



# TEXAS REAL ESTATE COMMISSION

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## PRESS RELEASE

### TEXAS REAL ESTATE COMMISSION SCRUTINIZES UNLICENSED ACTIVITY;

### ALSO ELIMINATES THIRTY PROCEDURAL RULES

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FOR IMMEDIATE RELEASE:

Wednesday, December 9, 1998

At its meeting held on Monday, December 7, members of the Texas Real Estate Commission (TREC) expressed major concern over real estate business activities being conducted by persons who do not hold a valid sales or broker license. Commissioners adopted a resolution requesting that legislation be introduced giving TREC enhanced legal authority to administratively impose fines upon individuals who continue to engage in these practices. Proposed administrative sanction authority would be similar to that of several other state regulatory and professional licensing agencies.

On a related issue Commissioners noted that standard real estate contract forms promulgated by TREC, which can be obtained as a matter of public information through the agency's web site, are purportedly utilized by unlicensed individuals to buy and sell property. These forms are very complex and should only be completed by licensed salespersons or brokers who know how, and under what conditions, each type of form can be legally used. "TREC will be doing a great disservice to consumers and the real estate industry if we do not correct any mistaken impression that we condone the use of standard contract forms by individuals who are not licensed to practice real estate," said Commission Chairman, Jay Brummett.

As a result, Commissioners directed that an advisory notice be printed on all standard contract forms, as well as posted on the TREC web site and published in the agency's *Advisor* newsletter, stating that the forms are intended for use by persons who have been trained and are qualified as licensed real estate salespersons or brokers. This action would not interfere with an individual's legal right to sell their own property. But the notification will alert consumers to the technical and legal nature of contractual agreements, and suggest that they confer with licensed real estate professionals or legal counsel before signing any standard contract forms.

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In other action, the Commission eliminated 30 rules that establishes procedures for resolving disputed complaints or contested enforcement cases, as well as creates guidelines for future development of any new or amended regulatory provisions. As part of the agency's comprehensive rule review process, these deleted requirements are considered to be outdated or unnecessary especially in view of other existing statutory provisions. The requirements will be replaced with only nine simplified and revised rules based upon the state's overall Administrative Procedure Act. Chairman Brummett commented, "Whether we are reexamining current procedural regulations or responding to new business practices, such as real estate advertising by way of the Internet, TREC must fully meet its legal obligations without imposing more rules than are effectively needed. These particular changes offer a more efficient regulatory approach without compromising our ability to protect Texas consumers or provide capable and honest real estate licensees."

Commissioners received specific recommendations for rule amendments to apply existing real estate advertising requirements to the Internet and similar means of electronic communication. No new statutes or additional sections of rules would be needed to include Internet activities under current real estate advertising standards. A formal proposal will be prepared for public comment and further consideration at the Commission's next meeting on Monday, January 11, 1999.

Other matters to be considered at the next meeting will include draft guidelines for "after-the-fact" referral fees; simplification of attendance records for mandatory continuing education real estate courses; and the question of whether limitations are warranted on the number of real estate license exams that can be repetitively taken by applicants over certain lengths of time.