

STRATEGIC PLAN 2011-2015

Texas Real Estate Commission

*Texas Appraiser Licensing
and Certification Board*

July 2, 2010



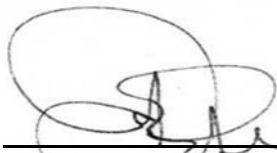
Texas Real Estate Commission

Texas Appraiser Licensing and Certification Board

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- | | |
|---|---|
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Broker Member/Arlington
Term Expires 2011 | Joanne Justice
Broker Member/Arlington
Term Expires 2015 |
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Broker Member/Round Rock
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John D. Eckstrum
Broker Member/Conroe
Term Expires 2011




Approved: John D. Eckstrum, Chairman

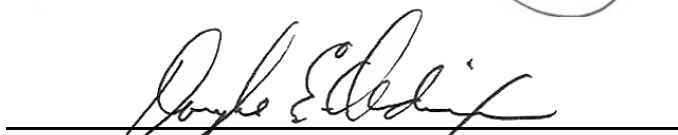
BOARD MEMBERS

- | | |
|---|--|
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Appraiser Member/El Paso
Term Expires 2011 | Malachi Boyuls
Public Member/Dallas
Term Expires 2012 |
| Robert D. Davis, Jr.
Public Member/Bedford
Term Expires 2012 | Clinton P. Sayers
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James B. Ratliff
Appraiser Member/Garland
Term Expires 2011



Approved: James B. Ratliff, Chairman



Signed: Douglas E. Oldmixon, Administrator/Commissioner

*Texas Real Estate Commission
Texas Appraiser Licensing and Certification Board*

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Director of Education & Licensing Services:	Gwen Jackson
Director of TREC Standards & Enforcement Services:	Kerri Galvin
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Director of Information & Technology Services:	Tom Watson
Director of Staff & Support Services:	Karen Alexander

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Vision Texas

The Statewide Strategic Planning Elements for Texas State Government

March 2010

Fellow Public Servants:

Since the last exercise in strategic planning began in March 2008, much has changed in the national economic picture. States across the nation have struggled with severe budget shortfalls and the national economy has yet to rebound as many hoped and predicted. Texas, however, has weathered the economic downturn better than other states and been recognized as an example for other states to follow.

Our position relative to other states is not by accident. Texas has demonstrated the importance of fiscal discipline, setting priorities, and demanding accountability and efficiency in state government. We have built important reserves in our state's "Rainy Day Fund," cut taxes on small businesses, and emphasized a stable and predictable regulatory climate in an effort to show that the Lone Star State is a great place to build a business and raise a family.

Over the last year, families across this state and nation have tightened their belts in response to the economic challenges. Government should be no exception. As we begin this next round in our strategic planning process, we must critically reexamine the role of state government by identifying the core programs and activities necessary for the long-term economic health of our state, while eliminating outdated and inefficient functions. We must set clear priorities that will help maintain our position as a national leader now and in the future by:

Ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government;

Investing in critical water, energy, and transportation infrastructure needs to meet the demands of our rapidly growing state;

Ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;

Defending Texans by safeguarding our neighborhoods and protecting our international border; and

Increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

I am confident we can address the priorities of our citizens with the limited government principles and responsible governance they demand. I know you share my commitment to ensuring that this state continues to shine as a bright star for opportunity and prosperity for all Texans. I appreciate your dedication to excellence in public service and look forward to working with all of you as we continue charting a strong course for our great state.



RICK PERRY
GOVERNOR

The Mission of Texas State Government

TEXAS STATE GOVERNMENT MUST BE LIMITED, EFFICIENT, AND COMPLETELY ACCOUNTABLE. IT SHOULD FOSTER OPPORTUNITY AND ECONOMIC PROSPERITY, FOCUS ON CRITICAL PRIORITIES, AND SUPPORT THE CREATION OF STRONG FAMILY ENVIRONMENTS FOR OUR CHILDREN. THE STEWARDS OF THE PUBLIC TRUST MUST BE MEN AND WOMEN WHO ADMINISTER STATE GOVERNMENT IN A FAIR, JUST, AND RESPONSIBLE MANNER. TO HONOR THE PUBLIC TRUST, STATE OFFICIALS MUST SEEK NEW AND INNOVATIVE WAYS TO MEET STATE GOVERNMENT PRIORITIES IN A FISCALLY RESPONSIBLE MANNER.

AIM HIGH . . . WE ARE NOT HERE TO ACHIEVE INCONSEQUENTIAL THINGS!

The Philosophy of Texas State Government

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.
- Finally, state government should be humble recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

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Regulatory Benchmarks

Benchmark:

Percent of state professional licensee population
with no documented violations

Priority Goal:

Percent of Licensees with no recent violations
Percent of complaints resulting in disciplinary action

Benchmark:

Percent of new professional licensees as compared to the existing population

Priority Goal:

Percent of New Licenses Issued to Individuals
Percent of Licenses Renewed

Benchmark

Percent of documented complaints to licensing agencies
resolved within six months

Priority Goal:

Percent of documented complaints resolved within six months

Benchmark:

Percent of individuals given a test for licensure
who received a passing score

Priority Goal:

Pass Rate

Benchmark:

Percent of new and renewed licenses
issued via Internet

Priority Goal:

Percent of Licensees who renew online
Percent of new individual licenses issued online

FOREWORD

Prior to 2008, the Texas Real Estate Commission (TREC) and the Texas Appraiser Licensing and Certification Board (TALCB) had prepared, approved, and submitted separate strategic plans, but a single legislative appropriations request. Beginning in 2008, the agency's unified strategic plan included both entities. TALCB is an independent subdivision of TREC, overseen by its own independent board appointed by the Governor. The 80th Legislature adopted the Sunset Commission's recommendation to integrate TREC and TALCB to the fullest extent possible while preserving TALCB's identity as a separate regulatory body. Great strides have been taken to implement this directive, promoting greater efficiency, but vital safeguards have also been strengthened to assure TALCB's independence.

The portions of this plan dealing with those operational aspects which are fully integrated, or which are primarily support functions, describe the activities of the entire agency. Where appropriate in certain areas, especially enforcement, TREC and TALCB are treated separately.

By creating a unified document, the inter-relationship of this strategic plan with the legislative appropriations request should be clearer, more manageable, and easier to understand.



Douglas E. Oldmixon
TREC Administrator and
TALCB Commissioner

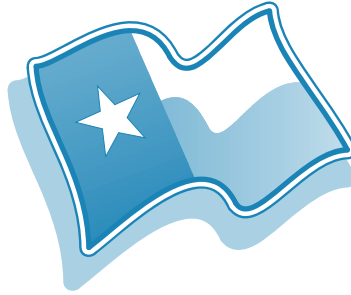
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**Mission
of
The Texas Real Estate
Commission and Texas Appraiser
Licensing and Certification Board**

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.



**Philosophy of
The Texas Real Estate
Commission and Texas
Appraiser Licensing and
Certification Board**

To achieve its mission, the agency embraces these core values:

- Provide exceptional customer service that is accessible, responsive and transparent;
- Demand integrity, accountability and high standards, both of licensees and ourselves;
- Strive continuously for excellence and efficiency.

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External/Internal Assessment

A. SCOPE AND FUNCTION

With the advent of the GI Bill providing unprecedented education opportunities for a new generation and the VA Home Loan Guaranty program enabling home mortgage loans with a federal insurance feature, the nation dramatically shifted to a substantial increase in home-ownership potential shortly after World War II.

Created in 1949 to establish safeguards for the rapidly growing field of real estate brokerage, the Texas Real Estate Commission (TREC) administers five laws: The Real Estate License Act (Texas Occupations Code, Chapter 1101), license laws for Home Inspectors (Texas Occupations Code, Chapter 1102), the Texas Appraiser Licensing and Certification Act (Texas Occupations Code, Chapter 1103), The Residential Service Company Act (Texas Occupations Code, Chapter 1303), and The Texas Timeshare Act, (Texas Property Code, Chapter 221). TREC regulates:

- real estate brokers and salespersons;
- real estate inspectors;
- real estate appraisers;
- education providers for real estate, home inspection and appraisal courses ;
- residential service companies;
- timeshare developers; and
- easement or right-of-way agents.

The TREC Commission is composed of nine members - 6 licensed real estate brokers and 3 members of the general public - appointed by the Governor with the concurrence of the Senate. The members are appointed for six-year terms, with the terms of three members expiring every two years.

In 1989 the Financial Institutions Regulatory Reform and Enforcement Act (FIRREA) became federal law. Title XI of FIRREA addressed weaknesses in the way real property was valued in connection with federally insured mortgage loans (sometimes called “federally-related transactions” or FRTs) by creating a system under which individual states would implement their own programs for the licensing and oversight of licensed and certified appraisers. Only appraisers licensed or certified

under a certified state program may appraise real property in connection with FRTs. FIRREA further provides for federal oversight of the states’ regulatory programs through the Appraisal Subcommittee (ASC).

The Texas Appraiser Licensing and Certification Board (TALCB) was created in 1991 to enable Texas to implement such a program. TALCB regulates real estate appraisers and administers the Texas Appraiser Licensing and Certification Act (Texas Occupations Code, Chapter 1103). TALCB is an independent subdivision of TREC with its own nine-member board.

The TALCB Board is composed of nine members - 4 licensed real estate appraisers and 4 members of the general public - appointed by the Governor with the concurrence of the Senate, and the Executive Secretary of the Texas Veterans Land Board as an ex-officio member. The appointed members serve two-year terms, with the terms of four members expiring every year. No appointed member may serve more than six years.

The ASC reviews the TALCB’s program on a regular basis to ensure compliance with federal law. If the review identifies deficiencies, the ASC may decertify the program, resulting in Texas appraisers not being allowed to perform appraisals in connection with FRTs. As FRTs comprise the vast majority of the mortgage market, decertification of the Texas program could have grave impact on the Texas real estate economy.

The ASC audited the Texas program in October 2008 and has just completed an audit in May 2010. The results of the most recent audit showed that Texas was in compliance regarding (1) Temporary Practice, (2) National Registry, (3) Application Process, (4) Reciprocity, and (5) Education. One area of concern was Texas Statutes, Regulations, Policies and Procedures where Texas statutes are currently inconsistent with ASC Policy Statement 10G regarding the percentage of licensed and certified appraiser applicants that TALCB Standards & Enforcement Services (SES) Division is to review. Texas Occupations Code, Subchapter E, Section 1103.206(b) requires TALCB SES to

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review only 5% of appraiser applicants rather than the ASC's 100% requirement. Despite the conflicting direction, staff does indeed review 100% of applicants and has made a notation to recommend a change to state statutes in the agency's housekeeping bill for the 82nd Legislative Session.

The ASC audit also focused on the timeliness with which TALCB SES addresses and resolves complaints. While the ASC found the agency to be noncompliant regarding Enforcement, it was also noted that Texas has made significant progress to alleviate the backlog and to meet ASC Policy Statement's 10E requirement that all complaints filed against appraisers be resolved within one year of the filing date. At the time of the audit, Texas had 491 complaints in-house of which 110 had been unresolved for more than one year. However, 41 of these cases fell within the Texas Mortgage Fraud Task Force's jurisdiction which does not allow TALCB SES to begin investigation of a complaint until it has been released by one of the partnering law enforcement agencies. To help alleviate the remaining backlog, and despite the criminal nature of some complaints, delays due to State Office of Administrative Hearings (SOAH) procedures, and significant resource restrictions, a new agency organizational structure was implemented in 2009 to focus the agency's commitment to meeting the federal enforcement guidelines. The significant reduction in aged cases has been a direct result of these changes, which also included the revitalization of Peer Investigative Committees.

The ASC was pleased with Texas' progress and commented to the Board that they had not seen as large an increase in complaints in any other state in recent years - in the last two years, TALCB SES has received 802 complaints. This has highlighted the need to hire an additional appraiser investigator and another Enforcement attorney for this division.

The agency, as a whole, serves as a licensing agency for real estate service providers in Texas. In addition to monitoring education requirements and licensing standards, TREC and TALCB have distinct enforcement divisions

which separately handle enforcement cases based on complaints filed with the agency. In this manner, the agency works in parallel fields to ensure the integrity and honesty of licensees.

While the agency's primary responsibility is to protect the public by providing qualified licensees into the market-place, a high volume of phone calls are received from home-buyers who have questions about the home-buying process in general. The agency has a role in providing this type of consumer information via its websites in addition to capitalizing on the partnership with other entities, like the Real Estate Center (REC) at Texas A&M University, for example.

The relationship with the REC is statutory – market-place and economic trends research and education – but it has potential to be a great deal more. Renewed efforts are already underway to work more closely with REC and provide a better and more comprehensive public service to Texans.

In addition to this partnership, the agency is also a member of the state's Mortgage Fraud Task Force which also includes the Texas Department of Public Safety (DPS), the Texas Department of Insurance (TDI), the Office of Consumer Credit Commissioner (OCCC), the Texas Department of Banking, the Credit Union Department, the Department of Savings and Mortgage Lending (TDSML), and the Office of the Attorney General (OAG). Because of the limited size of the agency, opportunities for efficiencies and enhanced relations with other entities are always on the top of the priority list. The agency must continue to seek out and nurture these relationships in order to provide the absolute best service to the consumer.

B. ORGANIZATION

The agency functions as one entity comprised of a Commission and a Board. In September 2009 the TREC Commissioners hired a new agency head, who created an Administration & Management Services Division, designated the General Counsel to serve as the Deputy Administrator for TREC, appointed a General Counsel to the Board, and hired a Public Affairs Specialist. After an important functional reorganization, the agency head now has six other direct reports:

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- Reception & Communication Services (RCS) Division Director;
- Education & Licensing Services (ELS) Division Director;
- TREC Standards & Enforcement Services (TREC SES) Division Director;
- TALCB Standards & Enforcement Services (TALCB SES) Division Director;
- Information & Technology Services (ITS) Division Director; and
- Staff & Support Services (SSS) Division Director.

TREC SES and TALCB SES handle discretionary enforcement matters and act as the staff legal arm of TREC and TALCB, respectively. Aside from this critical distinction, employees in the four remaining divisions all work on both TREC and TALCB matters.

The relationship between TREC and TALCB is formalized by a Memorandum of Understanding which was most recently updated in May 2010.

The offices of the agency are located in Austin, Texas, on the first floor of rented office space at 1101 Camino La Costa, Austin, Texas 78752. There are no field offices, however TREC has 8 investigators who are located individually in Canton, Humble, San Antonio, Sherman, Kingwood, Beeville, Lindsay, and Magnolia, Texas. The investigators are supplied with essentials for home offices and are assigned to work on TREC enforcement cases in surrounding areas.

In March 2010, the agency agreed to relocate to the Capitol Complex on the 4th floor of the Stephen F. Austin State Office Building. This move should be complete by July of 2011.

Administration & Management Services (AMS) Division

The agency has many divisions, roles, and responsibilities. And while the appointed members of the Commission and the Board determine the overall policy direction, the AMS Division, led by the agency head, oversees and provides agency-wide support and day-to-day management.

In protecting the consumers of real estate services, AMS performs several important

functions to further the agency's programs of education, licensing, and industry regulation. These include:

- cooperating with consumer groups, industry trade associations, real estate service provider educators, and other regulatory agencies;
- serving as a liaison with oversight bodies and public officials;
- providing administrative supervision of the staff responsible for carrying out the functions of the agency;
- serving as the agency's hub for open records requests;
- assisting the public desiring to legally access monies from the Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund;
- drafting proposed rules for consideration by the appropriate policy body;
- distributing information about the agency's functions and activities to the public and the media, including publication of the online newsletter: *TRECAdvisor/TALCBBulletin*;
- coordinating and providing staff support to the advisory committees, working groups, and task forces of the Commission and Board; and
- overseeing the administration of all statutory requirements.

Overall agency direction is provided by the Administrator of TREC/Commissioner of TALCB. This person serves in a dual role as the agency head and is the main representative of TREC and TALCB to other agencies, organizations, and to the public.

General legal advice to the TREC Commissioners is provided by the TREC General Counsel and TREC Deputy General Counsel. These individuals serve as staff liaisons to the Texas Real Estate Broker-Lawyer Committee and are responsible for drafting proposed rules and statutory clarifications. The TREC Deputy General Counsel reviews and responds to claims by consumers for payment of judgments against licensees from the Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund. General legal advice to the TALCB Board Members is provided by the TALCB's own General Counsel.

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AMS is responsible for coordinating the agency's publications and communications, including the online *TREC Advisor/TALCB Bulletin* newsletter, published eight times per year, and the Strategic Plan Annual Report, as well as periodic news releases to the media, consumers, and license holders.

Two advisory committees authorized by the TREC enabling legislation consist of individuals who volunteer their time to assist TREC in critical areas. Both of these committees meet on an as-needed basis in Austin to review proposed forms and rules and make recommendations to the Commission.

One advisory committee, The Texas Real Estate Broker-Lawyer Committee (Broker-Lawyer Committee), develops standard contract forms and addenda which are recommended to the Commission and promulgated for mandatory use by real estate brokers and salespersons. The committee is composed of six brokers appointed by the Commission, six attorneys appointed by the President of the State Bar of Texas, and a public member appointed by the Office of the Governor.

By utilizing the varied interests and points of view of its members, the Broker-Lawyer Committee helps to ensure that the contract forms promulgated by the Commission balance the interests of the parties, reduce controversy and misunderstanding, and contain adequate safeguards for all involved. On a regular basis, the Broker-Lawyer Committee reviews and revises all contract forms to ensure that these documents are usable in the current market and that they address any significant new issues in a timely manner.

The Texas Real Estate Inspector Committee (Inspector Committee) provides recommendations and assistance to the Commission on matters relating to the licensing and regulation of real estate home inspectors. It consists of six licensed professional inspectors and three public members who are appointed for six-year terms by the Commission. The Inspector Committee is authorized to review and revise the inspection standards of practice and make recommendations to the Commission for changes in licensing and education rules and procedures.

In addition, the Commission appoints working groups as deemed necessary to collect and analyze information on a variety of specific topics and report to the Commission its findings and any recommendations for policy review by the Commission. Currently two

working groups are examining issues involved in Education and Broker Responsibility.

Reception and Communication Services (RCS) Division

RCS is the agency's centralized customer service department. As such, it is the primary point of contact for all telephone, email, and walk-in inquiries. Additionally, RCS handles all website customer survey responses for the agency. The division has 14 staff positions.

RCS answers all telephone lines for the Commission and the Board, and is available weekdays from 7:00 a.m.-6:00 p.m., an expansion begun in October 2009 from the prior 8:00 a.m. to 5:00 p.m. schedule. The division answers ten lines for TREC and two lines for TALCB. Staff are carefully trained and kept up to date on TREC and TALCB laws, rules, policies, procedures, forms, and processes. Furthermore, all division staff have access to the agency's licensee database and assist callers with information on the status of their applications, education requirements, etc. RCS also helps callers navigate the agency's websites and download specific forms, information and data files. The walk-in reception area is staffed weekdays from 8:00 a.m.—5:00 p.m. and staff is available to serve the public directly with any inquiries and offer additional assistance with online services on the agency's two reception area computers.

Education and Licensing Services (ELS) Division

The primary role of ELS is to ensure that education, experience, examination and license application requirements are satisfied before a license or registration is issued to real estate brokers or salespersons, appraisers, inspectors, and easement or right-of-way registrants. The division has 19 staff positions.

Education Section

The Education Section ensures that education and experience requirements are satisfied for the various license types. This section is responsible for the review and accreditation of approved proprietary schools (as providers of core education), approval of Mandatory Continuing Education (MCE) providers, and approval of MCE and core courses, as well as course instructors. The Education Section is also responsible for ensuring that qualifying exams

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are administered without problems and that results are posted accurately to the agency's database system.

The division is responsible for oversight of many aspects of real estate education, including the registration of broker and salesperson real estate education providers, instructors, and courses for both pre-licensure and continuing education. While accredited colleges and universities in Texas can provide pre-licensure real estate courses without agency pre-approval, any proprietary school or association wishing to offer pre-licensure courses must obtain approval from the agency. All continuing education providers, including accredited colleges and universities, must obtain agency approval as a provider and for each continuing education course they wish to offer. At the end of Fiscal Year (FY) 2009 there were 56 approved providers of pre-licensure education in Texas and 313 approved continuing education providers. These totals reflect a consistent increase in the number of approved continuing education providers who offer MCE elective courses, as there were only 236 MCE providers at the end of FY 2005.

ELS also approve education courses, both pre-licensure and continuing education, for appraisers. The agency maintains a current list on its website to ensure that licensees have immediate access to current information. The list is updated continuously and as of print, 155 pre-licensure classes and 477 continuing education classes were on the approved list.

Pursuant to a legislative requirement, the TREC Commissioners have established accreditation standards and adopted rules that require an approved proprietary school to certify that at least 55% of their graduates have passed the licensing exam on their first attempt. The Commission must consider this in addition to a variety of other factors in determining whether a school qualifies for reaccreditation.

From FY 2007 to FY 2009, first time pass rates for all licensees have increased:

First Time Pass Rates		
	FY 2007	FY 2009
Brokers	69.4%	69.7%
Salespersons	55.6%	61.3%
Inspectors	35.6%	38.95%
Appraisers	52.5%	67.6%

Licensing Section

The Licensing Section reviews and processes applications, renewals, information changes, and histories for all license types. This section is responsible for ensuring that applications and renewals contain all required information, assist walk-in customers upon request, and proof certain license documents before release. The Licensing staff also provide primary assistance in preparing files and performing data entry for the imaging and electronic storage of over 200,000 licensee master files.

At the conclusion of FY 2009, the agency licensed a total of 144,219 brokers and salespersons, 3,533 inspectors, 1,932 easement or right-of-way registrants, and 6,305 appraisers. There has been an increase in the number of real estate brokers from 42,261 in FY 2007 to 43,036 in FY 2009 while the number of salespersons has decreased from 110,810 in FY 2007 to 101,183 in FY 2009.

License renewal rates are lower than in previous years with 81.7% of brokers choosing to renew their licenses timely. Approximately 20% of all real estate licensees (28,380) are "inactive," held by those who wish to retain a license for possible future use.

The following table depicts the trends in real estate licensees over the past five years:

Trends in Real Estate Licensees over the past five years					
	FY05	FY06	FY07	FY08	FY09
Transcript Evaluations	31,421	31,890	30,229	20,214	16,326
Original Applications	21,556	25,733	23,877	17,165	13,068
Individuals Examined	23,440	24,557	21,302	16,140	12,009
Licensed Salespersons	97,126	106,597	110,810	105,61	101,183
Licensed Brokers	40,437	41,335	42,351	42,809	43,036
Licensed Inspectors	4,037	4,093	4,260	4,018	3,533
Licensed Appraisers	6,774	6,805	6,807	6,758	6,305

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TREC Standards and Enforcement Services (TREC SES) Division

TREC SES ensures that consumers are protected by providing timely, fair, and consistent enforcement of The Real Estate License Act, Rules of the Commission, Chapter 1102 of the Texas Occupations Code regarding Real Estate Inspectors, the Texas Timeshare Act, and the Residential Service Company Act. TREC SES staff also implement standards and review applications for licensure and make determinations of moral character to assess the honesty, trustworthiness, and integrity of applicants. In addition, TREC SES oversees the sanctions of licensees who have violated various legal requirements. The division has 32 staff positions.

TREC SES handles a high volume of signed written complaints from the public and licensees concerning alleged violations of legal requirements primarily by brokers and salespersons. During FY 2009, the division received 993 complaints from the public, and closed 1,671 complaints after review and resolution (more complaints were closed than open due to carryover from the previous fiscal year). While most complaints relate to the purchase, lease, or inspection of a home, they may also include charges ranging from misleading advertising to unlicensed activity. Some complaints are closed with no action taken, because of a lack of jurisdiction or lack of evidence. Once it is determined that the complaint is within the agency's jurisdiction, the licensee will be notified, given an opportunity to respond, and the complaint is investigated. For those complaints where evidence suggests a violation has occurred, attempts will first be made to resolve the complaint through alternative dispute resolution (ADR) methods, such as informal settlement discussions or mediation. When ADR is not effective or appropriate, TREC SES will pursue formal disciplinary action and a hearing will be set at the SOAH.

The division reviews license applications as well as requests for moral character determinations. In FY 2009, the division reviewed 1,454 applications and moral character determinations. The division also addresses administrative violations committed by licensees such as failure to provide requested information to the agency, presenting a check with insufficient funds, or committing a criminal offense. In FY 2009, TREC SES opened 587 and closed 659 of these matters.

TREC SES is also responsible for the administration of the Texas Timeshare Act and the Residential Service Company Act. Entities that desire to offer timeshare interests for sale to Texas residents are required to register such projects with the agency regardless of the location of these projects. Any company wishing to offer home warranties which cover existing residential properties must be licensed with the agency.

TREC SES currently monitors 26 residential service companies licensed to conduct business in this state on an ongoing basis to ensure compliance with the Residential Service Company Act, including the companies' ability to meet financial obligations to Texas contract holders. The division also reviews timeshare registrations and amendment applications submitted by timeshare registrants currently operating in Texas to ensure that the requirements of the Texas Timeshare Act are met.

TALCB Standards & Enforcement Services (TALCB SES) Division

TALCB SES ensures that the public is protected by providing timely, fair, and consistent enforcement of the Texas Appraiser Licensing and Certification Act. Division staff also reviews applications for licensure and moral character determination to assess the honesty, integrity and trustworthiness of appraiser applicants. Staff review applicants' criminal history and oversee the sanctions of licensees who have violated various legal requirements. The division has 12 staff positions.

TALCB SES impartially investigates complaints and imposes discipline as deemed necessary to ensure high standards of appraiser competence. Licensed or certified appraisers who violate the law are typically sanctioned with monetary fines, educational requirements, and, if warranted, suspension or revocation of their licenses. In addition, the division provides assistance to law enforcement and prosecutors upon request through the Texas Mortgage Fraud Task Force.

The division processes and investigates a high volume of signed written complaints from consumers, financial institutions, licensees and other state and federal agencies alleging violations and/or inappropriate valuations. In addition to staff investigators, Peer Investigative Committees—made up of two licensees who are certified Uniform Standards of Professional

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Appraiser Practice (USPAP) instructors and a TALCB Appraiser Board member—have also been introduced to assist with the complaint load and provide insight into real-world appraisal circumstances. In FY 2009, the division received 321 complaints and after review and investigation, 244 cases were dismissed or resolved with disciplinary action. From FY 2007 to FY 2009, the number of complaints increased more than 50%, and TALCB SES is on pace to receive another 50% increase in FY 2010. The majority of the complaints relate to the allegations of mortgage fraud and violations of USPAP.

Approximately 60% of the complaints are closed with no action taken because of a lack of jurisdiction or lack of evidence supporting any actionable violations. Upon receipt of a complaint, the licensee is notified and requested to respond in writing and submit their work files (unless fraud is alleged, in which case those complaints are handled covertly as required by the Texas Penal Code, Chapter 32, Section 32). When an agreement cannot be reached between staff and the respondent, TALCB SES pursues formal disciplinary action via the contested case hearing process at SOAH.

In accordance with HB 716, 80th Legislative Session, TALCB SES has been assisting and participating actively in the Mortgage Fraud Task Force. Since September 2008, 71 requests for assistance from state and federal law enforcement and prosecutorial agencies have been received, 14 of these have been resolved. This assistance has led to several indictments and/or convictions of certified or licensed appraisers for criminal conduct incident to allegations of mortgage fraud.

The division is also charged with conducting experience audits and reviewing work product for compliance with USPAP. All applications for a certified residential and general appraiser license are audited. Typically, two properties from the applicants experience log are requested and reviewed by a staff investigator for compliance with USPAP. Fiscal year-to-date, 90 experience audits have been processed, with 13 resulting in application denials and/or complaints.

Information and Technology Services (ITS) Division

ITS develops and maintains the technical infrastructure that supports the agency's business requirements, adheres to the Texas

Department of Information Resources (DIR) standards, and utilizes industry best practices to ensure utility, reliability and security. ITS supports agency initiatives by managing the technical infrastructure for application development, network management, application and technical support, website services, and records management. The division has 12 staff positions.

ITS offers comprehensive public access to information through internet services including licensee search, online renewal and application submission, data downloads and forms and newsletter publications. Internet technology has enabled the agency to expand the hours of availability for certain operations while reducing costs for those services.

ITS creates and maintains custom business applications which fulfill legislative mandates, respond to public inquiries, and support employee productivity.

Examples of these software systems include:

- license issuance and renewal;
- submitting of education;
- education evaluations;
- fee receipts;
- open records access;
- education provider approval systems; and
- complaint tracking.

The technical infrastructure is the foundation for the agency's continued productivity and must allow for an expansion of automation and services. As the dependency on technology increases due to the agency's needs and the expectations of the public and licensees, the necessity to maintain a high level of availability, security, and integrity is paramount and essential. An ever growing risk to delivering these services is technology obsolescence. TREC's core system, Texas Real Estate Licensing Information System (TRELIS), is substantially outdated as it was built in the 1980s, and is based on a computer programming language no longer in widespread use. As a result, the core system poses a significant vulnerability to the agency and its processes. Similarly, much of the agency's hardware and software is at or beyond its anticipated life, especially critical servers.

The agency has contracted for and is in the midst of a conversion to a new core licensing database product to support its many vital functions. This VERSA Regulation system was

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chosen after a thorough functionality and value analysis of available options. The agency is scheduled to complete this conversion in the summer of 2010.

To help fulfill its agency goals and mission, ITS has established a relationship with the following entities:

- TexasOnline Authority in the electronic process of applications and renewals;
- The Texas Guaranteed Student Loan Corporation (TGSLC) in the collection of delinquent student loans;
- OAG in the collection of delinquent child support;
- DPS in background checks of applicants;
- REC in licensee demographic and address data;
- TDSML on issues affecting real estate licensees and mortgage brokers; and
- DPS, TDI, OCCC, the Texas Department of Banking, the Credit Union Department, and TDSML for the Mortgage Fraud Task Force.

The agency takes advantage of services offered by DIR that allow for expanded and shared technical resources that would otherwise be unattainable. The utilization of their standard contracts and security team can provide a cost and time saving to the agency.

Due to increased reliance on electronic storage and delivery technology, agency records management programs were consolidated in the ITS division. A major initiative to digitize millions of pages of agency records is under way. Resource limitations due to state budget cut guidelines could cause a significant delay in this program.

Staff & Support Services (SSS) Division

The SSS Division performs all of the accounting, purchasing, mail and cash handling functions, human resources administration, and property management for the agency. The division provides these support services to the Commissioners, Board Members and agency staff, and is the center of day-to-day monetary and budget operations. The division has 15.5 staff positions.

The Accounting Section provides services in the areas of accounting, payroll, revenue forecasting and tracking, and all budgeting functions - responsible for controlling an annual budget of \$8 million dollars. This section also maintains the statutory recovery funds which are used to pay certain judgments against licensees.

The Purchasing Section purchases goods and services in compliance with all state regulations, and provides equipment and facilities management services. Emphasis is placed on utilizing Historically Underutilized Businesses when possible, and use of recycled goods. The Cashier Section receives and distributes incoming mail and processes revenue received. The Human Resources Section plans, develops, reviews, and implements human resources policies, directives, and procedures while ensuring that state and federal guidelines are followed. This section also compiles and analyzes human resources reports. The Director of SSS serves as the investment officer for the recovery funds in accordance with the Public Funds Investment Act.

The Commission's independent auditor, Garza-Gonzalez & Associates, reviewed the agency's compliance with the Public Funds Investment Act. In its FY 2009 report to the State Auditor's Office (SAO), the independent auditor made no recommendations for modifications related to compliance with the Public Funds Investment Act. In addition, a review by the SAO published March 2010 concluded that the agency had fully complied with provisions in the Public Funds Investment Act.

SSS is also responsible for monitoring the agency space allocation plan. Agency offices are currently in leased space. The current lease for 22,832 square feet was renewed effective September 1, 2006, for five years with an option to renew for an additional five year period. The cost per square foot is \$16.85. Due to increases in full time employees granted by the 80th Legislature, the agency amended the lease to add 2,984 square feet on October 1, 2007. The current rate for that space is \$14.45 per square foot. The current lease is a turn-key lease wherein the lessor pays for lease services such as utilities, janitorial services, security, and pest control.

The lease expires August 31, 2011. The Texas Facilities Commission (TFC) has notified the agency that space in the Stephen F. Austin Building in the Capitol Complex will be available to house the agency. At the current time, TFC is working with staff to identify space requirements and configuration needs. The space will be designed and constructed with a projected completion date of June 2011. It is anticipated that the agency will be requesting a supplemental appropriation at the beginning of the 82nd Legislative Session to cover costs associated with this relocation.

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C. FISCAL ASPECTS

Appropriations

The agency is authorized to make expenditures consistent with the General Appropriations Act. The following totals reflect the amounts appropriated by strategies:

<i>Appropriations by Strategy</i>				
	FY2008	FY2009	FY2010	FY2011
Ensure Standards	1,578,207	1,493,728	2,779,853	3,300,562
Enforce Regulations	1,835,580	1,832,593	1,785,342	1,780,382
Provide Education	733,993	739,741	828,606	859,777
Indirect Administration	1,396,894	1,706,636	1,773,377	1,519,780
TALCB	879,372	826,362	1,156,673	981,233
Subtotal	6,424,046	6,599,060	8,323,851	8,441,734
Other Direct and Indirect Costs	1,432,790	1,460,852	1,449,875	\$1,501,566
TOTAL	\$7,856,836	\$8,059,912	\$9,773,726	\$9,943,300,

From 1991 forward, TALCB's appropriations have been listed as "Goal D" in the Legislative Appropriations Request of TREC.

Fees Collected

TREC and TALCB receive funding from fees submitted by licensees and applicants. An appropriations bill rider (Article VIII, Rider 2, 81st Legislature) requires revenue to cover all appropriations plus other direct and indirect costs. Other direct and indirect costs cover employee benefit costs appropriated to other agencies and a pro rata share of support agencies, such as the Comptroller. The amount is designated in the appropriation bill pattern, which is allocated between TREC and TALCB based on budgeted employee salaries. Although the amount of revenue may vary each year due to the number of individuals who renew or obtain a new license, the agency is appropriated a fixed sum of money by the General Appropriations Act and cannot spend beyond that amount.

In FY 2009, TREC collected revenue of \$18,559,909. Of this amount, \$2,806,863 was collected for operations of the REC; \$7,059,600 was collected in professional fees imposed on brokers, and \$450,873 was revenue dedicated to the Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund. The remaining revenue supported appropriations of \$5,772,698 plus other direct and indirect costs in the amount of \$1,285,581. In FY 2010, revenue

of \$9,352,858 is projected to support appropriations of \$7,167,178 plus other direct and indirect costs of \$1,251,242.

In FY 2009, TALCB collected revenue of \$1,050,629. Of the amount appropriated, \$146,150 was collected for the Appraiser National Registry and \$26,650 was collected for TexasOnline, resulting in 83.5% of fees being deposited to the general revenue fund.

By both statute and federal law, TALCB collects fees for the Appraiser National Registry of twenty-five dollars (\$25) per year per certified and licensed appraiser. These fees are submitted to the ASC, deposited in a separate General Revenue Dedicated account (Appraiser Registry Account 0028 General Revenue Fund), and are not available for any other use.

Employees

The agency must administer salaries in accordance with the SAO salary administration structure. The state salary administration structure tends to lag behind the private sector in large part because of other benefits associated with government employment. As a result, the agency competes with other state agencies for many of its employees. Although the agency received appropriations to gradually move toward pay equity in the current biennium, the agency's salaries, with very few exceptions, are below midpoint of the applicable SAO mandated salary ranges. Also, the agency has not been able to budget for merit-based salary increases for employees. Since base salary directly impacts the level of a state employee's pension, this places the agency at risk of losing employees, especially in its more senior positions, who are increasingly mindful of the need to prepare for retirement.

Staffing needs must be assessed on a regular basis to ensure that appropriated full time equivalent (FTE) employees, salary, and other financial appropriations are sufficient to address planned operations. All positions at the agency are evaluated and documented on a current basis to ensure that they are correctly classified under the SAO classification guidelines.

The agency's legislative appropriation request (LAR) will include a request for funds to upgrade seven FTEs to a level that meets the current staffing needs. In addition, the LAR will request additional funds to raise the agency head's salary to a level that is commensurate with other state agencies with similar missions,

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licensee populations, and responsibilities. This is imperative not only to retain existing leadership skills and abilities, but also to reduce the likelihood of turnover in agency management.

Minority Hiring Figures

January 1, 2009 through December 31, 2009

White Female	Hispanic Female	Black Female	Hispanic Male	Black Male	White Male	Total New Hires
2	0	1	0	1	2	6
22%	0%	17%	0%	17%	33%	100%

The agency continues to strive for diversity in its workforce. Currently, the agency's workforce is appropriated 110.50 full time equivalent (FTE) employees. The preceding chart shows the result of agency hiring practices from January 1, 2009 to December 31, 2009.

The following table compares the percentage of African-American, Hispanic and female employees to the state-wide availability of African-Americans, Hispanics, and females in the civilian workforce.

Characteristics of Agency Employees Compared to Texas Civilian Workforce December 31, 2009

Job Category	African-American		Hispanic		Female	
	Texas	Agency	Texas	Agency	Texas	Agency
Administration	9%	16%	23.7%	32%	38.8%	83%
Professional	11.7%	7%	19.9%	15%	54.5%	51%
Technical	17%	0%	27%	0%	55.6%	0%
Para-Professional	12.8%	29%	44.8%	27%	39.7%	86%
Admin. Support	13.2%	64%	31.9%	9%	66.2%	82%

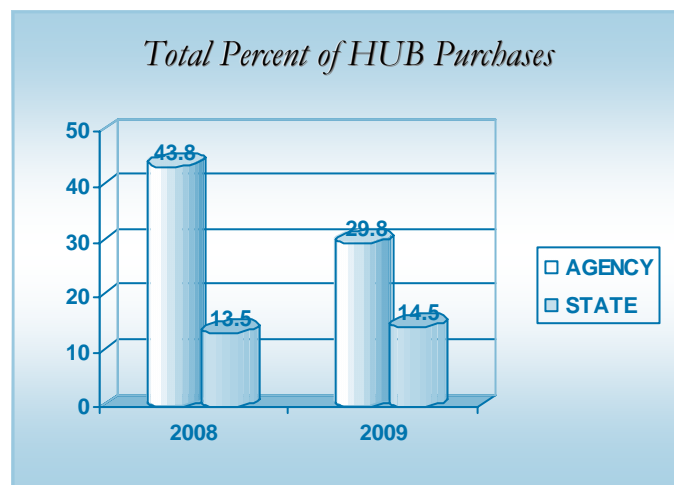
D. HISTORICALLY UNDERUTILIZED BUSINESS PLAN

The agency is committed to making a good faith effort to increase business with Historically Underutilized Businesses (HUBs). Staff actively encourages purchasing from HUBs to provide goods and services for the agency's operations. The agency's goal is to award 30% of its overall expenditures to HUBs. Agency good faith efforts to promote HUB participation include the following:

- Utilizing HUB vendors for non-competitive spot purchases of \$5,000 or less whenever possible;

- Soliciting a minimum of three bids from certified HUB vendors for purchases over \$5,000;
- Attending HUB related meetings and forums to network with vendors and gain new knowledge of HUB vendors;
- Encouraging and assisting vendors who qualify as HUB vendors to become HUB certified by the Texas Procurement and Support Services Division of the Comptroller's office and to maintain their HUB certification;
- Encouraging non-HUB vendors to sub-contract with certified HUB vendors; pairing mentors with protégés;
- Exceeding the bid advertisement requirement of obtaining more than two HUB bids from the CMBL on purchases over \$2,000; and
- Maintaining positive working relationships with current HUB vendors.

The following figure reflects the overall HUB performance of FY 2008 and 2009:



E. SERVICE POPULATION DEMOGRAPHICS

A state economy as large and as diverse as Texas' presents special challenges for an agency that is charged with serving over 150,000 licensees across 268,820 square miles. The two primary ways that the agency interacts directly with its stakeholders are in the license application and renewal process, and in the complaint resolution process, as the agency's investigators and lawyers gather relevant information. Licensing examinations are administered by agency-approved test providers at 25 locations around the state.

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Because of the large number of Texans who are Spanish speaking, the agency has a number of bilingual staff to assist with questions. The agency encourages the development of Spanish language skills, including voluntary classes to learn and improve staffs' Spanish language skills.

As more individuals enter the profession, the ethnic, racial, and gender diversity of real estate licensees are projected to continue increasing, falling more in line with the overall population. The racial breakdown of licensees is provided in the following table:

Ethnic, Racial and Gender Characteristics of Licensees as of December 31, 2009

Race	Broker and Salesperson	Inspector	Easement and Right-of-way	Appraisers
Anglo	76.2%	85.8%	92.8%	92.2%
Hispanic	11.3%	7.0%	3.9%	5.1%
African-American	7.2%	4.6%	2.2%	3%
Asian	4.0%	1.9%	0.1%	1.2%
Other	1.3%	.07%	1.0%	.8%
Gender				
Male	46.2%	96.0%	82.4%	80.12%
Female	53.8%	4.0%	17.6%	19.78%

F. TECHNOLOGICAL DEVELOPMENTS

The agency utilizes technology in virtually every aspect of its operations and has adopted and implemented systems and procedures based upon DIR and industry standards. Employees have electronic access to vital licensee and applicant information directly from their workspace.

Public Access Initiatives

1. World Wide Web Services

The agency's websites are often the first point of contact for customers. It is the agency's philosophy to make available as much useful information as possible on its website in order to provide services on demand through a self-service initiative. With this goal in mind the websites allow for renewal and application submission, general information, contact information, FAQ's, forms, laws, policies, procedures, customer surveys and a wealth of other useful information.

The most frequently used pages on both websites include:

- **Licensee Look Up** - Real estate professionals and the public can verify information on salespersons, brokers, inspectors, and ERW registrants through use of the "Licensee Look Up" function on TREC's website. Verification of an appraiser can be done through the ASC's website which is directly linked to the TALCB website. Through this feature one can verify that an individual has an active real estate license, determine a sponsoring industry mentor, and check the permanent mailing address of the licensee.
- **E-Government Services** - Using the TexasOnline Authority as a payment portal, the agency currently provides for online license renewals for salespersons, brokers, inspectors, ERW agents, and appraisers. Individuals may make initial application for a broker and salesperson license online as well.
- **Forms and Contracts** - Forms and contracts are made available for download. On the TALCB website, fillable Experience Log forms are also available.
- **Customer Feedback** - Website visitors can complete a Customer Service Survey online. The website also allows email access to TREC Commissioners, TALCB Board Members, and the agency head.

In addition, on the TREC website, the following pages are also helpful to visitors:

- **Disciplinary Action Update** - Individuals have the ability to search for TREC disciplinary actions by specific type of offense, by name or by month.
- **Licensee Education Records** - Up-to-date information on the core real estate and continuing education completed by all real estate licensees is available to the public.
- **Permanent Mailing Address** - All TREC licensees can correct and update their permanent mailing address online at no charge ensuring more accurate data entry.
- **Primary Email Address** - All TREC licensees can correct and update their primary email address online at no charge facilitating the convenient electronic delivery of information and services to them.

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2. E-Government Services

The agency is pleased to have been the first licensing agency to provide online license renewals in the State of Texas.

During FY 2009, 75% of applications were processed online, as were 86% of license renewals. Licensees make payment for all online transactions by credit card.

3. Electronic Mail Services (Email)

All general email inquires to agency are routed through RCS for efficiency and consistency. Email has become a major information delivery mechanism expanding the public's access to the agency. On average, the agency receives 370 emails a week and responds to all of them within 24 hours.

4. File Transfer Protocol (FTP)

The TREC and TALCB FTP sites allow for the downloading of files for storage and viewing. In addition, TREC utilizes FTP to exchange data with many other state agencies and receives daily the results of the real estate and inspector examinations from the contracted vendor. Licensee database information is also shared with the REC. TALCB uses the FTP site most specifically for their Peer Investigative Committee-work so that all participants can have access to the same large files simultaneously and at their leisure.

5. Licensing Management System

The agency selected a DIR approved licensing management system in FY 2009 to replace the existing application that is no longer flexible enough to support the agency strategies.

The implementation of the new licensing management system is expected to be completed by the end of FY 2010. The new product is expected to offer the agency a stronger technical foundation that will allow it to adjust initiatives which bring efficiencies to employees and conveniences to the license holders and to the public. With the new application additional services may be available to the public that have not been an option in the past.

Additionally, the agency is dependent upon

significant paper files that do not allow for efficiencies and expose information of licensees to risk of loss. TREC will expand the use of imaging as a primary document management tool. TREC's hard copy licensing files currently fill an approximately 6,000 square foot file room. As data management system has been identified, and these files are being reviewed individually as all licensees undergo the two year renewal cycle. As they are pulled and reviewed they will be purged of unneeded items and scanned. The planned move to the Capitol complex in June 2011 has made this project a much higher priority than previously and work is being accelerated to avoid the need to plan for and store these files at the new office location. However, current budget cut requests may result in further delays to these plans.

It is anticipated that the licensing management system and the document management system will work together allowing full access to information for each licensee to all employees from their desk.

Future Technological Advancements

TREC has long been dedicated to providing as many services as possible on the Internet; and as TALCB and the TREC have been integrated over the years, that same focus and dedication to online services has been extended to the TALCB website.

In FY 2009, thousands of transactions were conducted online by individuals seeking to apply or renew a license with the agency. Moreover, more than 28 million TREC web pages and 1.2 million TALCB web pages were viewed by licensees and the public.

Over 230,000 email addresses are now maintained on the agency email notification system. Truly, the Internet has changed the means by which the agency can communicate - both in providing information and in receiving requests and transactions. Expanding additional online services to licensees is a major strategic initiative.

In 2010 the agency began an initiative which emphasized electronic communication

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through the utilization of email versus United States postal mail. A four month trial was conducted and currently the agency has received very positive comments from licensees on this initiative and plans to continue the expansion of this service. Not only is it more convenient for the license holders, but it also has the potential to save the agency significant expenses for printing and postage. The long range vision is to provide all services online and handle all official communications in an electronic format. To do this will require a change to the law which will authorize the agency to make maintenance of an active primary email address a requirement for all license holders.

Currently 86% of TREC license renewals and 65% of TALCB license renewals are completed over the Internet, and more than 75% of all initial license applications come to the agency via the Internet and the TexasOnline Authority. As more transactions become available and more individuals become familiar with the process, we anticipate that these percentages will increase substantially, providing both additional convenience and reducing processing time and manual data input effort by staff.

G. ECONOMIC AND LEGAL VARIABLES

Key Economic Variables

The overall state of the economy is reflected in such things as housing prices, demand for housing, and the availability of financing at reasonable rates. A strong and stable economy, as reflected in a strong and stable housing market, is the primary economic factor that impacts people in their decision to enter and pursue a career in the real estate service profession. Although no state can ever be wholly immune to national concerns about the economy and mortgage markets, Texas has remained quite strong and stable by comparison with other leading markets. As a result the number of real estate licensees in Texas has not fluctuated dramatically.

Compared to many other states, the "affordability index" for housing in Texas remains favorable. Nonetheless, an increased emphasis on credit quality has been reflected in Texas mortgage markets, offsetting to a degree

the beneficial effect of historically low interest rates. The combination of strong performance of the Texas economy, as reflected in low levels of unemployment and solid job growth, coupled with the continuation of low interest rates, supports Texas mortgage and real estate markets.

Legal Issues

All divisions of the agency monitor changes in state and federal law to ensure that the agency identifies and, to the extent possible, is proactive with respect to changes which will impact licensees and services.

Federal law provides oversight or regulation in these areas:

- real estate appraiser licensing and certification, Title XI of FIRREA;
- discrimination in housing, the Federal Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988;
- services provided in connection with the closing of the sale, the Real Estate Settlement Procedures Act of 1974 (RESPA), as amended;
- anti-competitive real estate industry practices, the Sherman Anti-Trust and Clayton Anti-Trust Acts;
- discrimination based on disability, the Americans with Disabilities Act of 1990 (ADA); and
- protection from lead based paint, the Residential Lead-Based Paint Hazard Reduction Act.

The national mortgage crisis also led to reforms requiring most appraisal work to be contracted through appraisal management companies (AMCs), which are currently unregulated in Texas. While intended to prevent undue influence over an appraisal by parties with a financial interest in the transaction, similar problems have arisen at the AMC level. Many states have begun licensing AMCs in an effort to ensure that appraisals are performed in accordance with federal and state laws. It is anticipated that proposals will be introduced at the next legislative session to address this large gap in this otherwise heavily regulated industry.

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Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund

TREC maintains two recovery funds that are used to pay judgments obtained by consumers against its licensees or registrants. The Real Estate Recovery Trust Account is available to consumers harmed by brokers, salespersons, or registered ERW agents. The Real Estate Inspection Recovery Fund provides a similar remedy for consumers holding an unsatisfied judgment against a real estate inspector.

H. SELF EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT

TREC and TALCB have embraced needed change. Starting with a comprehensive status review in September 2009 that included a short written survey and a personal interview between the agency head and every staff member, a functional reorganization was accomplished by the end of October. A formal Bottom-Up Review was then initiated in November 2009. At that time, the agency head asked staff to identify obstacles hindering the agency's effectiveness and efficiency, suggest remedies, select solutions, and prioritize them for completion. Over 250 limitations and solutions were received, and within three months staff had already implemented 100 of them. Staff is encouraged to continually evaluate agency policies and procedures to find opportunities for improvement. Staff is empowered to identify solutions and take the necessary steps towards implementation at the appropriate level of authority and responsibility. It is clear that the agency is undergoing a culture change. Staff's willingness to continuously re-evaluate, and their dedication to service excellence, allows the agency to continue to evolve toward more effective and efficient program services.

To further reinforce the culture change, staff was invited to participate in the Strategic Planning process, and provide input on how the agency can continue to improve. Their suggestions, along with comments received from licensees, stakeholders, and the public, either in person at one of the Strategic Plan Input Meetings held around the state or via electronic submission on the agency's website, together form the basis for the following section's analysis and recommendations.

Strategic Planning inputs were collected and discussed using these ten questions as a guide:

1. Are the consumers of real estate services adequately protected by state law and the manner in which the agency administers the law? How can this be improved?
2. Are consumers satisfied with the services they receive from real estate service providers? Are providers seen as educated, skilled, trustworthy and their services valuable?
3. Are there certain practices in any of these industries which are not currently regulated, but perhaps should be because of the potential to mislead or harm consumers?
4. Are the real estate service providers receiving pre-license education sufficient to their responsibilities? Are the continuing education requirements adequate to remain qualified?
5. Are sponsors of new licensees or trainees fulfilling their duty to train and supervise licensees they sponsor? How can this be improved?
6. Are consumers satisfied with the agency's current oversight role in monitoring license holders? Does the agency have the legal tools it needs to be effective?
7. Is the agency making good use of available technology to deliver its services? How can this be improved?
8. Is the agency operating at a high level of transparency and accountability? How can this be improved?
9. Are there any additional services that the agency should be providing to consumers?
10. Are there any additional services that the agency should be providing to its licensees?

There were a number of key issues that continued to be brought up at each meeting:

- **AMCs**

Despite the federal government's stated intentions with adoption of the Home Valuation Code of Conduct (HVCC) and related regulations, the general consensus is that AMCs are insufficiently regulated and represent a significant gap in the generally

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consistent regulation of the federally related appraisal industry. The same type of inappropriate relationships that allowed lenders to unduly pressure appraisers – and prompted HVCC - now have simply shifted to AMCs being in a position to unduly pressure appraisers. With no effective oversight, an issue that was a contributing factor in the national housing market crash has now been transferred to a new responsible party but not effectively addressed or eliminated.

- **Property Management Companies (PMCs)**

TREC's current jurisdiction is very limited with regard to regulating Property Management Companies. With no license required, anyone may engage in this business that requires a high degree of expertise and accountability. At a time when more individuals are choosing to keep their home as a rental property while awaiting an improvement in market values, the potential for abuse of consumers due to practices that do not meet legal or ethical standards is high. TREC only regulates any associated property leasing activity, which must be done through licensed individuals. If TREC is not given authority to regulate PMCs, then another state agency should be empowered to do so. With little or no oversight, the public is not being adequately protected and there is no agency for them to turn to for assistance.

- **Salesperson and Broker Education requirements**

A significant number of comments were received that suggested both pre-licensure and continuing education requirements should be increased for salespersons and brokers. In addition, with more advances in technology and the increase in online courses, the face-to-face classroom experience is being lost. And while the agency approves online courses and thinks that they are a good way to reach those in remote areas of Texas and those busy individuals who can schedule them at their convenience, there is a lack of depth and accountability in many of these course content delivery experiences. The education structure needs to be reevaluated and redesigned for today's licensee. Curriculum standards and delivery method

safeguards need to be established and enforced. To that end, the Commission has formed an Education Working Group to study these issues.

- **Adequacy of Training and Supervision by Sponsoring Brokers**

While both real estate inspectors and appraisers have implemented successful "trainee/apprentice" programs within their industry, the adequate training and supervision of salespersons by their sponsoring brokers do not have the same level of substantive requirements. Broker responsibility for training and supervision should be more clearly defined to coincide with the clear legal responsibility brokers have for the actions of their sponsored agents. These crucial responsibilities should be more clearly defined and regulated. Safeguards for consumers served by salespersons with no reliable access to distant sponsoring brokers need to be established and enforced. To that end, the Commission has formed a Broker Responsibility Working Group to study and make recommendations on these issues.

Furthermore, staff is working on a number of internal efficiency and effectiveness improvements while it continues to combat one of the most prevalent obstacles of the day facing small agencies: budgetary constraints. While license fees collected by the agency are more than sufficient to fund needed agency functions, the agency has not been appropriated an adequate percentage of that revenue. This has hindered the agency in upgrading its communications and information technology operations, as well as modernizing its licensee record-keeping system. The agency is literally doing by hand tasks that should long ago have been accomplished by technology. This not only is a missed opportunity for efficiency, but also represents a failure of service to licensees and to the public.

By the end of FY 2010 the agency will have implemented Phase I in its replacement of its seriously outdated core licensing database system. More remains to be done. The agency has also already begun an orderly transition to scanning files, although fiscal constraints continue to threaten this necessary process.

Opportunities to leverage technology with a new agency culture include the ability of licensees to conduct virtually all business online

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and to verify and maintain their information themselves and readily access their imaged records. Working with DIR, the agency continues to be a leader as it pertains to online transactions and electronic communications and service delivery. The addition of a “My Page” feature and the ability for licensees to update, access, and connect with the agency through electronic media continues to be a primary goal. Requiring a primary email address for all license holders – much like the current requirement for a principal mailing address – is a necessary step to moving the agency to its full e-commerce potential.

In addition, the agency works closely with the Federal Bureau of Investigation (FBI) and DPS as the fingerprinting requirement for salespersons and brokers is continually implemented. Furthermore, staff has outstanding relationships with federal law enforcement and United State District Attorney’s offices as they collaborate on mortgage fraud cases. Increased use of secure distance conferencing and meeting technology saves travel expenses and allows the more frequent collaboration with these important partners, as well as with agency field investigators, and advisory and working group participants. While the agency strives to maintain those partnerships, it is with the protection of the public and the citizens of the great state of Texas in mind.

Recommendations, Opportunities & Obstacles

The following list details some of the more serious and substantive comments received and recommendations made during the public input process. As proposed, not all are endorsed by the agency, but several are fully consistent with agency long-range goals. Some of these recommendations could be enacted immediately, while others require a longer period of time. Likewise, some policy or procedural changes can be made at the staff level while others will require modification of rules by the Commission or the Board, statutory changes, or additional appropriations. A number of comments suggesting good recommendations that were consistent with existing rules or policies, and which could be completed by staff in short order, have already been done or are in the process of being completed.

Education

- Require better pre-licensure education and MCE for salespersons and brokers, especially for those brokers who sponsor agents.
- Repeal or reevaluate and modify the prior MCE exemption for certain brokers.
- Add more or better mandatory classes regarding contracts for salespersons.
- Online courses are a great convenience for licensees, but one-on-one attention and education is lost in the virtual classroom. Certain core classes should be required to be taken in a classroom setting for all license types.
- Certain core courses for sales and broker licenses have approvals that last beyond the course’s effective usefulness. Once approved by TREC, the course is never reviewed for currency. All courses should have a certain period of approval and then be reviewed periodically to be sure they reflect the laws and the market as it exists today.
- Real estate inspectors should have specific MCE requirements.
- Post-course evaluation should be required in all cases so students can evaluate both the course and the instructor. This information should be provided to both the school and the agency.

Public Trust and Protection

- Complaints should be accepted anonymously if the allegation is made that a law was broken that would, if proven, rise to a felony offense.
- All single family (1-4 unit) owner-occupied residential properties should have a mandatory inspection, and especially for all sales where the seller is a TREC licensee.
- Require salespersons, brokers and appraisers to include the license number of the responsible person on all advertising, websites, business cards, communication, etc (much like inspectors), so that the public knows they are working with a licensed person.
- Advertising by salespersons and “teams” is

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often misleading to consumers. Require all such ads to have the broker's name and license number displayed at least as prominently as that of the salesperson or team name.

- Intermediary law is confusing for the public and for licensees. The forms and subsequent information are also confusing. Consumers do not realize that they could be agreeing to a "no advice or opinion" status or representation. The law should be modified and simplified, and disclosures strengthened and written in simple words.
- Property Managers and Property Management Companies for single family (1-4 unit) properties should be licensed by TREC.
- AMCs should be regulated by TALCB. While undue pressure from lenders toward appraisers is no longer a concern, many of those issues have shifted now to AMCs, which are not licensed or regulated by any governmental agency.
- Third party websites which advertise property for sale but for which the advertiser has no written agreement with the seller are misleading and provide a hotbed for real estate sales scams. It is criminal when the site is run by unlicensed persons. The rights of consumers to be represented by regulated licensees should be strengthened.
- Create an Ombudsman program in the agency to assist consumers and the public with outreach and education.

Industry

- Getting a salesperson license currently requires insufficient education; requirements to enter and renew should be more meaningfully related to the seriousness of the transactions. For example, salespersons who do not practice real estate, but meet the two year active license requirement, can obtain a broker's license and then sponsor new salespersons without ever having completed a real estate transaction. Require a certain level of experience or number of transactions to qualify for upgrade to broker.
- Currently, more than two years of active practice should be required as a salesperson before being eligible to apply for a broker license. This should be raised to four or six.
- Inspectors are required to have Errors & Omissions (E&O) Insurance; although they have a recovery fund to protect consumers. Raise the limit on the recovery fund and eliminate or reduce the E&O limits.
- Brokers, especially those who have no meaningful financial interest in corporate licensees for which they act as designated officers, should be required to have E&O insurance. It is the riskiest area for lax oversight and a remedy is in the best interest of both the consumer and the professional.
- Inspectors, salespersons and brokers all have a late license renewal grace period, but appraisers are not currently offered that option. This should be remedied.
- Broker responsibility expectations are too low; sponsoring brokers sometimes have never met the salespersons whom they are sponsoring. Salespersons and brokers need a structured training/mentorship program, perhaps similar to those that appraisers and inspectors are currently required to undergo.
- Home builder sales contracts should perhaps be brought under TREC's jurisdiction. Most contracts are not promulgated and vary from builder to builder. At least a mandatory consumer disclosure notice should be required to educate consumers.
- A single level of licensure (vs. separate salesperson and broker) should be considered for all who sell real estate; certainly if broker supervision standards remain lax in practice.
- Consider certain promulgated forms for commercial real estate like those being used in residential real estate.
- Stronger enforcement authority is needed to educate and discipline those who negligently or intentionally harm consumers.

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Technology

- The TREC website allows for licensees to check their education status to date, but the TALCB website does not provide this option for appraisers. Add this feature.
 - Salesperson sponsorship transfers between brokers should be able to be made online instead of on paper and through the United States Postal mail.
 - Add FAQ pages to the TALCB website.
 - Post a current list of approved education providers and courses on website and keep it current.
 - Make all licensee files stored at the Agency available online.
 - Webcast the Commission and Board meetings and post agenda, materials and minutes online.
 - Doing Business As (DBAs) names should show up online when you search a licensee.
 - Require all MCE course completion rosters to be submitted electronically and automatically post to the licensee record.
- Allow appointed Commission and Board members and agency staff to teach mandatory continuing education classes with content written by the agency so long as no additional compensation is received for teaching.
 - Clarify advertising rules for all ads by all licensees.
 - Do not charge the “occupation tax” on brokers renewing in “inactive” status. They are not collecting fees and should not be paying a tax. Most other professional license holders do not pay a tax for “inactive” licenses, but only when returned to “active” status.

Agency

- Adopt rule to add TREC Motion for Rehearing (MFR) option.
- Allow staff to take credit card information over the telephone so licensees can pay fees without having to use TexasOnline.
- Process for collecting on bad checks is cumbersome and takes way too long. Simplify the rules and the process.
- Create rules/form regarding appraiser experience audit logs.
- Create probationary/conditional license categories.
- Eliminate the \$2 separate charge for the TREC *Advisor*.
- Obtain TALCB Commissioner delegated authority to sign agreed orders.
- Change statute to reflect requirements for “custody” and “surrender” of licenses in an era of electronic license delivery.
- Allow staff to obtain and hold licenses issued by agency, but only as inactive and certainly not eligible to practice.

Goals

- I. To determine that applicants for licensure meet legal requirements for real estate license issuance. (Texas Occupations Code, Chapters 1101, 1102 and 1103 and Texas Property Code, Chapter 221)
- II. To act promptly and aggressively to enforce the laws and rules of the Commission in a fair and evenhanded manner. (Texas Occupations Code, Chapters 1101, 1102 and 1103 and Texas Property Code, Chapter 221)
- III. To communicate effectively with the public and licensees concerning matters within the Commission's jurisdiction. (Texas Occupations Code, Chapters 1101, 1102 and 1103 and Texas Property Code, Chapter 221)
- IV. To protect the public and ensure the availability of qualified appraisers by implementing and enforcing the Texas Appraiser Licensing and Certification Act and by providing information to appraisers and to the general public for the maintenance of high professional standards and informed consumer decisions in real estate transactions in all areas of Texas. (Texas Occupations Code, §1103.156)
- V. To establish and implement policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs). (Government Code, §2161.123)

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Objectives / Outcome Measures

Goal I Ensure Standards

To determine that applicants for licensure meet legal requirements for real estate license issuance. (*Texas Occupations Code, Chapter 1101, 1102, 1303 and Texas Property Code, Chapter 221*)

Objective 01-01

To maintain procedures through 2015 to evaluate applicants for honesty, integrity, trustworthiness, competency and legal qualifications through education evaluations, requirement of continuing education, and criminal history background checks.

Outcome Measures:

- Percent of licensees with no recent violations
- Percent of licensees who renew online
- Percent of new individual licenses issued online

Goal II Enforce Regulations

To act promptly and aggressively to enforce the laws and rules of the Commission in a fair and evenhanded manner. (*Texas Occupations Code, Chapter 1101, 1102, 1303 and Texas Property Code, Chapter 221*)

Objective 02-01

To resolve 85% of documented complaints within six months by 2015.

Outcome Measures:

- Percentage of complaints resolved resulting in disciplinary action
- Percentage of documented complaints resolved within six months

Goal III Communicate Effectively

To communicate effectively with the public and licensees concerning matters within the Commission's jurisdiction. (*Texas Occupations Code, Chapter 1101, 1102, 1303 and Texas Property Code, Chapter 221*)

Objective 03-01

To maintain a communications center that is available via telephone ten hours daily Monday through Friday and responds to e-mails promptly; produce a minimum of eight newsletters annually, and maintain a website that provides clear, concise information through 2015.

Outcome Measures:

- None

Goal IV Ensure Availability of Qualified Appraisers

To protect the public and ensure the availability of qualified appraisers by implementing and enforcing the Texas Appraiser Licensing and Certification Act and by providing information to appraisers and to the general public for the maintenance of high professional standards and informed consumer decisions in real estate transactions in all areas of Texas. (*Texas Occupations Code, §1103.156*)

Objective 04-01

To maintain procedures to evaluate applicants for honesty, integrity, trustworthiness, competency and legal qualifications to ensure qualified real estate appraisers through 2015.

Outcome Measures:

- Percent of licensed or certified appraisers with no recent violations.
- Percent of licensees who renew online.
- Percent of new individual licenses issued online.

Objective 04-02

To enforce the provisions of the Texas Appraiser Licensing and Certification Act and the Uniform Standards of Professional Appraisal Practice by resolving 50% of complaints within six months by August 31, 2015.

Outcome Measures:

- Percent of Complaints Resulting in Disciplinary Action
- Recidivism Rate for Those Receiving Disciplinary Action
- Percent of Documented Complaints Resolved Within Six Months

Goal V Working with HUBs

To establish and implement policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs). (*Texas Government Code, § 2161.123*)

Objective 04-01

To include historically underutilized businesses (HUBs) in at least 30 percent of the total value of contracts and subcontracts awarded annually by the agency in purchasing.

Outcome Measures:

- Percent of Total Dollar Value of Purchasing Contracts Awarded to HUBs

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Strategies and Output, Efficiency and Explanatory Measures

Strategy 01-01-01 **Real Estate Licensing**

Perform the Commission's licensing function by: reviewing applications; issuing exam eligibility letters; evaluating education; processing criminal history background checks; and issuing licenses.

Output Measures:

- Number of new licenses issued to individuals
- Number of licenses renewed (individuals)

Efficiency Measures:

- Average time for individual license issuance (days)
- Average time for individual license renewal
- Percentage of new individual licenses issued within 10 days
- Percentage of individual license renewals issued within 7 days

Explanatory Measures:

- Total number of individuals licensed

Strategy 02-01-01 **Real Estate Enforcement**

Administer an effective system of enforcement and adjudication which includes investigating and resolving valid complaints.

Output Measures:

- Number of complaints resolved
- Number of orders issued by the commission

Efficiency Measures:

- Average time for complaint resolution (days)

Explanatory Measure:

- Jurisdictional complaints received

Strategy 03-01-01 **Real Estate Public Education**

Maintain a communications center, which responds to inquiries via telephone and email promptly; produce newsletters; provide an informative website and maintain an online customer survey.

Output Measures:

- Number of calls received
- Number of inquiries answered via email

Strategy 04-01-01 **Provide Sufficient Qualified Real Estate Appraisers**

Process appraiser license applications; issue licenses and renewals; approve appraisal educational coursework offered by proprietary schools, appraisal organizations, and colleges and universities; and develop standards and agreements for reciprocity with other states for appraiser licensing and certification.

Output Measures:

- Number of new licenses/certifications/registrations issued to individuals
- Number of licenses and certifications renewed (Individuals)

Efficiency Measures:

- Percentage of new individual licenses issued within 10 days
- Percentage of individual license renewals issued within 7 days

Explanatory Measures:

- Total number of individuals licensed

Strategy 04-02-01 **Resolve Complaints in a Timely Manner**

Investigate and resolve complaints, imposing penalties when appropriate.

Output Measures:

- Number of complaints resolved
- Number of Requests for Assistance Completed

Efficiency Measures:

- Average time for complaint resolution (days)

Explanatory Measure:

- Jurisdictional complaints received

Strategy 05-01-01 **Historically Underutilized Businesses**

Implement the Commission's plan aimed at increasing the amount of HUBs through purchasing contracts and subcontracts.

Output Measures:

- Number of HUB contractors contacted for Bid Proposals
- Number of HUB Contracts Awarded
- Dollar Value of HUB Contracts Awarded

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Technology Resource Planning

The licensees, potential licensees and public are becoming very comfortable in the use of technology. As such, they are expecting the agency to offer services that are routinely common in their daily life. With this and the agency's commitment to improving customer service, employee efficiency, and the security of information, the use of technology will expand and continue to advance. The agency will continue to adopt and implement technology based upon DIR, industry standards, and best practices to meet these demands.

Technology Assessment Summary

Customer Service

Implementation of additional self service tools.

As the first agency to utilize the TexasOnline Authority's services, TREC understands the impact that this service can have on licensees and employees. The expansion of the tools using the TexasOnline Authority service will allow the agency the ability to increase its self service offerings, thus providing more convenience to customers and providing efficiencies within the agency.

- Improvement and expansion of communication channels to the licensee and public to ensure the agency message is being effectively distributed.
- Expanding communication to outside parties encourages better interaction with agency.
- Expansion of access with trading partners allowing for more prompt receipt and delivery of information supporting licensing activities.
- Sharing of information with other agencies increases the convenience to customers when working with the agency and promotes additional employee productivity.

Employee Efficiency

Continued focus in reducing the receipt of paper and converting paper into electronic content. Utilizing this electronic content to then drive the automation of manual process through workflow, Optical Character Recognition (OCR) and image.

- The elimination of paper allows for significant workplace efficiencies as resources can be shared effectively across multiple locations, manual processes can become automated, and service to the customer can become more efficient.
- Expansion of reliable and secure remote access to an internal network and applications will allow employees full access to agency tools remotely.
- Remote access provides significant workplace efficiencies as agency resources can be shared effectively across multiple locations.
- VERSA Regulation customizations and interfaces – application modernization.

Data Protection

Continued focus of ensuring technical security to protect agency assets.

- Utilizing annual security audits allows the agency to ensure the safety of data and the consistent availability of services. Implementation of security recommendations allows the agency to strengthen the data environment and align with statewide standards.

Continued focus on the upgrading of obsolete and undersized infrastructure including networking, telephone, computer hardware and software.

- Utilization of DIR contracts and technical network at the Capital Complex will allow the agency the ability to upgrade underperforming technologies.

Expansion of virtualization to increase flexibility and availability of technical infrastructure.

- Taking advantage of virtualization allows the agency to deploy technical tools with much more flexibility while allowing scalability and expanding recovery options.

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Technology Alignment

Technology Initiative	Related Agency Objective	Related SSP Strategy/ (IES)	Status	Anticipated Benefits	Innovation, Best Practice, Benchmarking
Implementation of additional self service tools.	01-01 04-01	1.1 3.1 4.1	Planned	Expand service levels to licensee and potential licensee base.	
Improvement and expansion of communication channels to the licensee and public to ensure the agency message is being effectively distributed.	03-01	3.1 4.1	Current	Provide information more timely to licensees while reducing cost of communication.	
Expansion of access with trading partners allowing for more prompt receipt and delivery of information supporting licensing activities.	01-01 04-01	3.1 4.1 4.4	Planned	Receive information for licensee more timely thus processing transactions faster.	
Continued focus in reducing the receipt of paper and converting paper into electronic content. Utilizing this electronic content to then drive the automation of manual process through workflow, OCR and image.	01-01 04-01	4.1	Current	Reduction of storage cost of paper. Provide access to file information to those employees not within the main office. Create backup which will reduce risk of loss or destruction of document.	
Expansion of reliable and secure remote access to our internal network and applications allowing employees full access to agency tools remotely.	01-01 02-01 04-01 04-02	2.1 4.1	Current	Allow employees residing outside of the main office to tools available to those at the office. Enhanced communication within agency teams.	
Continued focus of ensuring technical security to protect agency assets	01-01 02-01 03-01 04-01 04-02	2.1	Current	Protect agency from harmful activities which may destroy or compromise agency electronic assets.	
Continued focus on the upgrading of obsolete and undersized infrastructure including networking, telephone, computer hardware and software.	01-01 02-01 03-01 04-01 04-02	1.3	Current	Better integration of technical tools. Remain on support for core components of network.	
Expansion of virtualization to increase flexibility and availability of technical infrastructure	01-01 02-01 03-01 04-01 04-02	2.1 4.2	Current	Provide flexibility of technical servers where they are not dependant upon a specific piece of hardware. Improve recoverability if failure occurs, reduce cost for shared equipment.	

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APPENDIX A

Strategic Planning Process

Texas state agencies are asked to review and update their five-year Strategic Plan every two years. The Strategic Plan becomes a road map for the direction in which the agency intends to proceed over the next five years. Much of the outline and the contents of the Strategic Plan are dictated by requirements set forth by the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy. However, to ensure the development of a meaningful Strategic Plan which reflects the needs and desires of both consumers and licensees, the Texas Real Estate Commission (TREC) and Texas Appraiser Licensing and Certification Board (TALCB), together referred to as the "agency", undertook an active program of outreach to seek public input from all concerned and interested stakeholders.

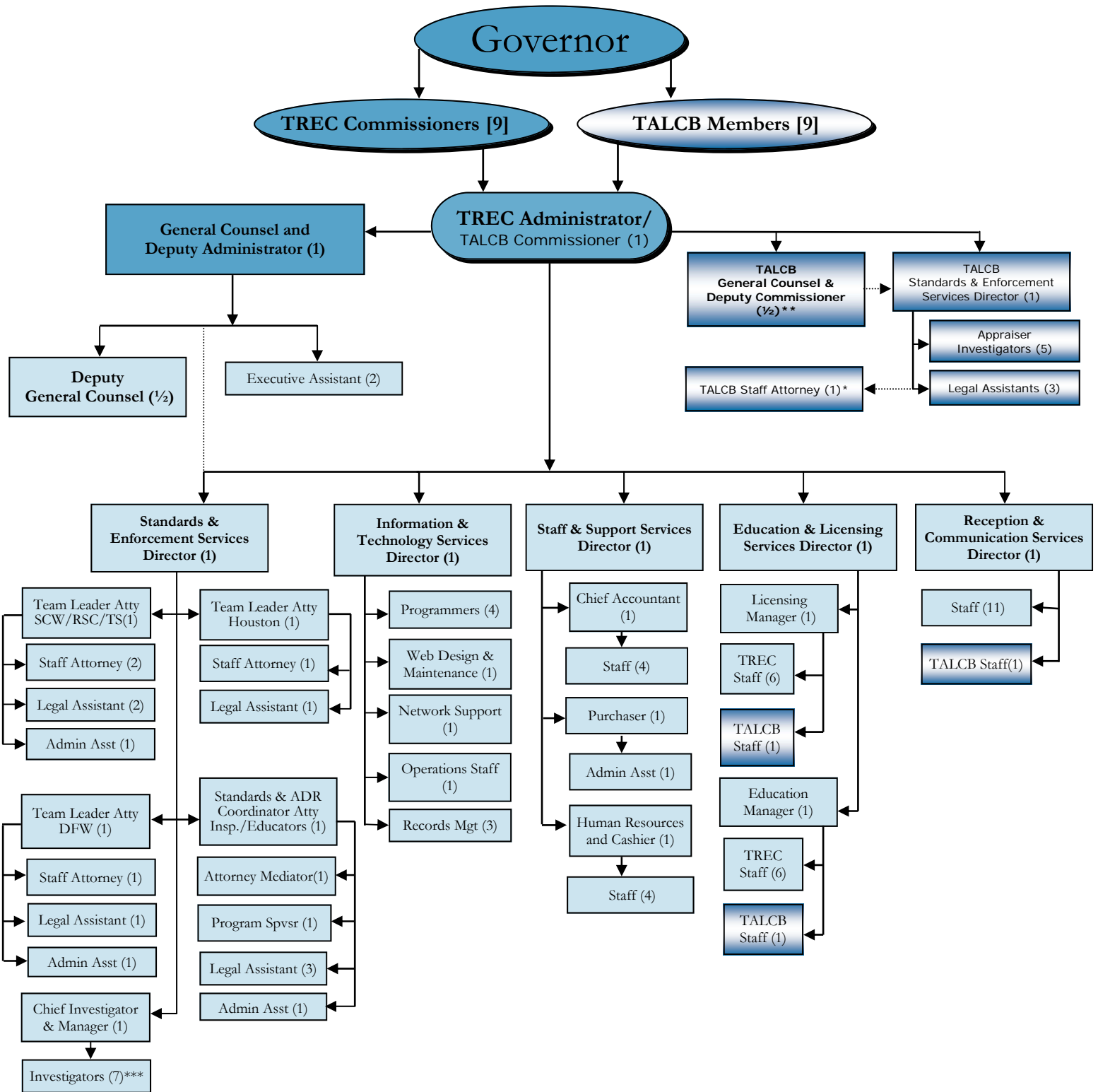
In 2010, the agency embarked on an extensive outreach effort to ensure an opportunity for all interested parties to participate and submit recommendations. Notification of the strategic planning process was posted in the March issue of the **TREC Advisor/TALCB Bulletin**, on the TREC and TALCB websites, and a press release was issued March 3, 2010 noting the process and dates/locations for upcoming Strategic Plan Input Meetings throughout the state. The Real Estate Center at Texas A&M University and professional associations of several groups of license holders voluntarily advertised these sessions also.

Four public forums were held during March 2010 in Austin, San Antonio, Fort Worth, and Houston. Various Commissioners, Board members, Inspector Committee members and staff participated in these forums and catalogued all recommendations, suggestions and comments, whether requiring statutory, rule, or policy changes. In addition, a special session was hosted by the Real Estate Center at Texas A&M University focused on home inspector issues, and two internal "town hall" sessions were held to gather input directly from agency staff. After collecting recommendations from a wide range of sources, the staff prepared a draft Strategic Plan that was approved by the Commission at its meeting on May 17, 2010, and by the Board on May 21, 2010. Currently, staff is organizing the proposed recommendations gathered during the planning process and creating an implementation plan for review and approval by the Commission and Board at their respective meetings in August. This report is the result of this carefully considered process.

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APPENDIX B TREC/TALCB Organization Chart



* TALCB staff attorney is administratively supervised by TREC Director of Enforcement.

** TREC Deputy General Counsel/TALCB General Counsel & Deputy Commissioner positions are held by same person

*** Investigators are assigned to work with one or more of the four geographic and topic area teams

APPENDIX C
Texas Real Estate Commission
Projection of Outcomes for Five-Year Planning Horizon

Texas Real Estate Commission Outcomes 2011-2015					
Outcome	2011	2012	2013	2014	2015
Percentage of Licensees With No Recent Violations	99%	99%	99%	99%	99%
Percent of Licensees Who Renew Online	82%	83%	83%	85%	85%
Percent of New Individual Licenses Issued Online	73%	75%	75%	77%	77%
Percentage of Complaints Resolved Resulting in Disciplinary Action	30%	30%	30%	30%	30%
Percent of Documented Complaints Resolved Within Six Months	70%	80%	85%	85%	85%
Percentage of Total Dollar Value of Purchasing Contracts Awarded to HUBs	30%	30%	30%	30%	30%

Texas Appraiser Licensing and Certification Board
Projection of Outcomes for Five-Year Planning Horizon

Texas Appraiser Licensing and Certification Board Outcomes 2011-2015					
Outcome	2011	2012	2013	2014	2015
Percentage of Licensees With No Recent Violations	99%	99%	99%	99%	99%
Percent of Licensees Who Renew Online	65%	70%	75%	80%	85%
Percent of New Individual Licenses Issued Online	10%	25%	50%	60%	75%
Percentage of Complaints Resolved Resulting in Disciplinary Action	37%	40%	40%	45%	45%
Recidivism Rate for Those Receiving Disciplinary Action	25%	26%	28%	30%	30%
Percent of Documented Complaints Resolved Within Six Months	35%	35%	40%	45%	50%

At this time, outcome projections do not take into consideration a reduction in workforce. Targets for FY 2011 are at the legislative appropriation level. Targets for FY 2012 - 2015 are estimated.

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APPENDIX D Performance Measure Definitions

Goal 01: Determine the Eligibility of TREC Applicants for Licensure

Outcome Measures:

(Key) Percent Of Licensees With No Recent Violations

Definition:	The percent of the total number of licensed, registered, or certified individuals at the end of the reporting period who have not incurred a violation within the current and preceding two years (three years total).
Purpose:	Licensing, registering, or certifying individuals helps ensure that practitioners meet legal standards for professional education and practice which is a primary agency goal. This measure is important because it indicates how effectively the agency's activities deter violations of professional standards established by statute and rule.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure. Data is stored in the Standards & Enforcement Services Division.
Methodology:	The total number of individuals currently licensed, registered, or certified by the agency who have not incurred a violation within the current and preceding two years (numerator) is divided by the total number of individuals currently licensed, registered, or certified by the agency (denominator). The numerator for this measure is calculated by subtracting the total number of licensees with violations during the three-year period from the total number of licensees at the end of the reporting period. The denominator is the total number of licensees at the end of the reporting period. The result is multiplied by 100 to achieve a percentage. The period included must be through the last date of the fiscal year being reported. The period goes back two full fiscal years from the beginning of the current fiscal year. (Example: FY 2012, inception date must be September 1, 2009.) This would include all of FY 2010, all of FY 2011 and all of FY 2012.
Data Limitation:	Economic conditions sometimes impact the number of violations of the License Act and Commission Rules.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 99% and 99%)

(Key) Percent of Licensees Who Renew Online

Definition:	Percent of the total number of licensed, registered or certified individuals that renewed their license, registration, or certification online during the reporting period.
Purpose:	To track use of online renewal technology by the licensee population.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records which produce reports of online renewal transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure. Data is stored in the Director of Information & Technology Services' office.
Methodology:	Total number of licenses, registrations, or certifications renewed online divided by the total number of corresponding licenses, registrations, or

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certifications renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.

Data Limitation: Factors beyond the agency's control may affect this measure.
Calculation Type: Non-cumulative
New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 82% and 82%)

(Key) Percent of New Licenses Issued Online

Definition: Percent of all new licenses, registrations or certifications issued online to individuals during the reporting period.
Purpose: To track use of online license issuance technology by the licensee population.
Data Source: Data is derived from the Texas Real Estate Commission's automated records which produce reports of online renewal transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure. Data is stored in the Director of Information & Technology Services' office.
Methodology: Total number of new licenses, registrations, or certifications issued online divided by the total number of corresponding new licenses, registrations, or certifications issued during the reporting period. The result is multiplied by 100 to achieve a percentage.
Data Limitation: Factors beyond the agency's control may affect this measure.
Calculation Type: Non-cumulative
New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 73% and 73%)

Output Measures:

(Key) Number of New Licenses Issued To Individuals

Definition: The number of new licenses issued during the reporting period to previously unlicensed and unregistered individuals and to previously licensed individuals who did not renew timely whose license has been expired more than one year.
Purpose: This measure provides data as to the number of individuals who are entering the real estate profession or upgrading to a higher level of licensure, or whose license has been expired more than one year.
Data Source: Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology: Report the number of new licenses issued to previously unlicensed individuals and to previously licensed individuals whose license has been expired more than one year. Licenses are counted as new for persons who were previously licensed or whose license has been expired more than one year.
Data Limitation: Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to enter the real estate industry for the first time or return to the industry if previously licensed.
Calculation Type: Cumulative
New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 20,000 and 20,000)

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(Key) Number of Licenses Renewed (Individuals)

Definition:	The number of licenses issued during the reporting period to licensed individuals who renewed timely or renewed a license that has been expired less than one year.
Purpose:	This measure provides data on the number of licenses issued during the reporting period to individuals who currently hold a valid license and renewed timely or renewed a license that has been expired less than one year who wish to remain in the real estate profession.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure is calculated by querying the licensing data base to produce the total number of licenses issued to individuals who currently hold a valid license and renewed timely or who renewed a license that has been expired less than one year.
Data Limitation:	Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to remain in the real estate industry.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 60,000 and 60,000)

Efficiency Measures:

(Key) Average Time for Individual License Issuance (Days)

Definition:	Average number of calendar days for a license to be issued during the reporting period.
Purpose:	This measure is intended to show how effectively the agency processes new license applications for individuals and the average time period for the issuance of a license from the time the application is received until a license is issued.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	Total number of days involved with each application from date of receipt of the application until a license is issued (numerator) is divided by the total number of licenses issued (denominator) during the reporting period. The total number of days begins when an application is received and ends when the examination is passed and a license is issued.
Data Limitation:	This measure is directly affected by how quickly an applicant passes the examination. The agency can not control how many times or how soon applicants take an exam. Applicants have six months to complete the examination requirement.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than Target (Targets for FY 2010 and 2011: 40 and 40)

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

Average Time for Individual License Renewal

Definition:	Average number of calendar days for a renewal license to be issued during the reporting period. This definition includes timely renewals and renewal of licenses that have been expired less than one year.
Purpose:	This measure is intended to show how effectively the agency processes renewal license applications for licensees and the average time period for the issuance of a license from the time the renewal application is received until a license is issued.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	Total number of days involved with each renewal application from date of receipt of the application until a license is issued (numerator) is divided by the total number of renewal licenses issued (denominator) during the reporting period. The total number of days begins when a renewal application is received and ends when a license is issued.
Data Limitation:	There are few influencing factors beyond the agency's control that would affect this measure. A power failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than Target (Targets for FY 2010 and 2011: 2.75 and 2.75)

(Key) Percentage of New Individual Licenses Issued within 10 Days

Definition:	The percentage of initial individual license applications that were processed during the reporting period within 10 days measured from the time in days elapsed from receipt of the initial completed application until the date the license is mailed. This measure includes late renewal applications for licenses expired more than one year.
Purpose:	This measures the ability of the agency to process new applications in a timely manner and its responsiveness to applicants.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure counts the number of days elapsed from the date each completed application is received by the agency until the license is issued to the individual. Examination requirements must be satisfied before an application is deemed complete. Any licenses issued after 10 days are noted. The number of completed applications where the license is issued within 10 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 95% and 95%)

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

(Key) Percentage of Individual License Renewals Issued within 7 Days

Definition:	The percentage of individual license renewal applications that were processed during the reporting period within 7 days of when the application is complete.
Purpose:	This measures the ability of TREC to process renewal applications in a timely manner and its responsiveness to its licensees.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure counts the number of days elapsed from the date each completed renewal application is received by the agency until the license or registration is issued to the individual. The counting of calendar days begins when the application is complete, not when it is received. The definition of "complete" is when all requirements for renewal have been met, including acceptable continuing education and all curative issues are resolved. Any licenses issued after 7 days are noted. The number of completed renewal applications where the licenses or registrations are issued within 7 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 95% and 95%)

Explanatory Measures:

Total Number of Licenses, Certifications, or Registrations

Definition:	Total number of licenses and registrations at the end of the reporting period.
Purpose:	The measure shows the total number of licenses and registrations currently issued.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure identifies the number of licenses and registrations (brokers, salespersons, inspectors, easement or right-of-way agents) at the end of the reporting period.
Data Limitation:	Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to remain in the real estate industry.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 155,000 and 155,000)

Goal 02: Enforce the TREC laws and rules in a fair and evenhanded manner

Outcome Measures:

Percent Of Complaints Resulting In Disciplinary Action

Definition:	Percent of complaints which were resolved during the reporting period that resulted in disciplinary action.
Purpose:	This measure is intended to show the extent to which the agency exercises its disciplinary authority in proportion to the number of complaints received. It is important that both the public and licensees have an expectation that the agency will work to ensure fair and effective enforcement of the act and this measure seeks to indicate agency responsiveness to this expectation.
Data Source:	Data is derived from Texas Real Estate automated records. The Director of Standards & Enforcement Services is responsible for this measure. Data is stored in the Standards & Enforcement Services Division.
Methodology:	The total number of complaints resolved during the reporting period that resulted in disciplinary action (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result is multiplied by 100 to achieve a percentage. Disciplinary action includes agreed orders, reprimands, advisory letters, suspensions, probation, revocation, restitution, and/or administrative penalties agreed to by the licensee. Complaints determined to be non-jurisdictional are not resolved complaints for purposes of this measure, and application inquiries and moral character determination related closings are not considered for purposes of this measure.
Data Limitation:	Staffing, data sources and equipment availability, complexity of the complaints, legal representation by the respondent, SOAH findings, and Commission action all affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 30% and 30%)

(Key) Percent Of Documented Complaints Resolved Within Six Months

Definition:	The percent of complaints resolved during the reporting period that were resolved within a six month period from the time they were initially received by the agency.
Purpose:	This measure is intended to show the percentage of complaints which are resolved within a reasonable period of time as well as the effectiveness and efficiency of the enforcement and complaint resolution process.
Data Source:	Data is derived from Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure. The data is stored in the Standards & Enforcement Services Division.
Methodology:	The number of complaints resolved within a period of six months or less from the date of receipt (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result should be multiplied by 100 to achieve a percentage. Complaints determined to be non-jurisdictional are not resolved complaints for purposes of this measure, and application inquiries and moral character determination related closings are not considered for purposes of this measure.
Data Limitation:	Workloads and staffing levels, complexity of the complaints, SOAH proceedings, and commission meeting schedules all affect this measure.

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

Calculation Type: Non-cumulative
New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 85% and 85%)

Output Measures:

(KEY) Number of Complaints Resolved

Definition: The total number of complaints resolved during the reporting period.

Purpose: Measures the efficiency and effectiveness of the enforcement and complaint resolution process and investigative process.

Data Source: Data is derived from Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure. The data is stored in the Standards & Enforcement Services Division .

Methodology: The total number of complaints during the reporting period upon which final action was taken by the commission or for which a determination is made that a violation did not occur, regardless of the period in which the complaint was received. A complaint that, after preliminary investigation, is determined to be non-jurisdictional is not a resolved complaint. Application Inquiries and Moral Character Determinations are not complaints for purposes of this measure. Cases entitled 'Request for More Information' and 'RSC Request for More Information' which are opened on the day received and the file is held open for pending receipt of said information are included in this measure. If the information is not received within 30 days then the case is closed as a failure of the complainant to prosecute the case, which is a valid and recognized resolution.

Data Limitation: Workloads, staffing and SOAH proceedings may affect this measure.

Calculation Type: Cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 2,240 and 2,240)

Number of Orders Issued by the Commission

Definition: The total number of orders issued by the Commission during the reporting period.

Purpose: This measure indicates the number of complaints that require the issuance of orders by the Commission. These complaints generally indicate more serious violations of the Real Estate License Act.

Data Source: Data is derived from Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure. The data is stored in the Standards & Enforcement Services Division.

Methodology: This measure identifies the number of orders issued by the commission during the reporting period. This measure is comprised of orders issued by the commission as a result of an administrative hearing, such as a proposal for decision, or other matter brought before them for resolution or by an order executed by the administrator, including an agreed order, or default order. This measure includes orders regarding application and moral character determination cases as well.

Data Limitation: Types (degree of severity) of complaints may affect this measure.

Calculation Type: Cumulative

New Measure: No

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 200 and 200)

Efficiency Measures:

(Key) Average Time For Complaint Resolution (Days)

Definition:	The average length of time to resolve a complaint, for all complaints resolved during the reporting period.
Purpose:	Measures the efficiency and effectiveness of the enforcement and complaint resolution and investigative process.
Data Source:	Data is derived from Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure. The data is stored in the Standards & Enforcement Services Division.
Methodology:	The total number of calendar days per complaint resolved, summed for complaints resolved during the reporting period, that elapsed from the receipt of a request for agency intervention to the date upon which final action on the complaint was taken by the commission (numerator) is divided by the number of complaints resolved during the reporting period (denominator). Application Inquiries and Moral Character Determinations are not complaints for purposes of this measure. The calculation excludes complaints determined to be non-jurisdictional of the agency's statutory responsibilities.
Data Limitation:	The complexity of cases, staffing and SOAH proceedings may affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than Target (Targets for FY 2010 and 2011: 135 and 135)

Explanatory Measures:

Jurisdictional Complaints Received

Definition:	The total number of complaints received or opened during the reporting period which are within the agency's jurisdiction of statutory responsibility.
Purpose:	The measure shows the number of jurisdictional complaints which helps determine agency workload.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure. The data is stored in the Standards & Enforcement Services Division.
Methodology:	The agency sums the total number of complaints received only relative to its jurisdiction. The agency keeps track of the total number of complaints that are not in their jurisdiction but does not use that figure in this calculation. Application inquiries and moral character determination related closings are not considered for purposes of this measure.
Data Limitation:	TREC does not control who files complaints or the type of complaints filed, and may only respond to written and signed complaints.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 2,000 and 2,000)

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

Goal 03: To communicate effectively with the public and licensees and licensees

Output Measures:

(Key) Number of Calls Received

Definition:	The figure reflects all calls received at TREC headquarters, including local calls and calls received on toll-free telephone lines.
Purpose:	This measure indicates the information demand of the public and the real estate industry and the corresponding workload of TREC
Data Source:	Data is derived from the Commission's Call Management Software (CMS) which produces reports of incoming calls. The Director of Reception & Communication Services is responsible for this measure. Data is stored in the Director of Reception & Communication Services' office.
Methodology:	This measure identifies all calls received at TREC headquarters, including local calls and calls received on toll free telephone lines.
Data Limitation:	Factors beyond the agency's control, such as answering questions about new laws, may affect this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 400,000 and 400,000)

Number of Inquiries Answered via E-mail

Definition:	The figure reflects all requests for information received by the Reception & Communications Division via e-mail which were responded to by return e-mail.
Purpose:	This measure indicates the information demand of the public and the real estate industry and the corresponding workload of TREC. It also reflects the shift from communication by telephone to e-mail.
Data Source:	The Director of Reception & Communications Services maintains a record on the total number of each e-mail response handled by Reception & Communications Services staff on inquires and requests for information. Records are kept in the office of the Director of Reception & Communications Services.
Methodology:	The e-mail application on the computers in the Reception & Communications Division provides a count of e-mails, which are filed electronically by fiscal year and by month. This includes responses from customer service responses.
Data Limitation:	Factors beyond the agency's control, such as current economic conditions or the need to answer questions about new laws, may affect this measure.
Calculation Type:	Cumulative
New Measure:	Yes
Desired Performance:	Higher than Target (NEW MEASURE FOR 2012-2013)

Goal 04: Implement and Enforce TALCB and Standards Goal

Objective 01: Provide Sufficient Qualified Real Estate Appraisers

Outcome Measures:

(Key) Percent of Licensed Appraisers with No Recent Violations

Definition:	The percent of the total number of licensed, registered or certified individuals who have not incurred a violation within the current and preceding two years (three years total).
Purpose:	Licensing, registering, or certifying individuals helps ensure that practitioners meet legal standards for professional education and practice which is a primary agency goal. This measure is important because it indicates how effectively the agency's activities deter violations of professional standards established by statute and rule.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.
Methodology:	The total number of individuals currently licensed, registered, or certified by the agency who have not incurred a violation within the current and preceding two years (numerator) is divided by the total number of individuals currently licensed, registered, or certified by the agency (denominator). The numerator for this measure is calculated by subtracting the total number of licensees with violations during the three-year period from the total number of licensees at the end of the reporting period. The denominator is the total number of licensees at the end of the reporting period. The result is multiplied by 100 to achieve a percentage. The period included must be through the last date of the fiscal year being reported. The period goes back two full fiscal years from the beginning of the current fiscal year. (Example: FY 2012, inception date of report must be September 1, 2009.) This would include all of FY 2010, all of FY 2011 and all of FY 2012.
Data Limitation:	Economic conditions sometimes impact the number of violations.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 99% and 99%)

(Key) Percent of Licensees Who Renew Online

Definition:	Percent of the total number of licensed, registered or certified individuals that renewed their license, registration, or certification online during the reporting period.
Purpose:	To track use of online renewal technology by the licensee population.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records which produce reports of online renewal transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure. Data is stored in the Director of Information & Technology Services' office.
Methodology:	Total number of individual licenses, registrations, or certifications renewed online divided by the total number of corresponding licenses, registrations, or certifications renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	Factors beyond the agency's control may affect this measure.
Calculation Type:	Non-cumulative

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 65% and 65%)

Percent of New Licenses Issued Online

Definition: Percent of all new licenses, registrations or certifications issued online to individuals during the reporting period.

Purpose: To track use of online license issuance technology by the licensee population.

Data Source: Data is derived from the Texas Real Estate Commission's automated records which produce reports of online license issuance transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure. Data is stored in the Director of Information & Technology Services' office.

Methodology: Total number of new licenses, registrations, or certifications issued online divided by the total number of corresponding new licenses, registrations, or certifications issued during the reporting period. The result is multiplied by 100 to achieve a percentage.

Data Limitation: Factors beyond the agency's control may affect this measure.

Calculation Type: Non-Cumulative

New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 0% and 0%)

Output Measures:

(Key) Number of New Licenses and Certifications Issued to Individuals

Definition: The number of new licenses, certifications and registrations issued to previously unlicensed, uncertified, and unregistered individuals during the reporting period.

Purpose: This measure provides data as to the number of individuals who are entering the appraisal profession or upgrading to a higher level of licensure.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.

Methodology: Report the number of new licenses, certifications and registrations issued to previously unlicensed, uncertified, or unregistered individuals during the reporting period.

Data Limitation: Economic conditions, federal requirements and other factors beyond the agency's control may affect the number of individuals desiring to enter the appraiser industry.

Calculation Type: Cumulative

New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 600 and 600)

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

(Key) Number of Licenses and Certifications Renewed (Individuals)

Definition:	The number of licenses, certifications and provisional licenses issued to appraisers renewing their licenses and certifications during the reporting period
Purpose:	This measure provides data on the number of licenses issued during the reporting period to individuals who currently hold a valid license, certification, or registration who renewed timely and wish to remain in the appraiser profession.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure is calculated by querying the Texas Real Estate Commission's automated records to produce the total number of licenses issued to individuals who currently hold a valid license and renewed timely.
Data Limitation:	Economic conditions, success as an appraiser, and other factors beyond the agency 's control affect the renewal of appraiser certification and licensing.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 2,500 and 2,500)

Efficiency Measures:

Percentage of New Individual Licenses Issued within 10 days

Definition:	The percentage of initial individual license applications that were processed during the reporting period within 10 days measured from the time in days elapsed from receipt of the initial completed application until the date the license is mailed.
Purpose:	This measures the ability of the agency to process new applications in a timely manner and its responsiveness to applicants.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure counts the number of days elapsed from the date each completed application is received by the agency until the license is issued to the individual. Examination requirements and required experience must be satisfied before an application is deemed complete. Any licenses issued after 10 days are noted. The number of completed applications where the license is issued within 10 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 95% and 95%)

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Texas Real Estate Commission/
Texas Appraiser Licensing and Certification Board

Percent of Individual License Renewals Issued within 7 Days

Definition:	The percentage of individual license and certification renewals applications that were processed during the reporting period within seven days of when the application is complete.
Purpose:	This measure indicates the relative efficiency of the TALCB and its service to applicants.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure counts the number of days elapsed from the date each completed renewal application is received by the agency until the license, certification, or registration is issued to the individual. The counting of calendar days begins when the application is complete, not when it is received. The definition of "complete" is when all requirements for renewal have been met, including acceptable continuing education and all curative issues are resolved. Any licenses issued after 7 days are noted. The number of completed renewal applications where the licenses, certifications, or registrations are issued within 7 days is divided by the total number of completed applications received. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of licenses.
Calculation Type:	Non-Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 95% and 95%)

Explanatory Measures:

Total Number of Licenses, Certifications, or Registrations

Definition:	The total number of licenses, certifications, and registrations issued by TALCB.
Purpose:	This measure identifies the total number of appraiser licenses, certifications, and registrations currently issued.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. Data is stored in the Education & Licensing Services Division.
Methodology:	Report the total number of licenses, certifications, and registrations (General Certified, Residential Certified, State Licensed, Trainees, and Provisional Licenses, and Non-resident Registrations) issued by TALCB.
Data Limitation:	Economic conditions, federal requirements and other factors beyond the agency's control.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 7,200 and 7,300)

Goal 04: Implement and Enforce TALCB and Standards

Objective 02: Resolve TALCB Complaints in a Timely Manner

Outcome Measures:

Percent of Complaints Resulting in Disciplinary Action

Definition:	The number of complaints which were resolved during the reporting period that resulted in disciplinary action.
Purpose:	This measure is intended to show the extent to which the agency exercises its disciplinary authority in proportion to the number of complaints received . It is important that both the public and licensees have an expectation that the agency will work to ensure fair and effective enforcement of the act and this measure seeks to indicate agency responsiveness to this expectation.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.
Methodology:	The total number of complaints resolved during the reporting period that resulted in disciplinary action (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result is multiplied by 100 to achieve a percentage. Disciplinary action includes agreed orders, reprimands, suspensions, probation, revocation, restitution, and/or administrative penalties agreed to by the licensee. Complaints determined to be non-jurisdictional and Requests for Assistance (RFA) are not resolved complaints for purposes of this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases.
Data Limitation:	Staffing, data sources and equipment availability, complexity of the complaints, mortgage fraud, legal representation by the respondent, SOAH findings, and Board action all affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 36% and 37%)

Recidivism Rate for Those Receiving Disciplinary Action

Definition:	The number of repeat offenders as a percentage of all offenders during the most recent three-year period.
Purpose:	Measures the effectiveness of the enforcement process and of the penalties and sanctions imposed. It may also indicate if changes are needed.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.
Methodology:	The number of individuals against whom two or more disciplinary actions were taken by the board within the current and preceding two fiscal years divided by the total number of individuals receiving disciplinary actions within the current and preceding two fiscal years . The result is multiplied by 100 to achieve a percentage. Non-jurisdictional complaints are not included in this calculation.
Data Limitation:	Licensee integrity, honesty and education, economic conditions (mortgage fraud), receipt of written complaints, and investigation and board activity

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all impact this measure.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 25% and 26%)

(Key) Percent of Documented Complaints Resolved within 6 Months

Definition: The percent of complaints resolved during the reporting period that were resolved within a six month period from the time they were initially received by the agency.

Purpose: This measure is intended to show the percentage of complaints which are resolved within a reasonable period of time as well as the effectiveness and efficiency of the enforcement and complaint resolution process.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.

Methodology: The number of complaints resolved within a period of six months or less from the date of receipt (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result should be multiplied by 100 to achieve a percentage. Complaints determined to be non-jurisdictional and Requests for Assistance (RFA) are not resolved complaints for purposes of this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases.

Data Limitation: Workloads and staffing levels, complexity of the complaints, SOAH proceedings, board meeting schedules, and Peer Investigative Committees all affect this measure.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 60% and 65%)

Output Measures:

(Key) Number of Complaints Resolved

Definition: The total number of complaints resolved during the reporting period.

Purpose: Measures the efficiency and effectiveness of the enforcement and complaint resolution process and investigative process.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.

Methodology: The total number of complaints during the reporting period upon which final action was taken by the board or for which a determination is made that a violation did not occur, regardless of the period in which the complaint was received. Complaints determined to be non-jurisdictional and Requests for Assistance (RFA) are not resolved complaints for purposes of this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases.

Data Limitation: Workloads and staffing levels, complexity of the complaints, SOAH proceedings, board meeting schedules, and Peer Investigative Committees all effect this measure.

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Texas Appraiser Licensing and Certification Board

Calculation Type: Cumulative
New Measure: No
Desired Performance: Higher than Target (Targets for FY 2010 and 2011: 300 and 330)

Number of Requests for Assistance Completed

Definition: The total number of requests for assistance completed by TALCB staff during the reporting period regardless of the period in which the request for assistance was received.

Purpose: This measure shows the workload associated with requests for assistance.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.

Methodology: The total number of requests for assistance during the reporting period that were completed by TALCB staff regardless of the period in which an associated regulatory complaint was received.

Data Limitation: The total number of requests for assistance received and available staff affect this measure.

Calculation Type: Cumulative
New Measure: Yes
Desired Performance: Higher than Target (NEW MEASURE FOR 2012-2013)

Efficiency Measures:

(Key) Average Time for Complaint Resolution (Days)

Definition: The average length of time to resolve a complaint, for complaints resolved during the reporting period.

Purpose: Measures the efficiency and effectiveness of the enforcement and complaint resolution and investigative process.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.

Methodology: The total number of calendar days per complaint resolved, summed for complaints resolved during the reporting period, that elapsed from the receipt of a request for agency intervention to the date upon which final action on the complaint was taken by the commission (numerator) divided by the number of complaints resolved during the reporting period (denominator). The calculation excludes complaints determined to be non-jurisdictional of the agency's statutory responsibilities.

Data Limitation: The number of pending cases, complexity of the complaints, available staffing, Board meeting schedules, SOAH scheduling and reporting, and funding all may impact this measure.

Calculation Type: Non-cumulative
New Measure: No
Desired Performance: Lower than Target (Targets for FY 2010 and 2011: 300 and 240)

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Explanatory Measures

Jurisdictional Complaints Received

Definition:	The total number of complaints received or opened during the reporting period which are within the agency's jurisdiction of statutory responsibility.
Purpose:	This measure shows the number of jurisdictional complaints which helps determine agency workload.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.
Methodology:	The agency sums the total number of complaints received only relative to its jurisdiction. The agency keeps track of the total number of complaints that are not in their jurisdiction but does not use that figure in this calculation. Requests for Assistance are not included in this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases
Data Limitation:	TALCB does not control who files complaints or the type of complaints filed, and may only respond to written and signed complaints.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2010 and 2011: 250 and 260)

Appendix E

Texas Real Estate Commission

Texas Appraiser Licensing and Certification Board

Fiscal Year 2011-2015 Workforce Plan

I. Agency Overview

With the advent of the GI Bill providing unprecedented education opportunities for a new generation and the VA Home Loan Guaranty program enabling home mortgage loans with a federal insurance feature, the nation dramatically shifted to a substantial increase in home-ownership potential after World War II. Created in 1949 to respond to this trend, the Texas Real Estate Commission (TREC) administers four laws: Texas Occupations Code, Chapter 1101, the Real Estate License Act; Texas Occupations Code, Chapter 1102, Real Estate Inspectors; Texas Occupations Code, Chapter 1103, Real Estate Appraisers; Texas Occupations Code, Chapter 1303, Residential Service Companies; and Texas Property Code, Chapter 221, Texas Timeshare Act. TREC is the state's regulatory agency for:

- real estate brokers and salespersons
- real estate inspectors
- real estate appraisers
- education providers for real estate and inspection courses
- residential service companies
- timeshare developers
- easement or right-of-way agents

The Texas Appraiser Licensing and Certification Board (TALCB) was created in 1991 to enable Texas to operate a program for the licensing and oversight of licensed and certified appraisals pursuant to Title XI of the Financial Institutions Regulatory Reform and Enforcement Act (FIRREA). The Board serves as an independent subdivision of the Texas Real Estate Commission with independent rulemaking and disciplinary authority. The main functions of TALCB are to license, register, and certify real estate appraisers in conformity with state law and federal requirements and to administer the Act in the interests of the public. The enabling statute for TALCB is the Texas Occupations Code, Chapter 1103, the Texas Appraiser Licensing and Certification Act.

The agency's mission is carried out through broad regulatory functions that include issuing licenses, registrations and certificates and related activities; investigating and resolving complaints; participating in administrative disciplinary actions against license holders and others who may violate any of the laws under its jurisdiction; overseeing aspects of real estate education, including the registration of real estate providers, instructors and courses for both pre-licensure and continuing education; and communicating regularly with licensees and the general public to educate them about the many programs administered by the agency.

The agency's main office is located in Austin, Texas. Eight investigators located throughout the state assist in the TREC Standards & Enforcement Services Division. The Commission currently has 110.5 authorized full time equivalent (FTE) employees. One hundred percent of the funds needed to finance the agency's activities come from fees paid by licensees.

A. Agency Mission and Philosophy

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.

To achieve its mission, the agency embraces these core values:

- Provide exceptional customer service that is accessible, responsive and transparent;
- Demand integrity, accountability and high standards, both of licensees and ourselves;
- Strive continuously for excellence and efficiency.

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B. Strategic Goals and Objectives

The Texas Real Estate Commission has three main goals and the Texas Appraiser Licensing and Certification Board has a distinct primary goal:

Goal 1: Ensure Standards

Objective To maintain procedures through 2015 to evaluate applicants for honesty, integrity, trustworthiness, competency, and legal qualifications through education evaluation, requirement of continuing education, and criminal history background checks.

Strategies Perform the Commission's licensing function by:

- Reviewing applications
- Issuing exam eligibility letters
- Evaluating education
- Processing criminal history background checks
- Issuing licenses

Goal 2: Enforce TREC Regulations

Objective To resolve 85 percent of documented complaints within six months by 2015.

Strategies Administer an effective system of enforcement and adjudication which includes investigating and resolving valid complaints.

Goal 3: Communicate Effectively

Objective To maintain a communications center which is available via telephone ten hours daily Monday through Friday and responds to inquiries emails promptly, produce a minimum of eight newsletters annually, and maintain a website that provides clear, concise information through 2015.

Strategies Maintain a communications center which responds to inquiries via telephone and email promptly, produce newsletters, provide an informative website and maintain an online customer survey.

Goal 4: Implement and Enforce TALCB Standards & Regulations

Objective To maintain procedures to evaluate applicants for honesty, integrity, trustworthiness, competency and legal qualifications to ensure qualified real estate appraisers through 2015.

Strategies Perform the Board's licensing function by:

- Processing appraiser license applications
- Issue licenses, certifications, registrations and renewals
- Approve appraisal educational coursework
- Develop standards and agreements for reciprocity with other states for licensing and certification

Objective To enforce the provisions of the Texas Appraiser Licensing and Certification Act and the Uniform Standards of Professional Appraisal Practice by resolving 50 percent of complaints within six months by August 31, 2015.

Strategies Investigate and resolve complaints & failures of Uniform Standards of Professional Appraisal Practice (USPAP) standards
Impose Penalties as Appropriate

C. Core Business Functions

The agency licenses and regulates real estate brokers, salespersons, home inspectors, appraisers, and easement or right-of-way agents. It also regulates timeshare projects and residential service companies. Its core functions are to issue licenses, registrations and certificates; and to accept and process complaints from consumers against persons regulated by the agency.

D. Anticipated Changes in Strategies

Based on information gathered during the strategic planning process that included feedback from persons subject to the agency's jurisdiction as well as the general public, a

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number of strengths and weaknesses were identified. The agency's strengths with respect to workforce planning include:

- a set of deeply held core values founded on consumer protection and effective personal service;
- the knowledge, experience, and dedication of an exceptional staff;
- policies, processes, and procedures which have been developed over many years and have come to be accepted by its licensees; and
- open channels of communication with its stakeholders.

The agency's weaknesses include:

- a dedicated commitment to personalized service, which is of tremendous value when it can be achieved without compromising efficiency, but now is undergoing review as the Commission and the Board strive to become more efficient in order to meet high stakeholder expectations;
- staffing that does not include many of the "support" functions one would expect to find in an agency overseeing such a large and important fields of activity, such as a staff training function to enhance increasing technical requirements of the agency, a robust staff development effort led by the Human Resources function, and a consumer outreach and education function;
- highly detailed historic processes which require the full-time involvement of management in variables arising in day-to-day operations, meaning that strategic initiatives, ongoing process improvements, and similar efficiency measures may be given lower priority than they merit; and
- in the areas of the TREC Standards and Enforcement Services Division, and TALCB Standards & Enforcement Services Division, Information & Technology, Reception & Communications Services Division, and Administration & Management Services Division, the adequacy of staffing. The issue of adequacy involves both the number and skill levels of qualified individuals appropriated to carry out differing duties, and the ability to attract and retain those individuals who possess the skills and knowledge that are essential tools for change.

II. Current Workforce Profile (Supply Analysis)

A. Critical Workforce Skills

Staff must possess the following critical skills in order to provide basic business functions successfully, in no particular order:

Regulatory processes understanding and experience
Public speaking
External customer service/communications
Conducting comprehensive and detailed investigations
Interpreting and applying legal statutes and rules
Familiarity with administrative law processes
Litigation and alternative dispute resolution experience
Information systems development, programming and maintenance
Internet systems development and maintenance
Technology network support
Computer data center operations support
Rapid and accurate data entry
Clerical, including administrative support
Computer systems operations literacy
Government and corporate accounting
Government purchasing processes
Human resources planning, recruitment and training
Mail and funds processing
Educational curricula development and evaluation
Agency organizational effectiveness and strategic planning

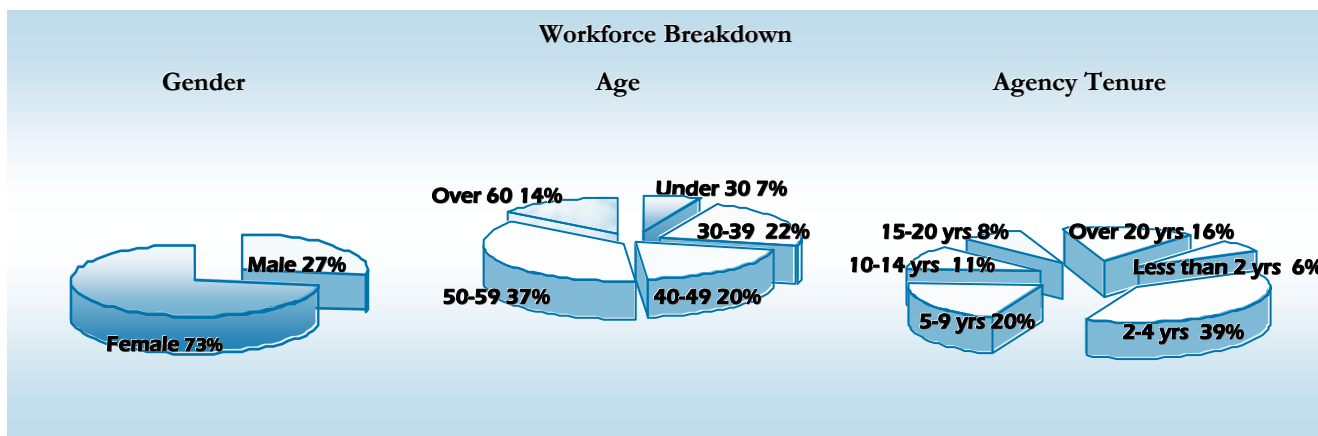
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Public relations management
Inter-governmental relations management

B. Workforce Demographics

The following chart profiles the agency's workforce as of December 31, 2009 and includes both full-time and part-time employees. The agency's workforce is comprised of 73% females and 27% males. Approximately 79% of employees are over age 40. Almost 55% have more than five years of agency service.

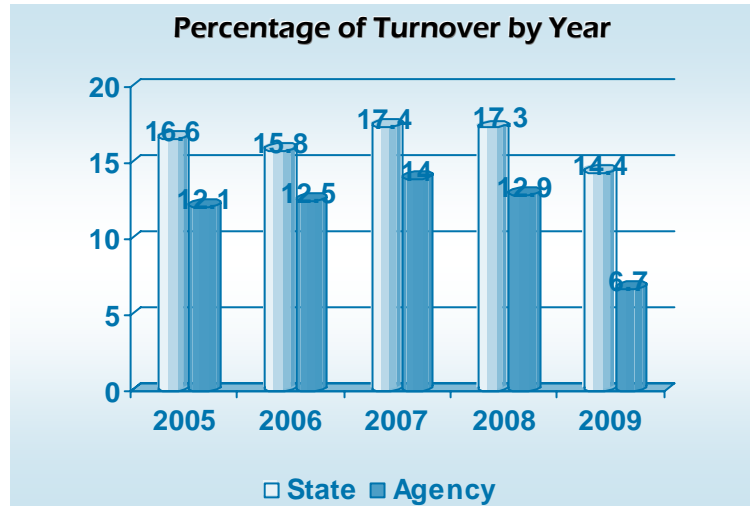


The following table compares the percentage of African American, Hispanic and Female agency employees (as of December 31, 2009) to the statewide civilian workforce, as reported by the Texas Commission on Human Rights. The agency's minority staffing patterns deviate only slightly from the minority staffing patterns in the state. Any deviations will be addressed in the recruiting process.

Job Category	African-American		Hispanic		Female	
	State %	Agency %	State %	Agency %	State %	Agency %
Administration	9%	16%	23.7%	32%	38.8%	83%
Professional	11.7%	7%	19.9%	15%	54.5%	51%
Technical	17%	0%	27%	0%	55.6%	0%
Para-Professional	12.8%	29%	44.8%	27%	39.7%	86%
Administrative Support	13.2%	64%	31.9%	9%	66.2%	82%

C. Employee Turnover

Turnover is an important issue in any organization, and this agency is no exception. The biggest workforce challenge facing the agency is the retention of qualified and experienced staff. The major cause of staff turnover has been employees leaving the agency for more lucrative positions within state government. The agency's turnover has not occurred in any particular occupational class. The turnover in the TREC Standards & Enforcement Services Division has impacted the agency the most. The following graph compares the average of agency turnover to the state as a whole.



During the last five years the agency has seen an improvement in turnover from 12.1% in FY 2005 to 6.7% in FY 2009. Based on the turnover rate from the last five years, the projected employee turnover rate for the next five years will be 10%.

D. Retirement Eligibility

Currently 9% of the agency's workforce is eligible to retire. An additional 1% will be eligible to retire in the next two years. With the retirement of these employees the agency will lose institutional knowledge and expertise.

Length of Service for Employees Who have Left the Agency	
January-December 2009	% of Total
Less than 2 yrs	0%
2-4 yrs	60%
5-9 yrs	20%
10-14 yrs	0%
15 Years +	20%

Length of service:

The greatest area of turnover is with employees with less than nine years of experience. An average of 80% of the agency's employees who enter the agency do not make it to 9 years.

Ages of Employees Who Have Left the Agency	
January-December 2009	% of Total
30 yrs and under	0%
30-39 yrs	20%
40-49 yrs	40%
50-59 yrs	0%
60 and older	40%

Age:

The Agency's turnover is higher in the 40-49 and 60 and older age groups.

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III. Future Workforce Profile (Demand Analysis)

Technology innovation is driving business practice changes in the professions licensed by the agency. More effective communication methods provide better monitoring and oversight of day-to-day activities, allowing branch offices to be established far from the main office of experienced practitioners. Many transactions engaged in by license holders are allowed, and often even required, to deliver services by electronic means across vast information networks in rapid and secure formats. It is a legitimate expectation of the licensee communities and of the consuming public using the services that the agency which oversees and regulates these service providers will not only understand the implications of these changes, but will also enact rules and protections that reflect them.

The days of paper transactions and massive clerical data entry are behind us. The present and the future will be one characterized by customer maintained data, rapid and reliable electronic communications, and service delivery. These changing demands for licensing, enforcement, and communicating with license holders and with the public regarding the license holders within the real estate industry subject to the agency's jurisdiction call for the following changes in TREC and TALCB's future workforce:

A. Critical Functions

- Advanced technical skills in computer and web based application development
- Enforcement legal skills, especially in mediation and alternative dispute resolution
- Education curriculum standards development and evaluation
- External communications, especially in outreach to and education of consumers

B. Expected Workforce Changes

Given the agency's strategic plan priorities, it is anticipated that the workforce will require the addition of new funding for seven FTEs in the areas of Information & Technology Services, Staff & Support Services, TREC and TALCB Standards & Enforcement Services, Education & Licensing Services, and Administration & Management Services. The agency has the available FTEs to convert, it does not need additional staff positions, but it has no funding appropriated to upgrade these FTEs to the required appropriate professional skill levels.

C. Anticipated increase/decrease in number of employees needed to do the work

Note: No increase in FTEs, but the funds are needed to reclassify and upgrade them.

- 1 FTE - Information & Technology Services (Web applications developer)
- 1 FTE - Administration & Management Services (Consumer Affairs Specialist) (Professional)
- 1 FTE - Education Curriculum Standards Development and Evaluation (Professional)
- 1 FTE - Staff & Support Services (Accountant for budgeting and efficiency analysis) (Professional)
- 2 FTEs - TREC Standards & Enforcement Services (1 mediator; 1 admin tech) (Professional and Administrative)
- 1 FTE - TALCB Standards & Enforcement Services (1 attorney) (Professional)

D. Future Workforce Skills Needed

- Technical skills with computers and web based service delivery systems
- Excellent oral and writing skills for external communications with consumers
- Customer service skills for effective handling of inquiries and complaints
- Legal expertise especially in alternative dispute resolution methodologies

E. Outsourcing

The subject of outsourcing is always appropriate as a tool for exploring efficiencies or as a means to quickly access needed skills until an effective internal capacity is developed. It has been suggested that TALCB explore the concept of contracting with private appraisers as an alternative to or in conjunction with the hiring of additional staff as a means by which to promptly resolve complaint cases in the Standards & Enforcement Services Division. The revitalization of the Peer Investigative Committee function has allowed TALCB SES to access this talent currently on a volunteer basis. However, if the pace of complaints continues to rise at the current accelerating pace, the agency may have to consider outsourcing some investigation reports on a fee basis. Other suggestions involve

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the outsourcing of certain aspects of information technology services, which the agency will continue to explore in connection with the future development of its new core operating database system.

IV. Gap Analysis

Anticipated Surplus or Shortage of Workers or Skills

Given the Agency's current priorities and goals, the agency has been successful in recruiting and hiring qualified employees in professional and administrative positions. There is, despite an improving trend, still an ongoing concern regarding turnover and retention. Similarly, an analysis of TREC and TALCB's 2011-2015 Strategic Plan reflects a gap in professional skills necessary to address the Agency's critical functions and FTEs. The Agency is struggling in a resource limited environment to upgrade positions from low-level administrative positions to a higher-level information and technology skilled workforce. No additional positions are needed, but additional funds are needed to reclassify and upgrade existing FTEs.

The primary concerns articulated by the public and the regulated industry address the Agency's ability to communicate effectively with its stakeholders and to promptly and effectively resolve complaints filed with both TREC and TALCB. To the first issue, the Agency hired a Public Affairs Specialist in early FY 2010 to focus primarily on stakeholder and governmental relations. The Agency intends to request additional funding for current FTEs to reclassify and upgrade these positions to better fulfill the Agency's mission and goals, and to communicate more effectively especially with the consumer public.

V. Strategy Development

In order to address many of the deficits between the current workforce and future demands, the Agency has developed several goals for the current workforce plan. These are based on a range of factors identified by analyzing the agency and its workforce. Future workforce requirements can be grouped into two key areas, both limited by available funding.

Gap	The agency does not have a sufficient funding for the number of higher skilled FTEs needed to address all strategic planning priorities.
Goal	Hire a total of 7 new staff to fill upgraded FTEs during FY 12.
Rationale	Given current workloads, additional staff must be hired to deliver priorities articulated in the agency's 2011-2015 Strategic Plan.
Action Steps	Request additional funding for FTEs during 2011 Legislative Session. Recruit for new positions. Hire and train new staff in FY 2012.
Gap	Difficulty in retention of new and existing staff
Goal	Retain qualified and experienced staff to ensure excellent customer service.
Rationale	Although the agency's turnover has been significantly reduced from 12.4% in FY 2005 to 6.7% in FY 2009, turnover remains an issue for the agency. A major cause of this turnover has been employees leaving the agency for better paid positions both within state government and in the corporate arena.
Action Steps	Request additional appropriation from the Legislature during the next session to make salaries comparable with other state agencies. Hire new staff at the first quartile salary level rather than at the minimum for the position. Increase staff education and development resources to allow staff members to receive critical skill and career enhancement training. Give permanent merit raises annually based on performance criteria.

APPENDIX F REPORT ON CUSTOMER SERVICE

The agency considers feedback from customers on agency service levels to be of crucial importance to identifying opportunities for improvement. To that end, in October 2009, the Customer Service Survey was revised. The survey is now available to all identified customer groups and to the general public as well. Below is a snapshot of the survey that is available via the Texas Real Estate Commission (TREC) and Texas Appraiser Licensing and Certification Board (TALCB) websites:

TREC/TALCB Customer Service Survey and Comments

Thank You! Here's your page.

Background Information

In the box below choose the option that best describes your relationship with this agency.

Real Estate Salesperson
Real Estate Broker
Real Estate Appraiser
Real Estate Inspector
Education Provider or Instructor
Residential Service Company
Timeshare Developer
Easement Or Right-of-Way Agent
Buyer or Seller of Real Estate
Real Estate Services Industry
Mortgage Lending Industry
Other

How many times have you had contact (including filing for license/renewal) with agency staff in the past 12 months?
Please check only one.

- One time
 Two to five times
 More than five times

What was the purpose of your most recent contact with the agency?
Please check all that apply.

- License Application Status
 License Renewal Information
 File or Respond to Complaint Against Licensee
 Obtain Forms/Publications
 Name/Address Change
 Public Information About Real Estate Laws
 Problem Dealing With Agency
 Open Records Request
 Inquiry About Obtaining a License
 Interpretation of Law or Rules
 Other

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Staff and Communication

Please rate our service in each of these topic areas based on your experience communicating with the agency. Skip a section if it does not apply.

Communications	<input type="text"/> Quality of written materials
	<input type="text"/> Telephone assistance (e.g. time on hold, call transfers)
	<input type="text"/> Email assistance (e.g. time to receive email response)
Customer Service Process	<input type="text"/> Access to toll-free number
	<input type="text"/> Ease of filing a complaint
	<input type="text"/> Ease of bringing concerns to the agency
Timeliness of Response	<input type="text"/> Waiting time in person
	<input type="text"/> Waiting time by letter
	<input type="text"/> Waiting time by email
	<input type="text"/> Waiting time by phone
Resolution of Customer Request	<input type="text"/> Adequacy/Appropriateness
	<input type="text"/> Explanation of Resolution
Staff	<input type="text"/> Knowledge
	<input type="text"/> Courtesy
	<input type="text"/> Follow-through

Facilities

If you have visited or attempted to visit the agency in person, please rate the items to the right.	<input type="text"/> Signage
	<input type="text"/> Accessibility
	<input type="text"/> Cleanliness

Website

General Usefulness of Website	<input type="text"/>	Ease of finding information
	<input type="text"/>	Quality of Information
Comments About Agency Website:		
Please give us any positive or negative comments here about this website. For example, if something is too hard to find, we'd like to know.		
<input type="text"/>		

Additional Comments Regarding this agency

Please tell us about other issues that may help us serve you better. If you would like to share your experience about a particular employee of this agency, please provide that information below.

Response Requested

If you provided comments and would like a response, please provide your name and information for one of the contact methods below so we can respond.

Name

AND at least one of these:

Email address

AND/OR

Area Code & Phone Number

()

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The drop down arrows allow consumers to describe a specific service as “excellent, good, fair or poor.” Once consumers hit the “submit survey” button, the Reception & Communication Services (RCS) Division responds directly and individually to any comments, questions or concerns and the Information & Technology Services Division catalogues the responses to be able to run reports on specific data. In addition to the Customer Service Survey, the agency provides the following types of services:

- responding to telephone and walk-in inquiries;
- issuing new and renewal licenses;
- accrediting real estate education providers;
- approving real estate instructor and course content;
- handling written complaints;
- prosecuting administrative hearings;
- monitoring residential service companies and timeshare registrations;
- providing comprehensive public access to information via electronic mail list server, and Internet access;
- processing original and renewal licenses online; and
- providing information through public presentations and news releases.

Beginning October of 2009 (FY 2010), the agency revised the Customer Service Survey to make it simpler and more meaningful, and began sending a link by email to each customer who conducted business (of the like mentioned above) on the website. In addition, links were added to the TALCB website and in six months the agency has received 123 responses from appraiser members of the licensee community. Since beginning this new process, participation has increased dramatically across the board and responses have grown significantly more favorable. In the first six months of FY 2010, the agency has received 2,126 responses to the survey, as opposed to 147 for FY 2008 and 2009. Given TREC's large licensee base (149,684 in FY 2009), this earlier response rate was not statistically meaningful. However, with the new outreach, survey responses have a greater meaning and priority.

Customer service is a main part of the agency's focus in the Compact with Texans. Currently, TALCB and TREC have separate Compacts with Texans, but as part of the agency's integration, a new combined agency Compact with Texans is being drafted and will be sent to the Governor's Office of Budget and Planning and the Legislative Budget Board for approval. The new Compact will focus on not just customer service, but on other results and opportunities for improvement as well.

For the FY 2008-2009 biennium, responses to the Customer Service Survey were generally favorable with respect to written communications, but questions relating to communicating with the agency by telephone elicited neutral to poor responses indicating a difficulty in getting through and a seemingly constant busy signal. To address this concern, on October 17, 2009, RCS extended the telephone hours of the agency from 8:00am-5:00pm previously to expanded hours of 7:00am-6:00pm Monday thru Friday. This added 10 hours per week to the agency's accessibility by phone and has dramatically improved the response time and customer favorability responses in the Customer Service Survey.

Responses to the questions about the website, resolution of customer requests, staff, and facilities were generally favorable. Responses concerning timeliness of responses by staff including waiting time in person, by letter, by e-mail and by telephone were generally neutral indicating that the agency should work on improving its response time in all areas. The expansion of Communications Center hours has vastly improved this access and the favorability response of customers.

The agency is committed to continual improvement in all areas based on input from licensees and members of the public. In November 2009 (FY 2010), agency staff conducted a Bottom Up Review that identified multiple areas for improvement and many of these items were implemented over the last six months. Customer Service Survey responses have taken a markedly positive upward trend in all categories and the agency prides itself on continuing to provide service that exceeds expectations.

As stated above, the agency is now using a new and more comprehensive customer service survey to collect information from consumers. However, the information forth coming is for FY 2008 and FY 2009:

1) **TREC's inventory of external customers**

- Real Estate Salesperson
- Real Estate Broker
- Inspector
- Education Provider or Instructor
- Residential Service Company
- Timeshare Developer
- Easement or Right-of-Way Agent
- Buyer or Seller
- Areas of Real Estate Industry not regulated by TREC
- Other

Types of services provided to customers

- Responding to telephone and other inquiries
- Issuing new and renewal licenses
- Accrediting real estate education providers
- Approving real estate instructor and course content
- Handling written complaints
- Prosecuting administrative hearings
- Monitoring residential service companies and timeshare registrations
- Providing comprehensive public access to information via electronic mail list server, and Internet access
- Processing original and renewal licenses via Internet access
- Provide information through public presentations and news releases

2) **Information-gathering methods**

TREC's customer survey is available online at TREC's website and in person at TREC headquarters.

TREC's customer survey form is designed to collect customer satisfaction feedback on seven customer service quality elements:

- Facilities
- Staff
- Communications
- Internet site
- Complaint-handling process
- Service timeliness
- Printed information

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3) Chart of customer –determined service quality: 09/01/2007 - 08/31/2009

Responses by Relationship to TREC	# of Responses	% of Total
R.E. Salesperson	81	55.1%
R.E. Broker	35	23.8%
Inspector	5	3.4%
Education Provider or Instructor	0	0.0%
Residential Service company	0	0.0%
Timeshare Developer	0	0.0%
Easement or Right-of-Way Agent	1	0.7%
Buyer or Seller	6	4.1%
Real Estate Industry (not Regulated by TREC)	2	1.4%
Other	17	11.6%

Number of Contacts with TREC	# of Responses	% of Total
One Time	48	32.7%
Two to Five Times	74	50.3%
More than Five Times	25	17.0%

Source of Responses	# of Responses	% of Total
Renewal Packet Form	0	0.0%
Web-based Survey	147	100.0%

Purpose of Contact	# of Responses	% of Total
Application Status	28	19.0%
License Renewal Information	79	53.7%
File or Respond to Complaint	10	6.8%
Obtain Forms or Publications	13	8.8%
Name or Address Change	14	9.5%
Public Information About R E Laws	9	6.1%
Problem Dealing With TREC	22	15.0%
Open Records Request	6	4.1%
Inquiry About Obtaining a License	14	9.5%
Interpretation of TRELA or TREC Rules	8	5.4%
Other	42	28.6%

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Communication	Excellent	Good	Fair	Poor
Accuracy of Written Materials	38.9%	25.0%	13.9%	22.2%
Quality of Written Materials	35.85%	29.9%	16.4%	17.9%
Telephone Assistance	23.3%	7.8%	8.7%	60.2%
Customer Service Process	Excellent	Good	Fair	Poor
Access to 1-800 Number	23.3%	7.8%	8.7%	60.2%
Access to Local Number	25.0%	5.9%	19.1%	50.0%
Ease of Filing a Complaint	16.2%	10.8%	16.2%	56.8%
Ease of Bringing Concerns to TREC	11.9%	70.4%	15.3%	64.4%
Timeliness of Response	Excellent	Good	Fair	Poor
Timeliness of Service	25.3%	18.4%	9.2%	47.1%
Waiting Time in Person	22.2%	29.6%	11.1%	37.0%
Waiting Time by Letter	7.9%	18.4%	13.2%	60.5%
Waiting Time by E-mail	15.9%	18.2%	14.1%	50.0%
Waiting Time by Phone	15.2%	18.5%	14.1%	52.2%
Resolution of Customer Request	Excellent	Good	Fair	Poor
Adequacy/Appropriateness	30.6%	10.6%	5.9%	52.9%
Explanation of Resolution	29.8%	9.5%	7.1%	52.9%
Web Site	Excellent	Good	Fair	Poor
Ease of Use	37.4%	29.7%	18.7%	14.3%
Information on Web Site	25.0%	39.3%	23.8%	11.9%
Links to Other Sites	30.4%	41.1%	14.3%	14.3%
Contact Person	21.9%	15.6%	14.1%	48.4%
Staff	Excellent	Good	Fair	Poor
Knowledge	41.2%	15.3%	17.6%	25.9%
Accessibility	30.4%	11.4%	17.7%	40.5%
Friendliness	39.8%	12.0%	13.3%	34.9%
Courtesy	39.8%	10.2%	12.5%	37.5%
Appearance	36.78%	26.3%	5.9%	31.6%
Follow-Through	22.4%	3.4%	10.3%	63.8%
Facility	Excellent	Good	Fair	Poor
Accessibility	31.3%	37.5%	18.8%	12.5%
Signs	17.6%	41.2%	17.6%	23.5%
Location	12.5%	43.8%	31.3%	12.5%
Cleanliness	35.3%	29.4%	29.4%	5.9%

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4) Analysis of customer service survey response

As part of the Texas Real Estate Commission's Compact with Texans, the agency provides for public response by making available a Customer Service Survey. This brief questionnaire is available at the agency's customer service window, and is accessed from the TREC web site.

Individuals are asked to rate the agency's performance in a number of areas by providing a ranking of Excellent, Good, Fair, or Poor. For the FY 2008-2009 biennium, responses were generally favorable with respect to written communications from TREC. Questions relating to communicating with TREC by telephone elicited neutral to poor responses indicating a difficulty in getting through by telephone to the agency. At the start of FY 2010, the Reception and Communication Services Division extended the telephone hours of the agency from 8-5 Monday thru Friday to 7-6 Monday thru Friday.

Responses to the questions about the TREC website, resolutions of Customer Requests, staff, and facilities were generally favorable. Responses concerning timeliness of responses by staff including waiting time in person, by letter, by e-mail and by telephone were generally neutral indicating that the agency should work on improving its response time in all areas.

The Texas Real Estate Commission is committed to continual improvement in all areas based on input from TREC licensees and members of the public.

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5) Performance measures related to customer service standards and customer satisfaction

Performance Measures Related to Customer Service	FY2009	FY2010
Communications		
Outcome Measures		
% of surveyed customer respondents expressing overall satisfaction with services received (excellent/good/fair)	60.5%	65.5%
% of surveyed customer respondents identifying ways to improve service delivery (poor)	39.5%	34.5%
Output Measures		
Number of customers surveyed	134	2000
Number of customers served	149,684	140,000
Number of phone calls received	402,102	400,000
Number of electronic contacts received	28,098,022	25,000,000
Efficiency Measures		
Cost per customer surveyed	\$0.00	\$0.00
Explanatory Measures		
Number of customers identified	200,000	200,000
Number of customer groups inventoried	10	10
Licensing		
Efficiency Measures		
Average time for individual license issuance	36.41	40.0
% of new individual licenses within 10 days	97.87%	95.0%
% of individual license renewals within 7 days	94.21%	95.0%
Explanatory Measures		
Total # of programs/schools licensed	396	225
Total # of individuals licensed	149,319	140,000
Enforcement		
Outcome Measures		
% of documented complaints resolved within 6 months	54.38%	85.0%
Output Measures		
# of complaints resolved	2,138	2,240
Efficiency Measures		
Average time for complaint resolution	224	135
Explanatory Measures		
Jurisdictional complaints	2,776	3,300

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APPENDIX G

Survey of Organizational Excellence

Measuring Employee Perceptions

2010

Administered every two years by the School of Social Work at the University of Texas at Austin, the Survey of Organizational Excellence reflects how an agency's staff view the work environment. Since the survey has been given multiple times in past years and is administered to employees at several state agencies, this year's results can be compared with past performance and with the perceptions of staff at other state agencies.

Questions in the Survey of Organizational Excellence are grouped together into Survey Constructs designed to broadly profile organizational strengths and weaknesses. Scores for the constructs range from a low of 100 (negative) to a high of 500 (positive). Thus, scores above 300 suggest that employees perceive the issue more positively while scores below 300 are issues viewed more negatively by employees.

The following areas are especially noteworthy and are coded by the survey as the agency's "areas of strength."

Supervision **Score: 390**

Supervision provides insight into the nature of supervisory relationships within the organization, including aspects of leadership, the communication of expectations, and the sense of fairness that employees perceive between supervisors and themselves. This construct indicates that employees view their supervisors as fair, helpful, and critical to the flow of work.

Strategic **Score: 356**

Strategic (Strategic Orientation) reflects employees' thinking about how the organization responds to external influences that should play a role in defining the organization's mission, vision, services, and products. Implied in this construct is the ability of the organization to seek out and work with

Employee Engagement **Score: 355**

Employee Engagement measures the degree to which employees feel that they have some control over their jobs and the outcome of their efforts. This construct focuses on the sense of trust and the level of employees' participation in carrying out their work responsibilities towards delivering high

Diversity **Score: 333**

This construct addresses the extent to which employees feel that personal differences, including ethnicity, social class or lifestyle, may result in alienation from the larger organization and missed opportunities for learning or advancement. It examines the extent to which the organization understands and uses diversity in the work force to relate to a complex culture and uses creativity coming from individual differences to improve organizational effectiveness.

Quality **Score: 326**

This construct focuses upon the degree to which quality principles, such as customer service and continuous improvement are a part of the organizational culture. This Construct also addresses the extent to which employees feel that they have the resources to delivery quality services.