

By: Zaffirini

S.B. No. 2425

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 ~~[REVOCAION]~~ 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 or]~~ the real estate recovery trust account  
8 under Subchapter M, Chapter 1101, plus interest at the legal rate.

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

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

20 SECTION 5. The following provisions of the Occupations Code  
21 are repealed:

- 22 (1) Section 1101.603(d); and
- 23 (2) Subchapter H, Chapter 1102.

24 SECTION 6. (a) In this section:

25 (1) "Commission" means the Texas Real Estate  
26 Commission.

27 (2) "Eligible inspector" means a person who holds a

1 real estate inspector license or professional inspector license  
2 under Chapter 1102, Occupations Code, as of September 1, 2023.

3 (b) Not later than December 31, 2023, the commission shall  
4 transfer not less than \$300,000 from the real estate inspection  
5 recovery fund to the general revenue fund.

6 (c) Not later than August 31, 2026, the commission shall  
7 determine the remaining liability of the real estate inspection  
8 recovery fund based on any pending claims for payment under former  
9 Subchapter H, Chapter 1102, Occupations Code.

10 (d) After determining the remaining liability under  
11 Subsection (c) of this section, the commission shall refund to each  
12 eligible inspector a portion of the amount in excess of the  
13 remaining liability of the real estate inspection recovery fund, if  
14 the eligible inspector holds a license issued under Chapter 1102,  
15 Occupations Code, as of the date of the refund. A refund under this  
16 subsection may not exceed \$10 per person.

17 (e) The commission shall transfer any money remaining in the  
18 real estate inspection recovery fund to the general revenue fund  
19 after paying all claims for payment from the fund and issuing  
20 refunds under Subsection (d) of this section.

21 (f) Any money transferred to the general revenue fund under  
22 this section shall offset any amount required to be remitted to the  
23 general revenue fund by the commission.

24 SECTION 7. (a) Section 1102.114, Occupations Code, as  
25 amended by this Act, applies only to an application for an inspector  
26 license submitted to the Texas Real Estate Commission on or after  
27 the effective date of this Act. An application for a license

1 submitted before the effective date of this Act is governed by the  
2 law in effect on the date the application was submitted, and the  
3 former law is continued in effect for that purpose.

4 (b) Sections 1101.603 and 1102.403, Occupations Code, as  
5 amended by this Act, apply only to an administrative penalty that is  
6 collected on or after the effective date of this Act. An  
7 administrative penalty that is collected before the effective date  
8 of this Act is governed by the law in effect on the date the  
9 administrative penalty was collected, and the former law is  
10 continued in effect for that purpose.

11 (c) Subject to Subsection (d) of this section, the repeal by  
12 this Act of Subchapter H, Chapter 1102, Occupations Code, does not  
13 affect the validity of a claim for payment from the real estate  
14 inspection recovery fund based on a cause of action that accrues  
15 before the effective date of this Act. A claim for payment from the  
16 fund based on a cause of action that accrues before the effective  
17 date of this Act is governed by the law in effect on the date the  
18 cause of action accrued, and the former law is continued in effect  
19 for that purpose.

20 (d) A claim for payment from the real estate inspection  
21 recovery fund under former Section 1102.355, Occupations Code, for  
22 a cause of action that accrues before the effective date of this Act  
23 must be filed before March 1, 2026.

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