



TEXAS REAL ESTATE COMMISSION

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PRESS RELEASE

COMMISSION ADDRESSES CONSUMER DISCLOSURE PROPOSAL;
MOVES TO EXPEDITE REVIEW OF REAL ESTATE CURRICULUMS;
MAKES PROGRESS ON ENFORCEMENT CASES

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FOR IMMEDIATE RELEASE:

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The Texas Real Estate Commission (TREC) discussed requiring a newly proposed consumer disclosure statement during their meeting held on Monday, May 4, in Austin. Commission Chairman Jay Brummett explained that there is a real need for added disclosure to protect prospective buyers of real estate when non-standard addendums are added to residential contract forms that are generally used and promulgated by the Real Estate Commission. While the Commission took no action on requiring further disclosure at this time, the Chairman said he will request the Commission's Broker-Lawyer Advisory Committee review the proposal and provide comments.

"When non-standard addendums are added," Brummett said, "the contract goes through a metamorphosis to become an entirely different document from what may have been originally intended. Unfortunately, real estate licensees who are acting as an agent on behalf of prospective buyers are oftentimes unable to adequately advise their clients about the material legal or technical changes that occur as a result of such addendums. A proposed contract can, in effect, be revised to give sellers an overwhelming advantage without the knowledge of the consumer.

"To make matters even more confusing," Brummett said, "the original contract can be written on a standard promulgated TREC form which can inadvertently lead consumers to mistakenly assume that no unique or special contractual provisions exist. In fact, non-standard addendums can be both lengthy and complicated, resulting in a total change of character in the contract document."

Under the proposal which the Commission discussed, consumers would be advised that non-standard addendums are not part of the residential contract forms generally used and promulgated by the Real Estate Commission. Whenever non-standard addendums are attached to prospective

contracts, real estate licensees would be required to provide a disclosure form before the contract is signed. The disclosure itself would give consumers notice that addendums may alter a person's rights and duties under the contract and therefore should be reviewed carefully to determine if it is acceptable. It would further suggest seeking legal counsel if there are any questions regarding the addendum or other contractual provisions.

Also during their meeting Commissioners welcomed a TREC staff report showing that a prior backlog of licensee compliance cases in the agency's Enforcement Division has experienced a net decrease over the past two months. A total of 623 cases are currently pending, which is a significant net decrease since February when 740 cases were under review. TREC Administrator Wayne Thorburn attributed the progress shown to a concerted effort by the Enforcement Division staff in recent weeks to act upon cases that had been pending for some period of time. "Despite the upturn in real estate transaction activity throughout the state," Thorburn said, "we have improved our ability to not only keep pace with regulatory and compliance cases, but to more efficiently resolve them at a timely rate that exceeds the number of complaint cases being received."

A number of other actions were taken by the Commission to help accommodate the state's trend of increasing activity in the real estate sector.

Members voted to give Commission staff authority to approve real estate education courses, continuing education providers, and instructors so that new curriculum materials can be offered to applicants and licensees on a more timely basis. Until now, once staff members had reviewed proposed applications and prepared a recommendation for approval, they were required to wait for a formal vote of the Commission before courses could actually be taught. Staff approval authority is meant to assure compliance with standards of quality in real estate education through a process that is less cumbersome and not as time consuming. Commissioners advised TREC staff, however, that if any extenuating circumstances or problems arise in reviewing various applications, the Commission itself should be consulted prior to any approval.

In further action, Commissioners approved a plan to undertake a comprehensive review of TREC regulations. This is part of a review that is required among all state agencies to reassess each and every regulatory provision currently in effect. It will be a thorough examination to determine whether the original justification for adopting each agency rule and regulation remains valid. Unnecessary or duplicative provisions will be sorted out, appropriate revisions can be made, and if a regulation is no longer relevant, it can be totally repealed.

For the remainder of this year, plans call for rule reviews pertaining to Canons of Professional Ethics and Conduct for Real Estate Licensees; Practice and Procedure; General Administration; as well as Professional Agreements and Standard Contracts.

The Commission also gave detailed consideration to proposed changes in standard real estate inspection report forms that are issued by TREC. TREC's Inspector Advisory Committee provided input and suggestions concerning how the forms can be modified to meet current inspection standards. It was proposed that a simplified and shorter form be utilized that will give inspectors added discretion in providing notations they feel would be useful in informing and advising consumers of relevant inspection information. Suggested changes put forth by the advisory committee were accepted, and the Commission will consider final adoption of the new inspection forms during its next meeting in June.