any garage door operator that does not utilize a photoelectric safety device; and

22

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.1116 Code of Ethics

(a) Licensees shall discharge their duties faithfully, accurately, and impartially to the public and to their clients.

23

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.1116 Code of Ethics

(b) Opinions expressed by licensees shall be based only on their education, experience, and honest convictions.

(c) A licensee shall not disclose any information about the results of an inspection without the approval of the client for whom the inspection was performed, or the client's representative unless the licensee finds that public health, safety, or welfare imperatively requires immediate or emergency action.

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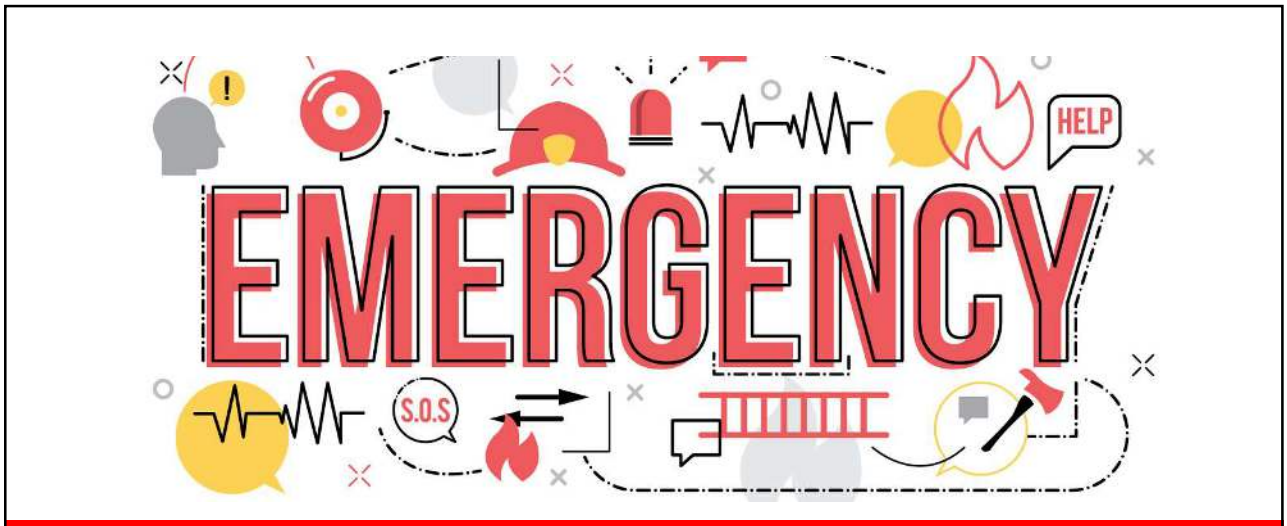

…PUBLIC HEALTH, SAFETY, OR WELFARE IMPERATIVELY REQUIRES IMMEDIATE OR EMERGENCY ACTION.

25

25

Duty of Care?

(c) A licensee shall not disclose any information about the results of an inspection without the approval of the client for whom the inspection was performed, or the client's representative unless the licensee finds that public health, safety, or welfare imperatively requires immediate or emergency action.

Could a home inspector be found to be in violation of licensure if imminent danger was not recognized or reported or if action is not taken?

26

.1116 Code of Ethics

(b) Opinions expressed by licensees shall be based only on their education, experience, and honest convictions.

(c) A licensee shall not disclose any information about the results of an inspection without the approval of the client for whom the inspection was performed, or the client's representative unless the licensee finds that public health, safety, or welfare imperatively requires immediate or emergency action.

27

27

Imminent Danger?

…public health, safety, or welfare imperatively requires immediate or emergency action.

28

Imminent Danger?

…public health, safety, or welfare imperatively requires immediate or emergency action.

29

29

Imminent Danger?

…public health, safety, or welfare imperatively requires immediate or emergency action.

Does season of the inspection change the answer?

30

30

Imminent Danger?

…public health, safety, or welfare imperatively requires immediate or emergency action.

31

31

Imminent Danger?

…public health, safety, or welfare imperatively requires immediate or emergency action.

32

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Imminent Danger?

…public health, safety, or welfare imperatively requires immediate or emergency action.

33

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Imminent Danger?

…public health, safety, or welfare imperatively requires immediate or emergency action.

34

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Data Sharing

WRITTEN PERMISSION REQUIRED

35

35

.1116 Code of Ethics

(g) Before the execution of a contract to perform a home inspection, a licensee shall disclose to the client any interest he or she has in a business that may create a conflict of interest for the home inspector **or the client.** No licensee shall allow his or her interest in any business to affect the quality or results of the inspection work that the licensee may be called upon to perform. **The client must approve in writing the licensee's dissemination of personal information including names, addresses, email addresses or phone numbers unrelated to the results of the home inspection to any third parties, other than the Board.**

36

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.1116 Code of Ethics (Addition)

(l) Licensees must obtain written permission from the client or clients to sell, share, or provide data or personal information such as names, addresses, email addresses, telephone numbers about the home inspection or the client or clients to third parties, other than the Board.

37

37

Licensees must obtain written permission…
Opt-In Verses Opt-Out
What is the difference?

OPT-IN

The meaning of opt-in is to give permission or accept something.

Opt-in is giving explicit consent from an individual before engaging in any activity such as sharing data, receiving marketing communications, or emails.

OPT-OUT

The meaning of opt-out is to refuse permission or cancel something.

Opt-out is the process of allowing individuals to decline or withdraw from participating in a certain activity such as sharing data, receiving marketing communications, or emails.

38

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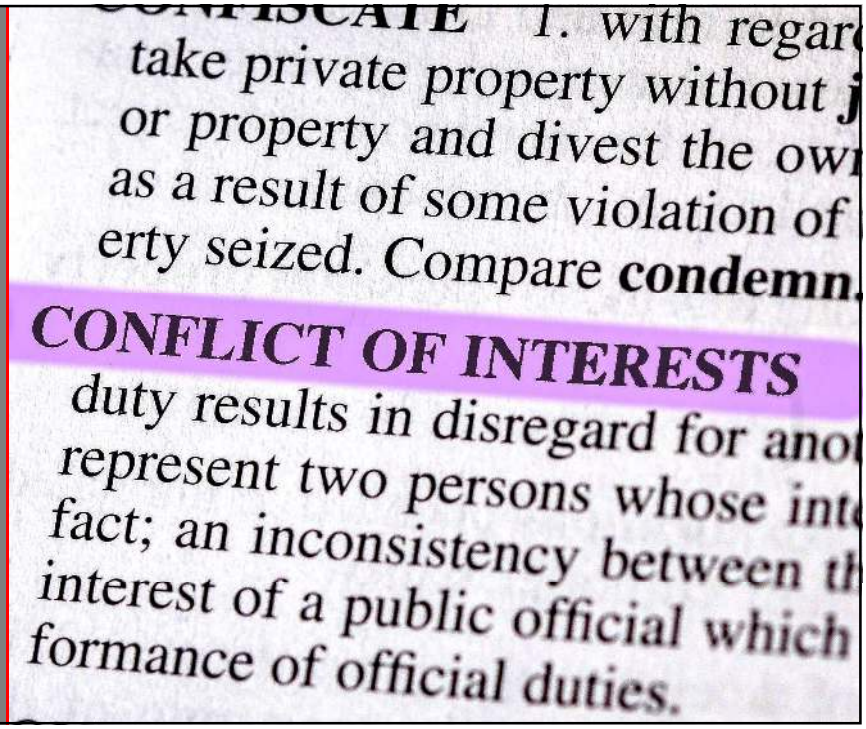
Ethics

CONFLICT OF INTEREST

MARKETING



39

.1116 Code of Ethics

(g) Before the execution of a contract to perform a home inspection, a licensee shall disclose to the client any interest he or she has in a business that may create a conflict of interest for the home inspector **or the client.** No licensee shall allow his or her interest in any business to affect the quality or results of the inspection work that the licensee may be called upon to perform…

40

40

.1116 Code of Ethics

(e) No licensee or licensee's company shall compensate, either financially or through other services or benefits, realty agents or other parties with a financial interest in closing or settlement of real estate transactions for the following:

(1) Referral of inspections; or

(2) Inclusion on a list of recommended inspectors or preferred providers.

This Rule also prohibits co-marketing or sharing of expenses between the licensee or licensee's company and realty agents or other parties with a financial interest in closing or settlement of real estate transactions that obligates the realty agents or other parties with a financial interest in closing or settlement of real estate transactions to include the licensee or the licensee's company on preferred lists of providers.

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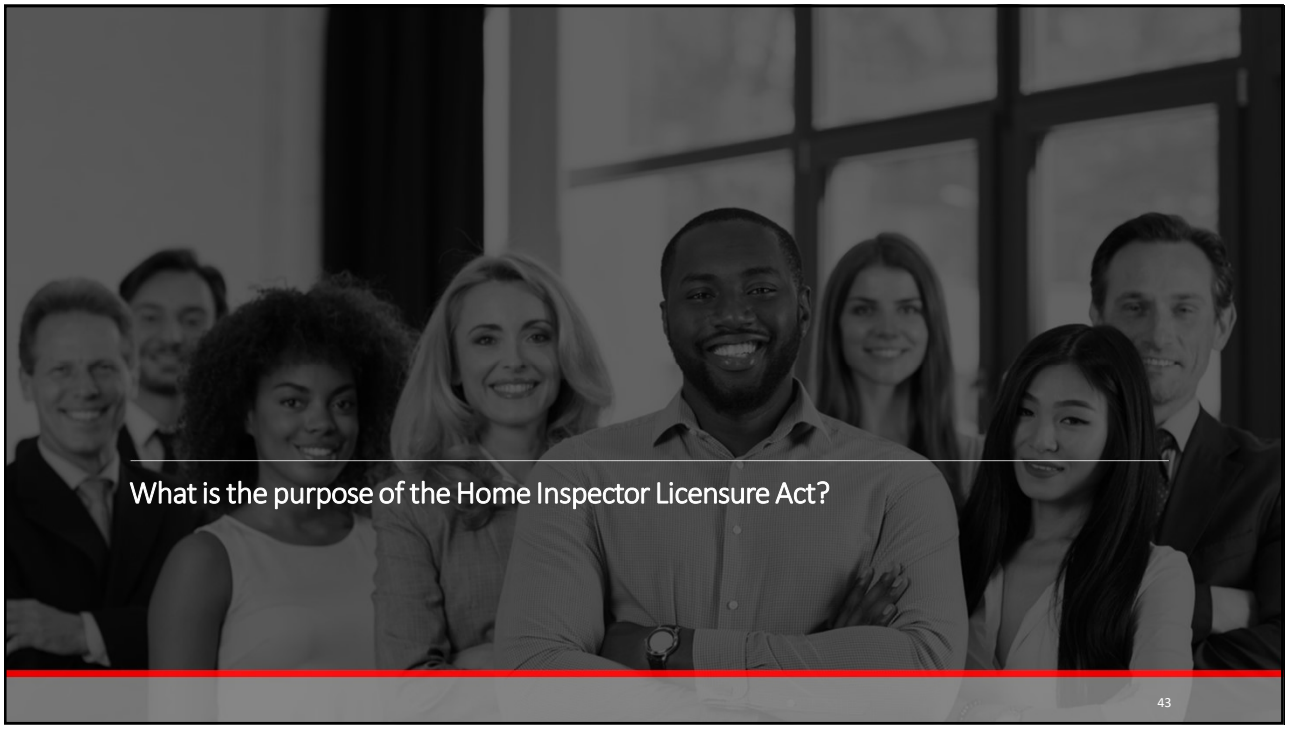

43

Home Inspector Licensure Act

§ 143-151.44. Purpose.
This Article safeguards the public health, safety, and welfare and protects the public from being harmed by unqualified persons by regulating the use of the title "Licensed Home Inspector" and by providing for the licensure and regulation of those who perform home inspections for compensation.

44

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Home Inspector Licensure Act

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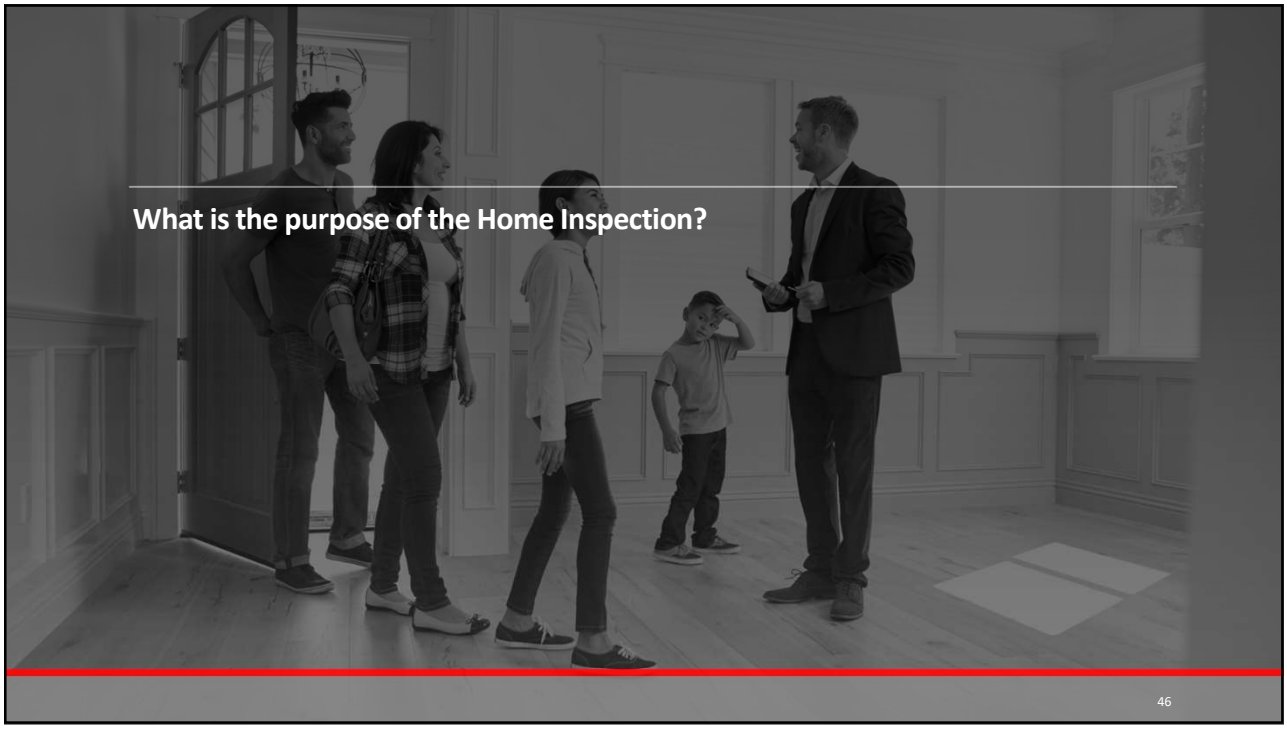

46

Home Inspector Licensure Act

.1103 PURPOSE AND SCOPE

(a) Home inspections performed according to this Section shall provide the client with an understanding of the property conditions, as inspected at the time of the home inspection.

47

47

Home inspections shall provide the client with ~~a better~~ understanding of the property conditions, as inspected at the time of the home inspection?

Home inspections shall provide the client with ~~a complete~~ understanding of the property conditions, as inspected at the time of the home inspection?

Home inspections shall provide the client with an understanding of the property conditions, as inspected at the time of the home inspection.

48

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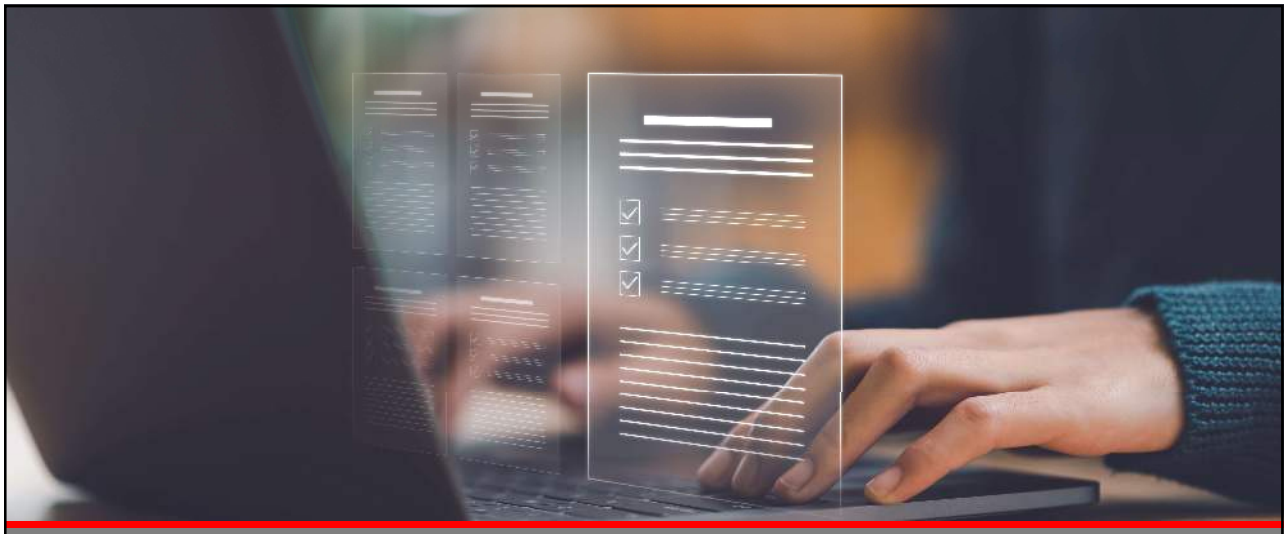

The Written Report

Providing an understanding of the property

49

49

Home Inspector Licensure Act

§ 143-151.58. Duties of licensed home inspector.

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

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Board Rule .1103 Body of the Report	§ 143-151.58(a1) Summary
b) Home inspectors shall: **(3)** submit a written report, pursuant to G.S. 143-151.58(a), to the client that shall: **(C)** State any systems or components inspected that do not function as intended, allowing for normal wear and tear, or appear not to function as intended, based upon documented tangible evidence; **(D)** Describe each system or component, pursuant to Part **(b)(3)(C)** of this Rule; state how the condition is defective; explain the implications of defective conditions reported; and direct the client to a course of action for repair, monitoring, or further investigation by a specialist; **(E)** on the first or second page clearly state the name, license number, and signature of the person conducting the inspection. (4) submit a summary page(s) pursuant to G.S. 143-151.58(a1).	The summary page must describe any system or component of the home that does not function as intended, allowing for normal wear and tear that does not prevent the system or component from functioning as intended. The summary page must also describe any system or component that appears not to function as intended, based upon documented tangible evidence, and that requires either subsequent examination or further investigation by a specialist. The summary page may describe any system or component that poses a safety concern.

Home inspections shall provide the client with an understanding of the property conditions, as inspected at the time of the home inspection.

51

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May: It is the inspector's choice to report or not to report. The action is not required to meet the Inspector's Duties; however, it is not Prohibited.

Shall & Must: Required to meet the Inspector's Duties

52

52

Let's Review Safety Concerns
The summary page may describe any system or component that poses a safety concern.

- ✓ Risk is not imminent: Risk is increased in areas of concern; daily use is not a hazard.
- ✓ Risk can be reduced with modernization: This is a safety condition, state, or circumstance that is known to have been acknowledged and addressed by building and or code advancements in scope over the past years.
- ✓ Risk assessment is beyond the required duties: The SOP does not require the home inspector to report or recommend upgrades.

53

53

Let's Review Safety Concerns
The summary page may describe any system or component that poses a safety concern.

- ✓ Risk is not imminent: Risk is increased in areas of concern; daily use is not a hazard.
- ✓ Risk can be reduced with modernization: This is a safety condition, state, or circumstance that is known to have been acknowledged and addressed by building and or code advancements in scope over the past years.
- ✓ Risk assessment is beyond the required duties: The SOP does not require the home inspector to report or recommend upgrades.

54

54

(c) Home inspectors may:

(1) report observations and conditions, including safety or habitability concerns, or render opinions of items in addition to those required in Paragraph (b) of this Rule; or

(2) exclude systems and components from the inspection if requested by the client, and so stated in the written contract.

55

55

Summary of Home Inspector Duties: Shall/Must: MUST

(1) Provide and Obtain a Signed Contract
(2) Inspect Systems and Components of the Home
(3) Provide a Written Report
(4) Describe Systems and Components
(5) State Inspection Limitations and Reasons for Not Inspecting
(6) Seek and State Systems and Components that Do Not Functions as Intended
(7) Seek and State Systems and Components that Appear Not to Function as Intended
(8) Report Defects and Suspected Defect using DDID Language Format
(9) Have Name, Licensure Number and Signature on page one or two of the report.
(10) Submit a summary page(s) pursuant to G.S. 143-151.58(a1).
(11) Have Written Permission to Disclosure Information (unless immediate danger)
(12) Have Written Permission to Share Data
(13) Provide the Client an understanding of the Property

56

56

Defects & Suspected Defects

b) Home inspectors shall:

(3) submit a written report, pursuant to G.S. 143-151.58(a), to the client that shall:

(C) State any systems or components inspected that do not function as intended, allowing for normal wear and tear, or appear not to function as intended, based upon documented tangible evidence;

57

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Defects

Defects can be categorized into many types

- **Intended Use**
- **Installation**
- **Environment**
- **Service Life**
- **Design**
- **Manufacturing**
- **Etc.**

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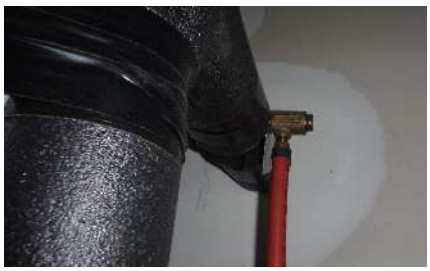

Intended Use:

- Defects that occur when a product is used outside of the scope of the manufacturer's intent, without proper maintenance, in conditions or environments conducive to failure, and or beyond the predicted service life.
- Intended use is the general purpose of a product or device, as defined by the people who are legally responsible for product design, marketing, instruction guidelines and labeling.

59

59

Installation:

- Defects that occur when a product, system or component is installed within the scope of the intended use and design, however, key guidelines related to installation are not followed.
- The improper installations may be described as the defect or the resulting product failure or failure of adjacent, companion or associated systems and or components.

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Service life:

- Defects that are apparent based on predicted service life of the product, system or component.
- The end of life is not the defect statement, but the end results that indicate the product failure or failure of adjacent, companion or associated systems and or components.

61

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Design defects:

- Defects that refer to flaws or inadequacies in a product's initial design.
- These defects are present even before the product is manufactured or can occur when designs do not consider all possible conditions or circumstances.
- Design defects often take years to present tangible evidence.

62

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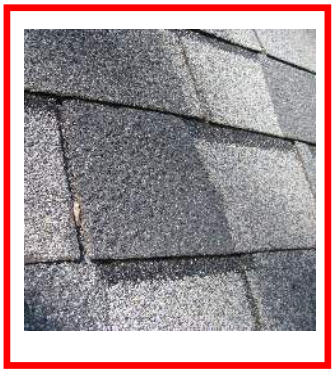

Manufacturing defects:

- Manufacturing defects occur during production and can affect only a portion of the products rather than the entire line.
- The defects can result from errors, deviations, or substandard practices during assembly or fabrication.

63

63

Implications

REPORTING IMPLICATIONS TO PROVIDE AND UNDERSTANDING OF THE SYSTEMS AND COMPONENTS

64

.1103 PURPOSE AND SCOPE

(3) submit a written report, pursuant to G.S. 143-151.58(a), to the client that shall:

- (A) describe those systems and components required to be described in Rules .1106 through .1115 of this Section;
- (B) state which systems and components present at the home and designated for inspection in this Section were not inspected, and the reason for not inspecting;
- (C) state any systems or components inspected that do not function as intended, allowing for normal wear and tear, or appear not to function as intended, based upon documented tangible evidence;
- (D) describe each system or component, pursuant to Part (b)(3)(C) of this Rule; state how the condition is defective; explain the implications of defective conditions reported; and direct the client to a course of action for repair, monitoring, or further investigation by a specialist;

65

65

.1103 PURPOSE AND SCOPE

(3) submit a written report, pursuant to G.S. 143-151.58(a), to the client that shall:

(D) describe each system or component, pursuant to Part (b)(3)(C) of this Rule; state how the condition is defective; explain the implications of defective conditions reported; and direct the client to a course of action for repair, monitoring, or further investigation by a specialist;

66

66

.1103 PURPOSE AND SCOPE

(3) submit a written report, pursuant to G.S. 143-151.58(a), to the client that shall:

(D) describe each system or component, pursuant to Part (b)(3)(C) of this Rule; state how the condition is defective; explain the implications of defective conditions reported; and direct the client to a course of action for repair, monitoring, or further investigation by a specialist;

67

67

.1103 PURPOSE AND SCOPE (b)(3)(C)(D)

(3) submit a written report, pursuant to G.S. 143-151.58(a), to the client that shall:

- (A) describe those systems and components required to be described in Rules .1106 through .1115 of this Section;
- (B) state which systems and components present at the home and designated for inspection in this Section were not inspected, and the reason for not inspecting;

(C) state any systems or components inspected that do not function as intended, allowing for normal wear and tear, or appear not to function as intended, based upon documented tangible evidence;

(D) describe each system or component, pursuant to Part (b)(3)(C) of this Rule; state how the condition is defective; explain the implications of defective conditions reported; and direct the client to a course of action for repair, monitoring, or further investigation by a specialist;

68

68

.1103 PURPOSE AND SCOPE

(D) describe each system or component, pursuant to Part (b)(3)(C) of this Rule; state how the condition is defective; **explain the implications of defective conditions reported**; and direct the client to a course of action for repair, monitoring, or further investigation by a specialist;

69

69

WHAT ARE IMPLICATIONS?

70

70

Implication

The conclusion that can be drawn from something although it is not explicitly stated.

"Implication." Merriam-Webster.com Dictionary, Merriam-Webster, https://www.merriam-webster.com/dictionary/implication.

71

71

Implication

The effect that an action, condition, or decision will have on something else in the future.

"Implication." *Definition of **implication** from the **Cambridge Academic Content Dictionary** © Cambridge University Press).*

72

72

The Defect Report Statements

Describe:

The System or Component

Determine:

The Evidence

Implicate:

Guidance toward the Conclusion

Direction:

The Next Course of Action

73

73

Home inspections shall provide the client with an understanding of the property conditions, as inspected at the time of the home inspection.

The Implication Statement

- The conclusion that can be drawn from something although it is not explicitly stated.
- The effect that an action, condition, or decision will have on something else in the future.

74

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INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

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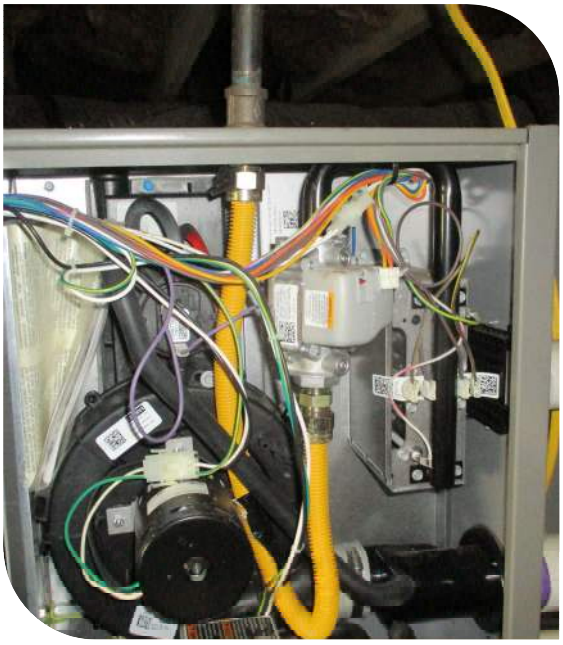

INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

76

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INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

77

77

INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

78

78

INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

79

79

INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

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INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

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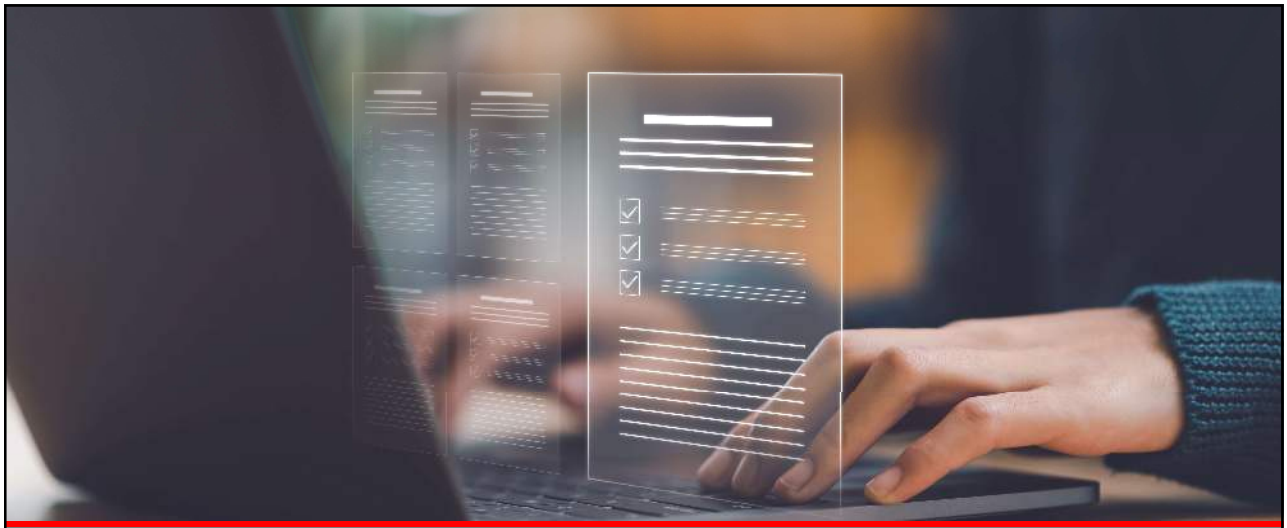

The Written Report: Case Study

Providing an understanding of the property

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INTERACTIVE SESSION
THE REPORT

In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet. This stain could be related to a history of a leak that may result in damage to the floor framing. A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

83

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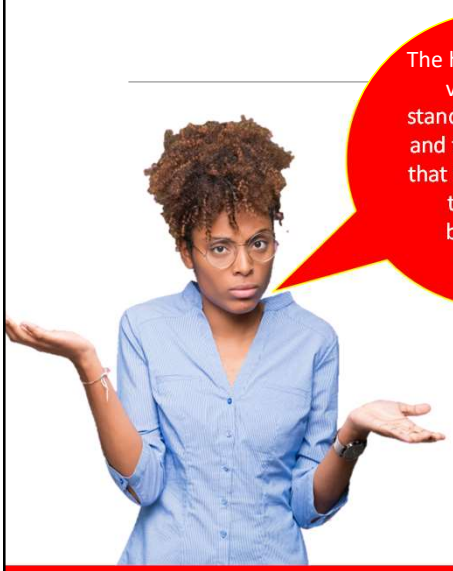
The Complaint



The home inspector violated the standard of practice and failed to report that the floor under the 1st floor bathroom is decayed.

84

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INTERACTIVE SESSION

THE COMPLAINT VERSES THE DEFECT STATEMENT

Complaint Statement

A few days after moving in our home, I noticed a musty smell in the bathroom. I called a repair service, and they discovered that the bathroom floor was wet and decayed. I feel that the home inspector did not inspect the crawl space properly. Because of this damage the bathroom floor had to be replaced, and the downstairs of the home treated for toxic mold. I have spent over $4,800.00.

Home Inspection Report Statement

In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet. This stain could be related to a history of a leak that may result in damage to the floor framing. A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

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INTERACTIVE SESSION

Did the D.D.I.D Statement provide the client with an understanding of the conditions reported?

The Implication:

This stain could be related to a history of a leak that may result in damage to the floor framing.

The Direction:

A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

86

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Tangible Evidence	Limitations	Implication
Explicit Tangible Evidence: What was visible? Was Insulation Moved?	Were there limitations? Was the crawl space entered?	Was the Implication Explicit?

Home Inspection Report Statement

(Describe) **(Determine)** In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet.

(Implication) This stain could be related to a history of a leak that may result in damage to the floor framing.

(Direction) A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

87

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Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

(Describe) **(Determine)** In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet.
(Implication) This stain could be related to a history of a leak that may result in damage to the floor framing.
(Direction)A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

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Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

(Describe) **(Determine)** In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet. **(Implication)**This stain could be related to a history of a leak that may result in damage to the floor framing. **(Direction)**A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

89

89

Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

If a licensed plumbing contractor was consulted prior to closing, what is the probability that the defect would have been discovered?

(Describe) **(Determine)** In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet. **(Implication)**This stain could be related to a history of a leak that may result in damage to the floor framing. **(Direction)**A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

90

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Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

If a licensed plumbing contractor was consulted prior to closing, what is the probability that the defect would have been discovered?

Why did the Inspector's Defect (D.D.I.D) statement fail to alert the client to the potential of the evidence reported and the importance of the provided direction statement?

(Describe) **(Determine)** In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet.
(Implication) This stain could be related to a history of a leak that may result in damage to the floor framing.
(Direction)A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

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How does this change the liability?

Home Inspection Report Statement
Interior Bathrooms
(Describe) **(Determine)** In the 1st floor bathroom, the vinyl flooring is stained around the base of the toilet.
(Implication) This stain could be related to a history of a leak that may result in damage to the floor framing.
(Direction)A licensed plumbing contractor should be consulted for a complete evaluation and to make necessary repairs.

Home Inspection Report Statement
Crawl Space
(Describe) **(Determine)** The crawl space dirt floor was not covered with a vapor barrier and light fungal growth was present.
(Implication) Without ground coverage the crawl space ventilation may not be adequate.
(Direction) A licensed general contractor should be consulted to evaluate the crawl space ventilation and determine if a vapor barrier is needed.

92

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How does this change the liability?

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Home Inspection Report Statement
Crawl Space
(Describe) **(Determine)** The crawl space dirt floor was not covered with a vapor barrier and light fungal growth was present.
(Implication) Without ground coverage the crawl space ventilation may not be adequate.
(Direction) A licensed general contractor should be consulted to evaluate the crawl space ventilation and determine if a vapor barrier is needed.

93

93

How does this change the liability?

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

Home Inspection Report Statement
Crawl Space
(Describe) **(Determine)** The crawl space dirt floor was not covered with a vapor barrier and light fungal growth was present.
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94

94

How does this change the liability?

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Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

If a licensed general contractor was consulted prior to closing, what is the probability that the defect would have been discovered?

Home Inspection Report Statement
Crawl Space
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95

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If a licensed general contractor was consulted prior to closing, what is the probability that the defect would have been discovered?

Why did the Inspector's Defect (D.D.I.D) statement fail to alert the client to the potential of the evidence reported and the importance of the provided direction statement?

Home Inspection Report Statement
Crawl Space
(Describe) **(Determine)** The crawl space dirt floor was not covered with a vapor barrier and light fungal growth was present.
(Implication) Without ground coverage the crawl space ventilation may not be adequate.
(Direction) A licensed general contractor should be consulted to evaluate the crawl space ventilation and determine if a vapor barrier is needed.

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INTERACTIVE SESSION
Your Turn
Option #1 Limited Access

Describe:

Determine:

Implicate:

Direction:

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INTERACTIVE SESSION
Your Turn
Option #2 Crawl Space Full Access

Describe:

Determine:

Implicate:

Direction:

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INTERACTIVE SESSION
Let's Compare

Implication #1 (No Access):

Implication #2 (Crawl Space Access):

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Implication : The Path to Understanding

The conclusion that can be drawn from something although it is not explicitly stated.

Home inspections shall provide the client with an understanding of the property conditions, as inspected at the time of the home inspection.

When is the implication statement most important to the client?

100

100

Tangible Evidence	Limitations	Implication Significance Least to Most 1 to 5
Explicit Tangible Evidence	Main Inspection Areas Accessible	1
Implicit Tangible Evidence	Main Inspection Areas Not Accessible	5

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Implication : The Path to Understanding

When is the implication statement most important to the client?

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Implication : The Path to Understanding

When is the implication statement most important to the client?

When explicit evidence is not located but is suspected, could be hidden, or is probable.

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Limitations : The Path to Understanding

How do limitations statements change the implication statement requirements?

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Limitations : The Path to Understanding

How do limitations statements change the implication statement requirements?

When the inspection limitation prohibits the inspector from gathering explicit evidence.

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Crawl spaces

- Structure (Foundation & Framing)
  - Defects
  - Water penetration
- Plumbing
- Electrical
- HVAC

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(c) The home inspector shall:

(1) Probe structural components where deterioration is suspected;

(2) **Enter** under floor crawl spaces, basements, and attic spaces except when access is obstructed, when entry could damage the property, or when dangerous or adverse situations are suspected;

(3) **Report the methods** used to inspect under floor crawl spaces and attics; and

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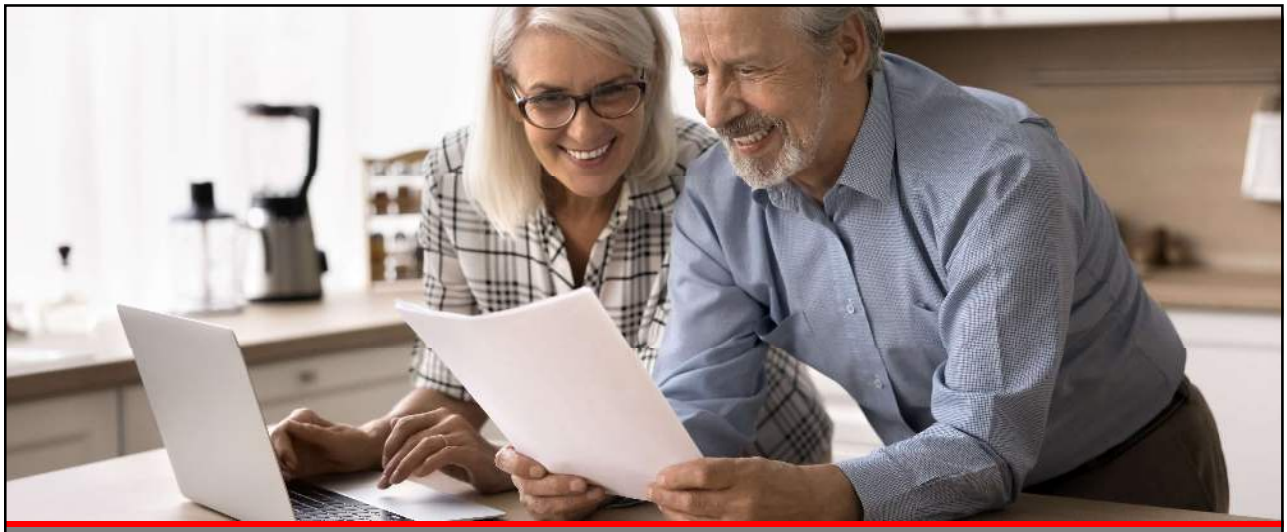

The Written Report: Case Study

Providing an understanding of the property

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The Report

(Describe) **(Determine)** Sections of the brick veneer under the lower fireplace roofline and along the patio on the backside of the home were coated with a heavy algae. The surface of the patio was eroded at the double doors and under the living room windows.

(Implication) The location of the concern indicates that the roof gutters are not functioning properly. This could indicate that the gutter system is clogged or improperly sized for the home.

(Direction #1) A specialist with experience with roof drainage and gutter systems should be consulted for a complete evaluation of the gutter system and to repair or replace as need to protect the home.

(Direction #2) A specialist should also be consulted to clean the brick and patio of the home and to evaluated the condition of the brick and patio surfaces.

110

110

The Report

(Describe) **(Determine)** Sections of the brick veneer under the lower fireplace roofline and along the patio on the backside of the home were coated with a heavy algae. The surface of the patio was eroded at the double doors and under the living room windows.

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(Direction #2) A specialist should also be consulted to clean the brick and patio of the home and to evaluated the condition of the brick and patio surfaces.

Based on the report statements:

What are the implications of the tangible evidence reported?

111

111

The Report

(Describe) **(Determine)** Sections of the brick veneer under the lower fireplace roofline and along the patio on the backside of the home were coated with a heavy algae. The surface of the patio was eroded at the double doors and under the living room windows.

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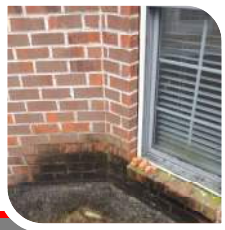
(Direction #2) A specialist should also be consulted to clean the brick and patio of the home and to evaluated the condition of the brick and patio surfaces.



The Client's Repair Request

1. Replace the Gutters.
2. Clean the stains on the brick veneer and the patio.
3. Have General Contractor check the brick and patio for damage and repair if damage is present.

112

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INTERACTIVE SESSION
Your Turn
Option #1 Limited Access

Describe:

Determine:

Implicate:

Direction:

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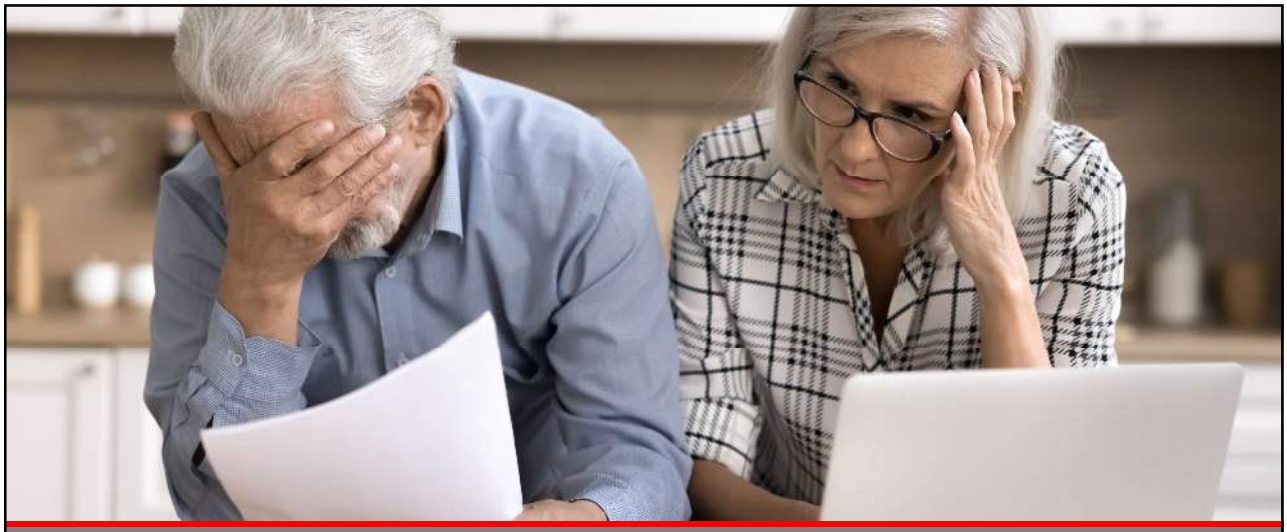

The Discovery: Case Study

Providing an understanding of the property

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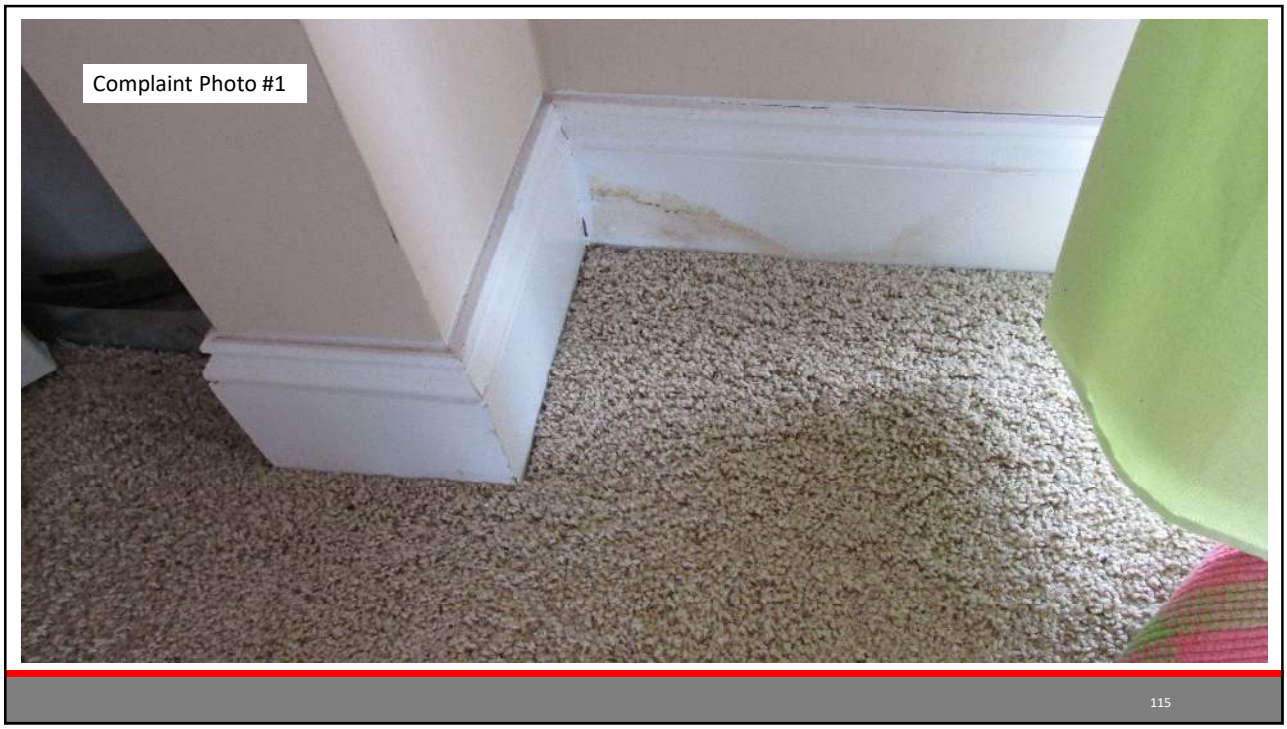
Complaint Photo #1
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Complaint Photo #2
Complaint Photo #3
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Complaint Photo #4

Complaint Photo #5

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The Complaint

Claim# 1

Exterior: The inspector failed to properly inspect the exterior of the home and inform us of the serious nature of the long-term gutter overflow. The home inspector should have alerted us to the potential for water penetration into the floors and walls of the home. The report stated concerns with the brick and masonry.

Claim# 2

Interior: The inspector failed to report signs of water penetration and decay knowing that this area of the home had an exterior water problem. I feel that he did not properly inspect the interior of the home. After the closing we entered the home to start cleaning, I stepped on the floor area to open the blinds and nearly fell through the floor. The interior damage was apparent for the full length of the patio and fireplace.

Claim# 3

Structure: We feel that the inspector did not crawl under the home, although his report identifies the foundation and framing as inspected. I climbed under the home and even after the new gutters were installed, there were muddy conditions and water dripping from the wood behind the porch area.

The damage is serious and will involve extensive repairs to the living room and breakfast room floor and walls. The rear porch may have to be removed. We have estimated from $19,000 to $25,000.

118

Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

(Describe) **(Determine)** Sections of the brick veneer under the lower fireplace roofline and along the patio on the backside of the home were coated with a heavy algae. The surface of the patio was eroded at the double doors and under the living room windows.

(Implication) The location of the concern indicates that the roof gutters are not functioning properly. This could indicate that the system is clogged or improperly sized for the home.

(Direction #1) A specialist with experience with roof drainage and gutter systems should be consulted for a complete evaluation of the gutter system and to repair or replace as need to protect the home.

(Direction #2) A specialist should also be consulted to clean the brick and patio of the home and to evaluated the condition of the brick and patio surfaces.

119

119

Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

(Describe) **(Determine)** Sections of the brick veneer under the lower fireplace roofline and along the patio on the backside of the home were coated with a heavy algae. The surface of the patio was eroded at the double doors and under the living room windows.

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(Direction #2) A specialist should also be consulted to clean the brick and patio of the home and to evaluated the condition of the brick and patio surfaces.

120

120

Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

The report directions were followed prior to closing, do the specialist hold some responsibility? What is the probability that the damage would have been discovered?

(Describe) **(Determine)** Sections of the brick veneer under the lower fireplace roofline and along the patio on the backside of the home were coated with a heavy algae. The surface of the patio was eroded at the double doors and under the living room windows.

(Implication) The location of the concern indicates that the roof gutters are not functioning properly. This could indicate that the system is clogged or improperly sized for the home.

(Direction #1) A specialist with experience with roof drainage and gutter systems should be consulted for a complete evaluation of the gutter system and to repair or replace as need to protect the home.

(Direction #2) A specialist should also be consulted to clean the brick and patio of the home and to evaluated the condition of the brick and patio surfaces.

121

121

Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

The report directions were followed prior to closing, do the specialist hold some responsibility? What is the probability that the damage would have been discovered?

Why did the Inspector's Defect (D.D.I.D) statement fail to alert the client to the potential of the evidence reported?

(Describe) **(Determine)** Sections of the brick veneer under the lower fireplace roofline and along the patio on the backside of the home were coated with a heavy algae. The surface of the patio was eroded at the double doors and under the living room windows.

(Implication) The location of the concern indicates that the roof gutters are not functioning properly. This could indicate that the system is clogged or improperly sized for the home.

(Direction #1) A specialist with experience with roof drainage and gutter systems should be consulted for a complete evaluation of the gutter system and to repair or replace as need to protect the home.

(Direction #2) A specialist should also be consulted to clean the brick and patio of the home and to evaluated the condition of the brick and patio surfaces.

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INTERACTIVE SESSION
Your Turn
Option #2 Crawl Space Full Access

Describe:

Determine:

Implicate:

Direction:

123

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The Written Report: Case Study

Providing an understanding of the property

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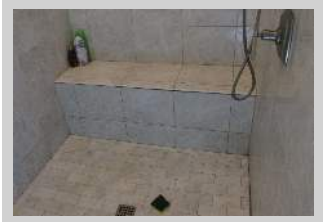

The Report

(Describe) **(Determine)** The marble shower in the primary bathroom has heavy mildew/soap scum build up along the seams between the walls, floors, and the seat. The same build up was noted around the shower door and door frame to the adjacent toilet room.

(Implication) The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

(Direction #1) A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

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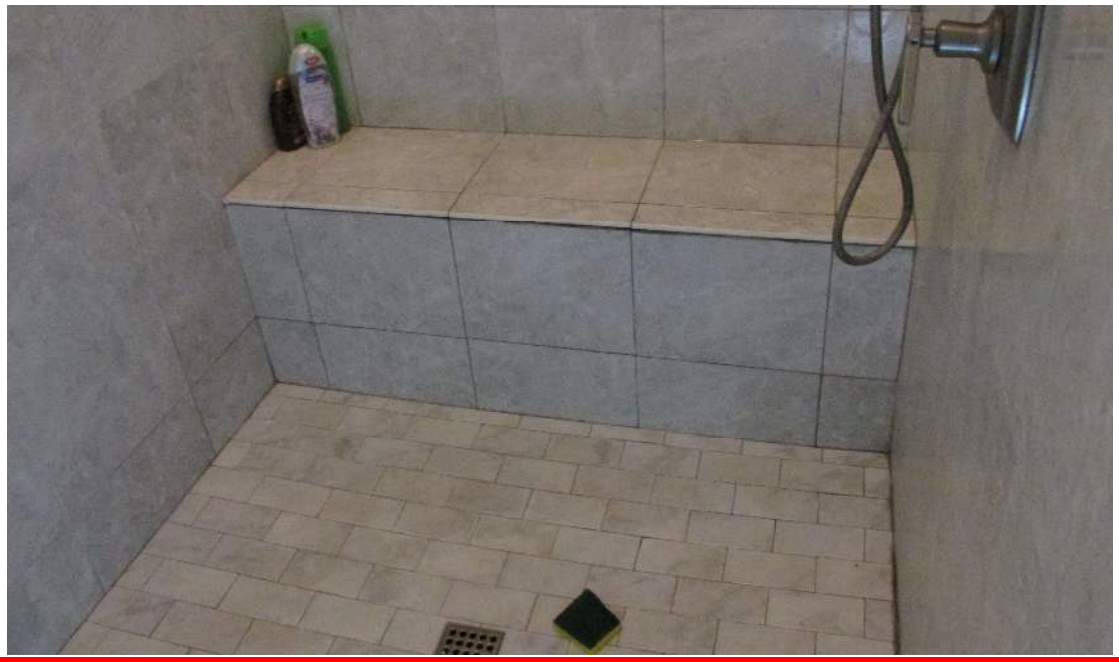

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The Report

(Describe) **(Determine)** The marble shower in the primary bathroom has heavy mildew/soap scum build up along the seams between the walls, floors, and the seat. The same build up was noted around the shower door and door frame to the adjacent toilet room.

(Implication) The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

(Direction #1) A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

The Client's Repair Request

1. Have general contractor evaluate, clean, and seal the shower.

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The Discovery: Case Study

Providing an understanding of the property

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Complaint Photo #4

The Complaint

Claim# 1

We noticed that the bathroom had an odd smell, but we contributed this to the past owner's pets and the dirty state of the home when we purchased it. A few days after moving into our home, my wife decided to try the whirlpool tub. After operating the tub for a few minutes, the motor turned off. We called the inspector, and he told us that operating the air tub is not part of the inspection. He suggested that we call a plumber or an electrician.

We should have been told that that tub would not be operated. The inspector should have at least opened the access door to see if there were any electrical problems or leaks. We are thankful that the tub receptacle tripped and did not electrocute my wife. The inspector was grossly negligent. The tub repair was estimated to be $600.00.

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Complaint Photo #4

The Complaint

Claim# 2

When the electrician came to fix the tub, he opened the access door to the tub and told us that leaking water had damaged the pump motor, and it would need to be replaced. He also told us the floor under the tub was wet. He felt that the water was coming from the shower and the common wall.

We called the inspector, the inspector claimed that the damage that was not present when the home was inspected less than thirty days from when I first found the problem. A mold specialist told us that it would take at least a year to saturate the subfloor and turn black. We feel that the inspector violated the standards and failed to protect us during the purchase of our home.

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Complaint Photo #1

Complaint Photo #2

Complaint Photo #3

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Complaint Photo #1

The Complaint

Claim# 3

The inspector failed to conduct a thorough inspection and left us with a $30,000 defect. The report assured us that the wood under the home was in good condition and that the shower just needed cleaning and sealant when the floor under seat and door area were decayed. The wood was not covered, the crawl space is three feet tall. He could have seen the complete floor under the entire first floor of the home, but he was grossly negligent.

The entire shower and tile floor will need to be removed and rebuilt. We have estimated for $28 to $34,000.

133

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The Complaint

Claim# 1

We noticed that the bathroom had an odd smell, but we contributed this to the past owner's pets and the dirty state of the home when we purchased it. A few days after moving into our home, my wife decided to try the whirlpool tub. After operating the tub for a few minutes, the motor turned off. We called the inspector, and he told us that the operating the air tub is not part of the inspection. He suggested that we call a plumber or an electrician.

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Claim# 2

When the electrician came to fix the tub, he opened the access door to the tub and told us that leaking water had damaged the pump motor, and it would need to be replaced. He also told us the floor under the tub was wet. He felt that the water was coming from the shower and the common wall.

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Claim# 3

The inspector failed to conduct a thorough inspection and left us with a $30,000 defect. The report assured us that the wood under the home was in good condition and that the shower just needed cleaning and sealant when the floor under seat and door area were decayed. The wood was not covered, the crawl space is three feet tall. He could have seen the complete floor under the entire first floor of the home, but he was grossly negligent.

The entire shower and tile floor will need to be removed and rebuilt. We have estimated for $28 to $34,000.

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Complaint Photo #1

Complaint Photo #2

Complaint Photo #3

What do you think?
Let's Go Back to the Report

135

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Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

(Describe) **(Determine)** The marble shower in the primary bathroom has heavy mildew/soap scum build up along the seams between the walls, floors, and the seat. The same build up was noted around the shower door and door frame to the adjacent toilet room.

(Implication) The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

(Direction #1) A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

136

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Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

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(Implication) The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

(Direction #1) A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

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Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

The report directions were followed prior to closing, do the specialist hold some responsibility? What is the probability that the damage would have been discovered?

(Describe) **(Determine)** The marble shower in the primary bathroom has heavy mildew/soap scum build up along the seams between the walls, floors, and the seat. The same build up was noted around the shower door and door frame to the adjacent toilet room.

(Implication) The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

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Implication: The Path to Understanding

Did the Inspector's Defect (D.D.I.D) statement provide a defense to the claim?

Did the Defect (D.D.I.D) statement provide the information needed for the defect to be discovered prior to purchase?

The report directions were followed prior to closing, do the specialist hold some responsibility? What is the probability that the damage would have been discovered?

Why did the Inspector's Defect (D.D.I.D) statement fail to alert the client to the potential of the evidence reported?

(Describe) **(Determine)** The marble shower in the primary bathroom has heavy mildew/soap scum build up along the seams between the walls, floors, and the seat. The same build up was noted around the shower door and door frame to the adjacent toilet room.

(Implication) The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

(Direction #1) A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

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INTERACTIVE SESSION
Your Turn

Implicate:

The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

Direction:

A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

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INTERACTIVE SESSION
Your Turn ?

Implicate:

The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

Direction:

A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

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INTERACTIVE SESSION
WHAT HAPPENED?

Implicate:

The thickness and color of the buildup prevented the inspection of the seams and the grout at key inspection points, however, the wood framing under the shower area was dry and there were no visible stains. The condition of the tile/grout indicated that the tile/grout had not been cleaned and sealed regularly as typically required.

Direction:

A licensed general contractor or marble tile specialist should be consulted to clean the shower inspect/seal/repair the tile/grout as needed to prevent leaking and protect adjacent building components.

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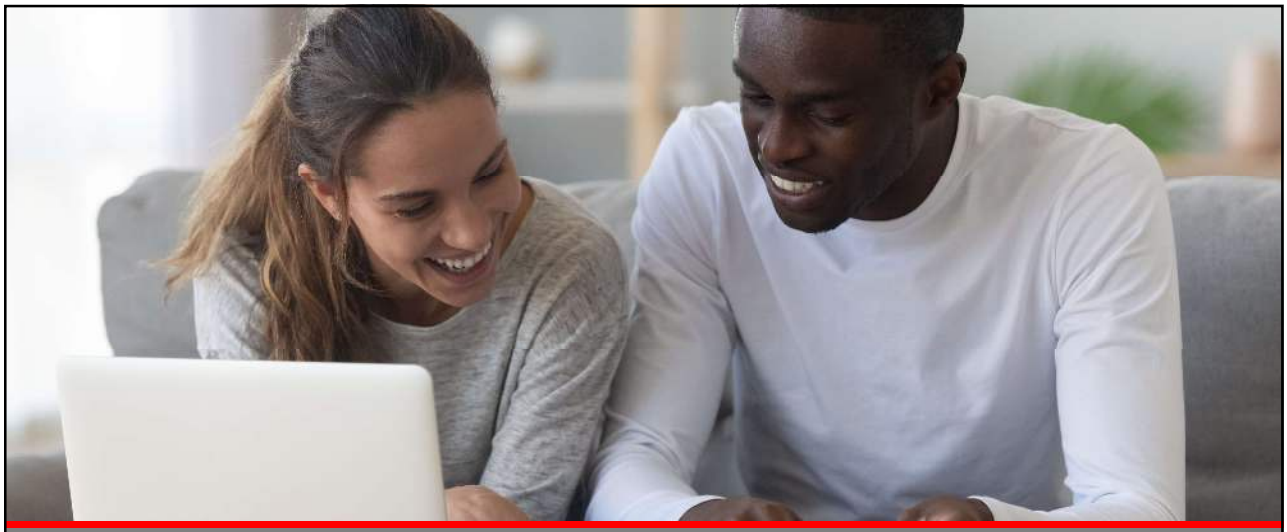

The Written Report: Case Studies

Providing an understanding of the property

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INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

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INTERACTIVE SESSION

Describe:

Determine:

Implicate:

Direction:

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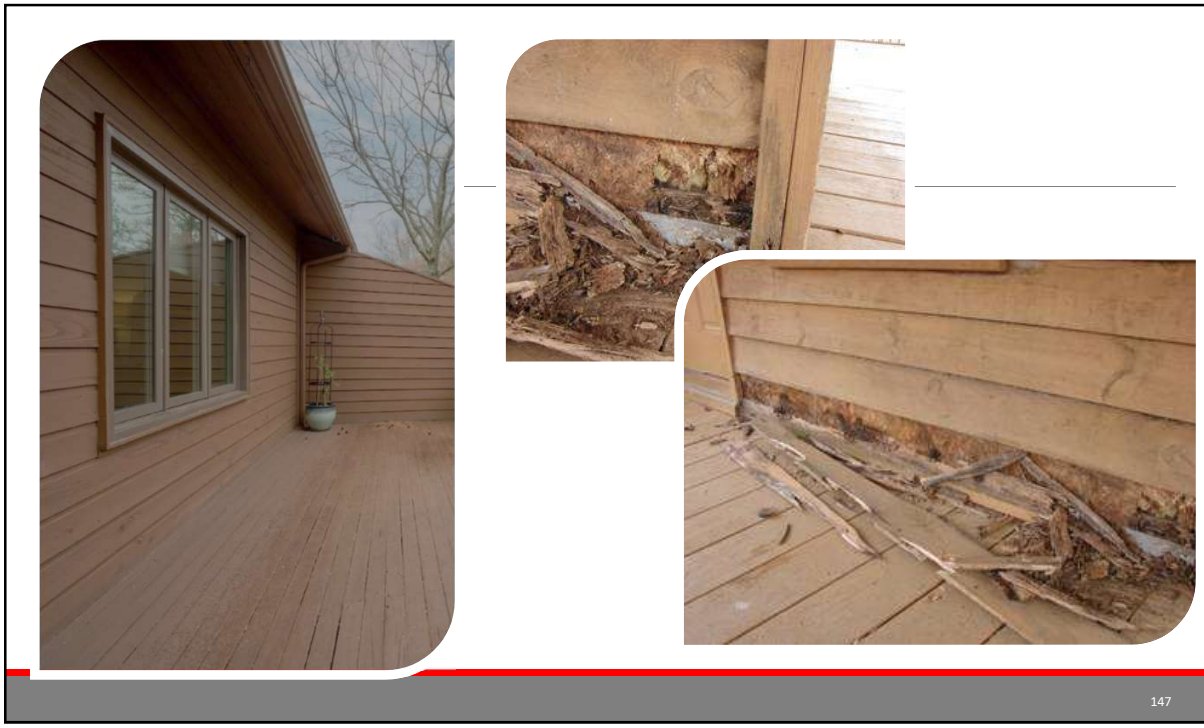

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Implication : The Path to Understanding

The conclusion that can be drawn from something although it is not explicitly stated.

Home inspections shall provide the client with an understanding of the property conditions, as inspected at the time of the home inspection.

When is the implication statement most important to the client?

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Tangible Evidence	Limitations	Implication Significance Least to Most 1 to 5
Explicit Tangible Evidence	Main Inspection Areas Accessible	1
Implicit Tangible Evidence	Main Inspection Areas Not Accessible	5

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Implication : The Path to Understanding

When is the implication statement most important to the client?

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Implication : The Path to Understanding

When is the implication statement most important to the client?

When explicit evidence is not located but is suspected, could be hidden, or is probable.

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Implications and The Report Requirements

NCHILB UPDATE 2024-2025

The Purpose and Scope of Report Defect Statements

End of Presentation

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