

SUBJECT: Repealing the real estate inspection recovery fund

COMMITTEE: Licensing & Administrative Procedures — favorable, without amendment

VOTE: 8 ayes — K. King, Walle, Goldman, Harless, Hernandez, T. King, Patterson, S. Thompson

0 nays

3 absent — Herrero, Schaefer, Shaheen

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Tony Slagle, Texas Real Estate Commission)

BACKGROUND: Overseen by the Texas Real Estate Commission (TREC), the real estate inspection recovery fund is a fund from which consumers may obtain compensation for damages caused by TREC license holders when license holders cannot pay for those damages.

DIGEST: HB 1363 would repeal the real estate inspection recovery fund and make conforming changes. The bill would require at least \$200,000 to be deposited from the fund to the general revenue fund by December 31, 2023. Remaining funds would be used to address any pending claims, followed by license renewals for certain eligible inspectors. After paying all claims and applying any credits, the rest of the recovery fund would be deposited to the general revenue fund. Any amount owed to the general revenue fund by the TREC would be offset by this deposit.

The bill would not affect the authority of the TREC to revoke a license, approval, or registration, or probate an order revoking a license, for a payment made from the recovery fund based on a cause of action that accrued before the bill's effective date. The bill would apply to

administrative penalties collected prior to its effective date. HB 1363 would not affect the validity of a claim for payment based on a cause of action that accrued before the effective date if the cause of action was filed before March 1, 2026.

The bill would take effect September 1, 2023.

**SUPPORTERS
SAY:**

HB 1363 would repeal an outdated and unnecessary fund to make the process more efficient for consumers who file a claim against licensed inspectors. Since the establishment of the real estate inspection recovery fund, liability insurance has been added as a requirement for licensed inspectors. Most consumers use this insurance to recover the cost of damages inflicted by an inspector, causing the real estate inspection recovery fund to be rarely used. Since the fund is used solely for purposes sufficiently covered by liability insurance, HB 1363 would be removing an unnecessary program.

**CRITICS
SAY:**

No concerns identified.