

TEXAS



## REAL ESTATE COMMISSION

### APPRAISER LICENSING & CERTIFICATION BOARD

#### TREC Commissioners

Avis G. Wukasch  
Chair

Joanne Justice  
Vice Chair

Jaime Blevins Hensley  
Secretary

Troy C. Alley, Jr.

Adrian A. Arriaga

Robert C. (Chris) Day

Bill L. Jones

Weston Martinez

Dona Scurry

Douglas E. Oldmixon  
Administrator

#### TALCB Board Members

Luis F. De La Garza, Jr  
Chair

Walker Beard  
Vice Chair

Sheryl R. Swift  
Secretary

Malachi Boyuls

Laurie C. Fontana

Mark A. McAnally

Shannon K. McClendon

Donna J. Walz

Jamie S. Wickliffe

Douglas E. Oldmixon  
Commissioner

To: Senate Committee on Business & Commerce

From: Douglas E. Oldmixon, Administrator & Commissioner

Date: Effective July 1, 2012

RE: **Implementation Status of Key Legislation from the 82<sup>nd</sup> Legislature**

The following is an status update regarding the implementation of key legislation from the 82<sup>nd</sup> Legislature impacting the Texas Real Estate Commission (TREC) and its independent subdivision, the Texas Appraiser Licensing & Certification Board (TALCB), together (the "agency").

#### **Senate Bill 747**

SB 747 amended several areas of the Texas Occupations Code Chapter 1101 pertaining to the licensing and regulation of certain entities under the authority of TREC. The majority of the items addressed by the bill were "clean-up" issues to clarify and update the statute to reflect changes in the real estate industry. Where appropriate, TREC has amended its regulatory procedures administratively through the rulemaking process to reflect the changes resulting from by SB 747. However, some items required additional implementation beyond the rulemaking process.

SB 747 amended the pre-licensure requirements for real estate licensees. This change required TREC to update all licensing forms and website information to reflect this change. This has been completed, and communicated to education providers, and will take effect on September 1. SB 747 also established new broker responsibility requirements, including requiring all brokers who sponsor salespersons or business entities, and sales persons who supervise other licensees, to take six classroom hours of broker responsibility continuing education. This new education requirement necessitated the development of specific eligibility criteria for instructors teaching the course, as well as the course materials; both of which have been developed and adopted by TREC as of May 7. On May 30, the Real Estate Center at Texas A&M began training instructors to teach the new course to brokers and designated supervisors. TREC is currently developing an online tool that will allow a broker to designate a salesperson as a supervisor. This tool will ensure compliance with the statute by providing TREC a means to keep track of the licensees required to take the course. Once fully implemented, this tool will have the added benefit of allowing brokers and salespersons to change or terminate their sponsor relationship online, a process that makes up a significant percentage of transactions currently manually processed by TREC staff.

#### **House Bill 2375**

HB 2375 modified the Texas Occupations Code Chapter 1103 concerning regulation of entities under the TALCB's authority. This "housekeeping" bill

updated the statute to allow TALCB to better meet the demands of the current regulatory environment. In addition to many “clean-up” issues addressed by the bill, it clarified that anyone performing real estate appraisals in Texas must be certified or licensed by TALCB to do so, expanded TALCB’s disciplinary authority to allow temporary suspension of a license on an emergency basis, repealed the provisional license option, and mandated reciprocity with certain other states. Soon after its effective date, TALCB appointed an advisory committee to work on the implementation of HB 2375, and as of the date of this report, TALCB has implemented all of the HB 2375 revisions through the rulemaking process.

### **HB 1146**

The Texas Appraisal Management Company Registration and Regulation Act (HB 1146) placed Appraisal Management Companies (AMCs) under the regulatory authority of TALCB. The bill requires AMCs to register with TALCB and requires that AMCs operating in Texas use only appraisers that are actively licensed or certified by TALCB when conducting business here. In response to this directive, TALCB developed an online registration option and a Panel Management Tool (PMT) which provides AMCs an easy online application to establish and manage their appraiser panels. Since the PMT only provides access to those appraisers currently licensed by TALCB, it ensures statutory compliance.

The bill also requires TALCB to cover all administrative costs associated this new regulatory directive. In addition to a base registration fee, the PMT is a method utilized to account for these costs. Since national AMCs represent a proportionately large share of the total Texas market, it was imperative to develop a fair and reasonable fee structure that would treat smaller, Texas-domiciled businesses equitably and not disproportionately burden them with administrative costs. The PMT was developed with this in mind; an AMC can use the PMT to scale its operations in Texas to meet its business volume. Utilizing a scaling mechanism to determine an AMC’s total fee burden results in a percentage of fees that are directly proportional to size of the AMC’s panel. This ensures that AMCs doing the bulk of appraisal business in the state bear more of the administrative costs.

TALCB began registering AMCs in Texas on March 5. As of today, 153 AMCs have submitted applications, and 133 have completed the process and are registered to do business in Texas, with nearly 6,000 appraisers initially invited to serve on a panel for one or more AMCs.

### **SB 1000**

SB 1000 granted the agency SDSI status, effective September 1, 2011. The agency has been very successful in implementing rules and processes necessary to comply with this status. The agency has submitted several reports detailing the agency’s SDSI progress to legislative oversight committees since officially transitioning to SDSI status, the most recent being on April 10 to this Committee. As of May 31, agency expenditures for operations are running approximately 7% below the budget and revenue is generally on track. Historically, revenue collections are higher during the summer months. As mentioned above, registration for AMCs began March 5. All AMCs are required to be registered with TALCB by July 5 to continue to do business in Texas. As of May 31, revenue received from AMCs was just 31% of the projected estimate, however applications for AMC registration have increased significantly during June, and more are expected to continue to register after July 1. The number of appraisers empaneled by AMCs is on track to exceed the number originally projected.

Additional explanatory information can be provided at the Committee’s request.