

**Texas Real Estate Commission  
Chapter 535, GENERAL PROVISIONS  
Rules Adopted at the November 15, 2010 Commission Meeting**

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**Subchapter L Termination of  
Salesperson's Association with  
Sponsoring Broker  
§535.121- §535.123**

The Texas Real Estate Commission (TREC or the commission) adopts amendments to §535.121, regarding Inactive License; §535.122, regarding Reactivation of License; and §535.123, regarding Inactive Broker Status without changes to the proposed text as published in the September 10, 2010, issue of the *Texas Register* (35 TexReg 8266), and will not be republished.

TREC is simultaneously adopting the amendments as part of a comprehensive rule review of 22 TAC Chapter 535.

Section 535.121 is amended to clarify that a salesperson's license goes inactive if a broker notifies the commission in writing that the broker is terminating sponsorship of the broker. Subsections (b) and (c) are rewritten for clarity. Section 535.122 is changed to maintain consistency with statutory references and defined terms. Section 535.123 is changed to maintain consistency with statutory references and defined terms; an inactive broker is required to notify the commission if the broker wishes to go on inactive status and provide the commission with information including the broker's telephone number and email address.

Generally speaking, the amendments correct typographical errors, reorganize, clarify, and streamline existing rules, and update cites to new laws and codes.

The reasoned justification for the amendments is more streamlined, consistent and readable rules.

No comments were received on the rules as proposed.

The amendments are adopted under Texas Occupations Code, §1101.151, which authorizes the Texas Real Estate Commission to make and enforce all rules and regulations necessary for the performance of its duties and to establish standards of conduct and ethics for its licensees in

keeping with the purpose and intent of the Act to ensure compliance with the provisions of the Act.

The statutes affected by this adoption are Texas Occupations Code, Chapter 1101 and Chapter 1102. No other statute, code or article is affected by the adoption.

**§535.121. Inactive License.**

(a) The license of a salesperson immediately becomes inactive upon each of the following circumstances:

- (1) the death of the salesperson's sponsoring broker;
- (2) the expiration, suspension, revocation or inactivation of the license of the sponsoring broker;
- (3) if the sponsoring broker is a corporation, the dissolution of the corporation or the forfeiture of its charter, which also places the license of the entity on inactive status;
- (4) if the sponsoring broker is a corporation, limited liability company or partnership, the expiration, suspension, revocation or inactivation of the license of the person designated as broker, manager, or partner on the license certificate of the entity, which also places the license of the entity on inactive status ; or
- (5) if a broker notifies the commission in writing that the broker no longer sponsors the salesperson.

(b) The commission will no longer consider the broker to sponsor the salesperson upon receipt of the license or upon receipt of a written request from a new sponsoring broker to sponsor the salesperson, whichever first occurs. If the sponsorship has ended because the broker has terminated the sponsorship, the broker shall immediately notify the salesperson in writing. If the sponsorship has ended because the salesperson has left the sponsorship, the salesperson shall immediately notify the broker in writing. If the commission receives a request from a broker to sponsor a salesperson shown in the commission's records as sponsored by another broker, the commission shall notify the former broker of the change in sponsorship.

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(c) When the sponsorship of a salesperson ends, the broker shall immediately return the salesperson's license or copy thereof to the commission or otherwise notify the commission in writing that the sponsorship has ended.

**§535.122.Reactivation of License.**

(a) When a salesperson whose license status is active enters the sponsorship of a broker, the salesperson and broker whose sponsorship the salesperson has entered shall notify the commission within 10 days, submit the appropriate fee, and request issuance of a new license reflecting the new association. The salesperson may act as the broker's salesperson from the date the notice and fee are mailed or delivered to the commission.

(b) When a salesperson whose license status is inactive enters the sponsorship of a broker and the salesperson is subject to MCE requirements, the salesperson is not returned to active status until MCE requirements are satisfied and the commission has received documentation of course completion in a form satisfactory to the commission. A salesperson whose original application or renewal application was subject to educational requirements imposed by the Act, §1101.358 and §1101.454, is not subject to MCE requirements as a condition of returning to active status during the term of the license issued from the original application or renewal application.

**§535.123.Inactive Broker Status.**

(a) For the purposes of this section, "inactive broker" means a licensed broker who does not sponsor salespersons or perform any activities for which a broker license is required and who has been placed on inactive status by the commission.

(b) To be placed on inactive status, a broker must do the following:

(1) apply to the commission on a form approved by the commission for that purpose or by a letter providing the broker's name, license number and current mailing address, telephone number and email address;

(2) confirm in writing that the broker has given any salespersons sponsored by the broker written notice of termination of

sponsorship at least 30 days prior to filing the request for inactive status; and

(3) return the broker's current license certificate to the commission.

(c) To return to active status a broker who has been placed on inactive status must apply to the commission for return to active status on a form approved by the commission, pay the appropriate fee and satisfy MCE requirements specified in §1101.455 of the Act and the Rules.

(d) A broker who has been on inactive status may resume practice once the broker has satisfied MCE requirements, and the application for return to active status and appropriate fee have been mailed to or delivered to the commission.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

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