

Texas Real Estate Commission
Chapter 535, General Provisions
Rules Adopted at the October 10, 2011 Commission Meeting

**Subchapter L. Termination of
Salesperson's Association with
Sponsoring Broker**
§535.121, §535.122

The Texas Real Estate Commission (TREC) adopts amendments to §535.121, Inactive License, and §535.122, Reactivation of License, without changes to the proposed text as published in the August 19, 2011, issue of the *Texas Register* (36 TexReg 5193).

The amendments make conforming changes to the rules that implement and explain the requirements of Senate Bill 747, 82nd Texas Legislature, Regular Session (2011). In part, SB 747 amends Texas Occupations Code, Chapter 1101 regarding the treatment of business entities who engage in real estate brokerage activity.

The amendments to §535.121 make conforming changes to be consistent with other rules that were simultaneously adopted to implement the requirements of Senate Bill 747, 82nd Texas Legislature, Regular Session (2011). The amendments to §535.122 clarify that a salesperson on inactive status may act as the broker's salesperson from the date the notice and fee are mailed or delivered to the commission as long as the salesperson otherwise meets MCE requirements.

The reasoned justification for the amendment is to have consistency between the Texas Occupations Code, Chapter 1101 and 22 TAC Chapter 535.

No comments were received on the rule 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, Chapters 1101, 1102, and 1303, and Texas Property Code, Chapter 221. No other statute, code or article is affected by the amendments.

§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 designated broker 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.

(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

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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. If the salesperson has satisfied all MCE requirements, the salesperson may act as the broker's salesperson from the date the notice and fee are mailed or delivered 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.

This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

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