

SUBJECT: Requirements for real estate licenses

COMMITTEE: Licensing and Administrative Procedures — committee substitute recommended

VOTE: 7 ayes — Wilson, Goolsby, Haggerty, Hamric, Pickett, Torres, Yarbrough
0 nays
2 absent — Kubiak, D. Jones

WITNESSES: For — Ronald Walker, Texas Association of Realtors
Against — None

BACKGROUND : The Real Estate License Act establishes education and training requirements for real estate agents. Under the act, the Texas Real Estate Commission can initiate an investigation of licensees only upon its own motion or a signed written complaint.

DIGEST: CSHB 1621 would amend the Real Estate License Act to expand core curriculum for real estate courses to cover contract law and require applicants for salesmen licenses to complete at least two hours of education in contract law.

The bill also would authorize the Texas Real Estate Commission to establish procedures by which licenses could be issued, renewed, or returned to active status pending fulfillment of continuing education requirements. The commission could impose an extra fee of up to \$200 for allowing licensees up to 60 additional days to complete the requirements. The commission could enact rules to waive any or all licensing requirements for applicants who had been licensed within five years. The bill would raise the allowable fee for license examinations from \$25 to \$50.

The commission could permit an employee to file a signed, written complaint against a licensee and to conduct an investigation when a judgment against a licensee was paid from a real estate recovery fund; the licensee was convicted of a criminal offense that could be grounds for the

suspension or revocation of license; or the licensee failed to make good a check issued to the commission within a reasonable time after notice.

Effective January 1, 1998, partnerships acting as a broker or salesman through a partner properly licensed as a real estate broker would be exempt from the act. All other provisions of the bill would take effect September 1, 1997.

**SUPPORTERS
SAY:**

CSHB 1621 would benefit both real estate agents and the commission overseeing them. Recognizing the importance of contract law in the industry, the bill would make this subject part of the core curriculum for training and continuing education and require minimum training in it. It would not, however, increase the number of hours of training required. The bill also would provide for new procedures to allow agents extra time to complete training and education requirements.

CSHB 1621 would provide clear authority for the commission to initiate investigations in certain circumstances. This authority would be limited to circumstances that have proved to be troublesome in the industry.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute added the terms "governmental body" and "limited liability partnership" to the definition of "person" within the Act. The substitute also added partnerships or limited liability partnerships to the listed exemptions from licensing, so long as a single member of the partnership is duly licensed as a real estate broker. The substitute deleted reducing the required hours of continuing education in principles of real estate from two hours to one.

The fiscal note indicates that adoption of and implementation of the bill would have a net positive impact of \$180,000 on general revenue.