

Errata

At Dearborn™ Real Estate Education, we are proud of our reputation for providing the most complete, current, and accurate information in all our products. We are committed to ensuring the kind of quality you rely on. Please note the following changes, which will be reflected in the next printing of *Modern Real Estate Practice in Texas: Principles I and II, 20th Edition*.

This document contains a running list of revisions made since the text was first printed. Depending on what printing you have of the book, these revisions may or may not be included.

Page/Location	Reads Now	Should Be
2	Despite the size and complexity of the real estate business, many people think it only consists of brokers and salespersons.	Despite the size and complexity of the real estate business, many people think it only consists of brokers and sales agents.
3	Under Section 535.2 of the TREC Rules, a sponsoring broker is required to advise a sales agent of the scope of that sales agent's authorized activities under the License Act.	Under Section 535.2 of the TREC Rules, a sponsoring broker is required to advise a sales agent in writing of the scope of that sales agent's authorized activities under the License Act.
3, first full paragraph		Added to paragraph: Texas Rule 535.2(i)(5) states that, at a minimum, when a sales agent performs a type of brokerage activity for the first three times, the broker must require that the sales agent receive coaching and assistance from an experienced license holder competent for that activity.
4	The chair of the Commission may also appoint a nonvoting Commission-member liaison.	The chair of the Commission may also appoint a nonvoting Commission-member liaison. There is a total of 12 members on the ESAC Committee.
6	The act has been revised many times, most recently in 2023.	The act has been revised many times.
7, first full paragraph		Added to paragraph: It is made up of four licensed real estate appraisers, four public members appointed by the

		governor, and the executive secretary of the Texas Veterans Land Board who is an ex-officio member.
8	For a complete copy of Senate Bill 2212 (S.B. 2212), the most recent legislation amending The Real Estate License Act, and others passed in legislative sessions since 1989, visit the Texas Legislature’s website: www .capitol .state .tx .us.	For a complete copy of Senate Bill 1969 (S.B. 1968), the most recent legislation amending The Real Estate License Act, and others passed in legislative sessions since 1989, visit the Texas Legislature’s website: www .capitol .state .tx .us.
10	The highly complex and competitive nature of the real estate industry requires that a practitioner be competent in a number of fields.	The highly complex and competitive nature of the real estate industry requires that a practitioner be competent in a number of fields. Texas Rule 535.2(i)(5) states that, at a minimum, when a sales agent performs a type of brokerage activity for the first three times, the broker must require that the sales agent receive coaching and assistance from an experienced license holder competent for that activity. “Specialization...practice area.” is moved to the next paragraph
42	1. Homestead. Texas law grants a homestead tax exemption of \$40,000 off a home’s taxable value for school district taxes. Other taxing districts may also allow for optional homestead tax exemptions of varying amounts. To qualify for a general homestead exemption, the homeowner must	1. Homestead. Texas law grants a homestead tax exemption off a home’s taxable value for school district taxes. Other taxing districts may also allow for optional homestead tax exemptions of varying amounts. To qualify for a general homestead

	<p>– own and live in the property as a principal residence on January 1 of the tax year,</p>	<p>exemption, the homeowner must – own and live in the property as a primary residence on January 1 of the tax year,</p> <p>Margin note removed</p>
<p>43, Age 65 or older</p>	<p>...To reduce the home’s value for school taxes, school districts are <i>required</i> to grant a \$10,000 age exemption, in addition to the \$40,000 homestead exemption. Other taxing authorities or districts may <i>elect</i> to grant tax reductions to property owners older than 65.</p>	<p>... To reduce the home’s value for school taxes, school districts are required to grant an age exemption, in addition to the homestead exemption. Other taxing authorities or districts may <i>elect</i> to grant tax reductions to property owners older than 65.</p> <p>Margin note added by surviving spouse benefit: In 2025, Senate Bill 23 Elderly/Disabled Homestead Exemption increased the ad valorem tax exemption for the elderly or disabled individuals. This was contingent on S. J. R. 85 passing on May 22, 2025. This amendment authorized the legislature to increase the amount of the exemption from ad valorem taxation by a school district of the market value of the residence homestead of a person who is elderly or disabled.</p>
<p>44</p>	<p>3. Disability status. School districts are required to grant a \$10,000 exemption to persons having a physical or other recognized disability; it is optional for other taxing authorities.</p>	<p>3. Disability status. School districts are required to grant an exemption to persons having a physical or other recognized disability; it is optional for other taxing authorities.</p>

46, first full paragraph	In a county having a population of 500,000 or more, the appraisal district must post updated appraisal records weekly, excluding confidential information....	In a county having a population of 120,000 or more, the appraisal district must post updated appraisal records weekly, excluding confidential information....
48, Tax collection paragraph 1	For example, taxes for 2023 became a lien on January 1, 2023.	For example, taxes for 2026 became a lien on January 1, 2026.
48, last paragraph	The delinquency date for annual taxes is February 1 of the year following the tax year (2022 taxes are delinquent as of February 1, 2023).	The delinquency date for annual taxes is February 1 of the year following the tax year (2026 taxes are delinquent as of February 1, 2027).
52, margin note	HB 2237 (2019) significantly amended Chapter 53 (mechanic’s lien provisions) in the Property Code.	HB 2237 significantly amended Chapter 53 (mechanic’s lien provisions) in the Property Code.
54, paragraph 2	In most cases, an abstract of judgment lien is valid for 10 years; if the judgment lienholder has attempted to enforce the judgment through an execution, it may be extended for an additional 10-year period.	In most cases, an abstract of judgment lien is valid for 10 years from the date it is recorded; if the judgment lienholder has attempted to enforce the judgment through an execution, it may be extended for an additional 10-year period.
54, in practice	In addition, Unit 42 of the Property Code provides for a number of personal property exemptions, not to exceed an aggregate fair market value of \$60,000 for a family or \$30,000 for a single adult...	In addition, Unit 42 of the Property Code provides for a number of personal property exemptions, not to exceed an aggregate fair market value of \$100,000 for a family or \$50,000 for a single adult...
99, In Practice	In 2022, according to NAR, 16% of existing home sales were to investors, and undoubtedly most of those sales were either short sales or foreclosures.	In 2025, according to NAR, 16% of existing home sales were to investors, and undoubtedly most of those sales were either short sales or foreclosures.
105, paragraph 2		Margin note added: As of January 3, 2025, TREC added an Addendum for Section 1031 Exchange (TREC Form 60-0) to attach to contracts where either party

		intends to use the property to accomplish a Section 1031 exchange.
123, first paragraph	The <i>Uniform Electronic Transactions Act</i> (UETA) and the Uniform Real Property Electronic Recording Act of 2005 permit electronic records and electronic signatures in electronic transactions to be legally enforceable, so long as both parties to a transaction agree to conduct the transaction electronically.	The <i>Uniform Electronic Transactions Act</i> (UETA) and the Uniform Real Property Electronic Recording Act of 2005 (URPERA) permit electronic records and electronic signatures in electronic transactions to be legally enforceable, so long as both parties to a transaction agree to conduct the transaction electronically. Margin note added: Texas has adopted this process in Chapter 15 of the Texas Property Code to modernize land recordkeeping.
126, Statute of limitations	A suit brought for a DTPA violation must begin within two years from the date a buyer could reasonably have discovered the deceptive act.	A suit brought for a Deceptive Trade Practices Act (DTPA) violation must begin within two years from the date a buyer could reasonably have discovered the deceptive act.
127, second paragraph	As discussed in Unit 4, the minimum services requirement of the License Act dictates that a limited services broker (1) must inform the client if material information related to the transaction is received by the broker; (2) must answer the client's questions and present any offer to or from the client, and (3) may not instruct another broker to negotiate directly with the client.	Added as margin note: As discussed in Unit 4, the minimum services requirement of the License Act dictates that a limited services broker (1) put the interests of the client above all others, including the broker's own interests; (2) inform the client of any material information about the property or transaction received by the broker; (3) answer the client's questions and present any offer to or counter-offer from the client; and (4) treat all parties to a real estate transaction fairly.

128, In Practice		Margin note added: Effective January 1, 2024, wholesalers are required to disclose their interest in the property in writing to both buyers and sellers. More information on equitable interest in real property can be found in section 535.6 of the TREC Rules.
143, added to first paragraph under open listing		An open listing is an example of a unilateral contract.
144, termination of listings list	<ul style="list-style-type: none"> • death or incapacity of either party 	<ul style="list-style-type: none"> • death or incapacity of the seller or the buyer
145, first paragraph	<p>The Texas Real Estate License Act provides for the establishment of the Texas Real Estate Broker-Lawyer Committee. The purpose of this special committee is the drafting and revising of standard contract forms to be used by real estate license holders because most real estate transactions are basically similar in nature.</p>	<p>The Texas Real Estate License Act provides for the establishment of the Texas Real Estate Broker-Lawyer Committee. It is made up of 13 members—six brokers appointed by TREC, six attorneys appointed by the State Bar of Texas, and one public member appointed by the governor. The purpose of this...</p>
145, last paragraph		<p>Margin note added: Forms are continuously changing. The most updated forms will always be found on TREC's website https://www.trec.texas.gov/agency-information/contracts.</p>
147, Sample Real Estate Sales Contract	<p>As shown in Figure 6.5, the Commission has promulgated six residential contract forms, two temporary leases, and 27 special conditions addenda, other forms, and the amendment to contract.</p> <p>5. Earnest Money and Termination Option—specifies the amount of earnest money and</p>	<p>As shown in Figure 6.5, the Commission has promulgated six residential contract forms, two temporary leases, and numerous addenda, other forms, and the amendment to contract.</p> <p>5. Earnest Money and Termination Option—specifies the amount of earnest money and</p>

	<p>termination option fee and identifies the escrow agent</p> <p>10. <i>Possession</i>—specifies when the buyer may take possession of the property</p>	<p>termination option fee, length of the option period, and identifies the escrow agent</p> <p><i>10.</i> <i>Possession</i>—specifies when the buyer may take possession of the property, which could be upon closing and funding or according to a temporary residential lease promulgated by TREC</p>
150, bulleted list	<ul style="list-style-type: none"> • Option fee receipt 	<ul style="list-style-type: none"> • Option fee receipt <ul style="list-style-type: none"> ○ If there is additional option money, it is put on the amendment and delivered directly to the seller or the listing agent rather than the title company.
150, Take Note, third paragraph	<p>In an effort to clarify buyers’ and sellers’ obligations regarding compensation of the real estate brokers representing each party the Texas Real Estate Commission (TREC) amended Paragraph 12 of its promulgated contract forms, effective January 3, 2025.</p>	<p>In an effort to clarify buyers’ and sellers’ obligations regarding compensation of the real estate brokers representing each party the Texas Real Estate Commission (TREC) amended Paragraph 12 of its promulgated contract forms.</p>
159, fourth paragraph		<p>Margin note added: Currently, the Broker-Lawyer Committee is working on changes driven by new legislation from S.B. 2349 (2025) that would add obligations to the Seller's Disclosure to include water disclosures and insurance specifics.</p>
162, first paragraph	<p>TREC has promulgated an addendum to provide the</p>	<p>TREC has promulgated an addendum (TREC 47-0 Addendum for Property in a</p>

	appropriate notice required by law.	Propane Gas System Service Area) to provide the appropriate notice required by law.
162, third paragraph	Two TREC-promulgated disclosure addenda reflect the unique circumstances of property located in the Gulf Coast counties:	Two TREC-promulgated disclosure addenda (TREC 32-2 Addendum for Coastal Area Property and TREC 34-4 Addendum for Property Located Seaward of the Gulf Intercoastal Waterway) reflect the unique circumstances of property located in the Gulf Coast counties:
163, continued paragraph at top of page	The TREC Addendum Containing Notice of Obligation to Pay Improvement District Assessment provides this statutory notice.	The TREC 53-0 Addendum Containing Notice of Obligation to Pay Improvement District Assessment provides this statutory notice.
163, Hydrostatic testing		Added to end of paragraph: Only a licensed plumber can perform hydrostatic testing.
163, Mold remediation certificate		Added to end of paragraph: Paragraph 6(D)(11) of the sales contract states that "if the property has been remediated for mold, Seller must provide to Buyer each certificate of mold damage remediation issued under Section 1958.154, Occupations Code, during the five years preceding the sale of the Property."
164, second paragraph	(TREC Rule 535.227(a)(5)).	(TREC Rule 535.227(b)(5)).
165,	The license holder must disclose such payments to the client, using TREC Form RSC-2, Disclosure of Relationship with Residential Service Company.	The license holder must disclose such payments to the client, using TREC Form RSC-4, Disclosure of Relationship with Residential Service Company.
207, paragraph 3	The <i>Uniform Electronic Transactions Act</i> (2001) and the <i>Uniform Real Property Electronic Recording Act</i>	The <i>Uniform Electronic Transactions Act</i> (1999) and the <i>Uniform Real Property Electronic Recording Act</i>

	(2005) permit a county clerk to receive, index, store, archive, and transmit electronic documents and provide access to documents and information by electronic means.	(2005) permit a county clerk to receive, index, store, archive, and transmit electronic documents and provide access to documents and information by electronic means.
245	TREC Short Sale Addendum	TREC 45-2 Short Sale Addendum
249, fourth paragraph		Added to end of paragraph: As of September 30, 2025, there is a mandate for all withholding payments to be made electronically via the Electronic Federal Tax Payment System (EFTPS). Paper checks will no longer be accepted.
277, Appraisal fees	When the buyer obtains a loan, it is customary for the buyer to pay for a lender-required appraisal. However, in most cases, either the buyer or the seller <i>may</i> pay the appraisal fees, as negotiated in the sales contract. An urban residential loan appraisal may cost from \$375 to \$540; a rural appraisal, \$600 to \$1,200.	When the buyer obtains a loan, it is customary for the buyer to pay for a lender-required appraisal. However, in most cases, either the buyer or the seller <i>may</i> pay the appraisal fees, as negotiated in the sales contract.
375, first paragraph	Texas law provides for four classifications of state appraiser certifications or licenses, all of which meet Appraiser Qualifications Board (AQB) minimum national standards: Certified General Real Estate Appraiser, Certified Residential Real Estate Appraiser, State Licensed Real Estate Appraiser, and Appraiser Trainee. All applicants must meet certain education requirements, including at least 60 classroom hours of specified real estate appraisal	Texas law provides for four classifications of state appraiser certifications or licenses, all of which meet Appraiser Qualifications Board (AQB) minimum national standards: Certified General Real Estate Appraiser, Certified Residential Real Estate Appraiser, State Licensed Real Estate Appraiser, and Appraiser Trainee.

	<p>courses, 15 classroom hours of <i>USPAP</i>, and 4 hours of an appraiser trainee/supervisory appraiser course. Applicants for Certified General Real Estate Appraiser must have at least a bachelor's degree and 300 total hours of specific AQB-required core curriculum courses. Applicants for Certified Residential Real Estate Appraiser are required to meet one of six college-level education requirements set by the AQB and 200 total hours of specific AQB-required core curriculum courses. The semester-hour or degree requirements are in addition to mandated classroom hours of real estate appraisal courses.</p>	
<p>375, second paragraph</p>	<p>The appraiser trainee classification permits a person with no real estate appraisal experience and only 79 hours of qualifying education to enter the real estate appraisal profession and to work toward the requirements to become a state-licensed real estate appraiser.</p>	<p>The appraiser trainee classification permits a person with no real estate appraisal experience and only 83 hours of qualifying education to enter the real estate appraisal profession and to work toward the requirements to become a state-licensed real estate appraiser.</p>
<p>375</p>		<p>New paragraph: Beginning January 1, 2026, all appraiser license holders and new applicants will be required to complete education on valuation bias and fair housing laws and regulations. This requirement: *Includes 8 hours of qualifying education *Includes 7 hours of continuing education *Applies to all license types</p>

		<p>*Applies to anyone whose license expires January 2026 or later, and all applicants approved on or after January 1, 2026</p> <p>After initial completion, license holders must take a four-hour valuation bias course every two years.</p>
<p>376, Texas Education Requirements table</p>	<p>Appraiser Trainee 75 hours of specific AQB-required core curriculum courses, as well as a board-approved appraiser trainee/supervisory appraiser course (79 hours TOTAL):</p> <ul style="list-style-type: none"> ■ Basic appraisal principles (30 hours) ■ Basic appraisal procedures (30 hours) ■ 15-hour national <i>USPAP</i> or equivalent (15 hours) ■ Appraiser trainee/supervisory appraiser course (4 hours) <p>Licensed Residential Real Estate Appraiser 150 total hours of specific AQB-required core curriculum courses:</p> <ul style="list-style-type: none"> ■ Basic appraisal principles (30 Hours) ■ Basic appraisal procedures (30 Hours) ■ 15-Hour national <i>USPAP</i> or equivalent (15 hours) ■ Residential market analysis and highest and best use (15 hours) ■ Residential appraiser site valuation and cost approach (15 hours) ■ Residential sales comparison and income approaches (30 hours) 	<p>Appraiser Trainee 83 hours of specific AQB-required core curriculum courses, as well as a board-approved appraiser trainee/supervisory appraiser course (83 hours TOTAL):</p> <ul style="list-style-type: none"> ■ Basic appraisal principles (30 hours) ■ Basic appraisal procedures (30 hours) ■ 15-hour national <i>USPAP</i> or equivalent (15 hours) ■ Appraiser trainee/supervisory appraiser course (4 hours) ■ 8-hour Valuation bias and fair housing regulations course <p>Licensed Residential Real Estate Appraiser 158 total hours of specific AQB-required core curriculum courses:</p> <ul style="list-style-type: none"> ■ Basic appraisal principles (30 Hours) ■ Basic appraisal procedures (30 Hours) ■ 15-Hour national <i>USPAP</i> or equivalent (15 hours) ■ Residential market analysis and highest and best use (15 hours) ■ Residential appraiser site valuation and cost approach (15 hours)

	<ul style="list-style-type: none"> ■ Residential report writing and case studies (15 hours) <p>Certified Residential Real Estate Appraiser One of six college-level education requirements set by the AQB and</p> <ul style="list-style-type: none"> ■ 200 total hours of specific AQB-required core curriculum courses: ■ Basic appraisal principles (30 hours) ■ Basic appraisal procedures (30 hours) ■ 15-hour national <i>USPAP</i> or equivalent (15 hours) ■ Residential market analysis and highest and best use (15 hours) ■ Residential appraiser site valuation and cost approach (15 hours) ■ Residential sales comparison and income approaches (30 hours) ■ Residential report writing and case studies (15 hours) ■ Statistics, modeling, and finance (15 hours) ■ Advanced residential applications and case studies (15 hours) ■ Appraisal subject matter electives (20 hours) <p>Certified General Real Estate Appraiser A bachelor's degree or higher from an accredited college or university and 300 total hours of specific AQB-required core curriculum courses:</p> <ul style="list-style-type: none"> ■ Basic appraisal principles (30 hours) ■ Basic appraisal procedures (30 hours) 	<ul style="list-style-type: none"> ■ Residential sales comparison and income approaches (30 hours) <p>■ Residential report writing and case studies (15 hours)</p> <p>■ 8-hour Valuation bias and fair housing regulations course</p> <p>Certified Residential Real Estate Appraiser One of six college-level education requirements set by the AQB and</p> <ul style="list-style-type: none"> ■ 200 total hours of specific AQB-required core curriculum courses: ■ Basic appraisal principles (30 hours) ■ Basic appraisal procedures (30 hours) ■ 15-hour national <i>USPAP</i> or equivalent (15 hours) ■ Residential market analysis and highest and best use (15 hours) ■ Residential appraiser site valuation and cost approach (15 hours) ■ Residential sales comparison and income approaches (30 hours) ■ Residential report writing and case studies (15 hours) ■ Statistics, modeling, and finance (15 hours) ■ Advanced residential applications and case studies (15 hours) ■ 8-hour Valuation bias and fair housing regulations course <p>Certified General Real Estate Appraiser A bachelor's degree or higher from an accredited college or university and 300 total hours of specific AQB-required core curriculum courses:</p>
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	<ul style="list-style-type: none"> ■ 15-hour national <i>USPAP</i> or equivalent (15 hours) ■ General appraiser market analysis and highest and best use (30 hours) ■ General appraiser site valuation and cost approach (30 hours) ■ General appraiser sales comparison approaches (30 Hours) ■ General appraiser sales income approaches (60 hours) ■ General appraiser report writing and case studies (30 hours) ■ Statistics, modeling, and finance (15 hours) ■ Appraisal subject matter electives (30 hours) 	<ul style="list-style-type: none"> ■ Basic appraisal principles (30 hours) ■ Basic appraisal procedures (30 hours) ■ 15-hour national <i>USPAP</i> or equivalent (15 hours) ■ General appraiser market analysis and highest and best use (30 hours) ■ General appraiser site valuation and cost approach (30 hours) ■ General appraiser sales comparison approaches (30 Hours) ■ General appraiser sales income approaches (60 hours) ■ General appraiser report writing and case studies (30 hours) ■ Statistics, modeling, and finance (15 hours) ■ 8-hour Valuation bias and fair housing regulations course ■ Appraisal subject matter electives (22 hours)
<p>377, first paragraph</p>	<p>With limited exceptions, AMCS operating to manage appraisals on Texas residential properties with fewer than five units must be registered with the TALCB. Exemptions include a person who employs appraisers on an employer-employee basis, a federally regulated AMC, a department within a financial institution, and an appraisal firm operating in multiple states including Texas that employs on an exclusive basis as independent contractors not more than 24 appraisers. Appraisal management companies are also required to report separately the various</p>	<p>Appraisal management companies (AMC) operating to manage appraisals on Texas residential properties with fewer than five units must be registered with the TALCB. Registrants must report whether the AMC oversees an appraiser panel of more than 15 appraisers in Texas or 25 or more appraisers in multiple states; whether the AMC is a federally regulated AMC; ownership information; and the number of appraiser panelists who performed work on one or more covered transactions in Texas during the reporting period.</p>

	fees charged for an appraisal. Compensation to appraisers must be reasonable and customary and be paid no later than 60 days after completion of the appraisal assignment.	
383, Agency disclosure	An Information About Brokerage Services form must be given to prospective tenants at the first substantive dialogue regarding a residential lease for more than one year or when the purchase of the property is contemplated.	An Information About Brokerage Services form must be given to prospective tenants at the first substantive communication regarding a residential lease for more than one year or when the purchase of the property is contemplated.
412, after second paragraph		Inserted: Section 92.022 addresses a landlord's duty to disclose ownership and management information.
412, after second to last paragraph		Inserted: Section 92.057 provides that a landlord can include a clause saying no assignment and no sublease.
412, after last paragraph		Inserted: Section 92.059 has to do with retaliation by a landlord and is now found in Texas Property Code Section 92.335.
413, third paragraph	Section 92.061 provides that if a rental unit becomes unusable because of a natural disaster, a landlord that allows a tenant to move to another unit may not require the tenant to sign another lease that purports to lengthen the term remaining on the tenant's lease.	Section 92.06 ² provides that if a rental unit becomes unusable because of a natural disaster, a landlord that allows a tenant to move to another unit may not require the tenant to sign another lease that purports to lengthen the term remaining on the tenant's lease.
422, Security Deposits second paragraph	The Texas Association of REALTORS® Residential Lease (TAR-2001) contains such a provision:	The Texas Association of REALTORS® Residential Lease (TXR -2001) contains such a provision:
422, Security Deposits fourth paragraph	Under a TAA lease, however, a security deposit would not be forfeited for failure to give a move-out notice.	Under a TXR lease, however, a security deposit would not be forfeited for failure to give a move-out notice.

<p>423, first paragraph</p>	<p>Under the TREC-promulgated Addendum Regarding Residential Leases, when a lessor sells a rental property, the seller gives the buyer:</p>	<p>Under the TREC 51-1 Addendum Regarding Residential Leases, when a lessor sells a rental property, the seller gives the buyer: the lease; the move-in condition form, if any; and the security deposit. A security deposit is not prorated at closing. The buyer must deliver to the tenant a signed statement that he has received the security deposit and is responsible for its return, specifying the exact dollar amount of the deposit. It is the seller's responsibility to see that the new owner gives this written notification to all tenants; otherwise, the seller could still be held liable for the security deposit. This is indicated on paragraph 4A of the TREC One to Four Family Residential Contract (Resale).</p>
<p>435, Tax Increment Financing Districts (TIFs), added to end of last paragraph</p>		<p>The last changes to the TIF Act (Chapter 311) was a constitutional amendment (HJR 99) that enabled Texas counties to utilize Tax Increment Financing that was previously limited to cities and special districts.</p>
<p>445, second paragraph</p>	<p>If there is any question about the environmental condition of the property, the Environmental Assessment, Threatened or Endangered Species, and Wetlands Addendum promulgated by TREC creates a contract contingency allowing a buyer to get an environmental inspection in a residential transaction.</p>	<p>If there is any question about the environmental condition of the property, the Environmental Assessment, Threatened or Endangered Species, and Wetlands Addendum (TREC 28-2) promulgated by TREC creates a contract contingency allowing a buyer to get an environmental inspection in a residential transaction.</p>
<p>446, Environmental Risks, Electromagnetic fields (EmFs)</p>	<p>Generated by the movement of electrical current through any</p>	<p>Generated by the movement of electrical current through any</p>

	electrical appliance. The major concern involves high-tension power lines. EmFs are suspected of causing cancer, hormonal changes, and behavioral abnormalities—although to date there is no proof.	electrical appliance. The major concern involves high-tension power lines. EmFs are suspected of causing cancer, hormonal changes, and behavioral abnormalities .
448, first paragraph	The <i>Superfund Amendments and Reauthorization Act</i> created an <i>innocent landowner immunity</i> , stipulating that a landowner in the chain of ownership who was completely innocent of all wrongdoing should not be held liable.	The <i>Superfund Amendments and Reauthorization Act</i> (SARA) created an <i>innocent landowner immunity</i> , stipulating that a landowner in the chain of ownership who was completely innocent of all wrongdoing should not be held liable.
449, Green building programs	In 2008, the City of Dallas adopted a citywide green building ordinance for new construction; its requirements are designed to reduce greenhouse gas emissions, conserve energy and water, and preserve natural resources. (For more information about green building, check the EPA’s site at www .epa .gov/ greenbuilding .)	In 2008, the City of Dallas adopted a citywide green building ordinance for new construction; its requirements are designed to reduce greenhouse gas emissions, conserve energy and water, and preserve natural resources. The City of Dallas continues to update and evaluate their green building guidance. (For more information about green building, check the EPA’s site at www .epa .gov/ greenbuilding .)
450, continued paragraph	Each one-point decrease in the HERS index corresponds to a 1% reduction in energy consumption. Houses with a 72 rating are 28% more efficient than a standard house; a house with a 50 rating would be 50% more efficient, et cetera. (Lew Sichelman, “Blue Label Signals an Energy-Efficient Home,” <i>Origination News</i> , September 2012.) As of December 2017, there are 24 EPA-recognized	Each one-point decrease in the HERS index corresponds to a 1% reduction in energy consumption. Houses with a 72 rating are 28% more efficient than a standard house; a house with a 50 rating would be 50% more efficient, et cetera. (Lew Sichelman, “Blue Label Signals an Energy-Efficient Home,” <i>Origination News</i> , September 2012.)

	certification bodies and 308 accredited laboratories engaged in ENERGY STAR certification and testing.	
451, continued paragraph at top of the page	The Inflation Reduction Act of 2022 provides a federal tax credit called the Energy Efficient Home Improvement Credit of up to \$3,200 annually through 2032 for up to 30% of the cost of installation of energy efficient home improvements such as heat pumps, heat pump water heaters, insulation, doors and windows, and electrical panel upgrades.	The Inflation Reduction Act of 2022 (IRA) provides a federal tax credit called the Energy Efficient Home Improvement Credit of up to \$3,200 annually through 2032 for up to 30% of the cost of installation of energy efficient home improvements such as heat pumps, heat pump water heaters, insulation, doors and windows, and electrical panel upgrades. Margin note added: In 2025, the One Big Beautiful Bill Act introduced numerous changes to the clean energy tax credits provided by the IRA.
459, The Sunset Act	Its last review was in 2019; the next one will be in 2031.	Its last review was in 2019; the next one is scheduled for the 2032-2033 review cycle.
459, Licensing procedures	Certain persons are exempt from the license law. Usually these are owners dealing with their own property; trustees, executors, receivers, and others operating under court orders; public officials; and Texas attorneys-at-law.	Certain persons are exempt from the license law: attorneys licensed to practice law in Texas who are not participating in a commission split, trustees, guardians, executors of wills, for sale by owners, mobile home salespersons, auctioneers who are only calling the auction, an employee of a corporation who is buying, selling, or leasing corporate property, an attorney-in fact who has been given power of attorney for someone, and apartment managers and leasing agents.
460, first paragraph	It has been amended in almost every biennial session of the	It has been amended in almost every biennial session of the

	Texas Legislature, most recently in 2023.	Texas Legislature, most recently in 2025.
460, second paragraph	In addition, the TREC website has a question-and-answer section from the Enforcement Division, which provides interpretations for many questions left unanswered by the Act or Rules of the Commission.	In addition, the TREC website has an FAQ section from the Enforcement Division, which provides interpretations for many questions left unanswered by the Act or Rules of the Commission.
463, first subbullet	--the sale, lease, or transfer of a mineral or mining interest in real property;	--the sale, lease, or transfer of a mineral or mining interest (a quarry, standing timber, or other energy sources) in real property;
466, first paragraph	Section 1101.154 provides for the collection of fees to support the Texas Real Estate Research Center (now the Real Estate Center) at Texas A&M University—\$70 fee for each year of the term for which the license is issued or renewed for a broker’s license and \$20 for each year of the term for which the license is issued or renewed for a sales agent’s license.	Section 1101.154 provides for the collection of fees to support the Texas Real Estate Research Center (now the Real Estate Center) at Texas A&M University—\$72 fee for each year of the term for which the license is issued or renewed for a broker’s license and \$66 for each year of the term for which the license is issued or renewed for a sales agent’s license.
468, margin note	In the past, the Act required applicants to be Texas residents. That requirement was removed in 2019 under amendments made by S.B. 624. Further, under S.B. 1577 (2023) experience requirements for a broker license under Section 1101.356(a) are not limited to Texas experience.	In the past, the Act required applicants to be Texas residents. That requirement was removed in 2019 under amendments made by S.B. 624.
468, first and second full paragraph	The education requirements for a sales agent applicant are 12 semester hours, or equivalent classroom hours of education, including at least 4 semester hours of qualifying real estate principles, 2	The education requirements for a sales agent applicant are 12 (180 classroom) semester hours, or equivalent classroom hours of education, including at least 4 semester hours of qualifying real estate

	<p>semester hours of agency law, 2 semester hours of contract law, 2 semester hours of contract forms and addenda, and 2 semester hours of real estate finance. For the first renewal of a sales license, the license holder must take an additional 6 semester hours of qualifying or related courses, three hours of which must be the qualifying real estate brokerage course, as well as any required continued education courses.</p> <p>A broker license applicant must have completed the 18 semester hours required for a sales agent license, 2 semester hours of which must be real estate brokerage completed not more than 2 years before the application date. In addition, a broker applicant must have completed at least 42 semester hours of qualifying or related courses accepted by the Commission and must have 4 years of active experience during the 60-month period before application. TREC has developed, by rule, a point system to calculate experience for purposes of obtaining a broker license. A broker must have completed at least one transaction per year for at least four of the five years.</p>	<p>principles, 2 semester hours of agency law, 2 semester hours of contract law, 2 semester hours of contract forms and addenda, and 2 semester hours of real estate finance.</p> <p>A broker license applicant must have completed the 18 semester (270 classroom) hours required for a sales agent license, including the mandatory courses with real estate brokerage completed not more than 2 years before the application date. In addition, a broker applicant must have completed at least 42 semester (630 classroom) hours of qualifying or related courses accepted by the Commission and must have 4 years of active experience during the 60-month period before application. TREC has developed, by rule, a point system to calculate experience for purposes of obtaining a broker license. A broker must have experience that totals 720 points and include a transaction list for each transaction claimed.</p>
<p>469, Inactive License</p>	<p>Termination of sponsorship must be in writing—whether from a broker to a sales agent (requires 30-day notice) or from a sales agent to a broker. In addition, TREC requires the broker or sales agent to</p>	<p>Termination of sponsorship must be in writing and done immediately—whether from a broker to a sales agent or from a sales agent to a broker. In addition, TREC requires the broker or sales agent to</p>

	<p>terminate the sponsorship through the online process approved by the Commission or by using a form delivered to the Commission (Rule 535.121). Until a new sponsorship form for the sales agent is mailed or delivered to TREC and continuing education (CE) requirements are met, the sales agent's license is inactive.</p> <p>TREC Rules for defining active experience require an applicant to accumulate 360 points of documented experience before taking the broker license exam. Different types of transactions conducted while licensed as a sales agent are worth a specified number of points (e.g., each closed residential sale counts as 30 points). An applicant documents points on a Qualifying Experience Report for a Broker License form submitted to TREC.</p>	<p>terminate the sponsorship through the online process approved by the Commission (Rule 535.121). Until a new sponsorship form for the sales agent is delivered to TREC and continuing education (CE) requirements are met, the sales agent's license is inactive.</p> <p>TREC Rules for defining active experience require an applicant to accumulate 720 points of documented experience before taking the broker license exam. Different types of transactions conducted while licensed as a sales agent are worth a specified number of points. An applicant documents points on a Qualifying Experience Report for a Broker License form submitted to TREC.</p>
<p>470, Subchapter J</p>	<p>Each real estate license expires on the date shown on the face of the license certificate issued to the license holder. The license holder has the responsibility to apply for renewal of a license by making proper application, paying the fee set by the Commission, and completing required education within the time periods required by the Act. A renewal application is timely filed if it is postmarked on or before the expiration date of the license.</p>	<p>Each real estate license expires on the date shown on the face of the license certificate issued to the license holder. The license holder has the responsibility to apply for renewal of a license by making proper application, paying the fee set by the Commission, and completing required education within the time periods required by the Act.</p> <p>New sales agents must also complete, within the first two-</p>

	<p>...New sales agents must also complete, within the first two-year license period, the same 18 hours of CE that is required of all sales agents for renewal of their license.</p>	<p>year license period, TREC Legal Update I and Legal Update II.</p>
471	<p>Qualifying real estate courses are accepted for elective CE credit, as well as attendance at a single quarterly Commission meeting [Rule 535.92]. A broker who sponsors a sales agent, the designated broker of a licensed business entity that sponsors sales agents, or a broker or sales agent who supervises another license holder must complete an additional six-hour broker responsibility course.</p>	<p>Qualifying real estate courses are accepted for elective CE credit, as well as attendance at a single quarterly Commission meeting [Rule 535.92]. All brokers and designated supervisors are required to take the six-hour Broker Responsibility course.</p>
486	<p>Local governments are authorized to offer property tax abatements through September 1, 2019, under the Texas Tax Code. Although taxing entities authorize and consent to tax abatements, the task of attracting new business to a community is often the result of hard work by publicly funded, local economic development foundations or organizations...</p>	<p>Although taxing entities authorize and consent to tax abatements, the task of attracting new business to a community is often the result of hard work by publicly funded, local economic development foundations or organizations...</p>
490, Education Requirements table	<p>First Sales Agent Apprentice Renewal (SAE) 6 semester hours (90 classroom hours) of qualifying* real estate courses during the 2-year initial license period, including the 30-hour qualifying real estate brokerage course Must have a total of 18 semester hours (270 classroom</p>	<p>First Sales Agent Apprentice Renewal (SAE) Must have a total of 18 semester hours (270 classroom hours) in qualifying real estate courses, including the 30-hour qualifying real estate brokerage course An applicant may complete all 18 semester hours (270 classroom hours) required for</p>

	<p>hours) in qualifying real estate courses An applicant may complete all 18 semester hours (270 classroom hours) required for prelicense and SAE prior to applying for a license. New sales agents must also complete 18 hours of CE before the first renewal of their license. Requirements for an Active Broker License 60 semester hours (900 classroom hours); a bachelor’s degree counts toward all related† education requirements (up to 42 semester hours) 18 semester hours (270 classroom hours) minimum of qualifying* real estate courses, 2 semester hours of which must be real estate brokerage Four-year apprenticeship required and 360 transactional points (four of the last five years)</p>	<p>prelicense and SAE prior to applying for a license. New sales agents must also complete TREC Legal Update I and Legal Update II before the first renewal of their license. Requirements for an Active Broker License 18 semester hours (270 classroom hours) minimum of qualifying courses An additional 630 classroom hours in related qualifying courses or approved CE is required. This includes the six-hour Broker Responsibility Course. Four-year active experience and 720 transactional points (four of the last five years)</p>
493, Q7	<p>The Real Estate Center at Texas A&M University is funded by A. \$70 from brokers and \$20 from sales agents, each time a license is issued or renewed. B. \$20 from brokers and sales agents, each time a license is issued or renewed. C. \$10 of each application fee for brokers and sales agents. D. a fee not to exceed \$15</p>	<p>The Real Estate Center at Texas A&M University is funded by A. \$72 from brokers and \$66 from sales agents, each time a license is issued or renewed. B. \$66 from brokers and sales agents, each time a license is issued or renewed. C. \$10 of each application fee for brokers and sales agents. D. a fee not to exceed \$15</p>
497, key terms		Removed subagent
498, The Law of Agency	<p>...The real estate broker acts as the agent of the principal and may use other licensed brokers to assist as subagents. Agents and subagents have a</p>	<p>...The real estate broker acts as the agent of the principal. Agents have a fiduciary relationship with a principal—one in which a license holder</p>

	<p>fiduciary relationship with a principal—one in which a license holder has a legal requirement to act in the client’s best interest and with the utmost good faith. The principal usually compensates the broker with a commission or fee. This compensation is contingent on the broker’s performing successfully the service for which he was employed, which generally is negotiating a transaction with a third party or customer—a prospective purchaser, seller, lessor, or lessee—who is ready, willing, and able to complete the contract.</p>	<p>has a legal requirement to act in the client’s best interest and with the utmost good faith. The principal usually compensates the broker with a commission or fee. This compensation is contingent on the broker’s performing successfully the service for which he was employed, which generally is negotiating a transaction with a prospective purchaser, seller, lessor, or lessee—who is ready, willing, and able to complete the contract.</p> <p>Margin note added to third paragraph: Effective January 1, 2026, S.B. 1968, eliminates subagency in all real estate transactions. It is required that license holders enter into a written agreement with prospective buyers of residential real property before showing any residential properties or, if no showings, before presenting an offer. It also introduces a showing or touring-only agreement without representation, which must be non-exclusive for no more than 14 days.</p>
<p>499, Types of Agency</p>		<p>Added new paragraph: A universal agent is authorized to do everything that can be lawfully delegated to a representative. It is generally created by a power of attorney or court order and has unlimited power to bind the principal. Added to margin note: Memory Tip</p>

		<p><i>General agent</i>—represents a principal in <i>general</i> (broad range) matters (e.g., property manager)</p> <p><i>Special agent</i>— represents a principal only for <i>special</i> matters, such as the sale of a house (e.g., listing agreement, buyer representation agreement)</p>
500, first bullet	Death or incapacity of either party (notice of death is not necessary)	Death or incapacity of the broker or principal
503, Agents Responsibilities to Customers	Even though an agent’s primary responsibility is to the principal, the agent also has duties to third parties, or customers—duties of reasonable care and skill, honest and fair dealing, and disclosure of known material facts about the property.	Even though an agent’s primary responsibility is to the principal, the agent also has duties to third parties, or customers —duties of reasonable care and skill, honest and fair dealing, and disclosure of known material facts about the property.
508, first paragraph, and margin note	<p>...The member may also be required to take an ethics course through the association...</p> <p>Four Statutory Agency Positions</p> <ul style="list-style-type: none"> ■ Seller’s agent ■ Subagent ■ Buyer’s agent ■ Intermediary 	<p>...The member may also be required to take additional education...</p> <p>Statutory Agency Positions</p> <ul style="list-style-type: none"> ■ Seller’s agent ■ Buyer’s agent ■ Intermediary
509		Added to paragraph: Effective January 1, 2026, SB 1968 adds additional information that must be described in the IABS: the basic obligations a broker has to a party to a real estate transaction that the broker does not represent. The language in the IABS has been updated to reflect this change.
510		Information About Brokerage Services updated with IABS 1-2

		https://www.trec.texas.gov/forms/information-about-brokerage-services
511		Removed the following bullet: A broker who acts as a <i>subagent</i> represents the owner in cooperation with the listing broker; a subagent is not sponsored by or associated with the listing broker.
523, In Practice	... On January 9, 2023, the Supreme Court decided not to review the NAR appeal so the case will go back to the federal district court for trial.	...On January 9, 2023, the Supreme Court decided not to review the NAR appeal so the case went back to the federal district court for trial.
525, Key Point Review	... An agent may be classified as a general agent or a special agent , based on the authority delegated.	... An agent may be classified as a general agent , universal agent, or a special agent , based on the authority delegated.
526	<p>...In Texas, the broker or the sales agent must give the seller a written Information About Brokerage Services (IABS) form at the first substantive dialogue meeting or written communication with the seller that explains seller representation, subagency, buyer representation, and the intermediary position....</p> <p>...1939. The law that currently regulates real estate in Texas is the Texas Real Estate License Act, passed in 1949.</p>	<p>...In Texas, the broker or the sales agent must give the seller a written Information About Brokerage Services (IABS) form at the first substantive dialogue meeting or written communication with the seller that explains seller representation, buyer representation, and the intermediary position....</p> <p>...1939, and now called the Texas Real Estate License Act. The Texas Real Estate Commission came about in 1949 to enforce TRELTA and to protect the public from unscrupulous licensees.</p>