

By: Kuempel

H.B. No. 1363

A BILL TO BE ENTITLED

AN ACT

relating to the repeal of the real estate inspection recovery fund.

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

SECTION 1. Section 1101.603(c), Occupations Code, is amended to read as follows:

(c) Notwithstanding any other law, the commission shall deposit to the credit of the trust account ~~[or the real estate inspection recovery fund, as determined by the commission,]~~ an administrative penalty collected under Subchapter O ~~[for a violation by a person licensed under this chapter or Chapter 1102].~~

SECTION 2. Section 1102.114, Occupations Code, is amended to read as follows:

Sec. 1102.114. ISSUANCE OF LICENSE. The commission shall issue the appropriate license to an applicant who:

- (1) meets the required qualifications; and
- (2) ~~[pays the fee required by Section 1102.352(a), and~~
- ~~[(3)]~~ submits proof of financial responsibility as required by Section 1102.1141.

SECTION 3. Section 1102.402, Occupations Code, is amended to read as follows:

Sec. 1102.402. LICENSE INELIGIBILITY ~~[REVOCAATION]~~ FOR CLAIM ON FUND. ~~[(a) The commission may revoke a license issued under this chapter or a license, approval, or registration issued under Chapter 1101 if the commission makes a payment from the real~~

1 ~~estate inspection recovery fund to satisfy all or part of a judgment~~
2 ~~against the person issued the license, approval, or registration.~~

3 ~~[(b) The commission may probate an order revoking a license.~~

4 [(c)] A person is not eligible for a license under this
5 chapter until the person has reimbursed the commission in full for
6 any amount paid on the person's behalf from the real estate
7 inspection recovery fund under former Subchapter H, as that
8 subchapter existed on August 31, 2023, or the real estate recovery
9 trust account under Subchapter M, Chapter 1101, plus interest at
10 the legal rate.

11 SECTION 4. Section 1102.403(b), Occupations Code, is
12 amended to read as follows:

13 (b) An administrative penalty collected under this section
14 for a violation by an inspector shall be deposited to the credit of
15 the general revenue [~~real estate inspection recovery~~] fund. A
16 penalty collected under this section for a violation by a person who
17 is not licensed under this chapter or Chapter 1101 shall be
18 deposited to the credit of the real estate recovery trust account or
19 the general revenue [~~real estate inspection recovery~~] fund, as
20 determined by the commission. Any amounts deposited to the credit
21 of the general revenue fund under this section shall offset any
22 amount required to be remitted to that fund by the commission.

23 SECTION 5. The following provisions of the Occupations Code
24 are repealed:

25 (1) Section 1101.603(d); and

26 (2) Subchapter H, Chapter 1102.

27 SECTION 6. (a) In this section:

1 (1) "Commission" means the Texas Real Estate
2 Commission.

3 (2) "Eligible inspector" means a person who holds a
4 real estate inspector license or professional inspector license
5 under Chapter 1102, Occupations Code, as of September 1, 2023.

6 (b) Not later than December 31, 2023, the commission shall
7 transfer not less than \$200,000 from the real estate inspection
8 recovery fund to the general revenue fund.

9 (c) Not later than August 31, 2026, the commission shall
10 determine the remaining liability of the real estate inspection
11 recovery fund based on any pending claims for payment under former
12 Subchapter H, Chapter 1102, Occupations Code, and shall set aside
13 an amount in the fund equal to that liability to be used for the
14 payment of those pending claims.

15 (d) If funds remain in the real estate inspection recovery
16 fund after setting aside the amount determined under Subsection (c)
17 of this section, the commission shall set aside an additional
18 amount not to exceed \$10 per eligible inspector. The commission
19 shall apply the amount set aside as a credit toward the renewal of
20 the license of each eligible inspector whose license expires on or
21 after September 30, 2026, and on or before September 30, 2028, and
22 who renews the license on or before September 30, 2028.

23 (e) After paying all claims for payment from the real estate
24 inspection recovery fund and applying any credits under Subsection
25 (d) of this section, the commission shall transfer any money
26 remaining in the real estate inspection recovery fund to the
27 general revenue fund.

1 (f) Any money transferred to the general revenue fund under
2 this section shall offset any amount required to be remitted to that
3 fund by the commission.

4 SECTION 7. (a) Section [1102.114](#), Occupations Code, as
5 amended by this Act, applies only to an application for an inspector
6 license submitted to the Texas Real Estate Commission on or after
7 the effective date of this Act. An application for a license
8 submitted before the effective date of this Act is governed by the
9 law in effect on the date the application was submitted, and the
10 former law is continued in effect for that purpose.

11 (b) The change in law made by this Act to Section [1102.402](#),
12 Occupations Code, does not affect the authority of the Texas Real
13 Estate Commission to revoke a license, approval, or registration,
14 or probate an order revoking a license under that section as it
15 existed before the effective date of this Act, for a payment made
16 from the real estate inspection recovery fund based on a cause of
17 action that accrues before the effective date of this Act, and the
18 former law is continued in effect for that purpose.

19 (c) Sections [1101.603](#) and [1102.403](#), Occupations Code, as
20 amended by this Act, apply only to an administrative penalty that is
21 collected on or after the effective date of this Act. An
22 administrative penalty that is collected before the effective date
23 of this Act is governed by the law in effect on the date the
24 administrative penalty was collected, and the former law is
25 continued in effect for that purpose.

26 (d) Subject to Subsection (e) of this section, the repeal by
27 this Act of Subchapter [H](#), Chapter [1102](#), Occupations Code, does not

1 affect the validity of a claim for payment from the real estate
2 inspection recovery fund based on a cause of action that accrues
3 before the effective date of this Act. A claim for payment from the
4 fund based on a cause of action that accrues before the effective
5 date of this Act is governed by the law in effect on the date the
6 cause of action accrued, and the former law is continued in effect
7 for that purpose.

8 (e) A claim for payment from the real estate inspection
9 recovery fund under former Section [1102.355](#), Occupations Code, for
10 a cause of action that accrues before the effective date of this Act
11 must be filed before March 1, 2026.

12 SECTION 8. This Act takes effect September 1, 2023.