

# TREC Housekeeping Bill

## Effective Dates

Senate Bill 747 amends The Real Estate License Act (the Act) to provide additional education, experience and accountability standards for TREC licensees, as well as several cleanup provisions. The effective date of the bill is September 1, 2011, but various provisions in the bill have different effective dates as described below.

### *Effective September 1, 2011*

#### **Education Improvement**

- ◆ The commission is authorized to deny accreditation of an education program if an applicant owns or controls, or has owned or controlled, an education program that has been revoked.
- ◆ The bill authorizes the commission to take the same types of disciplinary action against educational programs accredited by the commission as it is authorized to take against other types of licensees regulated by the commission.

#### **Housekeeping Measures**

- ◆ The commission is authorized to solicit and accept gifts, grants and donations.
- ◆ Applicants and licensees are required to provide to the commission and notify the commission of any changes to the person's current mailing address, telephone number and email address, if available, as of September 1<sup>st</sup>, 2011 for applicants, and as of December 1<sup>st</sup>, 2011 for licensees.
- ◆ The period in which an applicant must satisfy an examination requirement increased from six months to one year after filing an application.
- ◆ The maximum period of time in which a person can "late renew" a license with monetary penalties decreased from one year to six months.

#### **Broker Accountability Measures**

- ◆ A licensed business entity is required to obtain errors and omissions insurance with coverage of at least \$1 million if the designated broker owns less than 10% of the entity.
- ◆ A business entity that receives compensation on behalf of a license holder must be licensed as a broker.
- ◆ Any type of business entity that engages in real estate brokerage and that is required to be registered with the Secretary of State to do business in Texas is required to be licensed as a broker.
- ◆ The bill eliminates the exception for licensure for a partnership or limited liability partnership acting through a partner who is a licensed broker.
- ◆ The definition of "broker" is amended to clarify the distinction between written "price opinions" routinely performed by brokers and "appraisals" of real property that require licensure under Occupations Code Chapter 1103.
- ◆ The definition of "broker" is amended to include a person who controls the collection or acceptance of rent from a resident of a single family residential unit, and such activity requires licensure under the Act.
- ◆ An attorney licensed in a state other than Texas needs to be licensed in Texas if the attorney engages in real estate brokerage in this state.

*The agency exists to safeguard the public interest and protect consumers of real estate services. Through education, licensing and regulation, the agency ensures the availability of qualified and ethical service providers, thereby facilitating economic growth and opportunity in Texas.*



## *Effective December 1, 2011*

### **Education Improvement**

- ◆ The first time examination pass rate benchmark for evaluating pre-license education programs will change from 55% to the average percentage of examinees for the license type.
- ◆ An education program accredited by the commission will be required to meet or exceed the benchmark for each license category before the commission may renew the program's accreditation for that license category.

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- ◆ Fingerprinting and background checks will be required for an application for or renewal of an easement or right-of-way certificate.

## *Effective January 1, 2012*

### **Experience Requirements for a Broker License**

- ◆ An applicant for a broker license will need to have at least four years of active experience as a license holder during the five year period preceding the date the application is filed.
- ◆ The active experience requirement will include evidence of direct engagement in licensed real estate activities.

## *Effective September 1, 2012*

### **Education Improvement Measures**

- ◆ Pre-license education requirements for a salesperson license will change from 210 total to 180 core hours in designated topic areas.
- ◆ An initial salesperson license will be issued for a two-year "apprenticeship" period.
- ◆ "Related" education requirements will no longer be required, but the education requirements for the first renewal of a salesperson license will increase from 60 to 90 additional core hours.
- ◆ The total number of hours needed for the first renewal of a salesperson license will remain at 270 hours.
- ◆ Brokers who sponsor salespersons, and any licensees (either brokers or salespersons) who are authorized by brokers to supervise other licensees will be required to take a 6-hour Mandatory Broker Responsibility course to renew a license.