

**SUBJECT:** Changes to the Real Estate License Act

**COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended

**VOTE:** 7 ayes — Wilson, Yarbrough, Haggerty, D. Jones, J. Moreno, Palmer, A. Reyna  
0 nays  
2 absent — Flores, Goolsby

**SENATE VOTE:** On final passage, Local and Uncontested Calendar, April 22 — 30-0

**WITNESSES:** None

**BACKGROUND:** The Real Estate License Act (Art. 6573a, VTCS) governs the licensing and practice of real estate salespeople and inspectors in Texas. The act creates two funds to pay claims from consumers who suffer losses due to the wrongful acts of real estate professionals: the real estate recovery fund and the real estate inspection recovery fund.

**DIGEST:** CSSB 1016 generally would give the Texas Real Estate Commission more power and flexibility to administer exams, discipline license holders, and set fees.

**Real estate license requirements.** Currently six of the 12 semester hours required for salesperson licences can be in real estate-related course work. The bill would lower the number of real estate-related courses to four and increase the number of required hours in core real estate courses to eight. The commission would be able to prescribe the content of the core real estate courses.

The required semester course hours for real estate inspector license applicants would be raised from four to eight. The number of hours required to renew the inspector license would be raised from eight to sixteen.

The bill would allow the commission to limit the number of times a person could take a license exam. The commission also could require a waiting period between exams that could be waived for people who had taken additional course work.

Applicants no longer would be required to have a broker join them in an application for an active salesperson license, but existing law would prevent the applicant from acting as a licensed salesperson without a broker's sponsorship. The bill would allow anyone, not just previously licensed salespersons, to apply for an inactive salesperson license.

The commission would be able to charge licensed inspectors a fee of up to \$20 for filing a request for issuance of a license because of a change of name, return to active status, or change in sponsoring professional inspector.

**Disciplinary powers.** CSSB 1016 would expand the disciplinary powers available to the commission. The bill would add Internet advertising to the protections in the act against deceptive or misleading advertising.

Currently, commission employees can file complaints and begin investigations against licensees for certain violations. The bill would extend this power to take action against licensees who have not complied with procedures to renew or activate their licenses. The current \$1,000 maximum fine for violations of the act would be increased to a maximum of \$1,000 per day, with each day of a continuing violation constituting a separate violation.

Administrative hearings for licensees would be governed by the administrative procedure act (Government Code, Chapter 2001). Administrators would be able to allow the commission to set the amount imposed penalties.

**Real estate recovery funds.** The bill would increase the maximum aggregate payment for claims arising out of a single transaction from \$7,500 to \$10,000. The maximum aggregate payment for claims against a single inspector would be raised from \$15,000 to \$30,000.

The commission would be able to make additional assessments not provided for in the statute to fund the real estate inspection recovery fund and the real estate recovery fund.

**Effective date.** CSSB 1016 would take effect September 1, 1999, and would apply only to disciplinary actions or causes of action arising on or after that date. The changes to the required course work for the real estate salesperson license would only apply to applications filed on or after January 1, 2000. The increase course work for real estate inspector license renewal would only apply to licenses renewed on or after December 31, 1999.

SUPPORTERS  
SAY:

CSSB 1016 would clean up the current real estate license act to give the commission more flexibility and authority. The bill would make license requirements more stringent, increase the disciplinary procedures available to the commission, and raise the recovery fund payment limits to keep pace with the current market.

OPPONENTS  
SAY:

No apparent opposition.

NOTES:

The committee substitute made several changes to the Senate-passed version of the bill, including deleting provisions that would have renamed the real estate recovery fund and specified that number of times that an applicant could take the exam without a waiting period.