



TREC Advisor

Texas Real Estate Commission ☆ Volume 10, Number 4 • December 1999

Governor Announces Appointments to Real Estate Commission

ON SEPTEMBER 14TH, GOVERNOR GEORGE W. BUSH announced the appointment of three new members to the Texas Real Estate Commission. All will serve terms ending January 31, 2005.



James N. Austin, Jr.
Broker Member

Fort Worth



Ramon "Mick" Cantu
Public Member

Houston



Lawrence D. Jokl
Broker Member

Brownsville

James N. Austin, Jr. of Fort Worth is president of the Austin Company, a commercial real estate firm. He is a member of the National Association of Realtors and has more than 16 years experience in commercial real estate. He serves on the boards of directors of the Boys & Girls Club of Greater Fort Worth, Women's Haven of Tarrant County, Inc., North Texas Public Broadcasting, Inc., and the Crime Prevention Resource Center. In addition, he is the founder of the Renaissance Cultural Center in Fort Worth, and is a member of the Fort Worth International Rotary Club and the Citizens Crime Commission of Tarrant County. Austin is a graduate of Howard University in Washington, D.C.

Ramon M. "Mick" Cantu of Houston is a senior associate with the law firm of Vinson & Elkins, L.L.P. where he specializes in transactional healthcare law. He is a member of the State Bar of Texas, the American Bar Association and the American Health Lawyers Association. He is also actively involved in the Houston Volunteer Lawyers Program and represents disabled young clients before administrative law judges to challenge denial of social security insurance benefits. He earned a bachelor's degree in mechanical engineering and a bachelor's degree in management science from the Massachusetts Institute of Technology, and his law degree from the University of Texas at Austin. He will serve as a public member on the commission.

Lawrence D. Jokl of Brownsville is vice president of BorderPlex Realty, Inc., specializing in commercial sales, counseling and management. He is past president of the Brownsville/South Padre Island Board of Realtors and a member of the National and Texas Associations of Realtors and the International Council of Shopping Centers. Jokl was the recipient of the Realtor of the Year award in 1995. He is also a council member of the Rio Grande Council Boy Scouts of America, past president of both the Brownsville Chamber of Commerce and the North Brownsville Rotary Club, and past chairman of the Advisory Committee to the Brownsville Navigation District. In addition, he has taught at Southmost College for more than 12 years. Jokl attended Texas Southmost College, the University of Illinois Chicago Circle Campus and the University of Houston.

The new appointees replace Hazel Lewis, Mitchell Katine, and Pete Cantu whose terms had expired. The appointments are subject to Senate confirmation.



**New Contract
Forms Effective
Y2K
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THE MISSION of the Texas Real Estate Commission is to assist and protect consumers of real estate services, and foster economic growth in Texas. Through its programs of education, licensing and industry regulation, the Commission ensures the availability of capable and honest real estate service providers.

TEXAS REAL ESTATE COMMISSION

Meeting Highlights

Official publication of the
Texas Real Estate Commission
Volume 10, Number 4 • December 1999

State of Texas
George W. Bush
Governor

Commission Members:

Jay C. Brummett
Chairman
Broker member

Deanna Mayfield
Vice-Chairperson
Public member

Chris T. Folmer
Secretary
Broker member

James N. Austin, Jr.
Broker member

C. Michael Brodie
Broker member

Ramon "Mick" Cantu
Public member

Maria Gonzalez-Gil
Public member

Lawrence D. Joki
Broker member

Kay Sutton
Broker member

TREC Administrator
Wayne Thorburn

Desktop Publisher
Dan White, Jr.

September 20, 1999



On September 20, 1999, the Texas Real Estate Commission (TREC) met and took final action on a number of issues that have received significant review and public comment. Effective January 31, 2000, TREC rules applicable to proprietary schools under §§535.61-535.66 and §§535.68-535.70 will be repealed and replaced by new §§535.61-535.66, as amended. These requirements pertain to examinations, acceptance of courses, education and experience, schools, and instructors (please see story page 5).

A Task Force On Education was appointed by Commission Chairman Jay Brummett to review prospective ideas for changes in rules (§§535.71-535.73) concerning mandatory continuing education curricula and providers. Commissioners Brodie, Folmer, Sutton, and Gonzalez-Gil were appointed to serve on the task force. Subsequently, Chairman Brummett named Charles Jacobus, Rick Knowles, Wendy Shekdar, Ron Walker, Jim Wiedemer, Jim Howze, and Rick Cooper as additional task force members, with Mr. Jacobus serving as Chairman of the panel.

Five new standard contract forms were authorized through amendments to §§537.11, 537.21, 537.36, 537.43, 537.44, and 537.46 (please see story page 7). On a related issue affecting standard promulgated contracts, Commissioners took action allowing alteration of pre-printed "19--" date fields on approved contract forms for the purpose of inserting year 2000 dates. Publication of information in question and answer format was also approved for distribution regarding the use of TREC's Standard Inspection Report Form.

Final approval to amend §535.1 was given which clarifies existing real estate licensure requirements for residents outside of Texas. Out-of-state individuals who engage in real estate brokerage practices by way of the Internet or through other communication means will now

be required to have a Texas license only if all of the principals in the transaction are legal residents of Texas, and the property is located at least partially within the state.

Amendments to 22 TAC §535.101 and §535.210 were adopted concerning fees for real estate licensees and licensed real estate inspectors. These amendments increase the amount of an annual renewal fee for brokers and salespersons from the existing \$28 to \$30, and increase the \$25 examination fee to \$35. Application and renewal fees for licensed real estate inspectors will be increased by \$10, and fees for inspector examinations will be raised from the \$25 level to \$35.

On items for future consideration, a rule-making process has been initiated for possible amendment of §§535.208 and 535.216 concerning applications and renewals for inspector licenses. These amendments are being proposed to create a "late renewal" process for inspectors similar to that being used for real estate licensees. Commissioners referred an additional matter to the Broker-Lawyer Committee for further review concerning development of Property Code Notices. Such notices would relate to the possibility of annexation or mandatory membership in an owners' association.

November 8, 1999

Final action was taken by the Commission during its November 8th meeting to adopt a late renewal process for inspector licenses, along with revised inspector license application forms (22 TAC §§535.208 and 535.212).

A discussion was held regarding confusion that has recently developed over new regulations promulgated by the U.S. Department of Housing and Urban Development (HUD) pertaining to Federal Housing Administration (FHA) appraisal procedures. Commissioners unanimously authorized TREC's Administrator to communicate with HUD regarding concerns over the new regulations and the need for clarification of con-

Story continued on page 3.

The TRECAdvisor (ISSN 1047-4579) is published by the Texas Real Estate Commission (TREC) as an educational service to licensees in the state of Texas. The purpose of the newsletter is to promote a better understanding of the Real Estate License Act and to inform all licensees of changes affecting laws and practices in the real estate industry. The TRECAdvisor is funded through legislative appropriations and subscriptions collected from TREC licensees. The official text of TREC rules is filed with the Office of the Secretary of State, Texas Register. TREC encourages reproduction of this newsletter with the appropriate acknowledgments. Subscriptions are available for \$4.00 for two years. Single issues are \$1.00. To order a subscription or a single issue write to TRECAdvisor, Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188. For information regarding TREC, contact:

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(512) 459-6544 or (800) 250-TREC
<http://www.trec.state.tx.us>
TREC Fax (512) 419-1623

Texas' Real Estate Licensees Predominantly Experienced, Full-Time and Technologically Up-To-Date

A RECENT SURVEY CONDUCTED in cooperation with the Real Estate Center at Texas A & M University shows that a majority of current real estate licensees have been licensed for at least ten years and more than sixty percent consider real estate to be their full-time profession. More than two-thirds reported having an e-mail address. These are among the results from a survey sent to all Texas licensees with their renewal notices earlier this year. Approximately 4,000 completed the survey and returned it to the Texas Real Estate Commission.

Experience Counts

Brokers are an experienced group. Nearly two-thirds of those brokers responding have held a license for 15 plus years. Among all licensees sampled, 55 percent have held a license for at least 10 years. A recent study by the National Association of Realtors indicates that the average sales associate in the United States is 48 years old and the average broker is well into his or her 50s. In another NAR study to be released this year, only 25% of "top agents" were under 45 years of age.

Full Time Position

Sixty-two percent of those polled advise that they consider real estate to be their full-time profession. For active licensees, an overall

average of 34 hours per week is spent on real estate activities. A majority of all those responding, over 60 percent, could be considered essentially full-time by spending from 30 to 40 hours or more a week on real estate activities.

Among these full-time real estate professionals slightly over half (54%) of their time is spent on residential sales, 15 percent on commercial sales and leasing, 7 percent property management, and 5 percent farm and ranch sales. Appraisal, land development and home building account for less than 5 percent each.

Manufactured Housing

In today's Texas, manufactured homes comprise a significant portion of the residential

Story continued on page 8.



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Meeting Highlights continued from page 2.

sumer notices that appear in various FHA appraisal related forms (please see story, page 4).

Other topics of discussion included whether adequate notification will be provided to consumers in cases where real estate licensees are providing mortgage lending services under the new state Mortgage Broker License Act. Consumer notification provisions are required under both federal and state statutes. TREC expects to continue monitoring real estate licensees involved with mortgage lending in property transactions to help assure proper compliance with these requirements.

Adopted on an emergency basis was a series of eight revised standard contract forms submitted by the Broker-Lawyer Committee. (please see page 7) Previous emergency implementation of two other contract forms, Addendum for Property Subject to Mandatory Membership in an Owners' Association, and Subdivision Information, Including Resale

Certificate for Property Subject to Mandatory Membership in an Owners' Association (22 TAC §§537.11, 537.43, 537.44), was extended until January 1, 2000 when the forms will become effective on a permanent basis.

Final approval was given to TREC's fiscal year 2000 operating budget, as well as authorization of two payments from the Real Estate Recovery Fund and one payment from the Inspection Recovery Fund. Informational material in question and answer format relating to legal requirements governing advertising, exemption from licensure, out-of-state broker activity, referrals, and unlicensed brokerage activity was amended by the Commission and approved for publication and dissemination.

Following adjournment of the Commission meeting, the TREC Education Task Force met to begin deliberations on potential future rule changes regarding mandatory continuing education requirements.

Calendar of Events

Commission Meetings:

December 13, 1999
February 7, 2000
March 27, 2000
May 8, 2000
June 22, 2000
August 14, 2000

Broker-Lawyer Meeting:

January 13-14, 2000

Inspector Committee Meeting:

January 14, 2000

Web site:

<http://www.trec.state.tx.us>

TREC Fax: (512) 419-1623
Phone: (800) 250-TREC (8732)
or (512) 459-6544



Latest Update:
Texas Real Estate
Commissioners have
agreed unanimously to
communicate with HUD
regarding concerns over
new FHA appraisal
regulations.

New HUD Regs May Confuse Homebuyers On Inspections

RECENTLY, THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) promulgated a number of revised rules concerning appraisal procedures under the department's Homebuyer Protection Initiative (HPI). Under the new initiative, additional oversight of the homebuyer's appraisal process and further written details are being required for completion of Federal Housing Administration (FHA) loan applications. FHA appraisals must be completed before the agency will qualify homebuyers to receive an FHA insured mortgage from a lender. This allows lenders to offer mortgages to first-time buyers and others who may not qualify for conventional loans.

Confusion appears to have developed in some cases however, among a number of real estate agents, mortgage lenders, appraisers, and buyers regarding whether a property inspection is needed once a required FHA appraisal has been completed. Several instances have occurred in which buyers have been misinformed and left with the wrong impression that once an FHA appraisal is performed, an actual property inspection would only be redundant and unnecessary.

Texas Real Estate Commission contract forms encourage the buyer to have an inspection completed by a qualified inspector before purchasing any home, regardless of whether FHA financing is being sought.

HUD addresses the necessity of real estate inspections in a special disclosure form for all potential buyers who are obtaining FHA appraisals. The form is titled "For Your Protection: Get a Home Inspection" (Form HUD-92564-CN; 8/99). This information discusses the importance of getting an independent home inspection before signing a contract with a seller, or after signing if the contract stipulates that the sale is contingent upon a satisfactory inspection. FHA mortgage lenders must present this form to all prospective customers who, in turn, must acknowledge having received the information by their signature.

An additional HUD form, "Notice To The Homebuyer" (Form HUD-92564-HS; 8/99), contains further important information that should be read carefully by consumers. Receipt of this form must also be acknowledged in writing by the potential buyer. Unfortunately, however, this form may lead to even more confusion. If an appraiser

finds nothing wrong with a property in twelve different categories referenced on the form, a buyer might conclude that spending additional funds on a property inspection is not needed.

As HUD points out in its disclosures, FHA appraisals are different from home inspections. Even with an FHA appraisal, a true home inspection gives the buyer more detailed information. An FHA required appraisal is conducted for the lender, not the consumer, as a means of helping obtain approval for an insured loan. Lender appraisals are done to estimate the value of a house, assure that the house meets minimum FHA property standards, and confirm that the house is marketable.

In an inspection, a qualified independent inspector works on behalf of the buyer and takes an in-depth, unbiased look at a potential home to evaluate its physical condition, including structure, construction, and mechanical systems. The inspection report also identifies items that need to be repaired or replaced, and may provide information relating to the remaining useful life of major systems, equipment, and structure. Inspection reports give details on the condition of such items as exteriors, roofing, plumbing, electrical, heating, insulation and ventilation, air conditioning, and interiors.

Through an actual real estate inspection, consumers are provided with important information that is needed to make an impartial decision regarding whether the home should be purchased. By informing consumers and stressing the importance of a true real estate inspection, a significant reduction in the risk of future contractual disputes and legal complaints can be achieved to the benefit of all involved with such transactions.

New Rules Relating to Core Education

AT ITS SEPTEMBER 20 MEETING, the Real Estate Commission adopted new rules relating to core education and proprietary real estate schools. Numbered as Rules 535.61 through 535.66, the new rules will become effective on January 31, 2000, and will replace certain rules that are now in effect. Current Rules 535.61 through 535.70 will be repealed on January 31, 2000, and will be replaced by the new rules adopted on September 20.

New Rule 535.64 addresses the procedures by which the Commission grants accreditation to proprietary real estate schools in Texas and the approval of instructors who teach core courses at proprietary schools.

New Rule 535.65 governs the presentation of core courses by proprietary schools, addressing such issues as makeup work and final examinations.

The new Rules establish certain on-going financial and record-keeping responsibilities for proprietary schools accredited by the Commission. Under new Rule 535.66, schools are subject to disciplinary action, including revocation of the accreditation, for failing to maintain sufficient financial resources to continue operation of the school without placing students at the risk of financial loss. Ten specific tests are set out in the rule for determining when a school's financial condition is insufficient for continued operation. A related provision in new Rule 535.65 states that each school has the duty to maintain financial records sufficient to reflect the school's financial condition at any time, and failure to maintain appropriate financial records can be a basis for disciplinary action under the new 535.66.

Other new provisions, contained in new Rule 535.62, address the acceptability of core courses from any educational institution, whether a proprietary school or otherwise. New Rule 535.61 addresses the administration of licensing examinations.

The text of the new rules is available on the Real Estate Commission's Internet site. The address is www.trec.state.tx.us. Individuals without access to the Internet may, upon request, obtain a copy of the new rules by mail.

The Commission has now begun the process of reviewing the rules applicable to mandatory continuing education (MCE) for salespersons and brokers. A task force has been created to study the MCE rules and make recommendations to the Commission. The public is welcome to submit comments or suggestions regarding the MCE rules. These should be sent in writing to the Real Estate Commission at P.O. Box 12188, Austin, Texas 78711-2188.

Broker-Lawyer Committee Responds to Inquiry

THE TEXAS REAL ESTATE BROKER-LAWYER Committee recently considered an inquiry as to whether the number of days specified in the TREC contract forms for performance by a party is extended automatically if the last day of the performance period falls on a Saturday, Sunday, or legal holiday. The Committee's response was that calendar days, not business days, are used in calculating a time for performance in the TREC contract forms. The time for performance is not automatically extended when the last day is on a weekend or legal holiday.

Timing is critical with regard to the option to terminate under Paragraph 7D(1), since strict compliance is expected with regard to the exercise of an option. If the last day for terminating the contract falls on Saturday, December 20, 1999, for example, the buyer would not have the right to exercise the option to terminate after that date. If more time is needed, of course, the buyer and seller could use the Amendment, TREC Form No. 39-1, to extend the option period for an additional option fee.



The new rules bring significant changes to the arena of core education. The majority of the new provisions apply to proprietary real estate schools accredited by the Commission. Specifically, these are the new Rules 535.64, 535.65 and 535.66.

TREC Gets New Director of Licensing and Education



MIA TREDICI NIEMAN was named Director of Licensing & Education for the Texas Real Estate Commission and began her new responsibilities on November 1st.

Ms. Nieman brings to the Commission an outstanding background in government and real estate and is a welcome addition to TREC's leadership team. She was recently Budget Analyst IV with the Texas Natural Resource Conservation Commission where she had been employed since June, 1993. Previously she has worked for the City of Austin and as a Loan Officer for NCNB, Texas, N.A.

Mia graduated from the University of Texas, Phi Beta Kappa. After working eight years as a buyer for retail sales corporations, she returned to the University of Texas and obtained a Master of Business Administration degree with emphasis on Finance and Real Estate. Mia has been a real estate salesperson or broker since 1986. She and her husband, a real estate broker and developer, have two daughters and the family resides in Austin.



Disciplinary Actions

August and September 1999

Aguilar, Sofie Gloria (Houston); license #447435

Agreed reprimand of salesperson license, entered September 23, 1999; Agreed administrative penalty of \$200.00, entered September 23, 1999; failing to pay, within the 60-day period, the \$200 fee required by 22 TAC §535.92(h) of the Rules of the Texas Real Estate Commission (the Rules) for late completion of mandatory continuing education in violation of Section 15B(b) of The Real Estate License Act (TRELA).

Carter, Guy Ramsay (Eules); license #414749

Agreed reprimand of salesperson license, entered September 23, 1999; Agreed administrative penalty of \$200.00, entered September 23, 1999; failing to complete mandatory continuing education hours within the 60-day period provided by 22 TAC §535.92(h) of the Rules in violation of Section 15B(b) of TRELA.

Christensen, Riis M. (Dallas); license No. 317252

Agreed reprimand of broker license, entered September 27, 1999; Agreed administrative penalty of \$200.00, entered September 27, 1999; failing to pay, within the 60-day period, the \$200.00 fee required by 22 TAC §535.92(h) of the Rules for late completion of mandatory continuing education hours in violation of Section 15B(b) of TRELA.

Cuervo, Jose Francisco (Austin); license #142345

Agreed reprimand of broker license, entered September 13, 1999; Agreed administrative penalty of \$500.00, entered September 1, 1999; altering an inspection report to make it appear that an inspection had been performed for another person when it had not in violation of Section 15(a)(6)(W) of TRELA.

Harrington, William Cordell (Garland); license #346490

Revocation of salesperson license; effective September 21, 1999; failing to provide information to the Commission in response to the Commission's requests for same in connection with an application for renewal of real estate salesperson license on inactive status, in violation of Section 15B(b) of TRELA, and 22 TAC Section 535.91(a) of the Rules.

Johnson, Danny L. (Fort Worth); license #380256

Agreed reprimand of broker license, entered September 24, 1999; Agreed administrative penalty of \$200.00, entered September 24, 1999; failing to pay, within the 60-day period, the \$200.00 fee required by 22 TAC §535.92(h) of the Rules for late completion of mandatory continuing education hours in violation of Section 15B(b) of TRELA.

Judge Fite Company, Inc. (Duncanville); license #316490

Agreed reprimand of broker license, entered September 22, 1999; Agreed administrative penalty of \$6,200.00, entered September 22, 1999; following the expiration of a salesperson license through the time the broker became aware the license had expired, broker continued to display the license of the salesperson and failed to advise the salesperson to cease her real estate brokerage activities in violation of Sections 15(a)(6)(F) and 15(a)(6)(W) of TRELA.

Macon, Bob E. (Killeen); license #370896

Agreed 12-month suspension of broker license and additional 6-month suspension probated for nine months, effective August 18, 1999; while performing property management services, failing within a reasonable time properly to account for or remit money coming into his possession which belongs to others in violation of Section 15(a)(6)(E) of TRELA; failing within a reasonable time to provide information requested by the Commission as a result of a complaint to the Commission in violation of Section 15(a)(8) of TRELA.

Mallew Ferguson (Austin); license #313132

Agreed reprimand of broker license; entered September 22, 1999; Agreed administrative penalty of \$200.00, entered September 22, 1999; failing to complete mandatory continuing education hours within the 60-day period in violation of Section 15B(b) of TRELA and 22 TAC Section 535.92(h) of the Rules.

Martha Turner Properties, Inc. (Houston); license #307280

Agreed reprimand of broker license, entered September 13, 1999; Agreed administrative penalty of \$10,400.00, entered September 13, 1999; continued association and sharing of commissions with a formerly sponsored salesperson after license expiration in violation of Sections 15(a)(6)(F) and 15(a)(6)(W) of TRELA.

Morgan, Carrol Sue Sinclair (Spring); license #321698

Agreed reprimand of salesperson license, entered September 27, 1999; Agreed administrative penalty of \$200.00, entered September 27, 1999; failing to pay, within the 60-day period, the \$200.00 fee required by 22 TAC §535.92(h) of the Rules for late completion of mandatory continuing education hours in violation of Section 15B(b) of TRELA.

Painter, Michael G. (Blanco); license 244129

Revocation of broker license, fully probated for 5 years, effective September 30, 1999; engaging in misrepresentation regarding extension of a road within a short time and failing to reveal knowledge of previous failed attempts to extend the road when selling property in his own name and while acting as a real estate broker in violation of Sections 15(a)(3) and 15(a)(6)(V) of TRELA.

R.E.S.A., Inc. (San Antonio); license #434367

Agreed reprimand of broker license, entered September 13, 1999; Agreed administrative penalty of \$7,500.00, entered September 16, 1999; permitting a salesperson to engage in real estate brokerage activities after license expiration in violation of Sections 15(a)(6)(F) and Section 15(a)(6)(S) of TRELA.

Rodriguez, Beverly Bauer (El Paso); license #142345

Agreed reprimand of broker license, entered August 24, 1999; Agreed administrative penalty of \$500.00, entered August 24, 1999; causing compensation for real estate brokerage services to be paid to an unlicensed corporation in violation of Section 15(a)(6)(F) of TRELA; failing to properly file an assumed name with the Texas Real Estate Commission in violation of Section 15(a)(6)(P) of TRELA.

Smith Victoria Ann (San Antonio); license #181839

Agreed 60-day suspension of broker license, effective September 9, 1999; in negotiating a contract for deed transaction, failed to obtain both of the underlying note holders' consent to waive the due on sale clause in the existing deed of trust in violation of 22 TAC Section 531.1 and 22 TAC Section 531.3 of the Rules; broker does not admit and specifically denies that she violated 22 TAC Section 531.1 and 22 TAC Section 531.3 of the Rules.

Wilke, Kathleen Price (Austin); license #197328

Revocation of broker license, effective August 14, 1999; failing to provide information to the Commission in response to the Commission's request for same in connection with an application for renewal of real estate salesperson license, in violation of Section 15B(b) of TRELA and 22 TAC Section 535.91(a) of the Rules.

Licensees to Use New Contract Forms

EFFECTIVE JANUARY 1, 2000, a series of 13 contract forms and addenda promulgated by TREC for mandatory use by licensees are being replaced by new versions developed by the Texas Real Estate Broker-Lawyer Committee. Licensees may use the new forms as they become available.

On September 20, 1999, the members of the Commission adopted amendments to Chapter 537 of the TREC rules to replace forms TREC Nos. 10-2, 29-0, 36-0, 37-0 and 39-0. The forms were revised to make them easier to read and use and to conform with changes in the laws governing owners' associations enacted by the 76th Legislature. The Amendment form, TREC No. 39-0, was modified to permit its use in making a broader range of changes to information inserted in blanks and boxes in the main contract. Two of the new forms, TREC Nos. 36-1 and 37-1, have been in effect since September 1, 1999, under a prior emergency rule.

On November 8, 1999, the members of the Commission adopted additional amendments to Chapter 537 replacing forms TREC Nos. 9-3, 20-3, 21-3, 23-2, 24-2, 25-2, 30-1 and 31-1 on an emergency basis and also proposed adoption of the amendments on a permanent basis. Revision of the second group of contract forms was necessary to ensure that the forms promulgated by TREC contain the notices required by law for many transactions.

Effective January 1, 2000, amendments to the Texas Property Code will require sellers to provide applicable statutory notices to their buyers. Failure to provide a required notice is a statutory ground for the buyer to terminate the contract within the earlier of seven days after the buyer receives the notice or the date the transfer of property occurs. Section 5.011 of the Property Code will require a notice to be given about the possibility of annexation if the property is situated outside the boundaries of a municipality. Section 5.012 of the Property Code also will require a notice to be given if the property is located

in a residential subdivision in which an owners' association may levy assessments on the property owners.

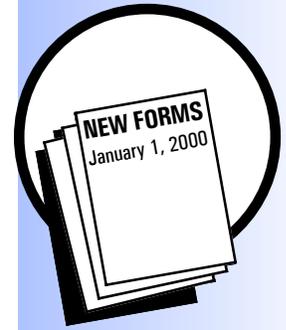
In the applicable contract forms, the §5.011 Property Code notice appears in the list of notices at the end of Paragraph 6. The notice relating to §5.012 appears at the bottom of Paragraph 2. The promulgated contract forms also have been revised to eliminate specific date lines and leave a blank line for the current year to be inserted.

Licensees may obtain copies of the new forms on the TREC web site at <http://www.trec.state.tx.us>. A complete set may also be obtained by mail from TREC for \$10.20, including sales tax and postage. Comments on the forms may be directed to the TREC Office of General Counsel, P.O. Box 12188, Austin, Texas 78711-2188 or to http://www.general-counsel@trec.state.tx.us.

Compensating Real Estate Brokers From Mexico

THE REAL ESTATE LICENSE ACT in Section 14 (a) specifically permits a Texas broker to pay a fee, compensation or commission to a person licensed as a real estate broker in another state provided that the foreign broker does not conduct any brokerage activities within the state of Texas. TREC rules have long interpreted the term "state" to include foreign countries and their governmental subdivisions.

In addition, the law requires that the other broker must be "licensed" as a real estate broker. If a foreign state, such as one of the Mexican states, does not require a license to engage in real estate brokerage, TREC considers the broker to be "licensed" for purposes of Section 14(a) if the person complies with the law of the foreign state and practices there as a real estate broker. A Texas broker may therefore pay a fee, compensation or commission to a real estate broker from Mexico if that broker does not conduct brokerage activities within the state of Texas. Any negotiations in Texas would have to be conducted by a Texas licensee.



FORMS EFFECTIVE January 1, 2000

TREC 9-4
Unimproved Property Contract

TREC 10-3
Addendum for Sale of Other Property by Buyer

TREC 20-4
One to Four Family Residential Contract (Resale) All Cash, Assumption, Third Party Conventional or Seller Financing

TREC 21-4
One to Four Family Residential Contract (Resale) FHA Insured or VA Guaranteed Financing

TREC 23-3
New Home Contract (Incomplete Construction)

TREC 24-3
New Home Contract (Completed Construction)

TREC 25-3
Farm and Ranch Contract

TREC 29-1
Addendum for Abstract of Title

TREC 30-2
Residential Condominium Contract (Resale) All Cash, Assumption, Third Party Conventional or Seller Financing

TREC 31-2
Residential Condominium Contract (Resale) FHA Insured or VA Guaranteed Financing

TREC 36-1
Addendum for Property Subject to Mandatory Membership in an Owners' Association

TREC 37-1
Subdivision Information, Including Resale Certificate for Property Subject to Mandatory Membership in a Property Owners' Association

TREC 39-1
Amendment to Contract

Happy Holidays



From TREC!

Texas Real Estate Licensees Survey continued from page 3.

market sector. In 1998, manufactured housing sales totaled 32 percent of the combined single family building and manufactured housing units on a state-wide basis. The number of manufactured houses sold has increased over recent years. Among those responding to the survey, 9 percent said they had sold a property with a manufactured home at the location. These statistics, however, reflect sales activity prior to action taken during the 1999 session of the Texas Legislature which allows a real estate licensee to sell manufactured homes even when such homes are not classified as real property. Among those who specialize in farm and ranch sales, roughly one-third have sold property with a manufactured home, not unexpected since manufactured homes are more common in unincorporated areas.

MCE: Late, But Not So Bad

Survey results conclude that there is a "relatively high opinion" regarding the quality of mandatory continuing education (MCE) courses taken by licensees. On a scale with 10 as the highest, licensees on average gave MCE courses a 7.8 rating. This may signal that licensees find MCE courses generally acceptable.

Nearly 6 out of every 10 licensees have not taken any MCE courses 90 days prior to their renewal deadline. 58

percent had completed no courses before receiving their license renewal notice. The survey was completed before the change in rules which allow license renewal prior to completion of MCE. Since licensees can take up to 60 days to complete MCE after renewing their license (at an additional cost of \$200), more individuals may wait to take mandatory continuing education courses.

High-Tech Impacts The Profession

Finally, the study concludes that high-tech has indeed permeated the real estate industry to a significant degree. Even though the data does not measure the extent to which a licensee may be active on the Internet, about two-thirds of all respondents did report having an e-mail address. One could safely say that computers, cell phones, faxes, and use of the Internet are almost essential to the operation of the modern real estate professional.

Development of the questionnaire used in the study was provided by the Real Estate Center, with review and editing input from TREC staff. The study was accomplished by including a questionnaire along with TREC real estate license renewal applications mailed during the fall of 1998 and spring, 1999. This was a voluntary, self-selected survey of licensees at the time of renewal. Individuals chose to partici-

Employee of the Quarter

TREC IS PROUD TO ANNOUNCE that Mark Moseley recently received the fourth Employee of the Quarter award for fiscal year 1999.

Mark works in the Administration Division as TREC's General Counsel. Mark has been with the Texas Real Estate Commission since 1974, when he was first employed as a staff attorney. Mark was TREC's Director of Enforcement for twelve years and has served as General Counsel since 1989.

Mark advises Commission members as well as TREC staff on legal and ethical issues. He drafts legislation, prepares interpretations of proposed legislation for staff, and assists in the development of procedures interpreting the law and TREC rules. Mark handles claims against TREC recovery funds and serves as liaison to the Texas Real Estate Broker-Lawyer Committee and to the Texas Real Estate Inspector Committee.

TREC considers Mark a valuable asset and commends his professionalism and dedication to the work of the Commission.

pate by taking the time to complete and return the survey with their renewal. Approximately two-thirds (64%) of the sample were licensed salespersons, with the remainder (36%) being brokers. Active licensees constituted 80 percent of those responding.

TREC welcomes future successful collaborative efforts in conjunction with the Real Estate Center so that the ever-changing needs of consumers and real estate professionals can be met.