

TREC Advisor



Our agency protects consumers of real estate services in Texas by ensuring qualified and ethical service providers through education, licensing, and regulation. We oversee the providers of real estate brokerage, appraisal, inspection, home warranty, right-of-way services, and timeshares, thereby safeguarding the public interest while facilitating economic growth and opportunity across Texas.

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Hydrostatic Testing -- What You Need to Know

What is a hydrostatic test?

A hydrostatic test is a method in which pipeline, plumbing, gas cylinders, boilers, and fuel tanks can be tested for strength and leaks. The testing pressure is always higher than the normal operating pressure of the system.

Is hydrostatic testing a mandatory part of the inspection of a resale of real property?

NO. A hydrostatic test is not mandatory in the inspection of a property.

Can a licensed inspector perform a hydrostatic test?

NO. Only a licensed plumber may perform a hydrostatic test on a system within a home. Only an inspector who is also licensed as a plumber may perform that test.

TREC has been made aware that real estate agents may be attempting to coerce inspectors to perform a

hydrostatic test on a home by threatening to discontinue using the services of any inspector who refuses to perform such a test.

Such behavior on the part of agents is considered acting in bad faith and not in the best interests of their client and may subject the agent to disciplinary action.

If a buyer wishes to have a hydrostatic test performed on a home, what is required?

Both TREC forms 20-13 and 30-12, The One to Four Family Residential Contract (Resale) and Residential Condominium Contract (Resale), state, "Any hydrostatic testing must be separately authorized by Seller in writing." Therefore, before any hydrostatic testing can be performed on a property, a **separate** document of authorization must be signed by the seller.

PLEASE NOTE: Any authorization language in the special provisions of the standard Resale contract ***does not*** constitute consent by a seller.

TREC Enforcement Actions

The Texas Real Estate Commission has published enforcement actions. To read the full report and get access to all of the enforcement actions taken by the Commission, please go to the TREC website and click on, "Complaints, Consumer Info" and then [click "Disciplinary Actions"](#).

From the Chair ...

The Commission met for its regular quarterly meeting on May 2 at the agency HQ in Austin. Although the agenda was short by comparison to many past meetings, the work that was accomplished was no less important. We heard reports from our Executive Committee, Budget Committee, Education Standards Advisory Committee and Real Estate Inspector Advisory Committee, from the Executive Director and each Division Director. A lot has happened since our last quarterly meeting in February and we were pleased to hear about all of the progress.

Our Executive Director informed us that Bruce Wooley, our long-serving Chief Investigator had retired at the end of April. Bruce was an exceptional manager and implemented processes for the investigative team that set a very high standard, enabling the agency to manage a large volume of cases in a very professional manner. Though he will certainly be missed, his legacy continues. Roy Minton has been promoted to Chief Investigator and will build upon the solid foundation that Bruce constructed.

We also bid farewell to Melissa Huerta, who has served as the agency's CFO for the past three years. Melissa will retire at the end of May and a search is underway to recruit her replacement. Melissa has been a great contributor to our financial stability since we became an SDSI agency and we will miss her.

Four members of agency leadership attended the ARELLO meeting in Atlanta in April and came back with good news that Texas remains at the forefront of real estate regulatory agencies worldwide. By innovation and careful focus on anticipating market developments, we strive to optimize both effectiveness and efficiency. And we are doing a very good job at both. Thanks to all of our team and our good relationships with our stakeholders – especially the professional associations of license holders.

March was spent in a flurry of nine strategic planning listening tour events across Texas.

Our Executive Director and many of our Commissioners and TALCB Board members attended events hosted by local boards of REALTORS and heard feedback from hundreds of participants on a variety of topics aimed at making the agency more effective by addressing current issues of concern and trending developments. Our Executive Director offered a progress report on the topics of greatest concern that will be included in our 5-Year Strategic Plan which is due to Texas State Leadership by June 24th. The Commission will hold a special meeting on June 20th to finalize the plan before submission.

We also performed the Executive Director's annual performance review and amended our MOU with the TALCB Board to memorialize their role in this process. In summary, we were very pleased with Mr. Oldmixon's performance and granted him a 4% raise effective in August. Keep up the good work, Doug.

We heard progress reports on the development of next year's budget and the internal audit plan and extended the contract with our exam provider for another two years. Longer range projects including the planned SFR Issues Summit, the future facilities master plan and a quadrennial profile survey of license holders are topics that will be addressed at our next regular meeting in August. We invite you to attend and participate.



Avis Wukasch, Chair

TREC FAQ

Can an unlicensed assistant show a property to a broker's client, if all the assistant does is open the door and walk silently through the house with the clients?

No. Rule 535.4(c) clearly states that a person must be licensed as a broker or sales agent to show a broker's listings. An unlicensed assistant cannot perform any activities for a license holder that requires a license, and therefore, cannot "show" a property. The rules do not define what "show" a property means, so the Commission must interpret what that means. Generally in rule interpretation, one should look at the plain language meaning of the word and then put it into context. The Merriam Webster Dictionary defines to "show" as "to cause or permit to be seen". Taking the plain language meaning then, unlocking a house is "causing or permitting" the home to be seen. So, if an unlicensed assistant opens the house for a buyer, that constitutes showing a house.

Further, reading the rule in the context of the law's purpose of consumer protection, to allow an unlicensed person to open and enter a house for sale would effectively bypass the legislative

requirement of requiring fingerprint-based criminal history background checks for all license holders before granting or renewing a real estate license. This requirement is in place to ensure that a person with an inappropriate criminal background will not receive a license that would allow them to open and enter homes for sale.

This is a change from a previous interpretation that was contained in an old article regarding unlicensed assistants. After the criminal background check requirement became law, that interpretation became outdated and was no longer correct.

So, an unlicensed assistant cannot show the property for a license holder; this applies to both homes for sale and for lease.

IMPORTANT DATES TO REMEMBER

ESAC Committee Meeting - July 18

TREC Commission Meeting—August 15

Check the [TREC website](#) regularly for postings of all of our upcoming meetings.

Attention Qualifying Education Providers

Deadline announced for revisions to the qualifying property management course and a proposal was recommended for revisions to the real estate marketing course.

An amendment recommended by the Commission's Education Standards Advisory Committee (ESAC) to revise the curriculum of the qualifying Property Management course was adopted at the May 2nd Commission meeting. Education providers who offer this qualifying course by classroom delivery have until May 2, 2017 to revise the course to meet the new standards. Educators who offer this course by distance education have until August 2, 2017 to revise these course offerings. Students will not be awarded credit for completing the old version of these courses after the above revision dates. We encourage education providers to submit these courses to us well in advance to allow time for review and approval prior to course revision deadlines. The Qualifying Real Estate Course Application and Property Management course approval forms are available on the TREC website.

What if you've previously paid a course application fee and obtained a 4-year approval to offer a course prior to revisions to the curriculum?

You will receive a prorated credit for the unexpired time remaining on that course approval. The Commission will calculate the unexpired credit by dividing the fee paid by 48 months and multiplying the monthly prorated fee times the number of full months remaining between the date of approval and the expiration date of the prior version.

An amendment recommended by ESAC for the qualifying Real Estate Marketing course was also proposed at the May 2nd meeting and is available at the Texas Register for publication and public comment.

Take Your Child To Work Day

Fifteen children participated in "Take your Daughter & Son to Work" day. The 2016 theme is "Sparking AHA Moments" representing the greatness of imagination and new ideas. This was a fun way to introduce children to the world of work. Activities highlighted the work each division does at TREC/TALCB and how we work together as a team to provide a service the public.

Participants were able to: build their dream home and appraise the value; learn about the saving, spending and donating of money; and personalize T-shirts to take home. They were also given a replica work badge with their picture displayed. Participants enjoyed all the presentations and were particularly excited about a virtual reality presentation that highlighted how technology has made our lives easier. The children were actively engaged throughout the day. Employees enjoyed the children's excitement and curiosity to learn more about the Texas Real Estate Commission.



Rule Actions Taken at the May Commission Meeting

Adopted:

The following amendments or new rules were adopted at the May 2, 2016, meeting of the Commission and are effective May 23, 2016. You can see the full text of these rules on the "Recently Adopted Rules" section of the TREC Website.

§535.63, Approval of Instructors of Qualifying Courses. The amendments clarify qualifications needed to become an approved instructor of a TREC approved adult instructor training course. This amendment was recommended by the Commission's Education Standards Advisory Committee.

§535.64, Content Requirements for Qualifying Real Estate Courses. The amendments provide consistency and better quality in Property Management qualifying courses and was recommended by the Commission's Education Standards Advisory Committee.

§535.73, Approval of Elective Continuing Education Courses. The amendments correct the language so that it will not be misinterpreted. The statute and the intention of the Commission was to limit the daily presentation to 10 hours, not limit the length of the entire course.

Proposed:

The following amendments or new rules were proposed at the May 2, 2016, meeting of the Commission and are up for adoption at the August 15, 2016, meeting. You can see the full text of these rules on the "Proposed Rules" section of the TREC Website. Written comments on the proposed rules can be sent to general.counsel@trec.texas.gov and must be received prior to 5 p.m. June 22, 2016 to be considered by the appropriate advisory committee and included in the materials for the August meeting. After that date, comments will need to be made in person at the meeting.

§535.53, Requirements for Licensure. The proposed amendments clarify that a business entity must be qualified to transact business in Texas at all times to maintain an active license and that the business entity must notify TREC when it is no longer qualified to transact business in Texas. In addition, the amendments more fully set out the scope of required errors and omissions insurance coverage.

§535.55, Education and Sponsorship Requirements for a Salesperson License. The proposed amendments align the rule with statutory changes in SB 699, enacted by the 84th Legislature regarding the number of hours required for continuing education and changing term "salesperson" to "sales agent."

§535.64, Content Requirements for Qualifying Real Estate Courses. The proposed amendments require certain topics to provide consistency and better quality in Real Estate Marketing qualifying courses and are recommended by the Commission's Education Standards Advisory Committee.

§535.65, Responsibilities and Operations of Providers of Qualifying Courses. The proposed amendments remove the requirement for education completion certificates to include the registration date since that information is not necessary for the Commission to calculate compliance with statutory timeframes for course completion.

§535.72, Approval of Non-elective Continuing Education Courses. The proposed amendments clarify that classroom students must take the promulgated final examination independently prior to the instructor reviewing the correct answers.

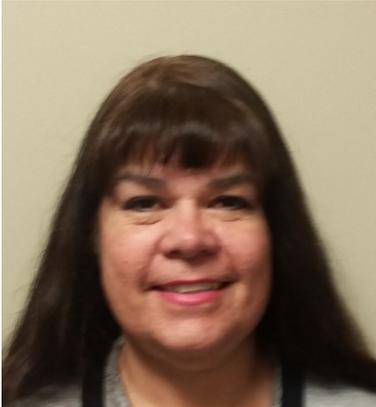
§535.83, Association of Designated Broker on Claim. The new section is proposed to clarify which designated broker is to be associated with a licensed business entity when a Real Estate Recovery Trust Account claim is filed or paid on behalf of that licensed business entity.

§535.123, Inactive Broker Status. The proposed amendments clarify that a licensed business entity becomes inactive when it is no longer qualified to transact business in Texas or its designated broker's license is suspended, including probated suspension.

§535.191, Schedule of Administrative Penalties. The proposed amendments lower the administrative penalty for bad check violations and include a penalty for violations of 22 TAC §535.53.

§535.227, Standards of Practice: General Provisions; §535.228, Standards of Practice: Minimum Inspection Requirements for Structural Systems; §535.229, Standards of Practice: Minimum Inspection Requirements for Electrical Systems; §535.230, Standards of Practice: Minimum Inspection Requirements for Heating, Ventilation, and Air Conditioning Systems; §535.231, Standards of Practice: Minimum Inspection Requirements for Plumbing Systems; §535.232, Standards of Practice, Minimum Inspection Requirements for Appliances; and §535.233, Standards of Practice: Minimum Inspection Requirements for Optional Systems. The proposed amendments restructure and renumber these sections to streamline wording and remove redundant language to provide clarity and consistency throughout the inspector SOP's.

TREC Employee Update



Debra Monroe

TREC Standards and Enforcement Services

Prior to joining the TREC team, Debra worked with the Texas Workforce Commission as a criminal investigator. Debra has 25 years of state service and is looking forward to using her experience in assisting TREC enforcement with their investigations. In her spare time, Debra likes to garden, practice Tai Chi and visit with her four adult children.



Ramona Wates

Education and Licensing Services

Ramona Wates began employment with TREC on May 2, 2016 as an Administrative Assistant in the Education and Licensing Services Division. She worked previously as an Administrative Assistant at The Texas Commission on Environmental Quality and has been employed with the State of Texas 5 years. Ramona has a Bachelor's of Business Administration degree in Administrative Management from Langston University in Langston, Oklahoma, and has completed some coursework towards her Master's degree in Public Health Management at Texas Woman's University in Denton, TX.

Outside of work, she enjoys spending time with family and friends.

Congratulations to our TOP Performer!



Alex Muthukatil

Information and Technology Services

Congratulations goes to our agency TOP performer for this quarter, Alex Muthukatil. Although Alex has been with us for less than 6 months, his contributions in the recent changeover to our new leased upgraded computers on our strengthened network have been invaluable. Adding to his tremendous technical knowledge is an extraordinarily cooperative spirit that has been noted by many who have called upon him for assistance. Thank you Alex for your outstanding contribution to our success in the last quarter!

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: Compliance and Customer Service: What to Watch Out For (page 1-2) From the Chair (page 3) Rule Actions from the May Board Meeting (page 4)

Compliance and Customer Service: What to Watch Out For

In a fast-paced industry with closing deadlines and clients who need valuation information urgently, appraisers often face challenging deadlines and time constraints. In this environment, customer service and timely communication are essential best business practices. In addition, certain of these situations may also implicate regulatory compliance. Keeping in mind these legal obligations when meeting clients' needs will help you steer clear of possible complaints from clients and potential disciplinary action from the Board.

Where Does Customer Service and Regulatory Compliance Intersect?

The Board has several rules that address appraisers' obligations to their clients when soliciting business or after accepting an assignment. Engaging in this type of conduct not only runs afoul of best customer service and communication practices, it is a basis for disciplinary action:

- Accepting payment for appraiser services but not delivering the service as agreed (22 TEX. ADMIN. CODE § 153.20(a)(8))
- Not refunding payment after failing to deliver agreed upon services (22 TEX. ADMIN. CODE § 153.20(a)(9))
- Engaging in misleading or false conduct (knowingly or willfully) when advertising or soliciting clients (22 TEX. ADMIN. CODE § 153.20(a)(18))

In addition to being regulatory violations, these actions may expose you to potential civil liability and litigation.

What are the Potential Consequences of Non-Compliance?

Of course the actual consequences depend on the specific facts of a particular case. In general, the law provides for varied disciplinary options, including:

- administrative penalties (up to \$5,000 in certain cases)
- requiring implementation of preventative policies and procedures
- remedial education or mentorship
- and in severe cases, probation, and even suspension or revocation of a license

Also, do not forget the time, resources and expense of simply having to respond to a complaint filed by an upset client. Even if ultimately dismissed, responding to a complaint matter takes time, may involve retaining legal counsel to assist you, and may involve follow-up communications or meeting with Board staff who are investigating the complaint. An ounce of prevention up front will help insulate you from these distractions which further drain your already limited time and resources. You'd much rather be out appraising than responding to a complaint.

Compliance and Customer Service Con't

So What Can I do To Avoid Problems?

So what can you do to avoid complaints in this area? Several simple office practices can help minimize problems:

- Be aware of your work load before accepting assignments -- Do you have the capacity to meet the client's expectations and deadline? Maybe you need to consider hiring additional staff.
- Do not take assignments you cannot complete – If you know you cannot meet a client's needs, let them know that up front before taking the assignment. Perhaps they have some flexibility with their deadline. You might be able to complete the work if more time is available.
- Keep Track of assignment deadlines and communication obligations – Keep an office or electronic calendar. Set your calendar to give you alerts in advance of important deadlines. Create a reminder system and develop an office policy and procedure for ensuring prompt client communication.
- Communicate frequently and effectively with clients – Keep your clients updated on your progress with assignments. If unusual circumstances or delays arise, notify them immediately. In addition, be thoughtful of how you communicate (language, tone etc.). Well worded correspondence will help prevent misunderstandings and upset clients. Frequent and well written communication will be appreciated by

your client and gives you a written record that you can refer to later.

- Recognize when you need to decline an assignment or withdraw from one – Nobody likes to turn down work, but sometimes it's necessary. Recognize when you need to do that. It'll save you added frustration and avoid disappointing client's with missed deadlines or rushed work product. This also helps ensure quality work product is delivered to the client and not a rushed report that might contain errors, oversights or other problems.
- Don't avoid client e-mails and phone calls – this will only make the problem grow. Many times complaints are filed simply because the appraiser was avoiding the client and not communicating.
- If you received payment and must withdraw from the assignment, return any unearned funds promptly – don't wait for the client to ask for the refund. Take the initiative to return any unearned fees as soon as you became aware you need to withdraw from an assignment.

Taking these simple steps to integrate a business process that ensures client communication and customer service will help you avoid complaints and keep clients returning for your services.

IMPORTANT DATES TO REMEMBER

TALCB AMC Advisory Committee Meeting—June 15—Via Teleconference

TALCB Board Meeting—August 19

Check the TALCB website regularly for postings of all of our upcoming meetings.

From the Chair...

The Board met for its regular quarterly meeting on May 13 at the agency HQ in Austin. Although the agenda was short by comparison to many past meetings, the work that we accomplished was just as important. We heard reports from our Executive Committee, Budget Committee, and the AQB Working Group that we appointed last year, as well as from the Commissioner and each Division Director. Since we last met in February, much has occurred and we were pleased to hear about all of the progress.

Three members of agency leadership attended the AARO meeting in Phoenix in April and reported that Texas remains at the forefront of appraiser and AMC regulatory agencies nationwide. With a careful focus on influencing regulatory developments at the federal level, the Board manages to stay ahead of many of its peers in well-considered responses to the same as they arise. By working closely with the professional associations of our license holders, we routinely anticipate market developments and are able to optimize both effectiveness and efficiency. Thanks to our team for cultivating this approach. One major manifestation of this orientation is the flawless inspection report we received from the Appraisal Subcommittee (ASC) after its audit visit in February. Congratulations to the entire agency!

March saw us engaged in nine strategic planning listening tour events across Texas. Our Commissioner and several of our Board members facilitated events hosted in various locations to hear feedback from hundreds of participants on a variety of topics aimed at making the agency more effective by addressing current issues of concern and trending developments. The Commissioner offered a progress report on the topics of greatest concern that will be included in our 5-Year Strategic Plan which is due by June 24th. The Executive Committee will hold a special meeting on June 20th to finalize the plan before submission.

The Board proposed rules to implement the recommendations of the AQB Working Group to institute fingerprint-based criminal history checks for our license holders to meet the AQB requirements which will become effective January 1, 2017. We thanked Ellen

Sameth of the Office of the Attorney General for many years of service to the agency, and while we will not require her regular attendance at future meetings, we know she is still supporting us in any litigation matters. We appreciate her dedication.



Chair, Jamie Wickliffe

We also bid farewell to Melissa Huerta, who has served as the agency's CFO for the past three years. Melissa will retire at the end of May and a search is underway to recruit her replacement. Melissa has been a great contributor to our financial stability since we became an SDSI agency and we will miss her.

The Commission recently performed the Executive Director's annual performance review. We amended our MOU with the Commission to memorialize the Board's role in this process. We were very pleased with Mr. Oldmixon's performance and concurred with the decision to grant him a 4% raise effective in August. We appreciate his leadership and expressed this directly. Thanks Doug!

We heard progress reports on the development of next year's budget and the content of formal comments submitted to AQB regarding substitute experience requirements for appraisers. Longer range projects including the planned joint SFR Issues Summit and the future facilities master plan are topics that will be addressed at our next regular meeting in August. We invite you to attend and participate.

Rules and Forms Actions at the May 13th Board Meeting

The Board took the following actions regarding rules and forms at its meeting on May 13, 2016. You may review the full text of all rules actions on the [Rules and Laws section](#) of the TALCB website. The revised forms are available on the [Forms section](#) of the TALCB website.

PROPOSED RULES

The Board proposed a new rule and amendments to the following rules at its meeting on May 13, 2016. These proposed amendments will be on the agenda for adoption by the Board at the August 19, 2016 meeting. You may review the full text of the proposed amendments on the [Rules and Laws section](#) of the TALCB website. Written comments on the proposed amendments may be sent to general.counsel@talcb.texas.gov and must be received before 5:00pm on Friday, July 29, 2016 to be included in the materials for the August meeting. After that date, comments must be made in person at the meeting.

22 TAC §153.5, Fees

The proposed amendments add a reference to the fee for voluntary appraiser trainee experience reviews previously adopted by the Board in 22 TAC §153.22 at its meeting on February 19, 2016. The amendments also propose a new fee for fingerprint-based criminal history checks or other related services as recommended by the Working Group for AQB Criminal History Check Criteria.

22 TAC §153.9, Applications

The proposed amendments implement fingerprint-based criminal history checks for license applicants.

22 TAC §153.12, Criminal History Checks

As recommended by the Working Group for AQB Criminal History Check Criteria, the proposed rule implements fingerprint-based criminal history checks to comply with criteria adopted by the Appraiser Qualifications Board (AQB).

22 TAC §153.15, Experience Required for Licensing

The proposed amendments clarify the criteria required for awarding experience credit for applicants and license holders. The proposed amendments also remove redundant language and reorganize this section to improve readability.

22 TAC §153.16, License Reinstatement

The proposed amendments implement fingerprint-based criminal history checks for applicants who apply for license reinstatement.

22 TAC §153.17, Renewal or Extension of License

The proposed amendments implement fingerprint-based criminal history checks for license holders when renewing their license.

22 TAC §153.23, Inactive Status

The proposed amendments implement fingerprint-based criminal history checks for license holders with an inactive license and license holders who seek to renew an expired license on inactive status.

22 TAC §153.25, Temporary Out-of-State Appraiser License

The proposed amendments clarify the requirements an applicant must satisfy when applying for a temporary out-of-state license.

22 TAC §153.27, License by Reciprocity

The proposed amendments implement fingerprint-based criminal history checks for applicants who apply for or renew a license by reciprocity.

FORMS

The Board took no action regarding forms at its meeting on May 13, 2016.

TALCB Enforcement Actions

The Texas Appraiser Licensing and Certification Board publishes their enforcement actions regularly on the new TALCB website. To read the reports please go to the [TALCB website and click](#) on, public and disciplinary actions.

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.

Inside this Issue: From the Chair (page 1) Hydrostatic Testing -- What You Need to Know (page 2) Upcoming Events (page 2)

From the Chair...

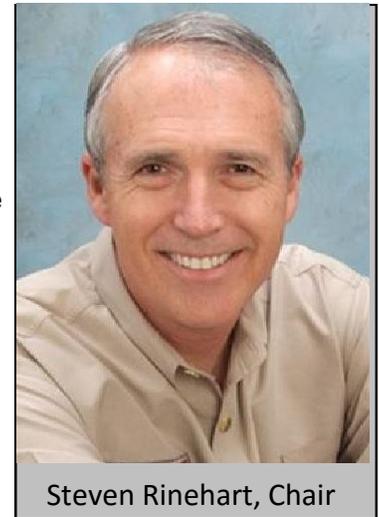
The Inspector Committee met on Monday, April 18 at the agency headquarters in Austin. On the agenda was a proposed non-substantive revision to the Standards of Practice rules. As I have mentioned previously, the Standards of Practice Subcommittee has been reviewing the Standards of Practice over the last year. The amendments proposed by the Subcommittee make changes to the Standards to restructure the sections, streamline wording, and remove redundant language to better clarify the Standards and ensure consistency throughout. The Committee recommended sending the proposed changes to the Commission for consideration at its May meeting, and the Commission voted to submit the amendment to the Standards as proposed to the Texas Register for publication and comment. The Inspector Committee believes these changes are an improvement in terms of making the Standards easier to read and understand for both the inspector and the public. The Rules will be before the Commission for adoption at the August Commission meeting. The proposal is available on the TREC website and I encourage inspectors to review the proposed changes and provide any comments or concerns to TREC prior to that meeting.

The Inspector Committee also discussed whether the new TREC contractual language added to the One to Four Family Residential Contract regarding hydrostatic pressure test places any additional duties on an inspector. The Committee agreed that it this type of test was beyond the scope of a real estate inspection. Additionally, only a licensed plumber is

authorized to do this type of test. For additional information about this topic, please see the article entitled "Hydrostatic Testing -- What You Need to Know" in this edition of the Inspector Insight.

Finally, the Committee discussed whether it was appropriate to grant continuing education credit for an inspector attending a meeting of the Inspector Committee. The Committee agreed to move forward with this proposal and tasked staff to bring a draft rule to the Committee at its next meeting outlining a process similar to the recently approved rule authorizing continuing education credit for real estate license holders attending Commission meetings.

As always, I encourage you to attend our Committee meetings. Your involvement is essential to keeping the Committee informed of the issues impacting the industry and the consumers of Texas.



Steven Rinehart, Chair

Hydrostatic Testing -- What You Need to Know

What is a hydrostatic test?

A hydrostatic test is a method in which pipeline, plumbing, gas cylinders, boilers, and fuel tanks can be tested for strength and leaks. The testing pressure is always higher than the normal operating pressure of the system.

Is hydrostatic testing a mandatory part of the inspection of a resale of real property?

NO. A hydrostatic test is not mandatory in the inspection of a property.

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NO. Only a licensed plumber may perform a hydrostatic test on a system within a home. Only an inspector who is also licensed as a plumber may perform that test.

TREC has been made aware that real estate agents may be attempting to coerce inspectors to perform a hydrostatic test on a home by threatening to

discontinue using the services of any inspector who refuses to perform such a test.

Such behavior on the part of agents is considered acting in bad faith and not in the best interests of their client and may subject the agent to disciplinary action.

If a buyer wishes to have a hydrostatic test performed on a home, what is required?

Both TREC forms 20-13 and 30-12, The One to Four Family Residential Contract (Resale) and Residential Condominium Contract (Resale), state, "Any hydrostatic testing must be separately authorized by Seller in writing." Therefore, before any hydrostatic testing can be performed on a property, a **separate** document of authorization must be signed by the seller.

PLEASE NOTE: Any authorization language in the special provisions of the standard Resale contract **does not** constitute consent by a seller.

IMPORTANT DATES TO REMEMBER

TREIC Committee Meeting— July 11

TREC Commission Meeting—August 14

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