



TEXAS REAL ESTATE COMMISSION

Mailing Address: P.O. Box 12188 • AUSTIN, TEXAS • 78711-2188

Phone: (512) 459-6544 Fax: (512) 465-3910

World Wide Web: <http://www.trec.state.tx.us>

PRESS RELEASE

TEXAS REAL ESTATE COMMISSION EXPLORES LEGISLATIVE PROPOSALS AND ADOPTS EDUCATION RULE CHANGES

FOR MORE INFORMATION CONTACT:
Ron Servis
Texas Real Estate Commission

FOR IMMEDIATE RELEASE:
Wednesday, September 16, 1998

Texas Real Estate Commission (TREC) members have begun the process of determining what legislative proposals they would recommend for submission during the 1999 session of the state legislature. During their meeting on Monday, September 14, Commissioners reviewed several topics for potential legislative consideration and directed TREC staff to prepare specific proposals for further review.

Ten issues were addressed by the Commission and will be given further consideration in October before deciding whether to include them in TREC's legislative package. Consumer protection issues include proposals to increase real estate inspection recovery fund limits; eliminate bankruptcy restrictions on payment from recovery funds; and, authorize the Commission to assess fees for the real estate and real estate inspection recovery funds on a more timely and equitable basis.

Education proposals under consideration by the Commission include a proposal to allow TREC to modify core curriculum content; increase real estate inspectors' mandatory continuing education (MCE) requirements; modify salesperson education requirements; authorize complaints against licensees for failure to meet MCE requirements during a 60-day grace period following license renewal; and increase transcript evaluation fees.

Complaints regarding unlicensed real estate activities presented a further issue for Commission

More

review. In a move to address this major concern, Commissioners will be seeking clarification of TREC's legal ability to directly file injunctive actions in state court to stop any individual who does not hold a license from engaging in real estate business practices. The possibility of legislative amendments will be considered as a means of pursuing such cases.

In other action, Commissioners adopted two education related rule changes. One of the changes establishes a grace period for completion of MCE requirements in order to have an active real estate license renewed. Under this provision, to be made effective for licenses that expire on or after March 31, 1999, if licensees have not completed their MCE course work they may still renew their active license without interruption. An additional fee of \$200 and completion of MCE course work would be required within 60 days following their renewal.

This provision is thought to be helpful not only to licensees individually, but especially to salespersons working under sponsorship of real estate brokerage agencies. A sponsoring broker will now be able to have a license renewed without interruption, as well as avoid disrupting the practice of any salespersons they employ.

A second rule was approved by the Commission as an added precaution against divulging the contents or answers contained in real estate licensing examinations. Under the new rule, all real estate course instructors or providers will be required to read aloud to their students the full text of the TREC rule that prohibits discussion of examination contents or answers. This requirement regarding test confidentiality must be read at the beginning of each exam preparation course offered by the provider.

Discussions were held regarding three additional issues on which the Commission plans to give further consideration and take final action during their October meeting. First, an interim report was presented concerning staff research on the subject of real estate advertising by way of the Internet and other alternative electronic means.

Second, as part of TREC's ongoing rule review process, Commissioners examined a proposed amendment to eliminate 30 sections of rules governing procedures for rule making and contested cases. In their place, it is proposed that nine new sections be adopted, along with appropriate

More

reference to the Texas Administrative Procedure Act, in order to simplify and condense these particular requirements. Unique and technical rules needed for the Commission in carrying out its regulatory responsibilities would, however, be retained within the new provisions.

The issue of “after-the-fact” referral fees was also considered. This issue pertains to fees that are requested for client referral by relocation services or affinity groups after a listing agreement or contract for sale has been signed. Problems are frequently encountered when such fees are demanded “after-the-fact,” or after a broker has already established a contractual relation with a client without knowledge of the client’s prior involvement with relocation firms or affinity groups.

During the course of the sale process, many brokers are suddenly and unexpectedly faced with the prospect of having to pay a significant portion of their commission for “after-the-fact” referral claims from relocation providers. Brokers may have little choice but to pay such claims, or else risk the loss of a successful sale and forfeiture of a continuing business relationship with relocation and referral organizations.

Commissioners will give further consideration to all of these issues at their October 26 meeting, along with recommendations for prospective measures governing such activities.