



THE HISTORY OF THE REAL ESTATE LICENSE ACT

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The Legislature's continuing intent to provide protection for the public in its dealings with real estate agents is evidenced by amendments to The Real Estate License Act in 1955, 1963, 1967, 1971, 1975, 1979, 1981, 1983, 1985, 1987, 1989, 1991, 1993, 1995, 1997, 1999, 2001, 2003, 2005, 2007, and 2009 providing the following:

The 1955 amendments required applicants for original licensure to pass a written examination as one step in qualifying for licensure and required each licensee to post a bond for the protection of the public.

The 1963 amendments required applicants for broker licensure either to have been a licensed salesman for one year or to have successfully completed 30 classroom hours of study in basic real estate courses approved by the Commission.

The 1967 amendments increased the prerequisites for applying for broker licensure to one year of licensure and 90 classroom hours of study in courses approved by the Commission or certified by accredited institutions of higher education. It also provided that after one has been licensed as a salesman for one full year, as a prerequisite to that licensure renewal, he must have completed 30 classroom hours of study in courses as aforesaid.

The 1971 amendments provided for the establishment of a Real Estate Research Center in the Department of Agriculture at Texas A&M University.

The 1975 amendments rearranged the License Act to aid in its administration. In addition, the following substantive changes were made:

1. The definition of "real estate broker" was expanded to include salesmen for subdividers and "advance fee" operators.
2. The broad "regular employee" exemption was removed.
3. Commissioners' per diem was increased.
4. Residency requirements to establish eligibility to apply for licensure were increased to six months.
5. The prerequisites for applying for broker licensure were increased to two years of licensure and 180 class hours of study in courses approved by the Commission or certified by accredited institutions of higher education. Also, as a prerequisite to applying for salesman licensure, the applicant must have completed 30 classroom hours of study in courses accepted by the Commission and on the second and third certification of salesman licensure privileges the applicant/licensee must show evidence of completion of an additional 30 classroom hours of study in connection with each certification. Beginning January 1, 1977, an applicant for salesman licensure must have completed 90 classroom hours of study or six semester hours.
6. Real Estate Recovery Fund provisions were put into the Act to replace surety bond requirements. The monies have been invested as reflected in Note 3.
7. Changes were made in the section of the Act concerning violations with a view to raising the level

of responsibility required of the licensee when dealing with the public.

Effective September 1, 1979, amendments to the Act made the following changes:

1. The number of Commissioners was increased to nine; the additional three members must be representatives of the general public who are not licensed as brokers or salesmen and have no financial interest in a real estate practice.
2. Terms of appointees named to replace incumbents will expire on January 31 of odd-numbered years; officers will be elected in February of each year.
3. Commission Rules opposed by standing committees in both houses of the legislature will not take effect or be repealed on receipt of opposing statements.
4. Persons required by law to register as lobbyists are prohibited from serving as the Commission's general counsel and Commission members.
5. The Commission is expressly subject to the Open Meeting Law and the Administrative Procedure and Texas Register Act.
6. Lawfully admitted aliens may apply for licensure; the residency requirement was reduced to 60 days.
7. Nonresidents licensed as brokers by other states and Texas residents may apply for broker licensure if they:
 - a. Meet the requirements of Section 7(c); or
 - b. Satisfy requirements effective on or after January 1, 1985; or
 - c. Satisfy current educational requirements and furnish proof of broker licensure in another state with not less than two years active experience in the other state as a salesman or broker during the 36-month period preceding the filing of the application; or
 - d. Have been licensed within the previous year as a broker by the Commission.
8. Salesman applicants who have been licensed within the preceding year are not held to current educational requirements although continuing educational requirements must be met.
9. The Commission is obligated to provide examination results within 30 days of the completion of an examination.
10. Applicants for original licensure must complete at least three classroom hours of course work on federal, state, and local laws governing housing discrimination, housing credit discrimination, and community reinvestment or at least three semester hours of course work on constitutional law.
11. Procedures for obtaining payment from the Real Estate Recovery Fund were streamlined, and the limit for a single transaction was increased to \$20,000.00; the aggregate limit per licensee was increased to \$50,000.00.
12. Sponsoring brokers are no longer indispensable parties to an appeal from a disapproved salesman application.

13. The Commission was given the authority to charge and collect fees not to exceed certain amounts.
14. Rehearings of license revocations, suspensions, or denials may be heard by the Commission members.
15. The Commission is prohibited from issuing another license for one year following the revocation of a license previously held.
16. Complaint procedures were set out.
17. Discrimination was made an express cause for suspension or revocation of licensure.
18. Persons requesting a determination of their moral character may obtain such prior to filing an application.

In addition, the Residential Service Company Act vested authority in the Commission, effective August 27, 1979, to license and regulate persons providing services of a residential service company as defined in the Act.

Effective April 23, 1981, August 31, 1981 and September 1, 1981, amendments to the Act made the following changes:

1. The delegation of authority to the Administrator and his agents was replaced by a requirement of specific assignment of duties by the Commission to its employees.
2. Moneys annually transmitted to Texas A&M University for the support and maintenance of the Texas Real Estate Research Center were made subject to legislative appropriation.
3. The content of real estate courses required for licensure applicants was made specific in nine courses of study, called "core" real estate courses.
4. The number of semester hours of required coursework for salesman applicants was set at twelve, six hours of which must be in core real estate courses. Annual certification of salesman licensure for the first three years for persons applying and licensed on or after April 23, 1981, was made conditional upon specific annual educational requirements being satisfied.
5. The provision permitting an applicant for broker licensure to qualify without two years' experience as a salesman was removed.
6. The provision requiring the Commission to accept only applications for broker licensure after January 1, 1985 was removed.
7. The Commission was authorized to issue licenses valid for periods not to exceed twenty-four months.
8. Requirements for investigations of complaints against licensees were clarified; the Commission was authorized to probate orders revoking or suspending a license.
9. The Commission was required to register real estate inspectors upon the inspector's providing the Commission with basic information about the inspector, payment of a fee not to exceed \$100, and filing of a \$25,000 surety bond.

Effective August 29, 1983, amendments to the Act made the following changes:

1. Real estate salesmen were permitted to be paid by a former sponsoring broker for work done while under that broker's sponsorship.
2. The Act was declared substantive in nature.
3. The provisions of the Act prohibiting public members of the Commission from serving because of a relationship by consanguinity or affinity to a licensee were removed.
4. The amount of per diem for Commission members was increased to \$75.00.
5. The Commission was authorized to expend funds from the real estate license fund to administer the Residential Service Company Act, dependent upon the existence of certain conditions.
6. Salesmen subject to annual education requirements must complete the annual education requirements before applying for broker licensure.
7. The effective date of the 1975 amendments was specified in those revisions of the Act effective on that date.
8. Language concerning prior requirements for licensure was removed.
9. Claimants against the Recovery Fund must now give notice to the licensee debtor.
10. Use of the Recovery Fund to pay a commission is prohibited.
11. The Commission, rather than the courts, is charged with the duty of revoking a license for a payment from the Fund.
12. The fees authorized by the Act were amended.
13. The Commission is no longer required to issue a new license for each salesman associated with a broker when the broker changes his place of business.
14. Inactive salesman licenses may be activated if a request and fee is received at any time before the license expires.
15. The Commission was given jurisdiction over licensees buying property when the licensees engage in misrepresentation or dishonest or fraudulent action.
16. The Commission is authorized to discipline a licensee who fails to replace a check returned to the Commission.
17. Section 15 of the Act was recodified.
18. The definition of unauthorized practice of law by a licensee was clarified and the Texas Real Estate Broker-Lawyer Committee was recreated in Section 16 of the Act. The Commission was authorized to require the use of approved contract forms.

Effective September 1, 1985, amendments to the Act made the following changes:

1. The Commission was required to collect a fee of \$15 for a transcript evaluation.
2. The registration of real estate inspectors was replaced with a licensing process calling for the

following:

- a. Successful completion of not less than ninety classroom hours of core real estate inspection courses;
 - b. Payment of fees not to exceed amounts set forth in the Act;
 - c. Passing of an appropriate licensing examination.
3. The Commission was authorized to take disciplinary action against inspector licensees and to administer a real estate inspection recovery fund.
 4. Persons registered under the previous inspector law were given until January 1, 1986 to comply with the new Act.

Effective September 1, 1987, amendments to the Act made the following changes:

1. The fees for filing an original application for real estate broker licensure and for annual certification of real estate broker licensure status were increased by \$110 on a temporary basis, ending August 31, 1989.
2. The Commission was required to deposit \$27.50 of the temporary fee increase to the credit of the Foundation School Fund (193) and \$82.50 to the credit of the General Revenue Fund (001).

Effective September 1, 1989, amendments to the Act made the following changes:

1. A licensed auctioneer need not have a real estate license for the purpose of auctioning real property.
2. An expired licensed salesman may now apply for late renewal without a broker.
3. The examination and all licensing requirements must be satisfied within six (6) months from the date the application is filed (previously was one year).
4. Brokers and salesmen must provide evidence of at least 15 hours of approved continuing education courses during the term of the current license. Applies to licenses expiring after 8/31/91.
5. Attorneys are still exempt from the Act. However, licensees can no longer share their compensation with an attorney. Attorneys may receive compensation directly from the seller or buyer.
6. Section 15(1)(B) allowing the Commission to institute disciplinary action in the case where a licensee failed to satisfy a final money judgment for contractual obligations incurred in the pursuit of his real estate business was repealed.
7. A licensee does not incur civil or criminal liability for failing to inquire about, make disclosure related to, or release information to whether a previous owner or occupant had, may have had, has or may have AIDS or HIV. However, a licensee who has actual knowledge that a previous occupant had or has AIDS or HIV shall provide that information to a prospect upon receiving a

specific request for such information.

8. Explicit language is now in the Act stating that the Act does not prohibit a licensee from acting as agent for more than one party if the representation is disclosed to the parties and the parties consent.
9. A licensee may disclose information about sales prices or terms for the purpose of facilitating the listing, selling, leasing, financing, or appraising of real property without liability unless such a disclosure is otherwise specifically prohibited by statute or written contract.
10. The \$110 temporary fee increase adopted by the legislature in 1987 was not renewed.
11. The Commission will begin a program of voluntary certification of appraisers. Brokers and salesmen may still perform appraisals, but certain licensees may seek to be certified in the field of appraising.

Effective July 1, 1991, the authority to certify real estate appraisers was transferred from the Commission to the Texas Appraiser Licensing and Certification Board, an independent subdivision of the Commission. Section 22 of the Act was repealed. The Commission provides administrative support and assistance to the new board which has sole responsibility for the licensing and certification of appraisers for federally-related transactions.

Effective September 1, 1991, amendments to the Act made the following changes:

1. An exemption for licensed auctioneers was modified to make it clearer that the exemption does not permit the auctioneer to provide brokerage services other than the calling of the auction.
2. Provisions of Section 5 relating to the composition and qualifications of Commission members were rewritten in current language recommended by the Sunset Advisory Commission, and the Commission's existence was continued to September 1, 2003.
3. The Administrator is required to prepare and maintain a written policy statement regarding equal employment opportunity, including personnel policies, an analysis of the Commission work force and methods to address areas of significant underutilization.
4. The Commission is obligated to inform its members and employees of necessary information concerning qualifications for office or employment and standards of conduct.
5. The Commission is required to prepare a written plan to provide access to its programs to the disabled or persons who do not speak English.
6. The Commission is prohibited from adopting rules restricting competitive bidding or advertising by its licensees.
7. A provision creating a legislative veto over the Commission's rulemaking was deleted.
8. Section 7(a) was amended to clarify that applicants are not required to have completed all nine core real estate courses.

9. Section 7 was reorganized, and a provision was added to provide for notification of examination results if the examination is graded or reviewed by a national testing service.
10. Section 7A was amended to permit the Commission to accept relevant educational experience or supervised video instruction for mandatory continuing education (MCE) requirements and to approve core real estate courses for MCE credit. The Commission is required to approve real estate related courses approved by the State Bar of Texas for minimum continuing legal education.
11. An exemption from MCE requirements was provided for certain brokers who had been licensed for at least 10 years and who requested the exemption and paid a fee prior to October 31, 1991, pursuant to a notice sent by the Commission.
12. Section 8 was amended to increase the minimum amount in the Real Estate Recovery Fund to \$1 million and to transfer any excess over \$3.5 million, or over the total amount paid from the Fund during the previous four fiscal years, whichever is greater, to the general revenue fund. The limit on a single claim was increased from \$20,000 to \$50,000, and the aggregate claim limit was increased from \$50,000 to \$100,000. Brokers are required to give consumers information about the availability of the Fund.
13. Broker annual renewal and original application fees were increased by \$200; \$50 shall be deposited to the credit of the Foundation School Fund; \$150 shall be deposited to the credit of the general revenue fund.
14. An inactive broker status was provided in new Section 13A, subject to mandatory continuing education (MCE) for return to active status within 36 months. Return to active status after 36 months requires satisfaction of current education for original licensing and successful completion of an examination.
15. The requirement for complaints to be under oath (verified) was removed.
16. The provision in Section 15(c) requiring disclosure of certain information related to AIDS or HIV-related illnesses was removed.
17. The Commission is prohibited from investigating complaints filed more than four years after the date of the incident.
18. Provisions of Sections 17 and 18 relating to hearings were deleted, and hearings are made subject to the Administrative Procedure and Texas Register Act, Article 6252-13a, Texas Civil Statutes.
19. The licensing of real estate inspectors provided in Section 18C was replaced with a three-level licensing program in new Section 23. A nine-member advisory committee of inspectors known as the Texas Real Estate Inspector Committee is created to recommend rules relating to applications, experience, education, examinations, standards and other issues involving the registration and licensing of inspectors. Existing inspectors are required to provide proof of

completion of 75 inspections and an additional 38 hours of core real estate inspection courses in order to obtain a license under the new law. The new advisory committee is required to conduct hearings and recommend the entry of final orders in contested cases involving inspectors. Any excess above \$600,000 in the Real Estate Inspection Recovery Fund shall be transferred to the real estate inspector regulation account for use by the Commission in regulation of real estate inspectors.

20. The Commission is authorized to assess administrative penalties not to exceed \$1,000 for each violation under procedures set out in new Section 19A.

Effective August 30, 1993, an amendment to the Act limited the \$200 fee increase for applying for or renewing a real estate broker license to individuals only.

Effective September 1, 1993, amendments to the Act made the following changes:

1. The definition of the term "real estate" was narrowed to exclude an interest given as security for the performance of an obligation.
2. The Commission was authorized to employ a general counsel, attorneys, investigators and support staff.
3. Limited liability companies became subject to licensing requirements if the companies provide real estate brokerage services.
4. A new core real estate course, Law of Agency, was established; the course becomes mandatory for new salesman applicants beginning September 1, 1994.
5. The Commission was authorized to accredit courses of study in real estate inspection.
6. The Commission was authorized to collect a fee for filing a request for a license due to a change of name or return to active status, or for a license history.
7. Requirements for an inactive broker to return to active status were reduced to 15 hours of MCE courses.
8. A 60-day residency requirement for applicants was deleted, and nonresidents who were previously licensed as a Texas real estate salesman or broker are eligible to apply if the application is filed within one year of the expiration of the previous license.
9. The Commission was authorized to issue investigative subpoenas.
10. Specific guidelines were provided for licensees representing more than one party in the same transaction.
11. A provision was added excusing licensees from inquiring about or disclosing death occurring on a property by natural causes, suicide, or accident unrelated to the condition of the property.
12. Section 23 of the Act relating to real estate inspectors was largely rewritten to establish a new three-level licensing program, to provide guidelines for the relative roles of the Commission and

the Texas Real Estate Inspector Committee, and to permit previously licensed inspectors to be relicensed without meeting current requirements.

Effective September 1, 1995, an amendment to the Act increased the fees collected by the Commission for the Texas Real Estate Research Center from \$15 to \$20 for broker renewals and original applications and from \$7.50 to \$17.50 for salesman renewals and original applications. The amendment separated these fees from the filing fees collected by the Commission and required the Commission to transmit the fees to the Research Center quarterly.

Effective January 1, 1996, amendments to the Act made the following changes:

1. Mandatory continuing education (MCE) requirements for renewal of an active real estate license will be standardized at 15 hours, eliminating an 8 hour requirement for licenses issued for one year.
2. Additional legal topics will be added to the statutory list of acceptable MCE course topics, and the Commission will be authorized to require a final examination for MCE courses conducted by alternative delivery systems such as computers.
3. A definite termination date will be required in all contracts in which real estate licensees agree to perform services for which a license is required.
4. Negotiating with a buyer or tenant represented on an exclusive basis by another broker will be prohibited.
5. Real estate licensees will be required to disclose their representation of a party to another party or a licensee representing another party at the first contact regarding a transaction. The disclosure may be made orally or in writing. Licensees will be required to provide a party a copy of statutory information concerning the duties of a broker and agency relationships. Brokers may act as intermediaries and appoint licensees associated with the broker to work with the parties with the written consent of the parties. Intermediaries are required to act so as not to favor one party over the other.
6. Residential rental locators will be required to be licensed as a real estate broker or salesman, and the Commission will be required to adopt regulations and establish standards relating to permissible forms of advertising by residential rental locators.
7. The Commission will be authorized by rule to provide a waiver of some or all of the requirements for obtaining a real estate license if the applicant was previously licensed in this state within the five-year period prior to the filing of the application.

Effective September 1, 1997, amendments to the Act made the following changes:

1. The definition of "person" was broadened to include individuals and any other entity.

2. Exemptions were provided for partnerships or limited liability partnerships acting through a partner who is a real estate broker or for persons registered under new Section 9A.
3. A new core real estate course, Law of Contracts, will be required for salesperson applications filed on or after January 1, 1998.
4. The minimum length of a MCE course was shorted from three hours to one hour.
5. Persons acting as agents selling, buying, leasing or transferring an easement or right-of-way for use in connection with telecommunication, utility, railroad, or pipeline service are required to be registered with the Commission after January 1, 1998. Registrants will pay annual fees totaling \$150 (filing fee of \$80, \$20 to the Research Center, and \$50 to the Real Estate Recovery Fund).
6. The Commission was authorized to adopt rules, conduct investigations and take disciplinary action regarding easement or right-of-way agents.
7. The Act was clarified to permit any person to file a complaint..
8. The Commission was permitted to authorize staff to file complaints and conduct investigations concerning judgments paid from a recovery fund, conviction of a criminal offense or failure to make good a check issued to the Commission.
9. The Commission was required to adopt prior to October 1, 1997, rules requiring licensed inspectors to use standard inspection report forms.
10. Three members of the Inspector Committee may be licensed real estate brokers as well as licensed professional inspectors.
11. The Commission was required to adopt rules permitting inspector applicants to substitute additional education or experience in lieu of statutory requirements of having held a license under sponsorship and performing inspections under supervision of another inspector.
12. The term "salesman" was replaced by the term "salesperson" and the Commission was required to use the term "salesperson" in documents and rules no later than January 1, 1999.
13. A definite termination date is no longer required for property management agreements.
14. Written memorandums will not be required to enforce agreements between real estate licensees for payment of a commission.
15. The Commission was authorized to extend education, experience and examination waivers for prior real estate licensees from five years to six years.

Effective June 19, 1999, amendments to the Act made the following changes:

1. The legislature increased the penalty for violating the Act or an order of the Commission to a Class A misdemeanor, punishable by a fine of up to \$4,000 and up to one year of confinement in the county jail.
2. The Commission's exclusive authority to enforce the Residential Service Company Act, Article 6573b, by bringing an injunctive action was also clarified.

Effective September 1, 2001, amendments to the Act made the following changes:

1. A person desiring a salesperson license must apply for an inactive license without a sponsoring broker but 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.
2. TREC is authorized to prescribe the content of core real estate courses. For applications filed on or after January 1, 2002, an applicant for a broker license will 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) will be unaffected. An applicant for a salesperson license will 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) will be unaffected.
3. TREC is authorized to prescribe the title, content, and duration of continuing education (MCE) courses required of real estate licensees.
4. A specific date for determining whether the balance of the real estate recovery fund has fallen below \$1 million is deleted, and TREC is 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 has been removed.
5. The maximum fee TREC may charge for requesting a real estate examination is increased from \$50 to \$100. The fee for a transcript evaluation was increased from \$15 to \$20.
6. Language that appears to restrict who may file a complaint has been deleted, and reprimands and administrative penalties also may be imposed for violations listed in Section 15(a). Agreements for services to be performed by licensees have been 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.
7. The members of the commission are permitted 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.
8. The criminal offense for acting as a real estate broker, salesperson, or easement or right-of-way agent without a license or registration was upgraded from a Class B to a Class A misdemeanor, consistent with the amendment to Article 6573a.1 adopted in 1999.
9. TREC is authorized 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 is 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.

10. A late license renewal provision for inspectors was deleted, eliminating an additional fee for certain late renewal applications. Persons whose licenses expire will be required to file another application for a license with no additional education or examination required for a two-year period.
11. TREC is authorized 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.
12. Inspector continuing education is increased from 4 to 8 hours per year for real estate inspectors and from 8 to 16 hours per year for professional inspectors, beginning with licenses expiring on or after December 31, 2001.
13. The criminal offense for acting as an inspector without a license was upgraded from a Class B to a Class A misdemeanor, consistent with the amendment to Article 6573a.1 adopted in 1999.
14. A specific date for determining whether the balance of the real estate inspection recovery fund has fallen below \$300,000 was deleted. TREC is 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 has been removed. The maximum payments has been increased from \$7,500 to \$12,500 per transaction and from \$15,000 to \$30,000 per inspector, for causes of action arising on or after September 1, 2001.
15. The criminal offense for acting as a residential rental locator without a license was upgraded from a Class B to a Class A misdemeanor, consistent with the amendment to Article 6573a.1 adopted in 1999.
16. The commission is authorized 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 is appealable to the commission as provided by commission rule. A residential service contract is excluded from the provisions of Chapter 39 of the Business & Commerce Code relating to notice and cancellation

As part of an ongoing, non-substantive revision, article 6573a, Texas Civil Statutes, was repealed and

replaced with Chapters 1101 and 1102, Texas Occupations Code, effective June 1, 2003.

Effective September 1, 2003, amendments to the Act made the following changes:

1. The maximum fee for filing an original application for a salesperson license is increased to not more than \$75, the maximum fee for reviewing a license history is increased to not more than \$20, and maximum fee for filing a core instructor application is set at not more than \$40.
2. A maximum fee for filing a continuing education instructor application is set at not more than \$40; clarification that the \$20 change of sponsoring broker or return to active status fee does not apply to requests associated with an original salesperson license.
3. A list of locations that the commission may provide for consumer notices regarding complaints includes that the notices may be prominently displayed on a licensee's web site.
4. The legislature deleted a provision requiring a joint application with a real estate broker for a real estate salesperson license.
5. A person may apply for an inactive salesperson license without a sponsoring broker and an inactive salesperson cannot practice until sponsored by a broker who has notified the Texas Real Estate Commission of the sponsorship. The licensed broker is not required to pay the sponsorship fee to change to active status an original inactive salesperson license notwithstanding the requirement in section 1101.367(b).
6. The definition of "face to face meeting" is replaced with a definition of "substantive dialogue." "Substantive dialogue" is defined as a meeting or written communication that involves a substantive discussion relating to specific real property. Provides that a licensee must disclose the Information About Brokerage Services information at the first substantive dialogue.
7. A list of locations that the commission may provide for consumer notices regarding the Real Estate Recovery fund includes that the notices may be prominently displayed on a licensee's website.
8. If the licensee requests, an administrative hearing involving violations of Occupations Code Sections 1101.652(a)(3) or (b) only shall be held in the county in which the principal place of business of the licensee is located.
9. Any applicant for a professional real estate inspector license must satisfy the Commission as to the applicant's honesty, integrity and trustworthiness.
10. The number of additional classroom hours that the commission may require of inspector applicants for substitution of additional education is increased from 60 to 320 hours in lieu of the number of inspections and previous licensure requirements for licensing.
11. The commission is authorized to provide for 2 year renewals of inspector licenses.
12. A list of locations that the commission may provide for consumer notices regarding complaints includes that the notices may be prominently displayed on a licensed inspector's website.

13. The requirement that licenses of salespersons and brokers must be prominently displayed at the broker's place of business is removed unless the salesperson or broker is a residential rental locator.

Effective September 1, 2005, amendments to the Act made the following changes:

1. A fee for attendance at an instructor training program for instructors who wish to teach the TREC required legal and ethics continuing education courses is established.
2. The four-year complaint limitation period also applies to real estate inspectors (persons licensed under Occ. Code Chap. 1102) is clarified.
3. The amendments provide for the issuance of a provisional moral character determination under Section 1101.353.
4. The salesperson education requirements are revised to require 14 semester hours (210 classroom hours) prior to filing an application; revises the salesperson annual education requirements to require 4 additional semester hours (60 classroom hours) for the first renewal; and repeals the salesperson annual education requirements for the subsequent two years; the net requirement of 18 semester hours remains the same.
5. The commission shall automatically approve core courses and State Bar of Texas CLE courses as elective credit courses to satisfy the nine hours of nonlegal MCE required by Section 1101.455.
6. A broker who represents a party or who lists real property under an exclusive agreement must inform the party of material information related to the transaction, including the receipt of an offer by the broker; must answer the party's questions and must present any offer to or from the party; a broker who represents a party is prohibited from telling another broker to negotiate directly with the broker's client; for purposes of Section 1101.157, a license holder who has additional authority to bind a party under a power of attorney or a property management agreement is considered a party to the lease or sale; an inquiry to an employee of a builder or developer about contract terms or forms does not violate Section 1101.652(b)(22) if the person does not have authority to bind the employer to the contract; the delivery of an offer to a party does not violate Section 1101.652(b)(22) if the party's broker consents to the delivery and a copy of the offer is sent to the party's broker; provides an exception to the requirement of sending a copy of the offer to a party's broker if the party is a governmental agency using a sealed bid process that does not allow a copy to be sent to the broker.
7. A broker who agrees to represent both a buyer and a seller must agree to act as an intermediary.
8. TREC obtains enforcement authority over a licensee who engages in misrepresentation, dishonesty or fraud when selling or buying real property in the name of the spouse or a first degree relative of the licensee.

9. A licensee must notify the commission within 30 days of the date of a final conviction of a felony or a criminal offense involving fraud.
10. A person is not eligible for a license under Chapter 1101 until the person has repaid the full amount paid on behalf of the person under the Recovery Trust Account provisions under subchapter M, whether that person's license was revoked or expired.
11. Professional inspectors under a corporate or LLC entity are subject to licensing and renewal requirements under Occupations Code Chapter 1102.
12. Continuing education requirements are increased to 16 hours for apprentice and real estate inspectors.

Effective May 17, 2005, an amendment to the Act provides an exception for licensing under the Real Estate License Act, Occupations Code, Chapter 1101, for persons engaging in foreclosure sales.

Effective September 1, 2007, amendments to the Act made the following changes:

1. Amends Section 1101.006 to continue the Texas Real Estate Commission, Chapters 1101, 1102, and 1303 of the Occupations Code, and Chapter 221, Property Code until September 1, 2019.
2. A person may not be a member of the commission or commission employee if they or their spouse are also an officer, employee, or paid consultant of a Texas trade association.
3. Provides a procedure for removal of a commission member who is ineligible for membership.
4. Adds Section 1101.059 to detail specific training required for a new commission member, to include information regarding the law, its programs and functions, rules and budget, results of most recent formal audits, open meetings laws, and ethics.
5. Amends Section 1101.101(a) to require the commission to appoint an administrator rather than permit the commission to appoint an administrator.
6. Amends Section 1101.102 to require the commission to develop policies that separate the policymaking responsibilities of the commission and the management responsibilities of the administrator and staff.
7. Removes language from Section 1101.151(b) authorizing the commission to authorize specific employees to conduct hearings and issue final decisions in contested cases.
8. Amends Section 1101.152(a) to require the commission to adopt rules that set reasonable fees for, among other things, applications, renewals, transcript evaluations, approval of educational programs and instructors, and criminal background checks in connection with the annual renewal of a license.
9. Adds Sections 1101.158, 1101.159, and 1101.160 to authorize the commission to appoint advisory committees to perform advisory functions assigned by the commission. The advisory committees may hold meetings by telephone or video conference. The commission is required to

develop and implement a policy to encourage the use of negotiated rulemaking and alternative dispute resolution to assist in the resolution of internal and external disputes and to designate a trained person to manage and coordinate the implementation of the policy.

10. Amends Section 1101.201(a) to delete a provision regarding maintenance of complaints that are filed with and resolved by the commission.
11. Amends Section 1101.203 to require the commission to maintain specific information relating to the parties, the subject matter, and the disposition of complaints filed with the commission.
12. Amends Section 1101.204 to authorize commission staff to open complaints and conduct investigations of suspected violations of the laws subject to TREC's jurisdiction. The bill requires the commission to prioritize complaints using a risk-based analysis, giving highest priority to complaints filed by consumers.
13. Amends Section 1101.301 to provide that, in establishing accreditation standards for proprietary schools or programs, the commission shall require a school to establish that at least 55% of the graduates have passed the licensing exam the first time the exam is taken before the school can renew its accreditation for an additional two year period.
14. Amends Section 1101.303 to clarify that the commission may authorize a continuing education provider or course of study accreditation for a two year period under both chapters 1101 and 1102.
15. Adds Sections 1101.304 and 1101.305 to require the commission to adopt rules to collect and publish data relating to exam passage rates for graduates of the accredited schools. The rules must provide the method by which to calculate, collect, and post on the commission's website exam passage rates for each school. A program or school that a person is a 'graduate' of is the program or school last attended before taking the exam. The commission may appoint a committee to review the performance of an educational program, report findings, and temporarily suspend a program. The committee is not authorized to revoke the program's accreditation, but the commission may temporarily suspend the accreditation of a school or program in the same manner as a license issued under Subchapter N of Chapter 1101.
16. Amends Section 1101.364(b) to establish that a person is entitled to hearing on denial of license subject to Chapter 2001, Government Code, the Administrative Procedure Act (the APA).
17. Amends Section 1101.451 to provide that a person whose license has been expired for 90 days or less may 'late renew' by paying a fee of 1.5 times the required renewal fee. If the license has been expired for more than 90 days --but less than one year-- the renewal fee paid is 2 times the renewal fee. For those persons whose license has been expired for one year or more, the person may not 'late renew', but must retake the examination and comply with all other requirements for obtaining an original license.
18. A person who takes an online mandatory continuing education course may not complete the

course in less than 24 hours.

19. Amends Section 1101.457(b) to clarify that a late renewal fee described in Section 1101.451 is in addition to any other fee that the commission may charge a licensee for late completion of mandatory continuing education requirements.
20. Amends Section 1101.657(a) to provide that a person is entitled to a hearing conducted by the State Office of Administrative Hearings (SOAH) subject to the APA if the commission proposes to deny, revoke, or suspend the person's license or registration or assess an administrative penalty.
21. Amends Section 1101.658(a) to provide conforming language regarding a person's right to appeal a decision under Subchapter N.
22. Amends subchapter N to authorize the commission to order a person regulated by the commission to pay a refund to a consumer in addition to any other penalty or sanction; to authorize the commission to adopt rules setting forth procedures for informal disposition of contested cases; to authorize the commission to enter a final order in a disciplinary proceeding or in a proceeding assessing an administrative penalty even though the person's license has expired; and to provide a procedure for the temporary suspension of a license or registration by a disciplinary panel consisting of three commission members to determine whether a license should be temporarily suspended if the panel believes that the licensee's continued practice poses a threat to public welfare.
23. Amends Section 1101.701 to permit the commission to impose an administrative penalty and to impose other disciplinary action –such as suspension or revocation-- in a single enforcement procedure.
24. Amends Section 1101.702 to increase the amount of an administrative penalty to \$5,000 per violation. The commission is required to adopt a schedule of administrative penalties based on certain enumerated criteria to ensure that the penalty is appropriate to the violation.
25. Amends Section 1101.703(a) to authorize the administrator to issue a notice of violation after investigation reveals that a violation occurred. The notice must include a brief summary of the alleged violation and the administrator's recommendation of disciplinary action, which may include any combination of disciplinary action and administrative penalty. The person would have a right to a hearing to contest the violation and/or penalty.
26. Amends Section 1101.704 to provide that if the person fails to timely respond in writing to the administrator's notice of violation, the commission is required to approve the administrator's determination by default and order the recommended sanction.
27. Amends Section 1101.705 to authorize a SOAH administrative law judge to conduct commission hearings and issues findings of fact, conclusions of law, and proposals for decision.
28. Amends Section 1101.707 to provide a procedure by which a person may appeal a commission order by filing a petition for judicial review and a method by which to stay enforcement of the

penalty.

29. Adds Section 1101.7085 to permit a court to uphold or reduce the amount of an administrative penalty if the court sustains the commission's order.
30. Amends Section 1101.709 regarding calculation of the penalty and interest and release of a supersedeas bond.
31. Adds Section 1101.710 to clarify that a hearing under the subchapter is subject to the Administrative Procedure Act.
32. Adds Section 1101.759 to authorize the commission to issue a cease and desist order after notice and opportunity for a hearing under certain circumstances.
33. Amends Section 1102.051(a) to make the Real Estate Inspector Committee an advisory committee appointed by the commission.
34. Amends Section 1102.114 to require an applicant for a license under chapter 1102 to provide proof that the applicant carries liability insurance with a minimum limit of \$100,000 per occurrence.
35. Amends Section 1102.203 to require a person renewing an unexpired license under chapter 1102 to provide proof that the applicant carries liability insurance with a minimum limit of \$100,000 per occurrence.
36. Amends Section 1102.205 to authorize the commission to approve a continuing education program for licensed inspectors and clarify that an inspector licensee must complete at least 16 classroom hours of core or continuing education real estate inspection courses.
37. Amends Section 1102.251, Occupations to remove statutory caps on the reasonable and necessary fees the commission is required to charge and collect to cover the cost of administering this chapter.
38. Amends subchapter I, Chapter 1102 to provide a procedure for the temporary suspension of a license by a disciplinary panel consisting of three commission members to determine whether a license should be temporarily suspended if the panel believes that the licensee's continued practice poses a threat to public welfare.
39. Repeals various provisions in Chapter 1101 regarding the filing of complaints and hearings; Chapter 1102 regarding appointments to the Texas Real Estate Inspector Committee and membership requirements and committee powers and duties; and Chapter 1103 regarding hearings.

Effective January 1, 2008, amendments to the Act made the following changes:

1. Amends Section 1101.005(5) to provide that a person acting under a court order or under the authority of a will or trust instrument to conduct a real estate transaction is not subject to the Real Estate License Act to make clear that a person operating under such authority may not engage in

the regular business of real estate brokerage without a real estate license.

2. Amends Section 1101.057(a) to remove the “illness or disability” clause from the list of reasons for removal of a member from the commission. Thus a member may be removed for failing to discharge the member’s duties for a substantial part of the member’s term, regardless of whether the reason for such failure is based on illness or disability.
3. Amends Section 1101.152(a) to require the commission to adopt rules to charge and collect reasonable fees, including a fee for certain purposes. Includes amongst these fees a fee for conducting a criminal history check for issuing or renewing a real estate license (license).
4. Amends Section 1101.302(b) to increase the surety bond requirement for an educational institution authorized by the commission to offer a real estate or real estate inspector education program or course of study from \$10,000 to \$20,000.
5. Adds Section 1101.3521 to require that an applicant for a license or renewal of an unexpired license submit a complete and legible set of fingerprints, on a form prescribed by the commission, to the commission or to the Department of Public Safety (DPS) for the purpose of obtaining criminal history record information from DPS and the Federal Bureau of Investigation; requires the commission to conduct a criminal history check of each applicant for a license or renewal of a license using certain information.
6. Amends Section 1101.356(a) to require an applicant for a broker license to complete 2 semester hours (30 clock hours) of real estate brokerage as part of the 18 semester hours (270 clock hours) of core real estate courses required for a broker’s license.
7. Adds Section 1101.4521 to require an applicant for the renewal of an unexpired license to comply with the criminal history record check requirements of Section 1101.3521.
8. Amends Section 1101.455 to provide that a member of the legislature licensed under this chapter, notwithstanding the number of hours required by Subsection (e), is only required to complete three hours of continuing education on the legal topics under Subsection (e).
9. Amends Section 1101.652(a) to permit the commission to take disciplinary action against a license holder if he or she fails to timely notify the commission that he or she has entered a guilty plea to a felony or a criminal offense involving fraud.
10. Amends Section 1101.655(a) to permit the commission to revoke a license, approval, or registration issued by the commission under Chapters 1101 and 1102, Occupations Code, upon payment from the real estate recovery trust account on behalf of the licensee.
11. Amends Section 1102.111(b) to require the commission by rule to provide for substitution of relevant experience and, rather than or, additional education in lieu of the number of inspections and previous licensure requirements for real estate and professional inspector licensing, and provides that rules adopted under this section may not require more than 7 years of relevant experience and 320 of additional education.

12. Amends Section 1102.402, to permit the commission to revoke a license, approval, or registration issued by the commission under Chapters 1101 and 1102 upon payment from the real estate recovery trust account on behalf of the licensee. A person is unable to obtain an inspector license, regardless of whether the license was revoked or expired, until the person has repaid in full the amount paid from the fund on the person's account, plus interest at the legal rate.
13. Amends Section 1102.1035 to repeal the licensing and renewal requirements for professional inspector corporations and limited liability companies.

Effective May 12, 2009, amendments to the Act made the following changes:

1. Requires the Commission to adopt rules to charge and collect fees, rather than reasonable fees, in amounts reasonable and necessary to cover the costs of administering this chapter, including a fee for certain actions.
2. Amends Section 1101.152(b) to require TREC to adopt rules to set and collect fees in amounts reasonable and necessary to cover the costs of implementing, rather than reasonable fees to implement, the continuing education requirements for license holders, including a fee for certain applications and activities.
3. Amends Section 1101.153(b) to provide that of the \$200 professional fee associated with filing an original application and annual renewal for an individual broker license, \$50 is required to be transmitted to Texas A&M University to support, maintain, and carry out the purposes, objectives, and duties of the Texas Real Estate Research Center; \$50 is to be deposited to the credit of the foundation school fund; and \$100, rather than \$150, is to be deposited to the credit of the general revenue fund.
4. Amends Section 1101.154(a) to provide that the fee for the issuance or renewal of a salesperson license is the amount of the fee set under Section 1101.152 (Fees) and an additional \$20, rather than \$17.50, fee.
5. Amends Section 1101.606 to require an aggrieved person to verify to TREC, if the person is precluded by action of a bankruptcy court from executing a judgment or perfecting a judgment lien as required by Subsection (a), that the person has made a good faith effort to protect the judgment from being discharged in bankruptcy; authorizes TREC by rule to prescribe the actions necessary for an aggrieved person to demonstrate that the person has made good faith effort under Subsection (c) to protect a judgment from being discharged in bankruptcy.
6. Amends Section 1101.652 to authorize TREC to suspend or revoke a license or take other disciplinary action if the license holder enters a plea of guilty or nolo contendere to or is convicted of a felony or a criminal offense involving fraud and the time for appeal has elapsed or the

judgment or conviction has been affirmed on appeal, without regard to an order granting community supervision that suspends the imposition of the sentence.

Effective September 1, 2011, amendments to the Act made the following changes:

1. Amends §1101.002, Occupations Code, to remove “appraisal of real property” by adding “provides a written opinion as to the estimated price of real property” to the definition of “broker” 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; adds “controls the acceptance or deposit of rent from a resident of a single-family residential real property unit” to the definition of “broker” to require licensing for that type of activity; adds a definition of “business entity” to include a domestic or foreign entity as defined in the Business Organizations Code.
2. Amends §1101.005, Occupations Code, to change the exception for licensure for attorneys licensed in “any” state to attorneys licensed in “this” state only; eliminates the exception for licensure for a partnership or limited liability partnership acting through a partner who is a licensed broker.
3. Adds §1101.161, Occupations Code, to authorize the commission to solicit and accept gifts, grants and donations.
4. Amends §1101.301, Occupations Code, to change the first time examination pass rate benchmark for pre-license education programs from 55% to an average percentage of examinees; requires an education program accredited by the commission to meet or exceed the benchmark for each license category before the commission may renew the program’s accreditation for the license category; authorizes the commission to deny accreditation if an applicant at any time owns or controls an educational program that has been revoked.
5. Amends §1101.351, Occupations Code, to require a license of a business entity before the entity may act as a broker.
6. Amends §1101.352, Occupations Code, to require an applicant to provide the commission with the applicant’s current mailing address, telephone number and email address if available and to require an applicant to notify the commission of any change to such information while an application is pending.
7. Amends §1101.355, Occupations Code, to require errors and omissions insurance of at least \$1 million for a licensed business entity if the designated broker agent of the entity owns less than 10% of the entity; requires the designated agent of a business entity to be a licensed broker in active status and good standing before the business entity may act as a broker; requires a business entity that receives compensation on behalf of a license holder to be licensed as a broker.
8. Amends §1101.356, Occupations Code, to require an applicant for a broker license to have at least four years of active experience in this state as a license holder during the preceding 60 month period before the date the application is filed, rather than 2 years of active experience in the preceding 36

month period; authorizes the commission to establish “active experience” by rule.

9. Amends §1101.357, Occupations Code, to require an applicant for a broker license who does not satisfy the requirements §1101.356 to have at least four years of active experience in another state as a license holder during the preceding 60 month period before the date the application is filed, rather than 2 years of active experience in the preceding 36 month period.
10. Amends §1101.358, Occupations Code, to reduce the pre-license education course hours from 210 total to 180 core hours, to specify the core courses required for pre-license education, and to remove related education requirements.
11. Amends §1101.367(c), Occupations Code, to delete the term “annual.”
12. Amends §1101.401(f), Occupations Code, to change the period in which an applicant must satisfy an examination requirement from six months to one year.
13. Amends §1101.451(e) and (f), Occupations Code, to change the maximum period of time in which a person can late renew a license from one year to six months.
14. Amends §1101.452(a), Occupations Code, to delete the term “annual.”
15. Amends §1101.453, Occupations Code, to require proof of errors and omissions insurance of at least \$1 million for a licensed business entity to renew a license if the designated broker agent owns less than 10% of the entity; requires the designated agent of a business entity to be a licensed broker in active status and good standing before the entity may renew its license as a broker.
16. Amends §1101.454(a), Occupations Code, to increase the education requirements for the first renewal of a salesperson license from 60 to 90 core hours and to remove related education requirements.
17. Amends §1101.455(b), Occupations Code, to delete the term “annual.”
18. Adds §1101.458, Occupations Code, to require brokers who sponsor salespersons and any licensees, either brokers or salespersons, who are authorized by brokers to supervise other licensees to take a 6 hour Mandatory Broker Responsibility course to renew a license; the course may be used to meet Mandatory Continuing Education (MCE) requirements; the renewal requirement does not apply to brokers who are exempt from MCE requirements.
19. Amends §1101.502, Occupations Code, to change the reference to a “corporation, limited liability company, partnership or other entity” to a “business entity.”
20. Adds §1101.5041, Occupations Code, to require fingerprinting and background checks for an application for or renewal of an easement or right of way certificate.
21. Amends §1101.552, Occupations Code, to require a license holder to provide the commission with the license holder’s current mailing address, telephone number and email address if available and to require a license holder to notify the commission of any change to such information.
22. Amends §1101.554, Occupations Code, to change the term “custody” to “copy” to remove the requirement that a broker retain custody and control of a sponsored salesperson’s license and to

- require the commission to mail a copy of the salesperson's license to the sponsoring broker.
23. Adds §1101.6561, Occupations Code, to authorize the commission to suspend or revoke an educational program accreditation or take other any other action authorized under Chapter 1101 against an education program that violates the Chapter or a rule adopted under the Chapter.
 24. Repeals §1101.356(c), Occupations Code.
 25. (a) Requires the commission to adopt rules necessary to implement §1101.301, §1101.356(b-1), and §1101.458 as added not later than December 1, 2011.
 - (b) provides that §1101.552(e) regarding addresses, telephone numbers, and email addresses, if available, applies only to a broker or salesperson license issued or renewed on or after December 1, 2011.
 - (c) provides that §1101.502(b) and §1101.5041 regarding fingerprinting requirements as added apply only to an application or renewal of a certificate of registration filed on or after December 1, 2011.
 - (d) provides that §1101.458 regarding broker responsibility education course as added applies only to a license issued or renewed on or after September 1, 2012.
 - (e) provides that §1101.352 regarding addresses, telephone numbers, and email addresses, if available, §1101.355 regarding E&O insurance for business entity applicants, and §1101.401 regarding application expiration as amended apply only to an application for a real estate broker or salesperson license submitted on or after the effective date.
 - (f) provides that §1101.356 and §1101.357 regarding experience requirement as amended apply only to an application for a real estate broker license submitted on or after January 1, 2012.
 - (g) provides that §1101.358 regarding education requirements as amended applies only to an application for a real estate salesperson license submitted on or after September 1, 2012.
 - (h) provides that §1101.454 regarding education requirements as amended apply only to the renewal of a real estate broker or salesperson license that expires on or after September 1, 2012.
 - (i) provides that §1101.451 regarding late renewals and §1101.453 regarding E&O insurance to renew a business entity license apply to the renewal of a real estate salesperson or broker license on or after the effective date.
 - (j) provides that a person who holds a license as a real estate broker issued before the effective date may continue to renew that license without complying with the changes made to §1101.356 and §1101.357.
 - (k) provides that §1101.002 and §1101.005 as amended apply to conduct engaged in on or after the effective date.
 26. Provides an effective date of September 1, 2011.

good faith effort under Subsection (c) to protect a judgment from being discharged in bankruptcy.

6. Amends Section 1101.652 to authorize TREC to suspend or revoke a license or take other disciplinary action if the license holder enters a plea of guilty or nolo contendere to or is convicted of a felony or a criminal offense involving fraud and the time for appeal has elapsed or the judgment or conviction has been affirmed on appeal, without regard to an order granting community supervision that suspends the imposition of the sentence.