



# TREC Advisor

*The agency exists to safeguard the public interest and protect consumers of real estate services. In accord with state and federal laws the agency oversees real estate brokerage, appraisal, inspection, home warranty and timeshare interest providers. Through education, licensing and regulation, the agency ensures the availability of qualified and ethical service providers, thereby facilitating economic growth and opportunity in Texas.*

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***Inside this issue: Updated Inspector SOP's and What That Means For Your Clients (page 1) From the Chair (page 2) Staffing Updates (page 3) Adopted and Proposed Rules (page 4) TREC Enforcement Actions (page 8)***

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## ***Updated Standards of Practice for Home Inspectors and How Your Client Will Benefit From Them***

A real estate inspection provides critical information about your client's potential new home and its condition, and is a vital step in the buying process. Home inspections are performed by TREC licensed inspectors who follow required minimum standards of practice. Effective January 1, 2014, inspectors will follow an updated standards of practice. The new standards will provide a clearer understanding of what an inspector is and is not required to inspect and report and encourages a more performance based approach. The reports will still provide consumers with specific information about the condition of the home. Your clients should also understand the limitations of an inspection under TREC rules:

- **TREC rules generally provide that an inspector is not required to inspect items that are buried, hidden, latent, or concealed.** Unfortunately, it some items are hidden or concealed from the inspector when an inspection is performed. If this is a concern for a buyer, it is possible to request in advance that the seller move an item that is concealing something that otherwise would be inspected by an inspector. Even so, some items are still undiscoverable by an inspector and could require a separate professional to perform a separate inspection. Some examples include concealed defects within the walls, latent hail damage, or defects in buried pipes.
- **A home inspection includes only items that are part of the home's structure.** The inspection generally does not include decks, detached structures, docks, fences, waterfront structures or equipment. An inspector, upon agreement with a client, may inspect optional systems such as irrigation systems, outbuildings, pools, spas, private water wells, and septic systems.
- **A home inspection is not a code inspection.** A TREC licensed inspector is not required to be familiar with local code requirements. Although the minimum standards of practice address some safety issues that could be code requirements, an inspector is not required to identify all potential hazards or code violations.
- **A home inspection may not reveal all problems with a home.** An inspector is not required to determine the insurability, warrantability, suitability, adequacy, or life of a system. An inspector may recommend further inspection of a system, if the inspector considers it necessary.
- While there are limitations to a TREC inspection, the intent is to provide your client an overall picture of the condition of the home on the day of the inspection. The inspection standards focus on the major areas of the home and provide for a standardized report that is reliable and full of information that buyers or sellers would want to know about a home before a purchase.

The Commission met on October 23<sup>rd</sup> in the State Capitol for its regular quarterly meeting. Not our usual meeting spot, so that was a special treat. All of our meetings are webcast for the convenience of our license holders and the public. For links to watch from your computer or mobile device, check our [www.trec.texas.gov](http://www.trec.texas.gov) website on meeting day. Videotapes of prior meetings are also stored there for viewing at any time.

The Commission heard progress reports from two of its advisory committees – the Inspector Committee and the Educations Standards Advisory Committee—and from staff. We approved previously published amendments to several rules and many related forms were updated as well. Notably, based on increasing numbers, license holders continue to prefer our online applications over paper forms; the staff effectively manages the volume of complaints filed by consumers and others; and the agency’s budget is on track. The only area that bears closer scrutiny is the low balance in our Recovery Fund based on a large number of payments ordered by courts to be made to persons injured by license holders with no E&O insurance. If this trend continues, we may be forced to make a special assessment to replenish the Fund. Not something we want to do.

Three very significant items were considered and approved. The first was the new Legal & Ethics Update courses, drafted by a group of subject matter experts convened by the Real Estate Center every two years for this purpose. Since the meeting, hundreds of instructors have attended special training to begin offering these required courses to license holders after January 1, 2014. The second was an important update to several key promulgated contract

forms. Because of the extensive comments received, these forms were withdrawn and re-proposed and are published to be considered again at our meeting in February 2014. Lastly, we began the formal process of a comprehensive and systematic rule review that we complete every four years. This review integrates well with the upcoming strategic planning process we will launch next Spring.



**Avis Wukasch, Chair**

After the meeting, we were very pleased to learn that our acting General Counsel Kerri Lewis had been selected as the new agency General Counsel effective November 1<sup>st</sup>. Congratulations Kerri; we look forward to a great new era with your legal guidance.

Our next regularly scheduled meeting is on February 10th at 10 a.m. If you can, please stop by and meet the Commissioners and staff. We are always happy to see you. Until then, on behalf of the entire Commission, we wish all of our license holders and staff all the blessings of the Holidays. May you each find a special peace in this Season and may the New Year bring us all greater success in our service to the people of Texas!

## ***Agency Office Holiday Hours***

*The Agency’s offices will be closed on December 24, 25 and 26 for the Christmas holiday and December 31 and January 1 for New Year’s.*

Please be sure to make the proper preparations for license renewals and any other questions you might have.

Happy Holidays from all of us at TREC and TALCB!



## *New TREC Deputy Administrator and General Counsel Announced*

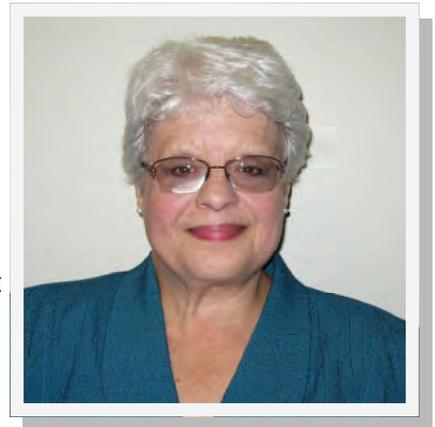


The Real Estate Commission is proud to announce Kerri Lewis has accepted the position of TREC General Counsel and Agency Deputy Administrator. From April 2012 until November 2013, she served as General Counsel and Deputy Commissioner for the Texas Appraiser Licensing & Certification Board and Deputy General Counsel for the Texas Real Estate Commission. Kerri first joined the Texas Real Estate Commission as Director of Standards & Enforcement Services in November, 2009. Her prior State experience includes the State of Texas Credit Union Department, where she was the Assistant Commissioner and General Counsel, The University of Texas System, where she worked as a real estate attorney, and the Texas Finance Commission, where she worked with their Administrative Law Judge on licensing enforcement cases.

Kerri received her undergraduate degree in Business Management at Rice University and graduated with honors from the University of Texas School of Law.

### *Maggie Weilbacher*

Maggie joined TREC as an Investigator IV in Standards & Enforcement Services on November 1, 2013. Before joining TREC, Maggie worked in a real estate office as a Broker's Assistant as well as Transaction Coordinator for over four years. She currently holds an inactive a real estate salesperson license. In November, 2006, she retired from the Federal Bureau of Prisons after twenty-three years working as an Equal Employment Opportunity Investigator and Labor Management Specialist. She enjoys riding motorcycles and going to the gun range.



### *Pim Mayo*

Pim joined TREC as a Staff Attorney on November 12, 2013. Before joining TREC, Pim practiced oil and gas law and also worked in the Enforcement Section at the Railroad Commission of Texas. Pim received her B.A. in Art History from the University of Texas, J.D. from St. Mary's University in San Antonio, and was admitted to the State Bar of Texas in 2009. In her spare time, Pim enjoys traveling, crafting, and practicing yoga.

### *Congratulations to Angelo Jones!*

Angelo has been chosen and the agency's employee of the quarter! Angelo has served the Real Estate Commission's Standards and Enforcement Services Division since 2006 and an employee at TREC since 1996! She is extremely hard working and always willing to go above and beyond to get the job done right. Angelo always meets everyone with a smile and is truly a joy to work with. Congratulations again on this well deserved recognition Angelo!



**ADOPTED RULES**

**Chapter 535, General Provisions**

**Subchapter F. Pre-License Education and Examination**

**§535.62, Acceptable Courses of Study, and  
§535.64, Obtaining Approval to Offer a Course**

The amendments to §535.62 add Law of Agency as new subsection (d) which is a 30 hour core course with specific topics, subtopics, and units, with mandated time periods in which instructors must teach each topic or subtopic. The addition of subsection (d) requires the relettering of the remaining subsections in the rule. The amendments to §535.64 remove the phrase "Core Real Estate Course Approval Form" from the titles of the TREC Form No. PRINS 1-0, Principles of Real Estate 1, and PRINS 2-0, Principles of Real Estate II, adopted by reference in this rule. The amendments also adopt by reference a form (LOA -0) to be used for schools in requesting approval to offer the new Law of Agency course. *Eff. Date: 11/17/2013*

**Subchapter I. Licenses**

**§535.95. Miscellaneous Provisions Concerning License or Registration Applications or Renewals, Including Fingerprinting Requirements**

The amendments to §535.95(a) add a provision to reference Chapter 1102 as home inspectors renewal applicants will be subject to new fingerprinting requirements which are the same as the requirements for real estate salesperson and broker licensees. These same amendments were adopted on an emergency basis because of the September 1, 2013 effective date for HB 2911. In relevant part, HB 2911 amended Texas Occupations Code, Chapter 1102 requiring fingerprinting of home inspectors on renewal.

The amendments to §535.95(f) change the requirements for expedited licensing of military spouses as required by SB 162. Senate Bill 162 adds §55.005 and 55.006 to the Texas Occupations Code to require an expedited licensing and process for the issuance of a license to spouses of active duty military.

The amendments to §535.95(g) add requirements for crediting military related experience for license requirements as required by HB 2254. House Bill 2254 requires a licensing agency to credit verifiable military service, training or education obtained by an applicant who is a military service member or veteran, toward the requirements of a license. *Eff. Date: 11/17/2013*

**Subchapter J. Fees**

**§535.101. Fees**

The amendments to §535.101 adopted a new fee of \$40 for preparing a certificate of active licensure or sponsorship. *Eff. Date: 1/1/2014*

**Subchapter R. Real Estate Inspectors**

**§535.206, The Texas Real Estate Inspector Committee, §535.208, Application for a License, §535.209, Examinations, §535.210, Fees, §535.211, Professional Liability Insurance, or Any Other Insurance That Provides Coverage for Violations of Subchapter G of Texas Occupations Code, Chapter 1102, §535.216, Renewal of License**

Section 535.209 is adopted with changes to the proposed text as published in the August 30, 2013, issue of the *Texas Register* (38 TexReg 5668). Sections 535.206, 535.208, 535.211 and 535.216 are adopted without changes to the proposed text.

The amendments to §535.206 add term limits for inspector and public members.

The amendments to §535.208 change the reference to professional responsibility requirements, change the period for completing all application requirements from six to 12 months, and add a new fingerprinting requirement for applicants to be consistent with new statutory requirements. No comments were received on this proposal and no changes were made to the amendments as published.

The amendment to §535.209 adds a new subsection to the rule regarding additional education requirements for applicants who fail an exam three consecutive times to be consistent with new statutory requirements. The differences between the amendments as proposed and as adopted are: subsection (d) is deleted as the date of applicability has already passed and proposed subsection (e) is adopted as (d). Subsection (f) is renumbered to (e) and is rewritten to be consistent with former subsection (e) (renumbered to (d)) and to better clarify when an examination is considered passed and the period examination results remain valid for an application. Former subsection (g) (renumbered to (f)) is rewritten to simplify the requirements for additional education following three consecutive examination failures.

The amendments to §535.211 add new proof of professional responsibility requirements to be consistent with new statutory requirements.

The amendments to §535.216 add new provisions for late renewals and fingerprinting to be consistent with new statutory requirements. *Eff. Date: 11/21/2013*

**§535.210. Fees**

The amendments to §535.210 add new fees for late renewals and fingerprinting to be consistent with new statutory requirements. In addition, the amendments to §535.210 add a new fee of \$40 for preparing a certificate of active licensure or sponsorship. *Eff. Date: 1/1/2014*

**§535.212, Education and Experience  
Requirements for a License, §535.213, Approval  
of Courses in Real Estate Inspection, §535.214,  
Providers of Real Estate Inspection Courses,  
§535.218, Continuing Education**

Sections 535.212, 535.213 and 535.218 are adopted with changes to the proposed text as published in the August 30, 2013, issue of the *Texas Register* (38 TexReg 5670). Section 535.214 is adopted without changes to the proposed text.

The amendments to §535.212 increase the number of hours required for education for a professional inspector license by two hours and change the specific requirements for substitute experience requirements for real estate and professional inspectors to apply new statutory requirements. The amendments also correct and clarify the language of the rule to increase comprehension. The difference between the rule as published and as adopted are: subsections (f) and (g) were restructured to combine the interactive experience training classroom hours proposed under (f)(1)(A) and (g)(1)(A) with the proposed required field work hours under (f)(1)(B)(i) and (g)(1)(B)(i) respectively; current provisions allowing an option for all interactive experience training modules with no field work under subsections (f)(1)(B)(ii) and (g)(1)(B)(ii) were reinstated; and new subsections (f)(3) and (g)(3) which accept the substitute experience under reinstated subsections (f)(1)(B)(ii) and (g)(1)(B)(ii) if completed prior to May 1, 2014 were added.

Twelve comments were received on the proposal, ten opposed and two in favor. Additionally, two comments were received from legislators expressing concern about the need to study the cost, benefits and burden of requiring the maximum hours of ride along experience and requested that more time be given to fully investigate alternatives. The main reasons given by commenters for opposition to the proposed changes were that there will not be enough instructors available to teach the required ride along portion and that the new requirement could reduce the number of people entering the industry. Other comments given by those opposed were that it was too onerous, would create greater costs, would be a difficult option for those in rural areas, and choosing the maximum number of hours permitted by the legislature for field work was not following the legislative intent. One of the commenters in favor of requiring ride along field work stated that there was great value in ride alongs and her school was working toward incorporating that requirement and thought it could be provided at a reasonable cost. The Texas Real Estate Inspector Committee reviewed the comments and recommended that the Commission keep the proposed 20 hour ride along requirement for substitute experience requirement for a real estate inspector license and 40 hours for a professional inspector's license, because it is critical to consumer protection that an applicant get hands on

experience before becoming licensed. Given the extensive nature of the standards of practice (SOPs) that a new inspector has to apply and the fact that examples of issues under the SOPs will be different in every house, the Committee did not feel that 20/40 hours of ride along experience was excessive. The Committee also noted that current interactive training modules do not adequately address Texas specific SOPs in a comparable manner to a ride along session. However, based on some of the concerns raised by the commenters, the Committee also recommended reinstating the provision allowing all substitute experience hours to be completed through interactive experience training modules until May 1, 2014. This will allow time to adjust to and implement the change, to study and present viable alternatives and to develop a larger pool of ride along instructors. The Commission adopted the amendments with the Committee's changes based on comments received. The Commission stressed at the meeting that it wanted all options investigated promptly, giving them time to consider additional options and make any further adjustments to the requirements on or before their April 28, 2014 Commission meeting.

The amendments to §535.213 clarify that the rule applies to core courses, define certain terms, and clarify the qualifications for correspondence courses. The difference between the proposal as published and the rule as adopted is that the proposed increase in the time frame that an applicant cannot receive repeat credit for a course was dropped in response to comments received. Comments were received on the proposal from two trade associations. The trade associations requested that the timeframe that an applicant cannot receive repeat credit for a course be left at two years to be consistent with the renewal cycle to avoid confusion and allow repetition of courses where an inspector might be weak. The Committee and the Commission agreed to make this change.

The amendment to §535.214 clarifies that the rule applies to providers of core education courses. No comments were received on this proposal and no changes were made to the amendments as published.

The amendments to §535.218 provide a process and requirements for approval of real estate inspector courses, providers and instructors and set out requirements for the Texas Standards of Practice/Legal/Ethics Update course and a ride along inspection course. The differences between the proposal as published and the rule as adopted are: the rule was restructured for greater clarity, including moving subsection (d) into subsection (b) and rearranging a portion of subsection (e); references to §535.213(e)(11) and (12) were added since they were inadvertently left out of the proposal; in subsection (b) the number of hours allowed in any **one single subject was increased** from eight to twelve and the word "topic" was

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changed to "subject" to track the terminology used in §535.213(e). In subsection (e), the following sentence was added to the beginning of the section "Subsections (k) - (n) of §535.71 of this title do not apply to course approval or instructors of non-elective courses for inspectors" since it is currently not applicable. The word "substantially" before "the same course" was deleted from subsection (g); and the proposed increase in the time frame that an applicant cannot receive repeat credit for a course was dropped in response to comments received.

Two trade groups and two individuals commented on the proposal. One individual felt that there were not going to be enough ride along instructors and that the cost would be too much. The Texas Real Estate Inspector Committee reviewed the comments. The Committee's response is that the ride along course for continuing education is an optional course and not required and that more inspectors will likely agree to teach the course now that it will be available for credit for the trainee and the trainer. The trade associations and one individual were opposed to approval of all continuing education courses or instructors by the Commission. The Committee made no recommended changes based on these comments since approval of instructors and courses were proposed to be the same as is currently required for all other license types regulated by the Commission and no good reason for a different application exists. The one exception to this is the non-elective course for inspectors, which was excluded from these provisions in subsection (e) since there is not currently one single Commission approved course. The trade associations and one individual requested that the timeframe that an applicant cannot receive repeat credit for a course be left at two years to be consistent with the renewal cycle to avoid confusion and allow repetition of courses where an inspector might be weak. The Committee and the Commission agreed to make this change. The trade associations also requested that there be no limitation on the number of hours an inspector could take in any give subject because they might be weak in one area and need additional education in that area. The Committee stated that the reason for putting in the limitation of no more than 8 hours in any single subject was to ensure that inspectors got a well-rounded education for their continuing education. Taking all of your biannual education in only one of the 12 subject areas does not keep the inspector up to date in all of the necessary systems. However, in consideration of this concern, the Committee did agree to increase the limitation to no more than 12 hours. The Commission agreed with changes made by the Committee to the proposed rule. Eff. Date: 11/21/2013

**The Texas Real Estate Inspector Committee has recommended a modification to several proposals based on comments received.**

### Service Company Act Q. Issues Affecting Consumers

#### §539.162. Contract Requirements.

The new section is adopted to require companies to provide a disclosure in all contracts regarding how to file a complaint with the Texas Real Estate Commission. *Eff. Date: 11/21/2013*

#### PROPOSED RULES

Comments on the rules should be emailed to [general.counsel@trec.texas.gov](mailto:general.counsel@trec.texas.gov), faxed to (512)936-3788 or mailed to the Office of the General Counsel at the TREC Headquarters address

### Chapter 535 General Provisions

#### Subchapter E. Requirements for Licensure

##### §535.51. General Requirements for a License.

The proposed amendment corrects §535.51(d)(4) to increase the timeframe for an applicant to submit fingerprints from six months to twelve months to be consistent with the timeframe an applicant has to take an examination under §1101.401 of the Real Estate License Act and to meet the other requirements of an application under §535.51(d)(1). *Earliest possible date of adoption: 2/10/2014*

#### Subchapter F. Pre-License Education and Examination

##### §535.62. Acceptable Courses of Study, §535.64. Obtaining Approval to Offer a Course.

The proposed amendments to §535.62 add Law of Contracts and Promulgated Contract Forms as new subsection (e), which are 30 hour core courses with specific topics, subtopics, and units, with mandated time periods in which instructors must teach each topic or subtopic. The addition of subsection (e) requires the re-lettering of the remaining subsections in the rule.

The proposed amendments to §535.64 removes the sentence "This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, [www.trec.texas.gov](http://www.trec.texas.gov)." from subsection (h)(1) and (2) and inserts the phrase "which are published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, [www.trec.texas.gov](http://www.trec.texas.gov)" under the main body of subsection (h). The amendments also adopt by reference forms to be used for schools in requesting approval to offer the new Law of Contracts and Promulgated Contract Forms courses. *Earliest possible date of adoption: 2/10/2014*

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**Chapter 537 Professional Agreements and Standard Contracts**

**§537.20. Standard Contract Form TREC No. 9-11, Unimproved Property Contract; §537.28. Standard Contract Form TREC No. 20-12, One to Four Family Residential Contract (Resale); §537.30. Standard Contract Form TREC No. 23-13, New Home Contract (Incomplete Construction); §537.31. Standard Contract Form TREC No. 24-13, New Home Contract (Completed Construction); §537.32. Standard Contract Form TREC No. 25-10 Farm and Ranch Contract; §537.37. Standard Contract Form TREC No. 30-11 Residential Condominium Contract; §537.44. Standard Contract Form TREC No. 37-5 Subdivision Information, Including Resale Certificate for Property Subject to Mandatory Membership in a Property Owners' Association; §537.47. Standard Contract Form TREC No. 40-5, Third Party Financing Addendum for Credit Approval; and new §537.53. Standard Contract Form TREC No. 46-0, Mutual Termination of Contract**

The amendments adopted by reference six revised contract forms, two revised addenda, and one new addendum for use by Texas real estate licensees.

The amendments to §537.28 propose to adopt by reference Standard Contract Form TREC No. 20-12, One to Four Family Residential Contract (Resale). The proposed amendments are as follows. The definition of "Property" is moved from the end of Paragraph 2 to the beginning of the paragraph. Paragraph 6.A.(8) is amended to provide that, at buyers' expense, the exception shall be amended to read "shortages in area" unless the buyer instructs the title company otherwise. The third sentence in Paragraph 6.B regarding delivery of Commitment and Exception Documents is amended to read "... the time for delivery will be automatically extended up to 15 days or 3 days before the Closing Date, whichever is earlier" to foreclose the delivery of such documents at closing. Paragraph 7.D is amended to define "As Is" as "the present condition of the Property with any and all defects and without warranty except for the warranties of title and the warranties in this contract." The notice after paragraph 7.D is moved to the body of the paragraph after the definition of "As Is" and the defined term "As Is" is added to that sentence and subparagraphs (1) and (2) to replace "in its present condition." The parenthetical at the end of paragraph 7.D is changed to add "and treatments" at the end of the sentence. The second sentence in Paragraph 7.F is amended to clarify that, if no license is required by law to perform a repair or treatment, all repairs and treatments must be performed by persons "who are commercially engaged in the trade

of providing such repairs or treatments" rather than "authorized by law to provide such repairs or treatments." Paragraph 7.F is amended to change the number of days in the last sentence from 15 to 5 days regarding the Buyer's option to extent the Closing Date if Seller fails to complete agreed repairs and treatments prior to closing. Paragraph 9 is amended by adding a new Paragraph 9.B regarding leases wherein the Seller (1) agrees not to execute any lease or convey any interest in the Property after the effective date without the Buyer's written consent, and (2) incorporates existing Paragraph 9.B(5) and renumbers existing Paragraph 9B to 9C to contain 9B(1)-(4). Paragraph 14 is amended to add the clause "or cause to be restored" in the first sentence. Paragraph 16 is amended to remove the mediation check boxes to require mediation to resolve disputes between Buyer and Seller related to the contract. Paragraph 23 is amended to provide that the Seller or Listing Broker must receive the option fee within 3 days after the effective date of the contract rather than Buyer paying Seller the option fee within two days after the effective date of the contract to make it clear that it is not enough that the Buyer puts the option fee in the mail within 2 days after the effective date; the Seller or Listing Broker must receive the option fee within 3 days after the effective date. The last page is amended to clarify that the agents should not sign on the blank lines, they should insert their names only.

The amendment to §537.20 proposes to adopt by reference Standard Contract Form TREC No. 9-11, Unimproved Property Contract. The proposed revisions are the same as those proposed for TREC Form No. 20-9 except as follows. The definition of "Property" in Paragraph 2 is not changed. Paragraph 7.E(1) is amended to be the same as Paragraph 7.H(1) in Form 25-10, Farm and Ranch Contract. Paragraph 7.E(3) regarding environmental hazards is amended to change "any environmental hazards or conditions affecting" to "any environmental hazards that materially and adversely affect" the property.

The amendment to §537.30 proposes to adopt by reference Standard Contract Form TREC No. 23-13, New Home Contract (Incomplete Construction). The proposed revisions are the same as those proposed for TREC Form No. 20-12, except as follows. The definition of "Property" in Paragraph 2 is not changed. There are no amendments to paragraph 7 except to insert missing parentheses as the paragraph has no reference to "as is" condition or repairs and treatments. Paragraph 7.I(3) regarding seller's disclosure of environmental hazards is amended to change "any environmental hazards or conditions materially affecting" to "any

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environmental hazards that materially and adversely affect” the property. Paragraph 9 is amended by adding a new Paragraph 9.B regarding leases wherein the Seller agrees not to execute any lease or convey any interest in the Property after the effective date without the Buyer’s written consent.

The amendment to §537.31 proposes to adopt by reference Standard Contract Form TREC No. 24-13, New Home Contract (Completed Construction). The proposed revisions are the same as those proposed for TREC Form No. 20-12 except as follows. The definition of “Property” in Paragraph 2 is not changed. Paragraph 7.H(3) regarding seller’s disclosure of environmental hazards is amended to change “any environmental hazards or conditions materially affecting” to “any environmental hazards that materially and adversely affect” the property. Paragraph 9 is amended by adding a new Paragraph 9.B regarding leases wherein the Seller agrees not to execute any lease or convey any interest in the Property after the effective date without the Buyer’s written consent.

The amendment to §537.32 proposes to adopt by reference Standard Contract Form TREC No. 25-10, Farm and Ranch Contract. The proposed revisions are the same as those proposed for TREC Form No. 20-12, except as follows. Paragraph 2 is amended to except exclusions and reservations. The definition of “Property” in Paragraph 2 is not changed. Paragraph 7.H(3) regarding seller’s disclosure of environmental hazards is amended to change “any environmental hazards or conditions materially affecting” to “any environmental hazards that materially and adversely affect” the property. The last page is not amended.

The amendment to §537.37 proposes to adopt by reference Standard Contract Form TREC No. 30-11, Residential Condominium Contract. The proposed revisions are the same as those proposed for TREC Form No. 20-12 except as follows. The definition of “Property” in Paragraph 2 is not changed. Paragraph 2.B(3) is deleted as a typographical error. No changes were made to paragraph 6.A.(8).

The amendment to §537.44 propose to adopt by reference Standard Contract Form TREC No. 37-5, Subdivision Information, Including Resale Certificate for Property Subject to Mandatory Membership in a Property Owners’ Association. Paragraph H is amended to more closely track statutory changes to Chapter 207, Property Code.

The amendment to §537.47 proposes to adopt by reference Standard Contract Form TREC No. 405, Third Party Financing Addendum for Credit Approval. New paragraph E is added to reference USDA Guaranteed Financing.

New §537.47 propose to adopt reference by Standard Contract Form TREC No. 46-0, Mutual Termination of Contract. The form is to be used when the Buyer and Seller mutually agree to terminate the contract and release the earnest money, or to terminate the contract without releasing the earnest money. *Earliest possible date of adoption: 2/10/2014*

**The Broker Lawyer Committee has recommended modifications to the contracts as proposed based on comments received. The changes made from the set proposed in August are in green.**

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)  
**ONE TO FOUR FAMILY RESIDENTIAL CONTRACT (RESALE)**  
NOTICE: Not For Use For Condominium Transactions

1. **PARTIES:** The parties to this contract are \_\_\_\_\_ (Seller) and \_\_\_\_\_ (Buyer). Seller agrees to sell and convey to Buyer and Buyer agrees to buy from Seller the Property defined below.

2. **PROPERTY:** The land, improvements and accessories are collectively referred to as the "Property."  
A. **LAND:** Lot \_\_\_\_\_ Block \_\_\_\_\_, County of \_\_\_\_\_, Texas, known as \_\_\_\_\_ (address/zip code), or as described on attached exhibit.  
B. **IMPROVEMENTS:** The house, garage and all other fixtures and improvements attached to the above-described real property, including without limitation, the following **permanently installed and built-in items**, if any: all equipment and appliances, valances, screens, shutters, awnings, wall-to-wall carpeting, mirrors, ceiling fans, attic fans, mail boxes, television antennas and satellite dish system and equipment, mounts and brackets for televisions and speakers; heating and air-conditioning units, security and fire detection equipment, wiring, plumbing and lighting fixtures, chandeliers, water softener system, kitchen equipment, garage door openers, cleaning equipment, shrubbery, landscaping, outdoor cooking equipment, and all other property owned by Seller and attached to the above described real property.  
C. **ACCESSORIES:** The following described related accessories, if any: window air conditioning units, stove, fireplace screens, curtains and rods, blinds, window shades, draperies and rods, door keys, mailbox keys, above ground pool, swimming pool equipment and maintenance accessories, artificial fireplace logs, and controls for: (i) satellite dish systems, (ii) garage doors, (iii) entry gates, and (iv) other improvements and accessories.  
D. **EXCLUSIONS:** The following improvements and accessories will be retained by Seller and must be removed prior to delivery of possession: \_\_\_\_\_

~~[The land, improvements and accessories are collectively referred to as the "Property."]~~

3. **SALES PRICE:**  
A. Cash portion of Sales Price payable by Buyer at closing .....\$ \_\_\_\_\_  
B. Sum of all financing described below (excluding any loan funding fee or mortgage insurance premium) .....\$ \_\_\_\_\_  
C. Sales Price (Sum of A and B) .....\$ \_\_\_\_\_

4. **FINANCING:** The portion of Sales Price not payable in cash will be paid as follows: (Check applicable boxes below)  
 A. **THIRD PARTY FINANCING:** One or more third party mortgage loans in the total amount of \$ \_\_\_\_\_ (excluding any loan funding fee or mortgage insurance premium).  
(1) **Property Approval:** If the Property does not satisfy the lenders' underwriting requirements for the loan(s) (including, but not limited to appraisal, insurability and lender required repairs), Buyer may terminate this contract by giving notice to Seller prior to closing and the earnest money will be refunded to Buyer.  
(2) **Credit Approval:** (Check one box only)  
 (a) This contract is subject to Buyer being approved for the financing described in the attached Third Party Financing Addendum for Credit Approval.  
 (b) This contract is not subject to Buyer being approved for financing and does not involve FHA or VA financing.  
 B. **ASSUMPTION:** The assumption of the unpaid principal balance of one or more promissory notes described in the attached TREC Loan Assumption Addendum.  
 C. **SELLER FINANCING:** A promissory note from Buyer to Seller of \$ \_\_\_\_\_, secured by vendor's deed of trust liens, and containing the terms and conditions described in the \_\_\_\_\_

Initialed for identification by Buyer \_\_\_\_\_ and Seller \_\_\_\_\_ TREC NO. 20-12

The proposed rules and draft forms can be found at the TREC website at [http://www.trec.state.tx.us/formslawscontracts/rules\\_codes/Rule.asp](http://www.trec.state.tx.us/formslawscontracts/rules_codes/Rule.asp)

Name and Location	Order	Basis For Order				
<p>Case#: <b>130001</b>                      QUINONES, SUSAN MARIE                      (license # 492186) Real Estate Broker /                      Salesperson-I                      COPPERAS COVE(CORYELL)                      Effective Date: 11/24/2013</p> <table border="1" data-bbox="110 525 444 714"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr> <td>1101.652(b)(01)</td> </tr> <tr> <td>1101.652(b)(09)</td> </tr> <tr> <td>22 TAC 535.146(d) (1/11)</td> </tr> </tbody> </table>	Violation(s)	1101.652(b)(01)	1101.652(b)(09)	22 TAC 535.146(d) (1/11)	<p>Agreed reprimand of salesperson.                      Agreed administrative penalty of \$2,500.00.</p>	<p>Consumer Complaint                      Respondent engaged in property management activity and failed to send the owners rent, or monthly or final accounting statements and failed to maintain the property in order to show it under a listing agreement.</p>
Violation(s)						
1101.652(b)(01)						
1101.652(b)(09)						
22 TAC 535.146(d) (1/11)						
<p>Case#: <b>131891</b>                      DO, SON QUANG                      (license # 604852) Real Estate Broker /                      Salesperson-I                      AUSTIN(TRAVIS)                      Effective Date: 11/5/2013</p> <table border="1" data-bbox="110 982 457 1075"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr> <td>1101.351(a)</td> </tr> </tbody> </table>	Violation(s)	1101.351(a)	<p>Agreed to cease and desist all unlicensed real estate brokerage activities. Assessment of an administrative penalty of \$2,000.00.</p>	<p>Consumer Complaint                      Respondent engaged in unlicensed activity by advertising property listings.</p>		
Violation(s)						
1101.351(a)						
<p>Case#: <b>131986</b>                      MANLEY, TANYA SUE                      (license # 0) None                      CARROLLTON(DENTON)                      Effective Date: 11/6/2013</p> <table border="1" data-bbox="110 1344 444 1436"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr> <td>1101.351(a)</td> </tr> </tbody> </table>	Violation(s)	1101.351(a)	<p>Ordered to cease and desist all unlicensed real estate brokerage activities. Assessment of an administrative penalty of \$38,000.00.</p>	<p>Consumer Complaint                      Respondent filed and obtained reinstatement of another person's salesperson license, and then retained a broker to sponsor her by pretending to be that other salesperson. She engaged in real estate brokerage services for others in exchange for a fee or other valuable consideration or with the expectation of receiving valuable consideration by listing property for sale, by acting as a buyer's agent and locating and negotiating property for lease.</p>		
Violation(s)						
1101.351(a)						
<p>Case#: <b>131387</b>                      PALACIOS, HECTOR M                      (license # 0) None                      HOUSTON(HARRIS)                      Effective Date: 11/15/2013</p> <table border="1" data-bbox="110 1722 444 1814"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr> <td>1101.351(a)</td> </tr> </tbody> </table>	Violation(s)	1101.351(a)	<p>Agreed to cease and desist all unlicensed real estate brokerage activities. Agreed administrative penalty of \$1,000.00.</p>	<p>Consumer Complaint                      Without holding a real estate license, Respondent engaged in real estate brokerage services in Texas, by negotiating the sale of property, for another, in exchange for a fee or other valuable consideration, or with the expectation of receiving valuable consideration.</p>		
Violation(s)						
1101.351(a)						

**TREC Enforcement Matters...**

<p>Case#: <b>131315</b>                  RAJI, PRISCILLA OLANREWAJU                  (license # 492814) Real Estate Broker /                  Salesperson-I                  SUGAR LAND(FORT BEND)                  Effective Date: 11/20/2013</p> <table border="1" data-bbox="102 415 430 510"> <tr> <th>Violation(s)</th> </tr> <tr> <td>22 TAC 535.002(a)</td> </tr> </table>	Violation(s)	22 TAC 535.002(a)	<p>Agreed reprimand of broker. Agreed administrative penalty of \$1,000.00.</p>	<p>Consumer Complaint                  Respondent was the designated broker for an entity holding a real estate broker license. The entity sponsored a real estate salesperson who engaged in activities that violated the Act and Rules of the Commission. Respondent was not involved in the daily operations of the entity, did not review documents prepared by a real estate salesperson sponsored by the entity, and did not provide policies and procedures to real estate salespersons sponsored by the entity.</p>		
Violation(s)						
22 TAC 535.002(a)						
<p>Case#: <b>131315</b>                  BROWN, LINK R                  (license # 578176) Real Estate Broker /                  Salesperson-I                  MISSOURI CITY(FORT BEND)                  Effective Date: 11/25/2013</p> <table border="1" data-bbox="102 940 446 1129"> <tr> <th>Violation(s)</th> </tr> <tr> <td>1101.651(b)</td> </tr> <tr> <td>1101.652(b)(01)</td> </tr> <tr> <td>22 TAC 535.154(e)</td> </tr> </table>	Violation(s)	1101.651(b)	1101.652(b)(01)	22 TAC 535.154(e)	<p>Agreed one-year suspension of broker license fully probated for one year. Agreed administrative penalty of \$3,000.00.</p>	<p>Consumer Complaint                  Respondent represented a prospective buyer and seller but did not obtain written consent to be an intermediary. The sales contract, prepared by Respondent and executed by prospective buyer and seller, did not indicate that it was subject to financing approval, and no financing addendum was properly completed. Respondent did not indicate in the sales contract that he, by and through his sponsoring broker, was acting as an intermediary. The prospective buyer moved into the property pursuant to a lease agreement and became delinquent in rent. Respondent prepared a Release of Earnest Money form and forwarded the earnest money to the sellers to be used to offset the delinquent rent, but there is a dispute whether prospective buyer authorized this. Respondent collected a check from prospective buyer made out to a name which the Commission had not been notified is used in business.</p>
Violation(s)						
1101.651(b)						
1101.652(b)(01)						
22 TAC 535.154(e)						
<p>Case#: <b>140208</b>                  LONE STAR REALTY &amp; PROPERTY                  (license # 486412) Real Estate Company-O                  KILLEEN(BELL)                  Effective Date: 11/26/2013</p> <table border="1" data-bbox="102 1472 446 1566"> <tr> <th>Violation(s)</th> </tr> <tr> <td>1101.351(a-1)</td> </tr> </table>	Violation(s)	1101.351(a-1)	<p>Agreed reprimand of broker. Agreed administrative penalty of \$1,000.00.</p>	<p>Consumer Complaint                  After its license expired and before it renewed its license, Respondent conducted brokerage activities through its designated broker and salespersons sponsored by the designated broker.</p>		
Violation(s)						
1101.351(a-1)						
<p>Case#: <b>131817</b>                  NIXSON, MARY NADINE                  (license # 596561) Real Estate Broker /                  Salesperson-I                  AUSTIN(TRAVIS)                  Effective Date: 11/26/2013</p> <table border="1" data-bbox="102 1797 446 1986"> <tr> <th>Violation(s)</th> </tr> <tr> <td>1101.652(b)(01)</td> </tr> <tr> <td>1101.652(b)(09)</td> </tr> <tr> <td>1101.652(b)(10)</td> </tr> </table>	Violation(s)	1101.652(b)(01)	1101.652(b)(09)	1101.652(b)(10)	<p>Agreed reprimand of broker. Agreed administrative penalty of \$2,500.00. Agreed completion of 30 hours in a principles of real estate course on or before February 15, 2014.</p>	<p>Consumer Complaint                  Respondent collected a security deposit and failed to turn it over to the owner or keep it in a trust account. Respondent also used the security deposit to offset other funds owed by the owner without authorization or documentation to support an offset.</p>
Violation(s)						
1101.652(b)(01)						
1101.652(b)(09)						
1101.652(b)(10)						

<p>Case#: <b>130562,130230,121850</b>                  DILLARD, JAY DEE                  (license # 515633) Real Estate Broker /                  Salesperson-I                  DUNCANVILLE(DALLAS)                  Effective Date: 11/27/2013</p> <table border="1" data-bbox="118 432 402 861"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr><td>1101.351(a)</td></tr> <tr><td>1101.652(a)(03)</td></tr> <tr><td>1101.652(b)(01)</td></tr> <tr><td>1101.652(b)(02)</td></tr> <tr><td>1101.652(b)(09)</td></tr> <tr><td>1101.652(b)(26)</td></tr> <tr><td>22 TAC 535.002(a)</td></tr> <tr><td>22 TAC 535.144(b)</td></tr> </tbody> </table>	Violation(s)	1101.351(a)	1101.652(a)(03)	1101.652(b)(01)	1101.652(b)(02)	1101.652(b)(09)	1101.652(b)(26)	22 TAC 535.002(a)	22 TAC 535.144(b)	<p>Ordered to cease and desist all unlicensed real estate brokerage activities. Assessment of an administrative penalty of 31,500.00.</p>	<p>Consumer Complaint                  Respondent failed to disclose to prospective tenants that he owned the property, indicating on the lease that a real estate company was the landlord, but failing to indicate that Respondent owned the company; and failed to disclose to tenants that the property was in foreclosure proceedings. Respondent failed to return a prospective tenant's security deposit when his company failed to submit the proper documentation to the housing authority to have the property approved for a lease</p>
Violation(s)											
1101.351(a)											
1101.652(a)(03)											
1101.652(b)(01)											
1101.652(b)(02)											
1101.652(b)(09)											
1101.652(b)(26)											
22 TAC 535.002(a)											
22 TAC 535.144(b)											
<p>Case#: <b>131857,131486</b>                  PRONTO HR &amp; C, LLC                  (license # 0) None                  KILLEEN(BELL)                  Effective Date: 11/15/2013</p> <table border="1" data-bbox="118 1079 418 1173"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr><td>1303.101</td></tr> </tbody> </table>	Violation(s)	1303.101	<p>Ordered to cease and desist all unlicensed real estate brokerage activities. Assessment of an administrative penalty of \$50,000.00.</p>	<p>Consumer Complaint                  Respondent issued a residential service contract or performed or arranged to perform services under a residential service contract without first obtaining a residential service company license.</p>							
Violation(s)											
1303.101											
<p>Case#: <b>130589</b>                  ORR, SHANTEE DESHJUAN                  (license # 600986) Real Estate Broker /                  Salesperson-I                  PEARLAND(BRAZORIA)                  Effective Date: 11/29/2013</p> <table border="1" data-bbox="118 1449 451 1543"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr><td>1101.652(a)(01)</td></tr> </tbody> </table>	Violation(s)	1101.652(a)(01)	<p>Agreed two-year suspension of salesperson license fully probated for two years.</p>	<p>Administrative Complaint                  Respondent pled guilty to a felony offense.</p>							
Violation(s)											
1101.652(a)(01)											
<p>Case#: <b>131119</b>                  EARLY, FRANK LLOYD                  (license # 569373) Real Estate Broker /                  Salesperson-I                  DALLAS(DALLAS)                  Effective Date: 11/15/2013</p> <table border="1" data-bbox="118 1818 410 1913"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr><td>1101.652(a)(06)</td></tr> </tbody> </table>	Violation(s)	1101.652(a)(06)	<p>Reprimand of salesperson. Assessment of an administrative penalty of \$1,500.00. Suspension of salesperson license until payment in full of the administrative penalty and the requested information is received.</p>	<p>Administrative Complaint                  Respondent failed to provide, within a reasonable time, information requested by the Commission that relates to a formal or informal complaint to the Commission.</p>							
Violation(s)											
1101.652(a)(06)											

<p>Case#: <b>131186</b>  SCHILD, BRYAN GENE  (license # 561080) Real Estate Broker /  Salesperson-I  SPRING(HARRIS)  Effective Date: 11/16/2013</p> <table border="1" data-bbox="110 415 418 556"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr> <td>1101.652(a)(03)</td> </tr> <tr> <td>22 TAC 535.144(b)</td> </tr> </tbody> </table>	Violation(s)	1101.652(a)(03)	22 TAC 535.144(b)	<p>Automatic suspension of salesperson license.</p>	<p>Administrative Complaint  Respondent failed to comply with the terms of an agreed order entered by the Commission by failing to timely make administrative penalty payments to the Commission.</p>
Violation(s)					
1101.652(a)(03)					
22 TAC 535.144(b)					
<p>Case#: <b>131648</b>  MITCHELL, ANDREA VANESSA  (license # 457142) Real Estate Broker /  Salesperson-I  HARKER HEIGHTS(BELL)  Effective Date: 11/20/2013</p> <table border="1" data-bbox="110 829 418 970"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr> <td>1101.652(a)(05)</td> </tr> <tr> <td>1101.652(a)(06)</td> </tr> </tbody> </table>	Violation(s)	1101.652(a)(05)	1101.652(a)(06)	<p>Reprimand of broker license.  Assessment of an administrative penalty of \$1,500.00. Suspension of broker license until payment in full of the administrative penalty and the requested information is received.</p>	<p>Administrative Complaint  Respondent failed or refused to produce on request, for inspection by the Commission or a Commission representative, a document, book, or record that is in the license holder's possession and relates to a real estate transaction conducted by the license holder. Respondent failed to provide, within a reasonable time, information requested by the Commission that relates to a formal or informal complaint to the Commission.</p>
Violation(s)					
1101.652(a)(05)					
1101.652(a)(06)					
<p>Case#: <b>140106</b>  ZIDELL, STUART BRUCE  (license # 299023) Real Estate Broker /  Salesperson-I  SPRING(HARRIS)  Effective Date: 11/13/2013</p> <table border="1" data-bbox="110 1243 446 1383"> <thead> <tr> <th>Violation(s)</th> </tr> </thead> <tbody> <tr> <td>1101.652(a)(04)</td> </tr> <tr> <td>22 TAC 534.2(a)</td> </tr> </tbody> </table>	Violation(s)	1101.652(a)(04)	22 TAC 534.2(a)	<p>Reprimand of salesperson.  Assessment of an administrative penalty of \$500.00. Suspension of salesperson license until payment in full of the fees and penalty.</p>	<p>Administrative Complaint  Respondent failed within a reasonable time to make good a check issued to the Commission. Respondent failed to pay the check processing fee within 15 days after the Commission had mailed a request for payment.</p>
Violation(s)					
1101.652(a)(04)					
22 TAC 534.2(a)					
<p>Case#: <b>131721</b>  MUGICA, CARLOS M  (license # 635395) Real Estate Broker /  Salesperson-I  CASTLE HILLS(BEXAR)  Effective Date: 11/13/2013</p>	<p>Agreed five-year probationary salesperson license issued.</p>	<p>Applications  Commission of an offense that directly relates to the duties and responsibilities of the occupation of a licensed real estate salesperson under 22 Tex. Admin. Code §541.1. Applicant provided documentation addressing the factors outlined in Tex. Occ. Code §53.023 and, subject to reasonable terms of a probationary license, demonstrated that Applicant possesses the requisite honesty, trustworthiness, and integrity to qualify to be licensed as a real estate salesperson under Tex. Occ. Code §1101.354</p>			

<p>Case#: <b>132025</b> GARZA, RUDOLPH ANTHONY</p> <p>(license # 635271) Real Estate Broker / Salesperson-I DALLAS(DALLAS)</p> <p>Effective Date: 11/8/2013</p>	<p>Agreed six-year probationary salesperson license issued.</p>	<p>Applications Commission of an offense that directly relates to the duties and responsibilities of the occupation of a licensed real estate salesperson under 22 Tex. Admin. Code §541.1. Applicant provided documentation addressing the factors outlined in Tex. Occ. Code §53.023 and, subject to reasonable terms of a probationary license, demonstrated that Applicant possesses the requisite honesty, trustworthiness, and integrity to qualify to be licensed as a real estate salesperson under Tex. Occ. Code §1101.354 (2).</p>
<p>Case#: <b>131694</b> NORIEGA, ELISA MARIE</p> <p>(license # 635643) Real Estate Broker / Salesperson-I ANGLETON(BRAZORIA)</p> <p>Effective Date: 11/20/2013</p>	<p>Agreed 2-year probationary salesperson license issued.</p>	<p>Applications Commission of an offense that directly relates to the duties and responsibilities of the occupation of a licensed real estate salesperson under 22 Tex. Admin. Code §541.1. Applicant provided documentation addressing the factors outlined in Tex. Occ. Code §53.023 and, subject to reasonable terms of a probationary license, demonstrated that Applicant possesses the requisite honesty, trustworthiness, and integrity to qualify to be licensed as a real estate salesperson under Tex. Occ. Code §1101.354(2).</p>

# TALCB Bulletin



*TALCB was created by an act of the Texas Legislature in 1991 to license, certify and regulate real estate appraisers in Texas under state and federal laws. In 2011, TALCB's jurisdiction was expanded to register and regulate appraisal management companies.*

***Inside this issue: AMC Renewals and Appraiser Initial Applications Online (page 1)  
From the Chair (page 2) Proposed Rules (page 3) TALCB Enforcement Matters (page 5)***

## ***AMC Renewals and Appraiser Initial Applications Now Available Online***

TALCB is pleased to announce the addition of several new applications on our "My License Online Services".

Available now are all initial appraiser license applications. This includes, trainees, licensed appraisers, and certified residential and general appraisers.

In addition, the AMC renewal application is now available. The renewal application launched earlier this month and has already seen utilized by several of our AMC registrants. The renewal application automatically counts the number of appraisers on the AMC's panel and when calculating the renewal fee, making it very easy for our AMCs to renew quickly and easily.

These easy to use online applications make it faster for our applicants and staff to process the applications as they are received. TALCB staff has been hard at work expanding our online services to include all of our applicants and our license holders and we are very pleased to say with these additions we are much closer to that goal.

To access these and all of our online services including renewals of your license please go to the TALCB home page and click on the yellow button at the top of the page. From here you will be able to renew, apply, manage your panel memberships and update your contact information for all of our licenses.

### ***Agency Office Holiday Hours***

*The Agency's Offices will be closed on December 24, 25 and 26 for the Christmas holiday and December 31 and January 1 for New Year's.*

Please be sure to make the proper preparations for license renewals and any other questions you might have.

Happy Holidays from all of us at TREC and TALCB!



On November 21, Board members met for a full-day discussion of Board policies and processes related to making our meetings and operations more effective and efficient. Special thanks to the Commissioner, our General Counsel and representatives from the Office of the Attorney General who provided background information and topic suggestions to help make this a very productive day. It included a pre-view of progress on the long awaited update to the TALCB website, which should be launched in March of 2014. We continue to make very meaningful advances on many of the matters of importance to the Board.

The Board met for its regular quarterly meeting on November 22 and as usual, it was a very busy and fruitful meeting. At the meeting, the Board welcomed a new public member, attorney Patrick Carlson of Austin, who was appointed by the Governor to replace Sheryl Swift who resigned in September. We also adopted a variety of rules designed to clarify and make our processes more transparent and effective, including approving many new forms for use after January 1, 2014. Based on recommendations from our Enforcement Committee, we proposed some new rules and also opened for formal rule review Chapters 155 and 157 of TAC Section 22. We do this once every four years. Details of the formal rule review process are found on the agency's website.

Early 2014 will bring two major events for the Board. First, at our February 21 regular meeting, we will hear the results of our biennial audit visit from the Appraisal Subcommittee (ASC), whose auditors will be in TALCB's offices for the prior two days examining our compliance with federal

guidelines. We look forward to this report and thank the staff for the amount of extra work needed to prepare for and undergo this audit. Secondly, by June we will be completing an update to our 5 year Strategic Plan, a process that will include a series of public "town hall" input sessions

across the state. This process always results in excellent suggestions from appraisers and other stakeholders that guide us in new ways to improve the agency. We invite your lively participation, discussion and suggestions.

There is more good news regarding online applications for all licenses and credentials. The agency has completed new online initial applications for Appraiser Trainees, Licensees and for Certified Appraisers. This completes the full set of applications recently established to provide online renewals for these three categories and for Appraisal Management Companies. Although a few miscellaneous transactions still require paper forms, all major transactions may now be completed by appraisers via our website. This is a great advance and we hope you find it useful.

As we continue to prepare for 2014, on behalf of the Board I wish you all very Happy Holidays! May the Season bring a revival of our spirits and may the New Year bring us all great success.



Walker Beard, Chair

## ***Important Dates to Remember***

*TALCB Enforcement Subcommittee—Jan 9*

*AMC Advisory Committee—Jan 9*

*TALCB Board Meeting—Feb 21*

## *Rules Actions from The November 22nd Meeting of the Board*

### **ADOPTED RULES**

The following rules were up for adoption at the November 22, 2013 meeting of the Board. The rules can be found on our website at <http://www.talcb.state.tx.us/ActAndRules/TALCB-Rules.asp>.

**22 TAC §153.15 concerning Experience Required for Certification or Licensing** Amendments were adopted to implement the new experience audit requirement for all appraiser credentials set out in Revised Policy Statement 4, adopted by Appraisal Subcommittee on June 1, 2013, effective as of July 1, 2013. The rule currently sets out that no more than 5% of applicants for a State appraiser license can receive an experience audit. The new ASC revised Policy Statement now requires 100% experience audits for these applicants.

### **22 TAC §153.9 concerning Applications:**

Amendments were adopted to implement the relevant provisions of Senate Bill 162, 83rd Texas Legislature, Regular Session (2013). Senate Bill 162 adds §55.005 and 55.006 to the Texas Occupations Code to require an expedited licensing and process for the issuance of a license to spouses of active duty military, and §55.007, which requires a licensing agency to credit verifiable military service, training or education obtained by an applicant who is a military service member or veteran, toward the requirements of a license.

### **22 TAC §153.17 concerning Renewal or Extension of Certification and License or Renewal of Trainee Approval:**

Amendments were adopted to require the Appraiser Trainee to maintain quarterly logs for each renewal period but no longer require submission of the logs with each renewal. Logs will still be required to be submitted with any application for a license or certification. This procedure is more consistent with the practice for renewal of the other Board credentials. The amendments also reiterate the AQB criteria that both the trainee and sponsor are responsible for the

accuracy of the appraisal logs and set a timeframe for review and signing the appraisal logs.

**22 TAC §153.5 concerning Fees:** Amendments were adopted to increase the fee for nonresident appraiser registration from \$150 to \$250 as permitted by the Appraisal Subcommittee and adopt a new fee of \$40 for preparing a certificate of active licensure or sponsorship.

**22 TAC §159.52 concerning Fees:** Amendments were adopted to adopt the following new fees: \$25 for a request to be placed on inactive status; \$40 for preparing a certificate of active licensure; \$20 for a request a to change an owner, primary contact, appraiser contact, registered business name or place of business; \$50 for evaluation of an owner or primary contact's background history after processing of an initial application or renewal.

### **22 TAC §153.24 concerning Complaint**

**Processing:** An amendment was adopted to clarify that re-examination is an available disciplinary remedial measure that the Board can impose against a respondent. This recommendation was reviewed and recommended by the Board's Enforcement Committee.

### **22 TAC §155.1 concerning Standards of Practice:**

Amendments were adopted to delete subsection (b) relating to jurisdictional exception. The Enforcement Committee of the Board studied this provision extensively recommended its deletion.

### **22 TAC §155.2 concerning Work Relating to**

**Property Tax Protests:** Amendments were adopted to clarify when the Uniform Standards of Professional Appraisal Practice (USPAP) apply to work prepared by TALCB licensees for an appraisal district for the purposes of a property tax protest and require disclosure by TALCB licensees that are dually licensed or certified as property tax professionals,

whenever they perform work for the purposes of a property tax protest under their authority as a property tax professional. The amendments provide even application of the law to property tax consultants and property tax professionals who are dually licensed by TALCB.

**NEW/REVISED FORMS – the following revised forms listed below were adopted at the November meeting of the Board. All are effective as of November 22, 2013, except as otherwise noted:**

- A. Application for Certification or License by Reciprocity
- B. Application for Temporary Non-Resident Appraiser Registration (*effective January 1, 2014*)
- C. Request for Extension of Temporary Non-Resident Appraiser Registration
- D. Request for Inactive Status (For Currently Certified or Licensed Appraisers)
- E. Appraiser Continuing Education (ACE) Extension Request
- F. Change of Contact Information
- G. Appraisal Experience Log Instructions
- H. Certificate of License History, Active Licensure, or Sponsorship (*effective January 1, 2014*)

**The following forms were created to comply with new legislative requirements:**

- A. Credit for Military Experience
- B. Supplemental Form for Military Spouse

## PROPOSED RULES

The following rules were proposed at the November 22, 2013 meeting of the Board. The rules can be found on our website at <http://www.talcb.state.tx.us/ActAndRules/TALCB-Rules.asp>.

[www.talcb.state.tx.us/ActAndRules/TALCB-Rules.asp](http://www.talcb.state.tx.us/ActAndRules/TALCB-Rules.asp). Comments can be submitted by January 14, 2014 to the general counsel at [general.counsel@talcb.texas.gov](mailto:general.counsel@talcb.texas.gov).

**22 TAC §153.11 Concerning Examinations:** Amendments are proposed to simplify the requirements for additional education following three consecutive examination failures.

**22 TAC §153.20 Guidelines for Revocation, Suspension, Denial of Licensure or Certification; Probationary Licensure:** Amendments are proposed to clarify that a sponsor who refuses to sign an appraiser trainee's experience log and affidavit for experience actually and lawfully acquired is subject to sanctions by TALCB.

**22 TAC §153.21 concerning Appraiser Trainees and Sponsors:** Amendments are proposed to implement a new Appraiser Trainee & Supervisor Course to meet the Appraisal Qualifications Board's 2015 criteria. Given these requirements, the Education Subcommittee of the Board also recommended that sponsors should no longer be allowed to designate another certified appraiser who is not approved as a sponsor to supervise a trainee.

<b>Name &amp; Location</b>	<b>Action Taken</b>	<b>Reason</b>	<b>Summary</b>
<p><b>SUMRALL, Floyd Edgar</b> Lic. # TX-1333035-L</p>	<p><i>Board Action Taken:</i> NOW, THEREFORE, IT IS ORDERED that license number TX-1333035-L hereto issued to FLOYD EDGAR SUMRALL, to practice real property appraisal in the State of Texas, be permanently revoked without formal charges, notice of hearing, or a formal hearing.</p>	<p><i>Complaint No.:</i> 12-064  <i>Reason for Complaint:</i></p>	
<p><b>STREET, Larry Milton</b> Lic. # TX-1332076-R</p>	<p><i>Board Action Taken:</i> 1). EDUCATION. On or before November 22, 2014, Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.  A). A minimum 15 classroom hour course in USPAP.</p>	<p><i>Complaint No.:</i> 12-035 &amp; 13-163  <i>Reason for Complaint:</i> The complaints allege that the Respondent produced appraisal reports for the Properties that did not conform to the Uniform Standards of Professional Appraisal Practice (USPAP), TEX. OCC. CODE CHPT. 1103 (the "Act") and 22 TEX. ADMIN. CODE CHPT. 153 and 155 (the "Rules").</p>	<p><i>Summary of Violations Found:</i> Respondent violated the above-noted provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(6).</p>
<p><b>STAHL, John James</b> Lic. # TX-1334105-R</p>	<p><i>Board Action Taken:</i> NOW, THEREFORE, IT IS ORDERED that certification number TX-1334105-R hereto issued to JOHN JAMES STAHL, to practice real property appraisal in the State of Texas, be permanently revoked without formal charges, notice of hearing, or a formal hearing.</p>	<p><i>Complaint No.:</i> 12-062  <i>Reason for Complaint:</i></p>	

<p><b>SMALLWOOD, Robert Randolph</b> Lic. # TX-13218633-R White Oak</p>	<p><i>Board Action Taken:</i> Based on the above findings of fact and conclusions of law, the Board ORDERS that Respondent's Texas appraiser certification be suspended for a period of 12 months, effective 5:00 p.m. (CST) on August 16th, 2013.</p> <p>IT IS FURTHER ORDERED that beginning at 5:00 p.m. (CST) on November 22nd, 2013, the suspension is to be fully probated for 12 months ending 5:00 p.m. (CST) on November 21st, 2014, subject to the following terms and conditions:</p> <p>1). EDUCATION. On or before April 22nd, 2014. Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board. A). A minimum fifteen (15) classroom-hour course in USPAP.</p> <p>2). MENTORSHIP. On or before February 22nd, 2014, Respondent shall complete four (4) hours of in-person mentorship in the sales comparison approach, conducted by a certified USPAP instructor approved by the Board.</p> <p>3). ADMINISTRATIVE PENALTY. On or before December 12th, 2013, Respondent shall pay to the Board an administrative penalty of one thousand five hundred dollars (\$1,500.00).</p>	<p><i>Complaint No.:</i> 13-206</p> <p><i>Reason for Complaint:</i> The complaint alleges that the Respondent produced an appraisal report for the property that did not conform to the Uniform Standards of Professional Appraisal Practice (USPAP), TEX. OCC. CODE CHPT. 1103 (the "Act") and 22 TEX. ADMIN. CODE CHPT. 153 and 155 (the "Rules").</p>	<p><i>Summary of Violations Found:</i></p> <p>1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(6).</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE §153.20(a)(12) by making material misrepresentations omitting material facts.</p>
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<p><b>REES, Burke Newel</b> Lic. # TX-1337933-L</p>	<p><i>Board Action Taken:</i> 1). EDUCATION. On or before March 22nd, 2014. Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.</p> <p>a). A minimum, fifteen (15) classroom course in USPAP; b). A minimum, seven (7) class hours classroom course on highest and best use and market data analysis;</p> <p>2). MENTORSHIP. On or before February 22nd, 2014. Respondent shall complete eight (8) hours of in-person mentorship conducted by a certified USPAP instructor approved by the Board in accordance with the schedule and topics set out below.</p> <p>a). Two (2) hours highest and best use and market data analysis; b). Three (3) hours on depreciation and obsolescence; and, c). Three (3) hours on sales comparison approach</p>	<p><i>Complaint No.:</i> 10-086 &amp; 13-142</p> <p><i>Reason for Complaint:</i> The complaints alleged that the Respondent produced appraisal reports for the properties that did not conform to the Uniform Standards of Professional Appraisal Practice (USPAP), TEX. OCC. CODE CHPT. 1103 and 22 TEX. ADMIN. CODE CHPT. 153 and 155 (the "Rules").</p>	<p><i>Summary of Violations Found:</i> 1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(3) .</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE § 153.20(9) by making misrepresentations and omissions of material fact.</p>
<p><b>McDERMOTT, Steve</b> Lic. # TX-1321032-G Cedar Hill</p>	<p><i>Board Action Taken:</i> 1). EDUCATION. On or before November 22, 2014. Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.</p> <p>a). A classroom course in USPAP, a minimum of fifteen (15) class hours, on or before November 22, 2014.</p> <p>2). REPRIMAND. Respondent is hereby reprimanded for the above-noted violations of USPAP, the Act and the Rules.</p>	<p><i>Complaint No.:</i> 13-100</p> <p><i>Reason for Complaint:</i></p>	<p><i>Summary of Violations Found:</i> 1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(3).</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE § 153.20(9) by making omissions of material fact.</p>

<p><b>POPE, Muriel</b> Lic. # TX-11330517-R</p>	<p><i>Board Action Taken:</i> Based on the above findings of fact and conclusions of law, the Board ORDERS that Respondent's Texas state certification (TX-1330517-R) is hereby suspended for twelve (12) months, beginning on Friday, November 22, 2013, with this suspension being fully probated under the following terms and conditions:</p> <p>1). EDUCATION. On or before November 22, 2014, Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.</p> <p>a). A classroom course in USPAP, a minimum of fifteen (15) class hours, on or before November 22, 2014.</p> <p>b). A classroom course on the sales comparison approach, a minimum of seven (7) class hours, on or before November 22, 2014.</p> <p>c). A classroom course on the cost approach, a minimum of seven (7) class hours, on or before November 22, 2014.</p> <p>d). A classroom course which covers the topic of appraising manufactured homes, a minimum of seven (7) class hours, on or before November 22, 2014</p> <p>2). MENTORSHIP. On or before November 22, 2014. Respondent shall complete eight (8) hours of in-person mentorship conducted by a certified USPAP instructor approved by the Board in accordance with the schedule and topics set out below.</p> <p>a). Eight (8) hours of mentorship concerning the above noted violations in the Agreed Final Order (specifically, the sales comparison approach, the cost approach, and appraising manufactured homes), on or November 22, 2014.</p>	<p><i>Complaint No.:</i> 13-126</p> <p><i>Reason for Complaint:</i> A referral for investigation was made to the Board by the Federal Housing Administration/U.S. Department of Housing and Urban Development ("HUD") on or about January 14, 2013 (the "Referral").</p>	<p><i>Summary of Violations Found:</i></p> <p>1). Respondent violated provisions of USPAP as prohibited by TEX.Occ. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1 (a) and 153.20(a)(3).</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE § 153.20(a)(9)3 by making material misrepresentations and material omissions of material fact.</p>
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<p><b>ROBERTS, Mark Andrew</b> Lic. # TX-1327021-G Dallas</p>	<p><i>Board Action Taken:</i> Based on the above findings of fact and conclusions of law, the Board ORDERS that Respondent's Texas appraiser certification be suspended for a period of 24 months, effective 5:00 p.m. (CST) on November 22nd, 2013.</p> <p>IT IS FURTHER ORDERED that beginning at 5:00 p.m. (CST) on November 22nd, 2013, the suspension is to be fully probated for 24 months ending 5:00 p.m. (CST) on November 21st, 2015, subject to the following terms and conditions:</p> <p>1). EDUCATION. On or before May 22nd, 2014. Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.</p> <p>A). A minimum fifteen (15) classroom-hour course in USPAP;</p> <p>B). A minimum (7) classroom-hour course in market data analysis and highest and best use; and,</p> <p>2). MENTORSHIP. On or before May 22nd, 2014, Respondent shall complete (4) four hours of in-person mentorship (with focus on highest and best use and the sales comparison approach) conducted by a certified USPAP instructor approved by the Board..</p> <p>3). ADMINISTRATIVE PENALTY. On or before December 12th, 2013, Respondent shall pay to the Board an administrative penalty of one thousand three hundred and eleven dollars (\$1,311.00).</p>	<p><i>Complaint No.:</i> 13-164</p> <p><i>Reason for Complaint:</i> The complaint alleges that the Respondent produced an appraisal report for the property that did not conform to the Uniform Standards of Professional Appraisal Practice (USPAP), TEX. OCC. CODE CHPT. 1103 (the "Act") and 22 TEX. ADMIN. CODE CHPT. 153 and 155 (the "Rules").</p>	<p><i>Summary of Violations Found:</i></p> <p>1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(6).</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE §153.20(a)(12) by making material misrepresentations omitting material facts.</p>
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<p><b>GALLAGHER, Lyle Francis</b> Lic. # TX-1326850-G Dallas</p>	<p><i>Board Action Taken:</i></p> <p>1). EDUCATION. On or before November 22, 2014. Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.</p> <p>a). A classroom course in USPAP, a minimum of fourteen (14) class hours, on or before November 22, 2014.</p> <p>b). A classroom course on the sales comparison approach, a minimum of fourteen (14) class hours, on or before November 22, 2014.</p> <p>c). A classroom course on market analysis, a minimum of fourteen (14) class hours, on or before November 22, 2014.</p> <p>2). MENTORSHIP. On or before November 22, 2014. Respondent shall complete eight (8) hours of in-person mentorship conducted by a certified USPAP instructor approved by the Board in accordance with the schedule and topics set out below. The eight (8) hours of mentorship shall include:</p> <p>a). Eight (8) hours of mentorship regarding the above-noted USPAP violations, on or before November 22, 2014.</p> <p>3). ADMINISTRATIVE PENALTY. On or before December 12, 2013. Respondent shall pay to the Board an administrative penalty of five thousand dollars (\$5,000.00), by certified funds, within twenty (20) days of the effective date of this order (i.e. on or before December 12, 2013).</p>	<p><i>Complaint No.:</i> 07-085, 09-278, 10-294, 11-104, 12-115, 13-188, &amp; 13-302</p> <p><i>Reason for Complaint:</i></p>	<p><i>Summary of Violations Found:</i></p> <p>1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(3) .</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE § 153.20(9) by making material omissions of material fact.</p>
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<p><b>FANNING, John Ross</b> Lic. # TX-1324201-G Abilene</p>	<p><i>Board Action Taken:</i></p> <p>1). EDUCATION. On or before November 22, 2014. Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.</p> <p>a). A classroom course in USPAP, a minimum of fifteen (15) class hours, on or before November 22, 2014.</p> <p>2). MENTORSHIP. On or before November 22, 2014. Respondent shall complete six (6) hours of in-person mentorship conducted by a certified USPAP instructor approved by the Board in accordance with the schedule and topics set out below.</p> <p>a). Six (6) hours of mentorship, on or before November 22, 2014.</p> <p>i). Two (2) hours on sales comparison approach.</p> <p>ii). Two (2) hours on highest and best use.</p> <p>iii). Two (2) hours on site valuation.</p>	<p><i>Complaint No.:</i> 13-165</p> <p><i>Reason for Complaint:</i></p>	<p><i>Summary of Violations Found:</i></p> <p>1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(3).</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE § 153.20(9) by making omissions of material fact.</p>
<p><b>DOCKERY, Richard Leo</b> Lic. # TX-1322548-G</p>	<p><i>Board Action Taken:</i></p> <p>NOW, THEREFORE, IT IS ORDERED that certification number TX-1322548-G hereto issued to RICHARD LEO DOCKERY, to practice real property appraisal in the State of Texas, be permanently revoked without formal charges, notice of hearing, or a formal hearing.</p>	<p><i>Complaint No.:</i> 13-047</p> <p><i>Reason for Complaint:</i></p>	

<p><b>FANNING, John Ross</b> Lic. # TX-1324201-G Abilene</p>	<p><i>Board Action Taken:</i></p> <p>1). EDUCATION. On or before November 22, 2014. Respondent shall submit documentation of attendance and successful completion of the classes set out below to the Board.</p> <p>a). A classroom course in USPAP, a minimum of fifteen (15) class hours, on or before November 22, 2014.</p> <p>2). MENTORSHIP. On or before November 22, 2014. Respondent shall complete six (6) hours of in-person mentorship conducted by a certified USPAP instructor approved by the Board in accordance with the schedule and topics set out below.</p> <p>a). Six (6) hours of mentorship, on or before November 22, 2014.</p> <p>I). Two (2) hours on sales comparison approach.</p> <p>ii). Two (2) hours on highest and best use.</p> <p>iii). Two (2) hours on site valuation.</p>	<p><i>Complaint No.:</i> 13-165</p> <p><i>Reason for Complaint:</i></p>	<p><i>Summary of Violations Found:</i></p> <p>1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(3).</p> <p>2). Respondent violated 22 TEX. ADMIN. CODE § 153.20 (9) by making omissions of material fact.</p>
<p><b>DOCKERY, Richard Leo</b> Lic. # TX-1322548-G</p>	<p><i>Board Action Taken:</i></p> <p>NOW, THEREFORE, IT IS ORDERED that certification number TX-1322548-G hereto issued to RICHARD LEO DOCKERY, to practice real property appraisal in the State of Texas, be permanently revoked without formal charges, notice of hearing, or a formal hearing.</p>	<p><i>Complaint No.:</i> 13-047</p> <p><i>Reason for Complaint:</i></p>	

<p><b>BLUNT, John Wallace Jr.</b> Lic. # TX-1323086-G</p>	<p><i>Board Action Taken:</i> Based on the above findings of fact and conclusions of law, the Board ORDERS that Respondent's Texas appraiser certification be suspended for a period of 18 months, effective 5:00 p.m. (CST) on November 22nd, 2013 and ending on May 21st, 2015.</p> <p>IT IS FURTHER ORDERED that beginning at 5:00 p.m. (CST) on August 22nd, 2014, the suspension is to be probated for the remaining 9 months, ending on 5:00 p.m. (CST) on May 21st, 2015, subject to the following terms and conditions:</p> <p>1). MENTORSHIP. On or before March 22nd, 2014, Respondent shall complete 12 hours of in-person mentorship conducted by a certified USPAP instructor approved by the Board in accordance with the schedule and topics set out below. The 12 hours of mentorship shall include:</p> <p>A). 6 hours on highest and best use and market analysis;</p> <p>B). 3 hours on subdivision analysis; and,</p> <p>C). 3 hours on discounted cash flow analysis;</p> <p>2. ADMINISTRATIVE PENALTY. On or before December 13th, 2013, Respondent shall pay to the Board by certified funds an administrative penalty of four thousand dollars (\$4,000.00), of which two thousand dollars (\$2,000.00) shall be fully probated, subject to timely compliance with the following conditions:</p> <p>A). WRITTEN REPORTS. On or before April 1st, 2014, Respondent shall submit to the Board a 1 page report for each of the three mentorship topic areas itemized above in which:</p> <p>(i) he explains the deficiencies in his 415 and 100 acre property appraisals relative to the specific mentorship topic;</p> <p>(ii) he describes what he learned from the specific mentorship session; and,</p> <p>(iii) explains how he intends to apply what he learned during the specific mentorship session to his appraisal practice going forward in order to avoid future problems with his work product; and,</p> <p>3). LOGS. On or before March 1st, 2015, Respondent shall submit a signed and notarized experience log and affidavit (additional info available).</p>	<p><i>Complaint No.:</i> 11-123 &amp; 14-007</p> <p><i>Reason for Complaint:</i> The complaints alleged that the Respondent produced appraisal reports for the properties that were inflated and misrepresentative.</p>	<p><i>Summary of Violations Found:</i></p> <p>1). Respondent violated provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405 and 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(6) .</p> <p>2). Respondent made material misrepresentations or omissions of material facts as prohibited by 22 TEX. ADMIN. CODE § 153.20(a)(12) .</p>
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# Inspector Insight



*The Texas Real Estate Inspector Committee is as an advisory committee to the Texas Real Estate Commission on matters pertaining to the licensing and regulation of real estate inspectors. The Committee recommends rules and policies that ensure inspections meet high professional standards and enhance consumer protection.*

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***Inside this Issue: Implementation of New Inspector Education Requirements (page 1) From the Chair (page 2) New SOPs and Inspection Report Required Jan 1 (page 3)***

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## ***IMPLEMENTATION OF NEW INSPECTOR EDUCATION REQUIREMENTS***

As reported in the last edition of the Insight, Amendments to §535.212 and §535.218 were proposed to comply with the new statutory education requirements established by House Bill 2911 last session. These amendments were posted in the Texas Register in August for notice and comment. Based on comments received by the agency, and extensive dialogue conducted with stakeholders by the Texas Real Estate Inspector Committee on both the Committee and Subcommittee level, the Committee recommended adopting the rules as published with additional changes to the text. The Commission agreed with the Committee's recommendation and adopted new inspector education requirements by rule at its October meeting.

As adopted, §535.212 increases the number of education hours required to obtain a professional inspector license by two hours, and adds a specific number of field work hours as authorized by the bill (20 for real estate inspector licensees and 40 for professional licensees) combined with integrative modules to the substitute experience requirements for real estate and professional

inspectors. However, based on the comments received regarding §535.212, the adopted rule reinstates the provision allowing an option all substitute experience hours to be completed through interactive experience training modules without field experience until May 1, 2014. The rule is effective January 1, 2014.

The amendments to §535.218 include a process and requirements for approval of courses, providers, and instructors for real estate inspector continuing education and set out requirements for the Texas Standards of Practice/Legal /Ethics Update course, and a ride along inspection course. As purposed, the amendments increased the time-frame during which an applicant cannot receive credit for the same course from two years to three years. However, the rules as adopted reinstate the current two year time-frame.

For more information on these, and any other inspector-related rules, please visit the TREC website at [www.trec.texas.gov](http://www.trec.texas.gov) and click on the forms, laws and contracts tab.

## From the Chair...

The Inspector Committee met on October 14 in preparation for the Commission meeting on October 23, at which the Commission adopted several rules that had been recommended by the Committee and previously published for comments in the Texas Register. At its meeting, the Committee heard comments from many interested parties, especially on the topics related to clarifications and improvements in pre-licensing and continuing education, and relayed these in the form of improved recommendations to the Commission. Many thanks to all who took the time to provide input.

One key idea included in these rules is this: no inspector should be conducting a first professional inspection of an entire property on the home of a consumer who is relying on that inspection to assist in making a home-buying decision. New inspectors should have obtained direct field experience doing full inspections on homes during the pre-licensing education period. Some educators have incorporated this into their existing courses, but the Committee thinks this is too important to be left to chance. So effective May 1, 2014, all educators must include at least 40 hours of field inspections as a part of the required course curriculum for professional inspectors obtaining a license outside of an apprentice program. To underscore how key this direct experience is, beginning on January 1, 2014, currently licensed inspectors may obtain up to eight hours of continuing education (ICE) credit by participating in the same "ride along" field inspections with a qualified instructor! We believe this will allow more seasoned inspectors to share insights gained from years of experience with newer licensed inspectors who may not yet have obtained the same level of expertise. We

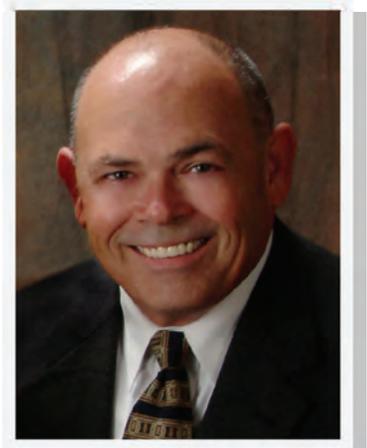
trust both will benefit; but most of all Texas home buyers will benefit from a higher level of preparation from all inspectors.

On December 17, a small group of highly qualified inspectors met at TREC to

update the inspector examination. Led by PSI, the exam administrator, we reviewed a variety of test questions that were too hard, too easy and/or that were not reliable indicators of the test taker's knowledge. We do this task once each year, but this particular session was especially important because of the upcoming January 1, 2014, implementation of the new Standards of Practice and Report Form. The session was highly productive and I want to thank the members of the exam review group for their hard work.

Are you ready for the new Report Form? Have you read through the new Standards of Practice and absorbed the key changes? Adopted June 1, 2013, the long lead time was intentionally provided so inspectors, educators, and forms provider would all have sufficient time to learn, test, practice and hit the ground fully prepared on January 1, 2014. I hope we all made good use of this time.

This time includes this Holiday Season, and all of us on the Inspector Committee wish you and yours all the blessings of this special time. May your families enjoy some relaxing peace and may the New Year bring us all great success in the practical business of serving home owners. All the best to you!



Brad Phillips, Chair

## ***THE NEW SOPS AND REI 7-3 STANDARD INSPECTION REPORT FORM ARE REQUIRED AS OF JANUARY 1, 2014***

Revisions to the rules governing the Inspector Standards of Practice (SOPs) and the Standard Inspection Report Form were adopted at the May meeting of the Texas Real Estate Commission, along with a new Standard Inspection Report Form (REI 7-3) and a revised Texas Real Estate Consumer Notice Concerning Hazards or Deficiencies ( OP-I). The revised SOPs and form rules are effective as of January 1, 2014, and all inspectors are required to follow those rules and use the REI 7-3 as of that date. The language of the revised OP-I is incorporated into REI 7-3.

However, the OP-I can still be used independently. The current OP-I and the current report forms (REI 7A-1 and REI 7-2) will no longer be valid after January 1, 2014. Please Note: use of the revised rules, the new REI 7-3, and the revised OP-1 *prior* to January 1, 2014, is prohibited. The rules and the report form can be found on the TREC website at [www.trec.texas.gov](http://www.trec.texas.gov) and click on the inspector tab.

### ***Important Dates to Remember***

- TREIC Education Subcommittee Meeting - February 3
- TREIC Enforcement Subcommittee Meeting - February 3
- TREIC Committee Meeting- February 3