

# Chapter 2

## Standards of Practice

### Learning Objectives

After this chapter you will be able to

- ⇒ Explain when the SOPs apply;
- ⇒ Recall circumstances when departure provisions apply;
- ⇒ Describe “substantially completed” using examples from inspector practice;
- ⇒ Demonstrate understanding of how the standard inspection report form is used.

### Overview

Section 1102.058 of the Occupations Code requires the Texas Real Estate Inspector Committee (Inspector Committee) to develop rules relating to standards of practice for real estate inspection. TREC Rules §§535.227-535.233 establish the minimum Standards of Practice (SOPs) applicable to all inspectors licensed in Texas when performing a real estate inspection for a prospective buyer or seller.

### TREC Rule §535.227(a) Scope

#### When do the SOPs apply?

The SOPs apply to an inspection, conducted by an inspector licensed in Texas, for a prospective buyer or seller of a one-to-four family unit that is substantially completed. In other words, the SOPs apply only when an inspection is being performed on a property that is the subject of a real estate transaction.

#### When are the SOPs not applicable?

In general, the SOPs do not apply to systems or components not listed within the SOPs. The SOPs do not apply to cosmetic or aesthetic conditions, including wear and tear from ordinary use. A real estate inspection is a limited visual survey and basic performance evaluation of the systems and components of a building using normal controls that provides information regarding the general condition of a residence at the time of inspection. It is not intended to be a comprehensive investigation or exploratory probe to determine the cause or effect of deficiencies noted by the inspector.



While the SOPs establish minimum requirements, nothing prohibits an inspector from providing a higher level of inspection performance than required by the SOPs or from inspecting components and systems in addition to those specifically listed under the SOPs.

### TREC Rule §535.227(f) Departure Provision

This section of the SOPs authorizes an inspector to forgo inspecting a component or system required by the SOPs under certain circumstances. These circumstances include:

- inspector and the inspector’s client agree that the item is not to be inspected;
- inspector is not qualified to inspect the item; item to be inspected is a common element of a multifamily development and is not in physical contact with the unit being inspected; and
- inspector determines, using reasonable judgment, that
  - ◆ conditions exist that prevent the inspection of an item;
  - ◆ conditions or materials are hazardous to the health or safety of the inspector; or
  - ◆ the actions of the inspector could cause damage to the property.

*Best Practice: the inspector should verify which portions of a multi-family unit are common elements that the unit is responsible for versus elements that the client is responsible for.*

If an inspector intends to forgo inspecting a component or system required by the SOPs based on the circumstances listed above, the inspector is required to notify the client at the earliest practical opportunity that the component or system will not be inspected and make the appropriate notation on the Standard Inspection Report Form and state the reason(s) it was not inspected.

### **ROUTINE DEPARTURE FROM SOPs.**

An inspector is required to notify a client or prospective client at first contact if the inspector routinely forgoes inspecting a particular component or system required by the SOPs, and the inspector has reason to believe that property includes that component or system.

### **TREC Rules §§535.222-223 Inspection Reports and Standard Inspection Report Form REI 7-5.**

#### **DISCUSSION**

1. List examples of when you don't have to use the standard report form.
2. Discuss the difference in application of the departure provisions based on whether it is a routine practice or applied to a specific home inspection.
3. Does the fact that optional items are in the SOP imply that TREC inspectors are qualified to perform inspection on all optional items?
4. Are inspectors qualified to perform all tasks outlined in the SOP other than optional items?
5. If the inspector uses commercially-available software to generate inspection reports, whose responsibility is it to ensure that the current version of the TREC report is being used?
6. What are some reasons an inspector may choose not to walk a roof?

#### **Case Study I**

#### **Outdated Form**

An inspector performed an inspection on a home in 2016 and the reports used REI 7-2 for the report form when performing the inspection. The current inspection report was REI 7-5.

TREC rules require inspectors to prepare a written report for their clients noting observed deficiencies and other items required to be reported by the SOPs (§535.222 (a)). TREC Rules also require inspectors to use the Standard Inspection Report Form (REI 7-5) (§535.223). Use of this form ensures consistency in reporting.

There is some leeway in how an inspector presents report form information to the client as specified by rule (§535.222). For example, an inspector can replace the TREC logo on the form with their own logo, and change the typeface under. However, TREC rules allow for very specific changes and require the report to be in the prescribed format (§535.223).

Specific information in the report is required by rule, to include (§535.222 (b):

- ◆ name and license number of each inspector who participated in performing the inspection;
- ◆ if applicable, the names and license numbers of any supervising real estate inspector and/or sponsoring professional inspectors;
- ◆ address or other unique description of the property on each page of the report; and
- ◆ client's name.

Unless otherwise agreed to in writing by the client, an inspector must deliver the written report to the client within two days after the inspector receives payment for the inspection (§535.222).