

TREC HOUSEKEEPING BILL

Senate Bill 747 amends The Real Estate License Act (the Act) to provide additional education, experience and accountability standard 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.

Education Improvement Measures

- Pre-license education requirements for a salesperson license will change from 210 total to 180 core hours. 9/1/12.
- 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 core hours. 9/1/12.
- The total number of hours needed for the first renewal of a salesperson license will remain at 270 hours. 9/1/12.
- The first time examination pass rate benchmark for pre-license education programs will change from 55% to an average percentage of examinees. Rules must be adopted by 12/1/11.
- 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 category. Rules must be adopted by 12/1/11.
- The commission will be authorized to deny accreditation of an education program if an applicant owns or controls, or has owned or controlled an educational program that has been revoked. 9/1/11.
- 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. 9/1/12.

Broker Accountability Measures

- A licensed business entity will be required to obtain errors and omissions insurance of at least \$1 million if the designated broker agent of the entity owns less than 10% of the entity. 9/1/11.
- A business entity that receives compensation on behalf of a license holder will be required to be licensed as a broker. 9/1/11
- The bill eliminates the exception for licensure for a partnership or limited liability partnership acting through a partner who is a licensed broker. 9/1/11.
- Any type of business entity that engages in real estate brokerage and that is required to be registered to do business in Texas with the Secretary of State the bill will be required to be licensed as a broker. 9/1/11.
- The definition of "broker" is amended to clarify the distinction between written price opinions routinely performed by brokers and appraisal of real property that requires licensure under Occupations Code Chapter 1103. 9/1/11.
- The definition of "broker" is amended to include a person who controls the collection or acceptance of rent from a single family residence and such activity would therefore require licensure under the Act. 9/1/11.
- An attorney licensed in a state other than Texas will need to be licensed in Texas if the attorney engaged in real estate brokerage in this state. 9/1/11.

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 preceding 5 year period before the date the application is filed. 1/1/12.
- The bill authorizes the commission to establish “active experience” by rule.

Housekeeping Measures

- The commission is authorized to solicit and accept gifts, grants and donations. 9/1/11.
- Applicants and licensees will be 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. 9/1/11 for applicants, 12/1/11 for licensees.
- The period in which an applicant must satisfy an examination requirement will increase from six months to one year. 9/1/11.
- The maximum period of time in which a person can late renew a license with monetary penalties will decrease from one year to six months. 9/1/11.
- Fingerprinting and background checks will be required for an application for or renewal of an easement or right of way certificate. 12/1/11.
- 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 licenses regulated by the commission. 9/1/11.