

TEXAS



REAL ESTATE COMMISSION

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To: Senate Committee on Business & Commerce

From: Douglas E. Oldmixon, Administrator & Commissioner

Date: Effective October 4, 2012

RE: **Quarterly Agency Update**

The following is a quarterly update regarding issues impacting the Texas Real Estate Commission (TREC) and its independent subdivision, the Texas Appraiser Licensing & Certification Board (TALCB), together (the "agency").

Implementation Status of Key Legislation from the 82nd Legislature

Senate Bill 747

SB 747 amended Texas Occupations Code Chapter 1101 pertaining to the licensing and regulation of certain entities regulated by TREC. The majority of the items addressed by the bill were "clean-up" issues reflecting recent changes in the real estate industry and TREC utilized the rulemaking process to implement those items. However, some items addressed by the bill required additional implementation beyond the rulemaking process.

SB 747 amended pre-licensure requirements for real estate licensees. As a result, TREC updated all licensing forms and any related online information. SB 747 also established new broker responsibility requirements, including mandating six classroom hours of continuing education related to broker responsibility for all sponsoring brokers and sales persons who supervise other licensees. This new education requirement necessitated the establishment of specific eligibility criteria for instructors teaching the course, as well as the development of course materials. Both were adopted by TREC as of May 7 and the Real Estate Center at Texas A&M began training instructors on May 30. In recognition of its work in developing the "Broker Responsibility" course, TREC was recently recognized by the Association of Real Estate License Law Officials (ARELLO), an international organization of real estate licensing agencies, with a 2012 Education Award at the ARELLO annual meeting in September.

TREC will launch a tool later this month via "My License Online Services" that allows 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 those licensees required to take the "Broker Responsibility" course. As an added benefit, this same tool allows a licensee to initiate and complete requests for a change of sponsor themselves through a simple, online process. Utilization of this tool will alleviate the need for licensees to wait on TREC staff to process the change in order

to continue to conduct business, while improving agency efficiency and freeing up agency resources that can be dedicated elsewhere to help the agency fulfill its mission.

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 states which meet applicable national standards. TALCB appointed an advisory committee of industry members to work on the implementation of HB 2375, and TALCB has implemented all aspects of the HB 2375 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. With the open involvement of a large working group including both appraisers and representatives of AMCs, 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. The PMT ensures statutory compliance because it only provides access to those appraisers currently licensed by TALCB.

Since TALCB began registering AMCs in Texas in March, 177 AMCs have submitted applications, and 172 have completed the process and are registered to do business in Texas, and nearly 17,000 appraisers have been invited to serve on a panel for one or more AMCs.

SB 1000

SB 1000 granted the agency SDSI status, effective September 1, 2011. As reported previously, the agency has implemented all necessary rules and processes to transition to an SDSI agency and ensure compliance with any requirements associated SDSI status. The agency's first year as an SDSI agency has been very successful. The agency's overall operation expenditures by the end of the fiscal year were below the amount projected for FY2012, while revenue stayed on track with agency projections.

Other Issues – Future Legislation

Looking forward to the next legislative session, there may be a need to amend Chapter 1102 of the Texas Occupations Code, which governs real estate inspectors, to address changes impacting the real estate inspection industry in Texas and to better equip TREC to carry out its regulatory functions.

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