

TEXAS



## REAL ESTATE COMMISSION

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To: Senate Committee on Business & Commerce

From: Douglas E. Oldmixon, Administrator & Commissioner

Date: Effective October 10, 2013

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 83<sup>rd</sup> Legislature**

##### **House Bill 2911**

HB 2911 amended Chapter 1102 of the Occupations Code to the real estate inspectors to upgrade the caliber of real estate inspections in Texas and conform agency practices related to inspectors to match those used by TREC for its other licensees. In this regard, the bill required inspectors to submit to fingerprinting and criminal history background review prior to licensure, extended the open application period from 6 months to a year, authorized a late renewal period for inspector licensees, and removed the requirement that an applicant who failed the qualifying exam 3 times had to wait a 6 months before retaking the exam. In addition, the bill clarified pre-license education requirements to authorize some hands-on training prior to a licensee commencing field inspections of homes for Texas consumers. The bill clarified the mandated financial responsibility requirements by adding a bond option which provides an alternative to E&O coverage and under which TREC could continue to issue and renew licenses and inspectors could continue to work, should the market cease to provide E&O coverage.

Various administrative aspects of the bill have already been implemented by the agency, such as the fingerprinting and background check requirement and late renewal period provisions. Staff is currently working with the Texas Real Estate Inspector Committee, as well as various stakeholders, to amend its regulatory procedures through the rulemaking process to reflect the new inspector licensing and education requirements addressed in the bill. Other items that require additional implementation beyond the rulemaking process, such as updating affected forms and online information, are also being addressed by staff.

##### **Senate Bill 984 and House Bill 2414**

These bills expand the use of videoconferencing of the meeting of governmental bodies, provided certain conditions are met. The Department of Information Resources (DIR) is required to specify minimum standards by rule for audio and video signals at a meeting held by videoconference call. Our agency has spearheaded the effort to create a task force made up of several agencies in the Stephen F. Austin

Building to explore the best technical solution for video conferencing in the common meeting areas utilized by the governing bodies of those agencies. DIR is part of this group. The group has already met once and is will continue to meet to ensure the conditions set about in the bills to ensure compliance with the Open Meetings Act are met in the most efficient and cost effective manner.

#### **Senate Bill 162**

This bill required occupational licensing agencies to provide an expedited licensure process for military spouses. The bill also requires agencies to issue a license to a qualified applicants who are active service members or military veterans who hold a current license issued by another jurisdiction. The agency has proposed the necessary rules and procedures to ensure compliance with these new requirements and expect to have these fully in effect following the October Commission meeting and November Board meeting.

#### **House Bill 2532**

This bill amended the Utilities Code to establish standards for propane gas distribution system retailers. The bill also requires someone who wishes to sell or convey real property located in a propane gas system service area owned by a distribution system retailer to give to the purchaser statutory written notice that the property may be located in a propane gas system service area and that there may be additional costs to the purchaser of the property. To address the statutory notice requirement, TREC Broker Lawyer Committee is recommending that the Commission adopt a new form to attach as an addendum to applicable real estate contracts for property located in a propane gas system service area. This new form will be proposed at the October 23<sup>rd</sup> Commission meeting.

#### **House Bill 2781**

This bill amends the Government Code, the Health and Safety Code, the Local Government Code, and the Property Code regarding the harvesting of rainwater. The bill amends the sellers disclosure notice required by the Property Code for use in residential real estate transactions to include notice of any rainwater harvesting system located on a property that is larger than 500 gallons and that uses a public water supply as an auxiliary water source. TREC approves a statutory version of the seller's disclosure notice. A revision to that disclosure with the new required rainwater harvesting notice is on the agenda for TREC's October 23<sup>rd</sup> Meeting for approval by the Commission.

#### **Senate Bill 1372**

This bill established the Timeshare Owners Association Act. Timeshare owners associations are exempt from the provisions mandated by the Homeowners Association Act found in Chapter 209 of the Texas Property Code that govern the operation of homeowners associations, and this bill provided a parallel set of applicable to the governance of timeshare owners associations. While timeshare companies are regulated by the agency, nothing in the bill requires any direct implementation or action by the agency.

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