

By: Flores

H.B. No. 1739

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the regulation of the sale and inspection of real
3 estate.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 1101.152(b), Occupations Code, is
6 amended to read as follows:

7 (b) The commission may set and collect reasonable fees to
8 implement the continuing education requirements for license
9 holders, including the following fees:

10 (1) for an application for approval of a continuing
11 education provider, not more than \$400;

12 (2) for an application for approval of a continuing
13 education course of study, not more than \$100; ~~and~~

14 (3) for an application for approval of an instructor
15 of continuing education courses, not more than \$40; and

16 (4) for attendance at a program to train instructors
17 of a continuing education course prescribed under Section 1101.455,
18 not more than \$100.

19 SECTION 2. Section 1101.204(c), Occupations Code, is
20 amended to read as follows:

21 (c) The commission may not conduct an investigation of a
22 person licensed under this chapter or Chapter 1102 ~~[license holder]~~
23 in connection with a complaint submitted later than the fourth
24 anniversary of the date of the incident that is the subject of the

1 complaint.

2 SECTION 3. Section 1101.353, Occupations Code, is amended
3 by adding Subsection (d) to read as follows:

4 (d) The commission may issue a provisional moral character
5 determination. The commission by rule shall adopt reasonable terms
6 for issuing a provisional moral character determination.

7 SECTION 4. Section 1101.358(a), Occupations Code, is
8 amended to read as follows:

9 (a) An applicant for a salesperson license must provide to
10 the commission satisfactory evidence that the applicant has
11 completed at least 14 [~~12~~] semester hours, or equivalent classroom
12 hours, of postsecondary education, including:

13 (1) at least four semester hours of core real estate
14 courses on principles of real estate;

15 (2) at least two semester hours of each of the
16 following core real estate courses:

17 (A) agency law; [~~and~~]

18 (B) contract law; and

19 (C) one additional core real estate course; and

20 (3) at least four semester hours of core real estate
21 courses or related courses.

22 SECTION 5. Section 1101.454(a), Occupations Code, is
23 amended to read as follows:

24 (a) An applicant applying for the first renewal of a
25 salesperson license must provide to the commission satisfactory
26 evidence of completion of at least 18 [~~14~~] semester hours, or
27 equivalent classroom hours, of postsecondary education, including

1 14 [~~10~~] hours of core real estate courses.

2 SECTION 6. Sections 1101.455(e) and (h), Occupations Code,
3 are amended to read as follows:

4 (e) At least six of the continuing education hours required
5 by Subsection (b) must cover the following legal topics:

- 6 (1) commission rules;
- 7 (2) fair housing laws;
- 8 (3) Property Code issues, including landlord-tenant
9 law;
- 10 (4) agency law;
- 11 (5) antitrust laws;
- 12 (6) Subchapter E, Chapter 17, Business & Commerce
13 Code;
- 14 (7) disclosures to buyers, landlords, tenants, and
15 sellers;
- 16 (8) current contract and addendum forms;
- 17 (9) unauthorized practice of law;
- 18 (10) case studies involving violations of laws and
19 regulations;
- 20 (11) current Federal Housing Administration and
21 Department of Veterans Affairs regulations;
- 22 (12) tax laws;
- 23 (13) property tax consulting laws and legal issues;
- 24 or
- 25 (14) other legal topics approved by the commission.

26 (h) The commission shall automatically approve the
27 following courses as courses that satisfy the mandatory continuing

1 education requirements of Subsection (f) [courses]:

2 (1) core real estate courses; and

3 (2) real estate-related courses approved by the State
4 Bar of Texas for minimum continuing legal education participatory
5 credit.

6 SECTION 7. Section 1101.557, Occupations Code, is amended
7 to read as follows:

8 Sec. 1101.557. ACTING AS AGENT. A broker [~~license holder~~]
9 who represents a party in a real estate transaction is [~~acts as~~]
10 that party's agent.

11 SECTION 8. Section 1101.561, Occupations Code, is amended
12 to read as follows:

13 Sec. 1101.561. DUTIES OF INTERMEDIARY PREVAIL. (a) The
14 duties of a license holder acting as an intermediary under this
15 subchapter supersede the duties of a license holder established
16 under any other law, including common law.

17 (b) A broker must agree to act as an intermediary under this
18 subchapter if the broker agrees to represent in a transaction:

19 (1) a buyer or tenant; and

20 (2) a seller or landlord.

21 SECTION 9. Section 1101.652(a), Occupations Code, is
22 amended to read as follows:

23 (a) The commission may suspend or revoke a license issued
24 under this chapter or take other disciplinary action authorized by
25 this chapter if the license holder:

26 (1) enters a plea of guilty or nolo contendere to or is
27 convicted of a felony in which fraud is an essential element, and

1 the time for appeal has elapsed or the judgment or conviction has
2 been affirmed on appeal, without regard to an order granting
3 community supervision that suspends the imposition of the sentence;

4 (2) procures or attempts to procure a license under
5 this chapter for the license holder or a salesperson by fraud,
6 misrepresentation, or deceit or by making a material misstatement
7 of fact in an application for a license;

8 (3) engages in misrepresentation, dishonesty, or
9 fraud when selling, buying, trading, or leasing real property in
10 the [~~license holder's own~~] name of:

11 (A) the license holder;

12 (B) the license holder's spouse; or

13 (C) a person related to the license holder within
14 the first degree by consanguinity;

15 (4) fails to honor, within a reasonable time, a check
16 issued to the commission after the commission has sent by certified
17 mail a request for payment to the license holder's last known
18 business address according to commission records;

19 (5) fails or refuses to produce on request, for
20 inspection by the commission or a commission representative, a
21 document, book, or record that is in the license holder's
22 possession and relates to a real estate transaction conducted by
23 the license holder;

24 (6) fails to provide, within a reasonable time,
25 information requested by the commission that relates to a formal or
26 informal complaint to the commission that would indicate a
27 violation of this chapter;

1 (7) fails to surrender to the owner, without just
2 cause, a document or instrument that is requested by the owner and
3 that is in the license holder's possession;

4 (8) fails to use a contract form required by the
5 commission under Section 1101.155; [~~or~~]

6 (9) fails to notify the commission, not later than the
7 30th day after the date of a final conviction or the entry of a plea
8 of nolo contendere, that the person has been convicted of or entered
9 a plea of nolo contendere to a felony or a criminal offense
10 involving fraud; or

11 (10) disregards or violates this chapter.

12 SECTION 10. Section 1101.655(c), Occupations Code, is
13 amended to read as follows:

14 (c) A person [~~whose license or certificate is revoked under~~
15 ~~this section~~] is not eligible for a [~~new~~] license or certificate
16 until the person has repaid in full the amount paid from the account
17 for the person, plus interest at the legal rate.

18 SECTION 11. Subchapter C, Chapter 1102, Occupations Code,
19 is amended by adding Section 1102.1035 to read as follows:

20 Sec. 1102.1035. ADDITIONAL GENERAL ELIGIBILITY
21 REQUIREMENTS FOR CERTAIN BUSINESS ENTITIES. (a) To be eligible for
22 a professional inspector license under this chapter:

23 (1) a corporation must designate one of its officers
24 as its agent for purposes of this chapter; and

25 (2) a limited liability company must designate one of
26 its managers as its agent for purposes of this chapter.

27 (b) A corporation or limited liability company may not act

1 as a professional inspector unless the entity's designated agent is
2 a licensed professional inspector according to the commission's
3 records.

4 SECTION 12. Section 1102.205(b), Occupations Code, is
5 amended to read as follows:

6 (b) As a prerequisite for renewal of a real estate inspector
7 license, ~~[or]~~ professional inspector license, or apprentice
8 inspector license, the inspector must participate in the continuing
9 education program and submit evidence satisfactory to the
10 commission of successful completion of at least 16 ~~[the following~~
11 ~~number of]~~ classroom hours of core real estate inspection courses
12 during the license period ~~[year preceding the renewal:~~

13 ~~[(1) eight hours for a real estate inspector license~~
14 ~~renewal; or~~

15 ~~[(2) 16 hours for a professional inspector license~~
16 ~~renewal].~~

17 SECTION 13. Subchapter E, Chapter 1102, Occupations Code,
18 is amended by adding Section 1102.2051 to read as follows:

19 Sec. 1102.2051. ADDITIONAL RENEWAL REQUIREMENTS FOR
20 CERTAIN BUSINESS ENTITIES. (a) To renew a professional inspector
21 license under this chapter:

22 (1) a corporation must designate one of its officers
23 as its agent for purposes of this chapter; and

24 (2) a limited liability company must designate one of
25 its managers as its agent for purposes of this chapter.

26 (b) A corporation or limited liability company may not renew
27 a professional inspector license unless the entity's designated

1 agent is a licensed professional inspector according to the
2 commission's records.

3 SECTION 14. Sections 1101.454(b) and (c), Occupations Code,
4 are repealed.

5 SECTION 15. (a) The Texas Real Estate Commission shall
6 adopt rules necessary to administer the changes in law made by this
7 Act not later than January 1, 2006.

8 (b) The change in law made by this Act to Section 1101.358,
9 Occupations Code, applies only to an application for a salesperson
10 license filed on or after January 1, 2006. An application for a
11 salesperson license filed before January 1, 2006, is covered by the
12 law in effect at the time the application was filed, and the former
13 law is continued in effect for that purpose.

14 (c) The change in law made by this Act to Section 1101.454,
15 Occupations Code, applies only to the first renewal of a
16 salesperson license that expires on or after January 1, 2006. The
17 first renewal of a salesperson license that expires before January
18 1, 2006, is covered by the law in effect on the date the license
19 expires, and the former law is continued in effect for that purpose.

20 (d) The change in law made by this Act to Section 1101.652,
21 Occupations Code, applies only to conduct that occurs on or after
22 the effective date of this Act. Conduct that occurs before the
23 effective date of this Act is covered by the law in effect
24 immediately before the effective date of this Act, and the former
25 law is continued in effect for that purpose.

26 (e) The change in law made by this Act to Section 1102.205,
27 Occupations Code, applies only to an application for renewal of a

1 real estate inspector license, professional inspector license, or
2 apprentice inspector license that expires on or after January 1,
3 2006. A real estate inspector license, professional inspector
4 license, or apprentice inspector license that expires before
5 January 1, 2006, is covered by the law in effect immediately before
6 the effective date of this Act, and the former law is continued in
7 effect for that purpose.

8 SECTION 16. This Act takes effect September 1, 2005.