

Lloyd
Hampton
Réal
Estate
Education



Presents:

1 Hour of Continuing Education

Stay Out Of Court

Knowledge is the Vehicle – Service is the Goal

Serving Texas real estate licensees since 1987 with a dedication to quality real estate education.

TREC Provider # 09844
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Recommendations for not getting sued

- 1. Direct questions outside your area of expertise elsewhere.**
- 2. Recommend inspections.**
- 3. State facts, not opinions. If you aren't sure it's better to say "I don't know."**
- 4. Find help. Brokers, sales managers, appraisers, lawyers, surveyors, etc.**
- 5. Disclose! Disclose known defects, agency, and material facts.**
- 6. Take notes. Detailed notes on events and conversations can save you.**
- 7. Continue your education. It is a never ending process.**
- 8. Encourage use of home warranties.**
- 9. Be the source of the source. Refer people to where they can find more info.**
- 10. Use written information from other sources. (TAR has a form for this.)**
- 11. Do not get pulled into discussions on who gets the earnest money.**
- 12. Do not get pulled into discussions on whether a party is in default.**
- 13. Separate practicing real estate from practicing law.**
- 14. Know the laws, rules, and regulations that impact your practice.**
- 15. Handle trust funds properly.**
- 16. Review all advertising and confirm compliance.**
- 17. Be able to properly fill out the TREC promulgated forms.**
- 18. Keep good records and retain those records for at least 4 years.**
- 19. Be careful what you communicate by text or email.**
- 20. Remember that you are the agent, not the principal.**
- 21. Do not make decisions for your client! Make recommendations.**
- 22. Present all offers unless you have written instructions from your client.**
- 23. Do not indulge in unlawful pocket listings.**
- 24. Handle intermediary transactions properly.**
- 25. Handle rebates and referrals properly.**
- 26. Put your client's interests first, above all others, even above your own.**
- 27. Treat all other parties honestly and fairly.**
- 28. Learn to be accurate in all your communications with others.**
- 29. Obedience, loyalty, disclosure, confidentiality, accounting, reasonable care.**
- 30. Be familiar with the TREC grounds for suspension or revocation.**

TRELA §1101.652 GROUNDS FOR SUSPENSION OR REVOCATION OF LICENSE

- (a) The commission may suspend or revoke a license or take other action if the license holder:
- (1) enters a plea of guilty or nolo contendere to or is convicted of a felony involving fraud;
 - (2) procures or attempts to procure a license by fraud, misrepresentation, or deceit;
 - (3) fails to honor, within a reasonable time, a check issued to the commission;
 - (4) fails to provide, within a reasonable time, information requested by the commission;
 - (5) fails to surrender to the owner a document that is in the license holder's possession;
 - (6) fails to consider market conditions for the specific geographic area in which the licensee acts;
 - (7) fails to notify the commission, not later than the 30th day after the date of a final conviction or the entry of a plea of guilty or nolo contendere, that the person has been convicted of or entered a plea of guilty or nolo contendere to a felony or a criminal offense involving fraud;
 - (8) disregards or violates this chapter.
- (a-1) The commission may suspend or revoke a license issued under this chapter or take other disciplinary action authorized by this chapter if the license holder:
- (1) engages in misrepresentation, dishonesty, or fraud when selling, buying, trading, or leasing real property in the name of:
 - (A) the license holder;
 - (B) the license holder's spouse; or
 - (C) a person related to the license holder within the first degree by consanguinity;
 - (2) fails or refuses to produce on request, within a reasonable time, a document, book, or record in the license holder's possession and relates to a transaction conducted by the license holder; or
 - (3) fails to use a contract form required by the commission under Section 1101.155.
- (b) The commission may suspend or revoke a license if the license holder:
- (1) acts negligently or incompetently;
 - (2) engages in conduct that is dishonest, in bad faith or that demonstrates untrustworthiness;
 - (3) makes a material misrepresentation concerning a significant defect known to the licensee;
 - (4) fails to disclose to a defect described by (3) known to the license holder;
 - (5) makes a false promise to influence a person to enter into an agreement;
 - (6) makes false promises through an agent or salesperson, through advertising, or otherwise;
 - (7) fails to make clear to all parties for whom the license holder is acting;
 - (8) receives compensation from more than one party without the full consent of all parties;
 - (9) fails in a reasonable time to properly account for or remit money that belongs to another;
 - (10) commingles money that belongs to another person with the license holder's own money;
 - (11) pays a commission to a person other than a license holder in this state or another state;
 - (12) fails to specify a definite termination date not subject to prior notice in agency contracts;
 - (13) accepts an undisclosed commission/rebate/profit on expenditures made for a principal;
 - (14) solicits, sells, or offers for sale real property by means of a lottery;
 - (15) solicits, sells, or offers for sale real property by means of a deceptive practice;
 - (16) acts in the dual capacity of broker and undisclosed principal in a transaction;
 - (17) guarantees that future profits will result from a resale of real property;
 - (18) places a sign offering property for sale or lease without written consent of the owner;
 - (19) offers to sell or lease real property without the knowledge and consent of the owner;
 - (20) offers to sell or lease real property on terms other than those authorized by the owner;
 - (21) induces a party to break a contract for sale or lease to substitute a new contract;
 - (22) negotiates with a principal knowing that person is the exclusive client of another broker;

- (23) publishes or causes to be published an advertisement that:
- (A) misleads or is likely to deceive the public;
 - (B) tends to create a misleading impression;
 - (C) implies that a sales agent is responsible for the operation of the broker's business; or
 - (D) fails to include the name of the broker for whom the license holder acts;
- (24) withholds/inserts into an invoice a statement the licensee knows is materially inaccurate;
- (25) publishes or circulates an unjustified or unwarranted threat of a legal proceeding;
- (26) establishes an association with an unlicensed who is expected to act as a license holder;
- (27) aids, abets, or conspires with another person to circumvent this chapter;
- (28) fails to provide, on request, a copy of a document to a person who signed the document;
- (29) fails to advise a buyer in writing before the closing of a transaction that the buyer should:
- (A) have an abstract examined by attorney chosen by the buyer; or (B) get title insurance;
- (30) fails to deposit, within a reasonable time, money the licensee receives as escrow agent;
- (31) disburses money deposited before completion or termination of the transaction;
- (32) discriminates due to race, color, religion, sex, disability, familial status, national origin.

Resources

- ❖ Texas Real Estate License Act www.trec.texas.gov
- ❖ Rules of the Texas Real Estate Commission www.trec.texas.gov
- ❖ REALTOR® Code of Ethics www.texasrealestate.com
- ❖ REALTOR® MLS Rules www.har.com
- ❖ Texas Law www.capitol.state.tx.us
- ❖ Federal Law <http://uscode.house.gov>
- ❖ The Real Estate Center www.recenter.tamu.edu
- ❖ Texas Department of Insurance Rule 53 www.tdi.texas.gov
- ❖ Can-Spam Act & Telemarketing Rules www.ftc.gov
- ❖ Real Estate Settlement Procedures Act www.consumerfinance.gov
- ❖ Truth in Lending Act (TILA) www.consumerfinance.gov
- ❖ Consumer Financial Protection Bureau www.consumerfinance.gov
- ❖ Landlord-Tenant Law www.capitol.state.tx.us
 - Click on "Statutes"
 - Click on "Property Code"
 - Select the following chapters:
 - Chapter 24 – Forcible Entry and Detainer (Eviction)
 - Chapter 54 – Landlord's Liens
 - Chapter 91 – Generally Applicable to Landlords & Tenants
 - Chapter 92 – Residential Tenancies
 - Chapter 93 – Commercial Tenancies
 - Chapter 94 – Manufactured Home Tenancies