

NORTH CAROLINA HOME INSPECTOR LICENSURE BOARD

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January 13, 2025

VIA US CERTIFIED MAIL BEARING NO. 9589 0710 5270 0742 5962 57
VIA EMAIL TO george@gethomecloud.com

Mr. George Faucette Kirkland IV
Chief Executive Officer
HomeCloud, Inc.
4306 Thetford Rd.
Durham, NC 27707-5700

Dear Mr. Kirkland:

This letter is to inform you that based upon information received by the North Carolina Home Inspector Licensure Board ("Board"), the Board has reason to believe that HomeCloud, Inc. may be aiding, abetting, and allowing home inspections to be performed in North Carolina for a fee by individuals who are unlicensed by the Board, in potential violation of various provisions of the Home Inspector Licensure Act ("Act" or "Article") as set forth in N.C. Gen. Stat. Ann. Ch. 143, Art. 9F, and the Board's Rules codified in 11 NCAC 08. 1000 to 08. 1351. For your convenience, the Board posts and provides access to the Act and the Rules on the Board's website at www.nchilb.com.

The purpose of the Act is to safeguard the public health, safety, and welfare and to protect the public from being harmed by unqualified persons performing home inspections. The Board has the authority to do all things necessary and proper to enforce the Act. This letter is also sent to advise you that the Board has authority to make an application to the court seeking an order to enjoin violations of the Act. *See* N.C. Gen. Stat. § 143-151.60. Below are some pertinent statutes for your review, including the definitions of compensation, a home inspection, and a home inspector.

N.C. Gen. Stat. § 143-151.45(3) defines compensation— as "[a] fee or anything else of value."

N.C. Gen. Stat. § 143-151.45(4) defines a Home Inspection as: "[a] written evaluation, based on observation or noninvasive testing, of two or more of the following components of a residential building: heating system, cooling system, plumbing system, electrical system, structural components, foundation, roof, masonry structure, exterior and interior components, or any other related residential housing component. Noninvasive testing means testing methods which do not result in any damage to a component or system, such as tearing, puncturing, or gouging, provided that probing a wood component or system to inspect for deterioration is permissible."

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N.C. Gen. Stat. § 143-151.45(5) defines a Home Inspector as: “[a]n individual who engages in the business of performing home inspections for compensation.” N.C. Gen. Stat. § 143-151.58 sets out the duties of a licensed home inspector, including paragraph (a) which states: “[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...”

At the Board’s request, the Attorney General’s Office issued an Advisory Letter (“Request”) regarding whether the services being offered by HomeCloud, Inc. constitute a “home inspection” that must be completed by a licensed home inspector requiring a written report. It is our understanding that Mike Hejduk, the Executive Director of the Board, emailed a copy of this Request seeking an Advisory Letter to you on March 10, 2024, and that prior to March 10, 2024, both he and the Board’s investigator (Sam Whittington) sought a teleconference to discuss various complaints the Board received about allegations of unlicensed activity being performed by individuals affiliated with HomeCloud, Inc.

On July 11, 2024, M. Denise Stanford, Special Deputy Attorney General from the North Carolina Attorney General’s office sent an Advisory Letter to the Board in response to our Request concluding:

Based on the materials you provided to the Attorney General’s Office, the services offered by HomeCloud constitute a “home inspection,” pursuant to N.C. Gen. Stat. § 143-151.45(4) and must be completed by a licensed home inspector requiring a written report. To perform a home inspection for compensation in North Carolina, an individual must be licensed by the Board pursuant to N.C. Gen. Stat. § 143-141.50(a). A licensed home inspector must give each person for whom the inspector performs a home inspection for compensation a written evaluation, based on the home inspector’s observation or noninvasive testing of two (2) or more of the following components of a residential building: heating system, cooling system, plumbing system, electrical system, structural components, foundation, roof, masonry structure, exterior and interior components, or any other related residential housing component. Written evaluations must comply with the Standards of Practice as set forth in 11 N.C.A.C. 08. 1102 *et seq.*

We have enclosed a copy of the Advisory Letter for your convenience.

It is the Board’s position that performance of a home inspection by unlicensed individuals affiliated with HomeCloud, Inc. for a fee in North Carolina without a written report that meets the standards of practice issued by HomeCloud, Inc. violates the Act; and therefore, the Board expects HomeCloud, Inc. and its agents to stop engaging in such activities that violate the Act.

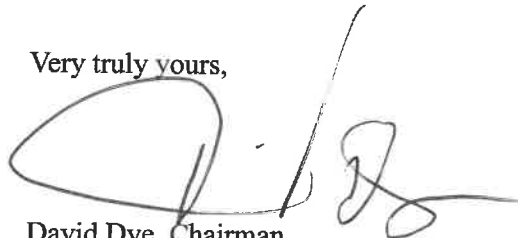
In addition, it is the Board’s position that any solicitation of repairs by a party performing a home inspection is a conflict of interest. Further, the Board is aware that HomeCloud, Inc.’s website advertises a 90-day warranty to consumers, which may violate the law. While we cannot provide legal advice to you, we have enclosed a Legal Opinion issued by the Department of Insurance about warranty programs. The Legal Opinion outlines various factors considered when determining whether a warranty program is either an insurance product or a service warranty program. Depending on the type of program, a company who offers such programs may be required to hold an insurance producer license or be able to provide proof that contractual and/or service agreement insurance is in place to cover claims exposure or show that reserve accounts are funded and maintained as required by various sections of the North Carolina General Statutes.

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The Board's opinions expressed herein are not legal determinations, as only a court may determine whether there have been violations of any laws, and, if appropriate, the court may impose remedies for such violations.

Should you like to discuss this further, feel free to contact Special Deputy Attorney General Gina M. Von Oehsen Cleary, of the North Carolina Department of Justice, who serves as the Board's legal counsel at: gcleary@ncdoj.gov.

Very truly yours,

A handwritten signature in black ink, appearing to be 'D. Dye', written over a horizontal line.

David Dye, Chairman
North Carolina Home Inspector Licensure Board

Enclosures

cc with enclosures:

Mr. Michael Patrick Mastriano
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michael@gethomecloud.com

Mr. Luke Mitchell
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