

SUMMARY OF HOUSE BILL 695

Sections 1-15 of the bill amend The Real Estate License Act, Article 6573a, Texas Civil Statutes. Section 16 of the bill amends The Residential Service Company Act, Article 6573b, Texas Civil Statutes.

- requires a person desiring a salesperson license to apply for an inactive license without a sponsoring broker and provides that an inactive salesperson cannot practice until sponsored by a broker who has notified the Texas Real Estate Commission (TREC) of the sponsorship and paid the fee for issuance of an active license.
- authorizes TREC to prescribe the content of core real estate courses. An applicant for a broker license would be required to complete 18 semester (270 classroom) hours of core real estate courses, an increase of 90 classroom hours over current law. The total number of classroom hours for a broker license (900) would be unaffected. An applicant for a salesperson license would be required to complete 8 semester (120 classroom) hours of core courses, 60 classroom hours of which must be in Principles of Real Estate, an increase of 30 hours over current law. The total number of classroom hours for the salesperson license (180) would be unaffected.
- authorizes TREC to prescribe the title, content, and duration of continuing education (MCE) courses required of real estate licensees.
- removes a specific date for determining whether the balance of the real estate recovery fund has fallen below \$1 million and authorizes TREC to adopt rules to provide for collection of assessments whenever TREC determines assessments should be made to ensure availability of sufficient funds to pay claims. A requirement that claimants show the judgment is not subject to a stay or discharge in bankruptcy would be removed.
- increases the maximum fee TREC may charge for requesting a real estate examination from \$50 to \$100. The fee for a transcript evaluation would be increased from \$15 to \$20.
- strikes language that appears to restrict who may file a complaint and provides that reprimands and administrative penalties also may be imposed for violations listed in Section 15(a). Agreements for services to be performed by licensees would be excluded from the provisions of Chapter 39 of the Business & Commerce Code relating to notice and cancellation. The Internet is added to the kinds of advertising subject to the requirements of Section 15(a)(6)(P) of the Act.
- permits the members of the commission to authorize staff to file complaints and act against licensees who fail to complete continuing education courses under the TREC rule relating to license renewal or who fail to provide information in connection with a renewal application.
- upgrades the criminal offense for acting as a real estate broker, salesperson, or easement or right-of-way agent without a license or registration from a Class B to a Class A misdemeanor, consistent with the amendment to Article 6573a.1 adopted in 1999.
- authorizes TREC to assess administrative penalties not to exceed \$1000 against any person who violates the Act or a rule or order adopted by the Commission. If the person

charged with the violation was engaged in unlicensed activity and was not licensed as a broker or salesperson in the four year period preceding the date of the violation, TREC would be authorized to consider each day the violation continued or occurred a separate violation for the purposes of penalty assessment. The section permits delegation of authority by the administrator to another employee and corrects a citation to the Administrative Procedure Act. The section also permits delegation of authority to the staff hearings officer to conduct hearings and assess penalties. Administrative penalties paid by unlicensed persons would be deposited into either the real estate recovery fund or the real estate inspection recovery fund.

- removes a late license renewal provision for inspectors and eliminates an additional fee for certain late renewal applications. Persons whose licenses expire would be required to file another application for a license with no additional education or examination required for a two-year period.
- authorizes TREC to charge a fee not to exceed \$20 for the filing of a request to issue an inspector license relating to a change of name, return to active status, or change in sponsoring professional inspector.
- increases inspector continuing education from 4 to 8 hours per year for real estate inspectors and from 8 to 16 hours per year for professional inspectors.
- upgrades the criminal offense for acting as an inspector without a license from a Class B to a Class A misdemeanor, consistent with the amendment to Article 6573a.1 adopted in 1999.
- eliminates a specific date for determining whether the balance of the real estate inspection recovery fund has fallen below \$300,000. TREC would be authorized to adopt rules to provide for collection of assessments whenever TREC determines assessments should be made to ensure availability of sufficient funds to pay claims. A requirement that claimants show the judgment is not subject to a stay or discharge in bankruptcy would be removed. The maximum payments would be increased from \$7,500 to \$12,500 per transaction and from \$15,000 to \$30,000 per inspector.
- upgrades the criminal offense for acting as a residential rental locator without a license from a Class B to a Class A misdemeanor, consistent with the amendment to Article 6573a.1 adopted in 1999.
- authorizes the commission to delegate authority to a staff hearings officer to conduct hearings and enter final decisions in contested cases involving residential service companies. A final decision of a hearing examiner would be appealable to the commission as provided by commission rule. A residential service contract would be excluded from the provisions of Chapter 39 of the Business & Commerce Code relating to notice and cancellation.
- Takes effect September 1, 2001. Changes in real estate broker or salesperson education requirements first apply to applications filed on or after January 1, 2002. Changes in continuing education requirements for inspector licenses first apply to renewals of licenses expiring December 31, 2001.