

# TREC FAQs - Late Renewal and Expired Less than One Year

## Late Renewal FAQ's

### Renewal of Real Estate License – Timely or Expired Less Than One Year

**Q. My license has been expired for less than one year, how do I renew the license?**

- A. As of September 1, 2010, if you completed your MCE before your license expired, use the Application for Renewal of Real Estate License – Timely or Expired Less Than One Year, submit Sponsorship Form-3 and pay the renewal fee.

**Q. My MCE hours were not completed by the license expiration date. How do I renew my license on active status?**

- A. You must submit the Application for Renewal of Real Estate License – Timely or Expired Less Than One Year, submit Sponsorship Form-3 and pay the renewal fee. Since the MCE hours were not completed by the license expiration date, a \$200.00 late MCE fee and the required hours must be submitted within 60 days of the license expiration date. Should the hours not be completed or the fee paid within 60 days, the license will be made inactive and the \$200.00 late MCE fee as well as a \$250.00 late MCE reporting fee will be required.

**Q. If a person with an expired license renews on the 61st day without completing their MCE, what fees apply?**

- A. The person must pay the applicable renewal fees, as well as a \$200 MCE deferral fee, and a \$250 late reporting fee.

**Q. If a person takes the MCE after they expired, but before they renew, will they owe the late MCE fee?**

- A. If the person takes their MCE not later than the 60<sup>th</sup> day after the expiration date of their license, they will owe \$200 plus the applicable renewal fee. If the person takes the MCE after the 60<sup>th</sup> day, the license will be made inactive and they will owe a \$200 MCE deferral fee, a \$250 late reporting fee, and the applicable renewal fees.

**Q. What do I do if I have been expired for more than one year and want to renew?**

- A. There is no change in the way a late renewal is handled if the license has been expired for more than one year. You must submit the appropriate late renewal application and fees.

**Q. Why do I use a different form if my license has been expired for less than one year?**

- A. Under the License Act and Rules of the Commission, a person with an expired salesperson or broker license may renew the license by paying the appropriate fees if it expired less than one year before the renewal application is filed. For this reason you must use the Application for Renewal of Real Estate License – Timely or Expired Less Than One Year.

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**Q. What is the term of the license once I receive it?**

A. The license term will issue for two years.

**Q. Does this mean that the license is retroactive?**

A. Yes. If your license expired and you renew it within the one year period, you are considered to have been licensed for the period in which your license was expired. However, the retroactive period will be considered inactive unless you provide proof of sponsorship during that period.

**Q. I am a salesperson. If my license expires and I renew within one year, will I need sponsorship for the period of time my license was expired?**

A. If you want your license to have been considered an active license, you must obtain sponsorship for the period of time in which your license was expired. You must submit Sponsorship Form – 3 and have your sponsoring broker sign and check the box under 2(A). By doing so, the broker agrees to be responsible for any real estate brokerage activity you engaged in after your prior license expired but before you filed your renewal.

**Q. I cannot find a broker willing to sponsor me while my license was expired. Can I still renew the license?**

A. Yes. However, if you cannot find a broker willing to sponsor you while your license was expired, your license will be considered inactive during that period.

**Q. What if a person who was expired performed real estate activities while inactive or expired but were not sponsored or they were expired more than a year?**

A. That licensee will be subject to disciplinary sanctions for any real estate brokerage transactions conducted during the period of time the licensee was expired or inactive and is not eligible to receive commissions from other brokers for transactions negotiated during the period of time the license was expired or inactive.

**Q. What if I file my late renewal application right near the end of the one year timeline and the renewal application is incomplete in any way?**

A. You may not be able to renew your license using this form and you will then need to file a late renewal application form for a license that has been expired for more than one year.

## Salesperson Sponsorship Forms 1, 2 and 3

### Salesperson Sponsorship Form -1

**Q. When do I use the Salesperson Sponsorship Form-1**

- A. Salesperson Sponsorship Form-1 is only used if you have a current license. It should be used when changing from one broker to another, or changing from inactive to active status. The license must be current and not expired to use this form.

### Salesperson Sponsorship Form-2

**Q. When do I use the Salesperson Sponsorship Form-2?**

- A. This form is used when applying for a sponsorship for the FIRST time or after a license has been expired for 6 years or more.

### Salesperson Sponsorship Form -3

**Q. When do I use the Salesperson Sponsorship Form-3?**

- A. This form is used when applying for a sponsorship for a license that has been expired less than one year. You must obtain sponsorship for the period of time in which your license was expired

**Q. Will the sponsoring broker, by signing the sponsorship form attesting to the late renewal sponsorship, be accepting full responsibility and liability for any unlicensed activity by the licensee prior to the licensee's license being reactivated? If so, what types of action might a broker face if the broker had no actual knowledge of violations by the licensee during the period the licensee was expired, should any surface after the broker signed the sponsorship form?**

- A. The sponsoring broker would be responsible for any and all real estate brokerage activities of the licensee that occurred while the licensee was expired, whether the broker had actual knowledge or not.

## General Questions:

- Q. If a licensee late renews within one year and is activated back to the date of expiration, can a commission be paid to that licensee for transactions closed during the term of lapse?**
- A. Yes. Currently, when a real estate salesperson or real estate broker renews a license issued by this agency within 364 days after the expiration date of that license, the renewal is effective back to the original expiration date and the salesperson is entitled to receive compensation earned for any brokerage services performed during the period from the expiration date through the late renewal date.
- Q. What if a licensee has conducted real estate brokerage activity while his or her license was expired and can only find a broker who will sponsor the licensee “from the license renewal issue date forward”?**
- A. That licensee will be subject to disciplinary sanctions for any real estate brokerage transactions conducted during the period of time the licensee was expired (the license will be reinstated inactive for that period) and is not eligible to receive commissions from other brokers for transactions the licensee negotiated during that period of time.
- Q. How will complaints be handled against a licensee who has expired but has been expired less than one year?**
- A. TREC has jurisdiction over unlicensed activity and has authority for pursuing existing complaints under Sec. 1101.661 which states that the commission may issue a final order in a proceeding under this subchapter or Subchapter O regarding a person whose license has expired during the course of an investigation or administrative proceeding. Letters to licensees (and their brokers as appropriate) will point out that they can avoid disciplinary action for unlicensed activity by late renewal of their license in accordance with TREC rules.
- Q. Can TREC take disciplinary action against a person with an expired license if it has been expired for less than one year since it could be renewed by the licensee at any time during that year?**
- A. Yes. TREC has the authority to take disciplinary action against a person with an expired license. TREC also has jurisdiction to assess administrative penalties over persons engaging in unlicensed activity.
- Q. Can a person be criminally prosecuted for unlicensed real estate brokerage activity during the one-year period in which they can renew their license?**
- A. TREC has no jurisdiction over criminal prosecution for unlicensed activity; the local district or county attorney would make that determination.

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**Q. Does this new procedure to renew an expired license within one year of expiration work for licensees with an inactive license who wish to retroactively change their license status from inactive to active?**

**A.** No. The process only applies to the renewal of a license within one year from the date the license expires. A licensee cannot retroactively change their license from inactive to active status.

**Q. The sponsoring broker license expires and the salespeople go inactive. Two months later the broker submits a late renewal and receives a retroactive license. What happens to the salespersons sponsored by the broker? Will they be required to submit sponsorship forms and fees? Will the salespeople have any inactive time during this period?**

**A.** The salespersons sponsored by the broker will be notified that their license status changed to inactive when the broker's license expired. They will be required to submit Salesperson Sponsorship Form-1 and \$20 fee to get sponsored by the former broker or a new broker.