

Legal Update and Ethics MCE

Instructor Supplement

Edition 5.1



March 2012

Note to Instructors

Texas real estate licensees face a changing marketplace in which quick decisions can make the difference in closing a transaction. Maintaining competence in this increasingly competitive profession demands that licensees receive up-to-date information on ethics and legal issues. The goal of the 5th editions of *Legal Update MCE and Ethics MCE* is to increase licensees' knowledge of legal issues and to update them on recent changes. New TREC and legal cases replace cases presented in earlier editions. Instructors are encouraged to use additional materials, such as presentation software or other visual aids to enhance their presentations.

Textbooks are available for download on the TREC website:
<http://www.trec.texas.gov/education/main-providers.asp>

Ethics MCE Objectives

Chapter

Objectives

The Five Canons

- » Recall the five canons
- » Compare procedures for TREC complaints and association complaints

Agency Relationships

- » Give examples of customers and clients
- » Describe real estate fiduciary duties
- » Evaluate current intermediary practices
- » Comprehend correct use of residential service company disclosure

Contract Issues

- » Give example of correctly determining effective date
- » Demonstrate items that can be included in the special provisions section
- » Describe the as-is clause
- » Outline electronic signatures rules provisions
- » Explain short sale addendum
- » Explain backup addendum

Defect Disclosure

- » Define a property defect
- » Describe a correctly completed property condition disclosure
- » Describe exceptions to seller's disclosure form

Advertising

- » Define advertising
- » Identify misleading advertising

Intellectual Property

- » Describe copyright laws
- » Analyze correct use of copyrighted material

Dispute Resolution

- » Differentiate between mediation and arbitration
- » Summarize use of dispute resolution

Section 535 Changes

- » Recall Section 535 changes
- » Summarize effect of changes on real estate practice

Property Management

- » Identify TREC rules addressing property management
- » Analyze rules for necessary changes to brokerage practice

TREC Cases

- » Describe legal issues in each case
- » Evaluate current practice in light of legal decisions

Legal Update MCE Objectives

Chapter

Legislative Changes

Objectives

- » Describe changes to the License Act
- » Explain impact of legislative changes and their effects on real estate practice

Hot Topics

- » Understand how title company is chosen in a transaction
- » Recall changes to homeowners association regulations
- » Describe changes to 1-4 Family Contract
- » Distinguish joint tenancy and tenant in common
- » Compare types of executory contracts
- » Interpret fair credit reporting effect on property managers
- » Recall HUD interpretive rule on residential service companies and disclosure form

Case Studies

- » Define property defect
- » Define special agency status of real estate licensees
- » Explain multiple disclosures
- » Demonstrate understanding of DTPA
- » Apply case law to brokerage situations