

**MINUTES FOR TEXAS REAL ESTATE COMMISSION (TREC)
INSPECTOR ADVISORY COMMITTEE MEETING**

Monday, June 16, 2008

The meeting was called to order at 9:02 am by chairman Larry Foster. Lunch break was taken at 12:03. The committee reconvened at 1:18.

Agenda item 2, Devon Bijansky reported on enforcement and introduced new enforcement staff attorney Robert Meisel, who will be working on inspector matters in the future and was present at the meeting.

Agenda item 3, visitors introduced themselves and public comments were made.

The Committee skipped ahead to agenda item 8, discussion and possible action regarding consumers' expectations about the time period during which information in an inspection report remains valid. It was proposed that this be added to the preamble. Tim Irvine said that the preamble already states that the report is for a given day and time. It is also possible to recommend additional inspections. Tim Irvine advised expanding what is already there, but he does not recommend including a time limit because that can be construed as a warranty. There was a recommendation to add language to encourage inspection of repairs. There was concern whether this was a substantive change. Counsel said it was not a substantive change. Chairman Foster moved to accept changes to the preamble and Curtis seconded it. Motion carried.

Agenda item 9, discussion and possible action to recommend action to exempt relocation inspections from use of the standard inspection report form as long as the inspectors attaches to the report a notice that the inspection was not performed in accordance with TREC's Standards of Practice. This item was suggested by the Employee Relocation Council. John Cahill spoke. The suggested exception had been in effect but was removed in March 2007 because the Committee found that the relocation companies did not follow through with this agreement, potentially leading prospective buyers to believe that they were being given a comprehensive inspection report and placing inspectors in jeopardy of disciplinary action by TREC for using the wrong form. Chairman Foster moved no action and Ray Armendariz seconded. No action taken.

The Committee skipped ahead to agenda item 11, discussion and possible action to recommend amendments to 22 TAC §535.208(c)(5) regarding the Certificate of Insurance form. There was a question about whether multi-inspector firms can use a single policy. It was confirmed that this was acceptable as long as the policy actually covers all inspectors in the firm; each inspector must submit proof of insurance using the usual Certificate of Insurance form. Mary Keller, counsel for State Farm, suggested increasing the cancellation/non-renewal provision from 10 to 30 days before insurers must notify TREC of a lapsed policy. She also stated concerns about agents "certifying" coverage and contended that the form needed to include a blank for aggregate limit; otherwise, the certificate may waive any aggregate limit. Tim Irvine and Chairman Foster pointed to the statement at the top that the certificate does not amend the insurance contract. Brad moved to amend the form to add an aggregate limit line. Curtis seconded the motion. Chairman Foster said that would lead to consumers shopping inspectors by aggregate limit. Tim suggested a line stating that the aggregate limit is as specified in the policy. Brad amended the motion to add to the first paragraph a statement that the aggregate limit is as specified in the policy.

The Committee returned to agenda item 4, discussion and possible action to recommend adoption of amendments to 22 TAC §§535.227-535.231 concerning Standards of Practice for inspectors.

We have received a lot of public comments. Fred Willcox stated that many commenters opposed the "addition" of requirements that already exist in the current standards of practice. These should not be addressed here and now, but are an enforcement issue. The public comments were reviewed individually with changes made to the rules as deemed appropriate. It was discussed that some of these changes were substantive and would require the rules to be re-proposed by the Commission before they could be adopted.

Agenda items 5 and 6, discussion and possible action to recommend adoption of 22 TAC §535.222 concerning inspection reports. Amendments were made to the form concerning location of water meters and water pressure readings.

The Committee did not finish reviewing the comments about the standards and form. Another meeting was scheduled for July 21 and 22, 2008 to complete this review and address the other agenda items with the expectation that new rule drafts will be recommended to the Commission for proposal in August. The meeting was adjourned at 5 pm.