

By: Harless

H.B. No. 3913

A BILL TO BE ENTITLED

AN ACT

relating to the licensing and regulation of certain real estate professionals by the Texas Real Estate Commission.

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

SECTION 1. Section 1101.003(a), Occupations Code, is amended to read as follows:

(a) For purposes of this chapter, "qualifying real estate courses" include:

- (1) agency law~~[, which includes the following topics:~~
  - ~~[(A) the relationship between a principal and an agent,~~
  - ~~[(B) an agent's authority,~~
  - ~~[(C) the termination of an agent's authority,~~
  - ~~[(D) an agent's duties, including fiduciary duties,~~
  - ~~[(E) employment law,~~
  - ~~[(F) deceptive trade practices,~~
  - ~~[(G) listing or buying representation procedures, and~~
  - ~~[(H) the disclosure of agency];~~

- (2) contract law~~[, which includes the following topics:~~

- ~~[(A) elements of a contract,~~
- ~~[(B) offer and acceptance,~~

1                   [~~(C) statute of frauds,~~  
2                   [~~(D) remedies for breach, including specific~~  
3 ~~performance,~~  
4                   [~~(E) unauthorized practice of law,~~  
5                   [~~(F) commission rules relating to use of adopted~~  
6 ~~forms, and~~  
7                   [~~(G) owner disclosure requirements~~];  
8           (3) principles of real estate[~~, which includes:~~  
9               [~~(A) an overview of:~~  
10                   [~~(i) licensing as a broker or sales agent,~~  
11                   [~~(ii) ethics of practice as a license~~  
12 ~~holder,~~  
13                   [~~(iii) titles to and conveyance of real~~  
14 ~~estate,~~  
15                   [~~(iv) legal descriptions,~~  
16                   [~~(v) deeds, encumbrances, and liens,~~  
17                   [~~(vi) distinctions between personal and~~  
18 ~~real property,~~  
19                   [~~(vii) appraisal,~~  
20                   [~~(viii) finance and regulations,~~  
21                   [~~(ix) closing procedures, and~~  
22                   [~~(x) real estate mathematics, and~~  
23               [~~(B) at least three class hours of instruction on~~  
24 ~~federal, state, and local laws relating to housing discrimination,~~  
25 ~~housing credit discrimination, and community reinvestment~~];  
26           (4) property management[~~, which includes the~~  
27 ~~following topics:~~

1                   [~~(A) the role of a property manager,~~  
2                   [~~(B) landlord policies,~~  
3                   [~~(C) operational guidelines,~~  
4                   [~~(D) leases,~~  
5                   [~~(E) lease negotiations,~~  
6                   [~~(F) tenant relations,~~  
7                   [~~(G) maintenance,~~  
8                   [~~(H) reports,~~  
9                   [~~(I) habitability laws; and~~  
10                  [~~(J) the Fair Housing Act (42 U.S.C. Section 3601~~  
11 ~~et seq.)~~];

12                  (5) real estate appraisal[~~, which includes the~~  
13 ~~following topics:~~

14                   [~~(A) the central purposes and functions of an~~  
15 ~~appraisal,~~  
16                   [~~(B) social and economic determinants of the~~  
17 ~~value of real estate,~~  
18                   [~~(C) appraisal case studies,~~  
19                   [~~(D) cost, market data, and income approaches to~~  
20 ~~value estimates of real estate,~~  
21                   [~~(E) final correlations; and~~  
22                   [~~(F) reporting~~];

23                  (6) real estate brokerage[~~, which includes the~~  
24 ~~following topics:~~

25                   [~~(A) agency law,~~  
26                   [~~(B) planning and organization,~~  
27                   [~~(C) operational policies and procedures,~~

1                   ~~[(D) recruitment, selection, and training of~~  
2 ~~personnel,~~

3                   ~~[(E) records and control, and~~

4                   ~~[(F) real estate firm analysis and expansion~~  
5 ~~criteria];~~

6           (7)   real estate finance~~[, which includes the following~~  
7 ~~topics:~~

8                   ~~[(A) monetary systems,~~

9                   ~~[(B) primary and secondary money markets,~~

10                  ~~[(C) sources of mortgage loans,~~

11                  ~~[(D) federal government programs,~~

12                  ~~[(E) loan applications, processes, and~~  
13 ~~procedures,~~

14                  ~~[(F) closing costs,~~

15                  ~~[(G) alternative financial instruments,~~

16                  ~~[(H) equal credit opportunity laws,~~

17                  ~~[(I) community reinvestment laws, including the~~  
18 ~~Community Reinvestment Act of 1977 (12 U.S.C. Section 2901 et~~  
19 ~~seq.), and~~

20                  ~~[(J) state housing agencies, including the Texas~~  
21 ~~Department of Housing and Community Affairs];~~

22           (8)   real estate investment~~[, which includes the~~  
23 ~~following topics:~~

24                  ~~[(A) real estate investment characteristics,~~

25                  ~~[(B) techniques of investment analysis,~~

26                  ~~[(C) the time value of money,~~

27                  ~~[(D) discounted and nondiscounted investment~~

~~criteria;~~

~~[(E) leverage;~~

~~[(F) tax shelters depreciation; and~~

~~[(C) applications to property tax];~~

(9) real estate law~~[, which includes the following topics:~~

~~[(A) legal concepts of real estate;~~

~~[(B) land description;~~

~~[(C) real property rights and estates in land;~~

~~[(D) contracts;~~

~~[(E) conveyances;~~

~~[(F) encumbrances;~~

~~[(G) foreclosures;~~

~~[(H) recording procedures; and~~

~~[(I) evidence of titles];~~

(10) real estate marketing~~[, which includes the following topics:~~

~~[(A) real estate professionalism and ethics;~~

~~[(B) characteristics of successful sales agents;~~

~~[(C) time management;~~

~~[(D) psychology of marketing;~~

~~[(E) listing procedures;~~

~~[(F) advertising;~~

~~[(G) negotiating and closing;~~

~~[(H) financing; and~~

~~[(I) Subchapter E, Chapter 17, Business & Commerce Code]; and~~

(11) real estate mathematics[, which includes the following topics:

~~[(A) basic arithmetic skills and review of mathematical logic,~~

~~[(B) percentages,~~

~~[(C) interest,~~

~~[(D) the time value of money,~~

~~[(E) depreciation,~~

~~[(F) amortization,~~

~~[(G) proration, and~~

~~[(H) estimation of closing statements].~~

SECTION 2. Section 1101.161, Occupations Code, is amended to read as follows:

Sec. 1101.161. GIFTS, GRANTS, AND DONATIONS. The commission may solicit and accept a gift, grant, donation, or other item of value from any source to pay for any activity under this chapter, or Chapter 1102, 1103, or 1104[, or 1303] of this code, or Chapter 221, Property Code.

SECTION 3. Section 1101.204, Occupations Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) Notwithstanding Section 1101.2051, the commission may provide a written notice of an investigation to a person licensed under this chapter or Chapter 1102 and who is associated with the license holder who is the subject of the investigation. The commission shall adopt rules to specify the persons who may receive notice under this subsection.

SECTION 4. Section 1101.356(a), Occupations Code, is

1 amended to read as follows:

2 (a) An applicant for a broker license must provide to the  
3 commission satisfactory evidence that the applicant:

4 (1) has had at least four years of active experience as  
5 a license holder during the 60 months preceding the date the  
6 application is filed; ~~and~~

7 (2) has successfully completed the number of hours of  
8 qualifying real estate and related courses required by commission  
9 rule, not to exceed 60 semester hours or equivalent classroom  
10 hours; and

11 (3) has attended the broker responsibility course  
12 approved by the commission under Section 1101.458.

13 SECTION 5. Section 1101.358(a), Occupations Code, is  
14 amended to read as follows:

15 (a) An applicant for a sales agent license must provide to  
16 the commission satisfactory evidence that the applicant has  
17 successfully completed at least 12 semester hours, or equivalent  
18 classroom hours, of qualifying real estate courses required by  
19 commission rule ~~[education consisting of:~~

20 ~~[(1) at least four semester hours of qualifying real~~  
21 ~~estate courses on principles of real estate; and~~

22 ~~[(2) at least two semester hours of each of the~~  
23 ~~following qualifying real estate courses:~~

24 ~~[(A) agency law;~~

25 ~~[(B) contract law;~~

26 ~~[(C) contract forms and addendums; and~~

27 ~~[(D) real estate finance].~~

SECTION 6. Sections 1101.458(a), (b), and (c), Occupations Code, are amended to read as follows:

(a) A ~~[designated]~~ broker and ~~[for a business entity licensed under this chapter, a broker who sponsors]~~ a sales agent ~~[or a license holder]~~ who supervises another license holder must attend during the term of the current license the ~~[at least six classroom hours of]~~ broker responsibility course ~~[education courses]~~ approved by the commission.

(b) The commission by rule shall prescribe the title, content, and duration of the broker responsibility course ~~[education courses]~~ required under this section. The course may not exceed six hours of classroom instruction.

(c) Broker responsibility ~~[education]~~ course hours may be used to satisfy the hours described by Sections 1101.356 and ~~[Section]~~ 1101.455(f).

SECTION 7. Section 1101.552, Occupations Code, is amended by amending Subsection (e) and adding Subsections (f) and (g) to read as follows:

(e) A license holder shall provide the commission with:

(1) the license holder's current:

(A) mailing address;

(B) business address;

(C) business [and] telephone number; [and] and

(D) [the license holder's] business e-mail address; and [if available]

(2) if the license holder is an associated broker, the name of the broker with whom the license holder is associated.



1        (f) A license holder shall notify the commission of a change  
2 in the information described by Subsection (e) [~~license holder's~~  
3 ~~mailing or e-mail address or telephone number~~].

4        (g) In this section, "associated broker" means a broker who  
5 associates with and is paid through another broker under a  
6 relationship that is intended to be a continuous relationship,  
7 including as an employee or an ongoing independent contractor.

8        SECTION 8. Section 1101.558(b-1), Occupations Code, is  
9 amended to read as follows:

10        (b-1) At the time of a license holder's first substantive  
11 communication with a party relating to a proposed transaction  
12 regarding specific real property, the license holder shall provide  
13 to the party written notice in at least a 10-point font that:

14            (1) describes the ways in which a broker can represent  
15 a party to a real estate transaction, including as an intermediary;

16            (2) describes the basic duties and obligations a  
17 broker has to a party to a real estate transaction that the broker  
18 represents; ~~and~~

19            (3) describes the basic obligations a broker has to a  
20 party to a real estate transaction that the broker does not  
21 represent; and

22            (4) provides the name, license number, and contact  
23 information for the license holder and the license holder's  
24 supervisor and broker, if applicable.

25        SECTION 9. Subchapter L, Chapter 1101, Occupations Code, is  
26 amended by adding Sections 1101.562 and 1101.563 to read as  
27 follows:

1       Sec. 1101.562. REAL PROPERTY SHOWINGS WITHOUT  
2 REPRESENTATION. (a) A broker may show real property available for  
3 sale or lease to a party without representing the party if the  
4 broker:

5               (1) has not agreed with the party, either orally or in  
6 writing, to represent the party;

7               (2) is not otherwise acting as the party's agent at the  
8 time of showing the real property;

9               (3) does not provide to the party opinions or advice  
10 regarding the real property or real estate transactions in general;  
11 and

12               (4) does not perform any other act of real estate  
13 brokerage for the party.

14       (b) Before a broker may show real property under Subsection  
15 (a), the broker must, as applicable:

16               (1) disclose to the party as required by Section  
17 1101.558(b) if the broker represents the owner of the real  
18 property; or

19               (2) provide to the party the written notice described  
20 by Section 1101.558(b-1) if the broker does not represent the owner  
21 of the real property.

22       (c) Notwithstanding Subsections (a)(3) and (4), a broker  
23 showing real property under this section may confirm information to  
24 a party regarding the size, price, and terms of the real property  
25 available for sale or lease.

26       Sec. 1101.563. WRITTEN AGREEMENT REQUIRED. (a) In this  
27 section, "residential real property" means:

1           (1) a single-family house;

2           (2) a duplex, triplex, or quadraplex; or

3           (3) a unit in a multiunit residential structure in  
4 which title to an individual unit is transferred to the owner of the  
5 unit under a condominium or cooperative system.

6           (b) Before a license holder may perform any act of real  
7 estate brokerage for a prospective buyer of residential real  
8 property, the license holder must enter into a written agreement  
9 with the prospective buyer. The written agreement must:

10           (1) state:

11                   (A) the services to be provided by the license  
12 holder;

13                   (B) the termination date of the agreement;

14                   (C) whether the agreement is exclusive;

15                   (D) as applicable, that the license holder:

16                           (i) represents the prospective buyer as the  
17 buyer's agent; or

18                           (ii) does not represent the prospective  
19 buyer as the buyer's agent if the only act of real estate brokerage  
20 being performed is showing real property under Section 1101.562;  
21 and

22                   (E) the amount or rate of compensation the  
23 license holder will receive and how this amount will be determined;  
24 and

25           (2) disclose in conspicuous language that broker  
26 compensation is not set by law and is fully negotiable.

27           (c) A license holder who enters into a written agreement

1 with a prospective buyer for the sole purpose of showing real  
2 property under Section 1101.562 shall enter into a separate  
3 agreement with the prospective buyer if additional real estate  
4 brokerage acts are to be provided after showing the real property.

5 SECTION 10. Sections 1101.652(a) and (b), Occupations Code,  
6 are amended to read as follows:

7 (a) The commission may suspend or revoke a license issued  
8 under this chapter or Chapter 1102 or take other disciplinary  
9 action authorized by this chapter or Chapter 1102 if the license  
10 holder:

11 (1) enters a plea of guilty or nolo contendere to or is  
12 convicted of a felony or a criminal offense involving fraud, and the  
13 time for appeal has elapsed or the judgment or conviction has been  
14 affirmed on appeal, without regard to an order granting community  
15 supervision that suspends the imposition of the sentence;

16 (2) procures or attempts to procure a license under  
17 this chapter or Chapter 1102 for the license holder by fraud,  
18 misrepresentation, or deceit or by making a material misstatement  
19 of fact in an application for a license;

20 (3) fails to honor, within a reasonable time, a  
21 payment [~~check~~] issued to the commission after the commission has  
22 sent by certified mail a request for payment to the license holder's  
23 last known [~~business~~] address according to commission records;

24 (4) 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 or Chapter 1102;

1           (5) 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           (6) fails to consider market conditions for the  
5 specific geographic area in which the license holder is providing a  
6 service;

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

12           (8) disregards or violates this chapter or Chapter  
13 [1102](#).

14           (b) The commission may suspend or revoke a license issued  
15 under this chapter or take other disciplinary action authorized by  
16 this chapter if the license holder, while engaged in real estate  
17 brokerage:

18           (1) acts negligently or incompetently;

19           (2) engages in conduct that is dishonest or in bad  
20 faith or that demonstrates untrustworthiness;

21           (3) makes a material misrepresentation to a potential  
22 buyer concerning a significant defect, including a latent  
23 structural defect, known to the license holder that would be a  
24 significant factor to a reasonable and prudent buyer in making a  
25 decision to purchase real property;

26           (4) fails to disclose to a potential buyer a defect  
27 described by Subdivision (3) that is known to the license holder;

1           (5) makes a false promise that is likely to influence a  
2 person to enter into an agreement when the license holder is unable  
3 or does not intend to keep the promise;

4           (6) pursues a continued and flagrant course of  
5 misrepresentation or makes false promises through an agent or sales  
6 agent, through advertising, or otherwise;

7           (7) fails to make clear to all parties to a real estate  
8 transaction the party for whom the license holder is acting;

9           (8) receives compensation from more than one party to  
10 a real estate transaction without the full knowledge and consent of  
11 all parties to the transaction;

12           (9) fails within a reasonable time to properly account  
13 for or remit money that is received by the license holder and that  
14 belongs to another person;

15           (10) commingles money that belongs to another person  
16 with the license holder's own money;

17           (11) pays a commission or a fee to or divides a  
18 commission or a fee with a person other than a license holder or a  
19 real estate broker or sales agent licensed in another state for  
20 compensation for services as a real estate agent;

21           (12) fails to specify a definite termination date that  
22 is not subject to prior notice in a contract, other than a contract  
23 to perform property management services, in which the license  
24 holder agrees to perform services for which a license is required  
25 under this chapter;

26           (13) accepts, receives, or charges an undisclosed  
27 commission, rebate, or direct profit on an expenditure made for a

- 1 principal;
- 2           (14) solicits, sells, or offers for sale real property
- 3 by means of a lottery;
- 4           (15) solicits, sells, or offers for sale real property
- 5 by means of a deceptive practice;
- 6           (16) acts in a dual capacity as broker and undisclosed
- 7 principal in a real estate transaction;
- 8           (17) guarantees or authorizes or permits a person to
- 9 guarantee that future profits will result from a resale of real
- 10 property;
- 11           (18) places a sign on real property offering the real
- 12 property for sale or lease without obtaining the written consent of
- 13 the owner of the real property or the owner's authorized agent;
- 14           (19) offers to sell or lease real property without the
- 15 knowledge and consent of the owner of the real property or the
- 16 owner's authorized agent;
- 17           (20) offers to sell or lease real property on terms
- 18 other than those authorized by the owner of the real property or the
- 19 owner's authorized agent;
- 20           (21) induces or attempts to induce a party to a
- 21 contract of sale or lease to break the contract for the purpose of
- 22 substituting a new contract;
- 23           (22) negotiates or attempts to negotiate the sale,
- 24 exchange, or lease of real property with an owner, landlord, buyer,
- 25 or tenant with knowledge that that person is a party to an
- 26 outstanding written contract that grants exclusive agency to
- 27 another broker in connection with the transaction;

1           (23) publishes or causes to be published an  
2 advertisement that:

3                   (A) misleads or is likely to deceive the public;

4                   (B) tends to create a misleading impression;

5                   (C) implies that a sales agent is responsible for  
6 the operation of the broker's real estate brokerage business; or

7                   (D) fails to include the name of the broker for  
8 whom the license holder acts, which name may be the licensed name,  
9 assumed name, or trade name of the broker as authorized by a law of  
10 this state and registered with the commission;

11           (24) withholds from or inserts into a statement of  
12 account or invoice a statement that the license holder knows makes  
13 the statement of account or invoice inaccurate in a material way;

14           (25) publishes or circulates an unjustified or  
15 unwarranted threat of a legal proceeding or other action;

16           (26) establishes an association by employment or  
17 otherwise with a person other than a license holder if the person is  
18 expected or required to act as a license holder;

19           (27) aids, abets, or conspires with another person to  
20 circumvent this chapter;

21           (28) fails or refuses to provide, on request, a copy of  
22 a document relating to a real estate transaction to a person who  
23 signed the document;

24           (29) fails to advise a buyer in writing before the  
25 closing of a real estate transaction that the buyer should:

26                   (A) have the abstract covering the real estate  
27 that is the subject of the contract examined by an attorney chosen



1 by the buyer; or

2 (B) be provided with or obtain a title insurance  
3 policy;

4 (30) fails to deposit, within a reasonable time, money  
5 the license holder receives as escrow or trust funds in a real  
6 estate transaction:

7 (A) in trust with a title company authorized to  
8 do business in this state; or

9 (B) in a custodial, trust, or escrow account  
10 maintained for that purpose in a banking institution authorized to  
11 do business in this state;

12 (31) disburses money deposited in a custodial, trust,  
13 or escrow account, as provided in Subdivision (30), before the  
14 completion or termination of the real estate transaction;

15 (32) discriminates against an owner, potential buyer,  
16 landlord, or potential tenant on the basis of race, color,  
17 religion, sex, disability, familial status, national origin, or  
18 ancestry, including directing a prospective buyer or tenant  
19 interested in equivalent properties to a different area based on  
20 the race, color, religion, sex, disability, familial status,  
21 national origin, or ancestry of the potential owner or tenant; ~~or~~

22 (33) disregards or violates this chapter; or

23 (34) fails to enter into a written agreement with a  
24 prospective buyer as required by Section 1101.563.

25 SECTION 11. Section 1101.653, Occupations Code, is amended  
26 to read as follows:

27 Sec. 1101.653. GROUNDS FOR SUSPENSION OR REVOCATION OF

CERTIFICATE. The commission may suspend or revoke a certificate of registration issued under this chapter if the certificate holder:

(1) engages in dishonest dealing, fraud, unlawful discrimination, or a deceptive act;

(2) makes a misrepresentation;

(3) acts in bad faith;

(4) demonstrates untrustworthiness;

(5) fails to honor, within a reasonable time, a payment [~~check~~] issued to the commission after the commission has mailed a request for payment to the certificate holder's last known address according to the commission's records;

(6) fails to provide to a party to a transaction a written notice prescribed by the commission that:

(A) must be given before the party is obligated to sell, buy, lease, or transfer a right-of-way or easement; and

(B) contains:

(i) the name of the certificate holder;

(ii) the certificate number;

(iii) the name of the person the certificate holder represents;

(iv) a statement advising the party that the party may seek representation from a lawyer or broker in the transaction; and

(v) a statement generally advising the party that the right-of-way or easement may affect the value of the property;

(7) directly or indirectly accepts a financial

1 incentive to make an initial offer that the certificate holder  
2 knows or should know is lower than the adequate compensation  
3 required under the Texas Constitution; or

4 (8) disregards or violates this chapter or a  
5 commission rule relating to certificate holders.

6 SECTION 12. The following provisions of the Occupations  
7 Code are repealed:

8 (1) Section 1101.002(8); and

9 (2) Section 1101.805(f).

10 SECTION 13. Section 1101.204, Occupations Code, as amended  
11 by this Act, applies only with respect to a notice regarding a  
12 complaint filed on or after the effective date of this Act. A  
13 notice regarding a complaint filed before the effective date of  
14 this Act is governed by the law in effect on the date the complaint  
15 was filed, and the former law is continued in effect for that  
16 purpose.

17 SECTION 14. Section 1101.356(a), Occupations Code, as  
18 amended by this Act, applies only to an application for a broker  
19 license under Chapter 1101, Occupations Code, submitted on or after  
20 the effective date of this Act. An application submitted before the  
21 effective date of this Act is governed by the law in effect on the  
22 date the application was submitted, and the former law is continued  
23 in effect for that purpose.

24 SECTION 15. Section 1101.358(a), Occupations Code, as  
25 amended by this Act, applies only to an application for a sales  
26 agent license under Chapter 1101, Occupations Code, submitted on or  
27 after the effective date of this Act. An application submitted

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

4       SECTION 16. Section [1101.652\(b\)](#), Occupations Code, as  
5 amended by this Act, applies only to conduct occurring on or after  
6 the effective date of this Act. Conduct occurring before the  
7 effective date of this Act is governed by the law in effect on the  
8 date the conduct occurred, and the former law is continued in effect  
9 for that purpose.

10       SECTION 17. This Act takes effect January 1, 2026.