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August 2011

Texas Real Estate Teachers Association Newsletter

President's Address for 2011-2012

Texas Real Estate Teachers Association is an organization formed for real estate teachers in the Great State of Texas to gather and learn from each other. The foundation for the organization is that we each work independently and organize as a family. The people I have met and now call friends are some of the most powerful and influential people in the Texas real estate industry. We have educators from colleges, universities and proprietary schools. We have attorneys, regulators and administrators. We have authors and writers. It is an incredible group of talent and knowledge.

With that said, my motto for 2011-2012 is "I AM TRETA". Because if you believe in the previous paragraph then we need to reach ALL the real estate teachers and associated people in Texas and allow them the benefits of associating with TRETA. If you are proud to be associated with TRETA then you should allow all others to see it by claiming that "I AM TRETA". My goal for next year is to increase membership by 20% and increase attendance to the conference by 30%. These are lofty goals for a "down" real estate industry but I will do my part because "I AM TRETA"!

Speaking of the 2012 Conference, It is going to be GREAT!!!! The conference will be held in Fort Worth in the Stockyards. This is the true cowtown with daily cattle drives down the middle of the street! The hotel will be the Hyatt directly in the Stockyards. We are in agreement in fact with the hotel and Billy Parker (Conference Director) will be finalizing the contract within a few weeks. The reason for this hotel is that it is in the heart of the Stockyards and within walking distance from a ton of fun activities. I understand the conference is also about education and development and that is why Susan Hilton (Program Director) is currently working to get a great program together for you. The events for the conference will be next door to the hotel in what is the old train house called Stockyards Station. It is ideal for presentations and yet a completely different kind of learning experience. This conference will be talked about for years so you had better make plans to be there.

Each TRETA Talk I will include a section on something fun to do in Fort Worth so be looking for it. Also, if you have any suggestions or want to communicate with me directly you can email me at mainbroker@aol.com. I look forward to hearing from you "I AM TRETA"!!!!

Eddie Stockton, long time TRETA member and CREI, passed away unexpectedly August 3, 2011 in Beaumont. More information will follow.

TRETA Annual Conference 2012

Calling all TRETA Members!
Please join us for the 2012 Annual Conference in Fort Worth!

“I AM TRETA!”

What: TRETA 2012 Annual Conference
Who: TRETA Members
When: April 26 - April 28, 2012
Where: Hyatt Place Fort Worth Historic Stockyards
132 East Exchange Ave.
Fort Worth, TX 76164

Each issue of TRETA talk will feature a different look at the Fort Worth area featuring the Stockyards. This issue will be devoted to “Things to See”. The Hyatt Hotel in the Stockyards is across the street (Exchange Avenue) from the Stockyards Visitors Center.



The Visitors Center is a great place to start to your adventure for additional facts and places to see. Be careful crossing the street – you may be run over by an actual cattle drive. Each day some real cowboys drive longhorns down the middle of Exchange Avenue. You may also get involved in live gunfights but it's o.k. because it seems as though the fighters are invincible because the same ones are back the next day for another fight to the finish!



On the weekend, carriages are available to take you around and don't miss the cowboy statues located throughout the Stockyards. There is a “Hollywood” Walk of Cowboy Fame on Exchange sidewalks. See if you can recognize the famous cowboys of Texas.

Be sure on Friday night that you set aside some time to check out the Stockyards Championship Rodeo. Watch real cowboys compete on everything from cow roping to bull riding. Its too exciting to believe! The great thing is that everything is within an easy walk from the convention hotel and most are free to the public. Come join us for TRETA's 2012 Convention and bring the entire family!

Be a TRETA Talk Contributor!

Share your knowledge and passion for teaching with others. We are looking for articles for future issues of TRETA Talks. We have an incredible talent base among our members and it is to you we appeal. Write an article on any real estate education related topic and submit it with a short bio on yourself. We may edit a bit but we really want your contribution. If we choose your article we will include your bio as well. It's a great way to become known within our organization. We especially encourage our new members to submit something. Send your contributions to Lloyd Hampton.

Teaching Tips

At the last TRETA Conference it was clear that we have a lot of talented teachers with lots of different approaches to instruction. Share one with us. Send us just one good idea that can be used in the classroom to the benefit of our students; an idea, technique, method of explaining a difficult concept, a joke, presentation tip, or game that may be useful to other instructors. We will compile the list and publish it in future editions of TRETA Talks. Feel free to send more than one idea. We'd love to hear from you! Send your ideas to Lloyd Hampton (lloydhamp@aol.com).

Are You Ready to Start Blogging?

Don't open your store if you have nothing to put in it. People will walk in expecting something to be there. There are many empty blog accounts on the Internet, some with only one post.

How to maintain your blog

Plan first. Your subject must be one that comes natural to you. You are not the only person out there with your passion. Someone out there wants to know about it, and they are looking for answers.

Keep notes of ideas

Keep a spiral notebook - and I am being specific about it being spiral because you want to be able to stick a pen in it. Nothing is worse than having a really good thought and spinning around looking for a pen!

Write regularly

Blogs provide the best opportunity for search engine optimization if you use effective key words, proper sentence construction, appropriate linking, social networking integration and video. Post dating your blogs gives you a break from blogging if you have bursts of creativity to share and would like to spread them out within a period of time.

Keep it simple

When you write, remember that your audience wants to read and comprehend the first time. Write your blog posts the way you communicate face to face. Use good grammar, be respectful and keep to the point. Provide references when necessary, and be original.

A good place for new bloggers

If you are looking for an easy, simple place to start blogging, [blogger.com](http://www.blogger.com) would be my suggestion. You can learn more about this free Google feature on their YouTube channel here <http://www.youtube.com/BloggerHelp>

Commenting Online - How Effective are You?

When you comment on an author's blog post or social networking thread, be conscious of the way in which you respond. Remember, your thoughts are also presented online for everyone to see! Don't respond if you have not read the entire article. Skimming through could give you inaccurate understanding of the author's message.

Respond on the subject of the post

Be specific with your response. Show your interest by expressing what you learned or if you've had a similar experience. If you have other thoughts about the subject, share them respectfully referencing the author's comment.

Taking focus away from the article

Be careful with self-promotion. This gives the impression that you are a spammer or an opportunist and that you have no interest in the author's post.

New Educational Requirements

By the 82nd Session of the Texas Legislature Through Senate Bill 747 – Effective September 1, 2011

The Texas Legislature made some significant changes to the education requirements for those applying for a real estate license. In addition, some changes were made that affect the real estate education industry. Let's take a look at some of the more important changes. For a copy of the full bill go to www.capitol.state.tx.us, under Search Legislation select 82(R) – 2011; then select Bill Number; then enter SB 747 and click on Go. You will then be taken to a second page where in the row labeled Enrolled and under the column labeled Bill you select the bill in pdf, html, or Word® format. Any language struck through has been removed and any language underlined is new. Here is a summary of the changes:

- (Effective September 1, 2012) An applicant for a salesperson license must provide to the commission satisfactory evidence that the applicant has completed at least 12 [~~14~~] semester hours, or equivalent classroom hours, of postsecondary education consisting of, including:
 - (1) at least four semester hours of core real estate courses on principles of real estate; and
 - (2) at least two semester hours of each of the following core real estate courses:
 - (A) agency law;
 - (B) contract law; [~~and~~]
 - (C) contract forms and addendums; and
 - (D) real estate finance [~~one additional core real estate course~~; and
 - ~~(3) at least four semester hours of core real estate courses or related courses~~.

Note: This translates into a total educational requirement for a salesperson's license of 180 classroom hours (12 semester hours) as follows:

60 hours of Real Estate Principles	30 hours in Agency Law
30 hours in Contract Law	30 hours in Contract Forms and Addenda
30 hours in Real Estate Finance	

So the total number of hours has been cut back from 210 to 180. However, there is no more credit for "related courses", all 180 hours are prescribed under the act.

- An applicant applying for the first renewal of a salesperson license must provide to the commission satisfactory evidence of completion of at least 18 semester hours, or equivalent classroom hours, [~~of postsecondary education, including 14 hours~~] of core real estate courses.

Note: This means that the salespeople licensed under the new 180 hour requirement will need 90 hours of core real estate courses in the first year to renew their license.

- (Effective September 1, 2012) A broker who sponsors a salesperson, or a license holder who supervises another license holder, must attend during the term of the current license at least six classroom hours of broker responsibility education courses approved by the commission. The commission by rule shall prescribe the title, content, and duration of broker responsibility education courses required under this section. Broker responsibility education course hours may be used to satisfy the hours described by Section 1101.455(f).

Note: So brokers, managers, sales managers, team leaders, or others that oversee the activities of salespeople and broker associates will take a broker responsibility course promulgated by TREC to renew their license (much like TREC does with the Legal and Ethics segments). This will be part of the regular 15 MCE course, not additional hours. It is assumed that salespeople may also take the course as part of their MCE.

- In establishing accreditation standards for an educational program under Subsection (a), the commission shall adopt rules setting an examination passage rate benchmark for each category of license issued by the commission under this chapter or Chapter 1102. The benchmark must be based on the average percentage of examinees that pass the licensing exam on the first attempt. A program must meet or exceed the benchmark for each license category [~~that require a program to establish that at least 55 percent of the program's graduates have passed a licensing exam the first time the exam has been taken by the graduates~~] before the commission may renew the program's accreditation for the license category.
- The commission may deny an application for accreditation if the applicant owns or controls, or has previously owned or controlled, an educational program or course of study for which accreditation was revoked.
- The commission may suspend or revoke an accreditation issued under Subchapter G or take any other disciplinary action authorized by this chapter if the provider of an educational program or course of study violates this chapter or a rule adopted under this chapter.
- TREC will waive the educational requirements for an applicant that was licensed by TREC within the previous 6 months (was 1 year) preceding the application

By Lloyd Hampton

More Home Buyers Should Put Faith in Good-Faith Estimate

By Kenneth R. Harney

What if the federal government spent years designing a tool to help consumers shop intelligently for mortgages — comparing lenders' rates, terms and total settlement costs — but consumers ignored it or didn't use it?

No need to speculate here; it appears to have happened. A new survey of 1,000 American consumers suggests that the "good-faith estimate" (GFE) disclosures that all home buyers and refinancers receive at loan application to facilitate shopping are not getting the job done.

Federally mandated good-faith estimates spell out the lender's charges, all anticipated fees for title insurance, escrow and settlement services, plus other key costs. The most recent version of the GFE, released at the beginning of last year, contains space for consumers to take one lender's estimates and get competing quotes from as many as three others. It also requires lenders to stand behind their estimates, guaranteeing that some of them won't increase by even a penny at closing, and that others won't increase by more than 10 percent.

But the survey found that the GFE may not be improving shopping as intended. After receiving the disclosure, 56 percent of buyers say they did no comparison shopping among lenders. Twelve percent used the form to contact just one other lender, and 10 percent weren't sure whether they used the GFE at all. Just 3 percent said they comparison-shopped rates and terms at four lenders or more.

The survey, conducted by market research firm TNS Global for mortgage lender ING Direct, also found that 53 percent of those buyers who looked at the GFE spent less than 30 minutes doing so. Twenty-six percent either never looked at it or don't know whether they looked at it. Forty-nine percent of buyers said the GFE disclosure was too complicated, "a waste of time," or they weren't sure. Just 37 percent rated it "useful." The survey had a statistical margin of error of plus or minus 3.2 percentage points.

Arkadi Kuhlmann, chief executive of ING Direct, called the GFE potentially "one of the most crucial documents a home buyer [receives]," yet the survey indicates that it is not effective. "If it's too complicated and not being used to help homeowners find the right mortgage for them," he said, "then [it's] just a waste of three pieces of paper." Kuhlmann's firm, which does most of its mortgage business online, directs its customers to a Web site it created, ingdirect.com/clearorange, that walks them through the GFE step by step, explaining the process in terms that are easy to understand.

Between 2003 and 2008, the Department of Housing and Urban Development proposed modifications to the GFE, but critics said the revised disclosure, at three pages, was too long and predicted that it would become just another part of the paper blitz that cascades over mortgage applicants.

Kurt Pfothenauer, chief executive of the American Land Title Association, said that "if the [revised] GFE were a rocket, it would still be sitting on the launch pad. Not only has it failed to simplify consumer shopping, there is evidence that [it] is actually confusing shoppers."

Phillip L. Schulman, a lawyer who represents mortgage lenders and banks, said the survey results "are not surprising" because the disclosure looks complicated and "doesn't tell buyers what they really want to know: How much they're going to pay per month" from a given lender, with all expenses factored into a bottom-line number.

Brian D. Montgomery, who was federal housing commissioner during the final years of drafting the revised GFE, said, "We believed that making shopping easier would be a benefit because there had been very little real shopping before. But obviously we didn't have a magic wand" that would change consumers' traditional behavior overnight.

Meanwhile, Congress has shifted responsibility for GFEs and other consumer mortgage disclosure issues to the new Consumer Financial Protection Bureau, which is scheduled to spring to life in July. The bureau said that streamlining the GFE and combining it with federal truth-in-lending disclosures will be one of its high-priority projects.

But given the glacial pace of federal rulemaking, the three-page GFE is likely to remain in use for many months, maybe a year or more, before any new streamlined version takes its place. So here's a smart action plan for you as a consumer. If you want to shop intelligently for a home loan, buck the popular trend: Read your GFE. And use it to compare costs — line item by line item — among multiple lenders.

The Texas Deceptive Trade Practices Act and the Real Estate Professional As Amended by Senate Bill 1353 – Effective May 28, 2011

The Deceptive Trade Practices Act (DTPA) has been a thorn in the side of real estate professionals for decades. Although in general this is a wonderful consumer protection law it had an unfair aspect to it. In theory, DTPA could not be used against professionals that provided “advice, judgment, or opinion”. But this exception did not apply to real estate professionals. With the passage of Senate Bill 1353 it does! There are still actions that a consumer may take against a real estate license holder under this law but they are limited.

For a copy of the full bill go to www.capitol.state.tx.us, under *Search Legislation* select 82(R) – 2011; then select *Bill Number*; then enter SB 1353 and click on Go. You will then be taken to a second page where in the row labeled *Enrolled* and under the column labeled *Bill* you select the bill in pdf, html, or Word® format. Any language struck through has been removed and any language underlined is new.

Although we generally no longer fall under this act there are three instances when, in all fairness, we do:

Nothing in this subchapter shall apply to a claim against a person licensed as a broker or salesperson under Chapter 1101, Occupations Code, arising from an act or omission by the person while acting as a broker or salesperson. This exemption does not apply to:

- (1) an express misrepresentation of a material fact that cannot be characterized as advice, judgment, or opinion;
- (2) a failure to disclose information in violation of Section 17.46(b)(24); or
- (3) an unconscionable action or course of action that cannot be characterized as advice, judgment, or opinion.

So let's take a closer look at the three exceptions that do apply to us.

1. An express misrepresentation of a material fact that cannot be characterized as advice, judgment, or opinion. This one is pretty much common sense. If we expressly misrepresent a material fact that is not simple advice, judgment, or opinion. For example, an agent stating there is no problem with the air conditioner when, in fact, there is.
2. A failure to disclose information in violation of Section 17.46(b)(24). This provision of DTPA identifies the following act as specifically deceptive under the law: *“Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed”*. This would be when an agent withholds important information known to the agent from a client or customer for fear the client or customer would not buy the goods or services and when, in fact, the client or customer would not have purchased had the information been disclosed. For example, an agent does not disclose that the agent knows the house has a cracked slab for fear that the buyer would not buy. If, in fact, the buyer would not have purchased the home knowing of the faulty foundation then we have an actionable violation under DTPA
3. An unconscionable action or course of action that cannot be characterized as advice, judgment, or opinion. So what's an “unconscionable action” under DTPA? It is defined as *“an act or practice which, to a consumer's detriment, takes advantage of the lack of knowledge, ability, experience, or capacity of the consumer to a grossly unfair degree.”* These are normally extreme cases of misrepresentation that take advantage of the consumer's lack of knowledge. However, at what point in time does this happen? In the final analysis a court will decide.

Other than these three exceptions real estate agents cannot be sued under the DTPA and most people would find these few exceptions where we can to be reasonable. As members of TREA we have always encouraged our students to act with fidelity, integrity, and competency. Notice that the root of the word encourage is courage. An agent must have the courage to do what is right even when contrary to the agent's self-interest. Texas law now supports this by affording both the consumer and the real estate professional the fairness they both deserve.

By Lloyd Hampton

HANDLING THE “OFF” CLASS

By Dr. Johnnie Rosenauer, Director, Murguia Learning Institute San Antonio College

Sooner or later it is going to happen. You get one of “those” classes where things just don’t “work”. You may well be an All Star in your other classes, but for some reason(s) you are not making it with this one group.

How do you go about handling this situation so it does not undermine your self confidence and enthusiasm for teaching? Here are some ideas for your consideration. These are not born out of wishful thinking, but based upon my own struggles through the last 37 years of teaching classes in a wide variety of settings to an even wider group of learners. Added is my efforts to counsel and support many other teachers, now numbering in the hundreds, going through what has more than once been referred to as the “Class from Hell”. I hope they will be of some help to you now, or in the future in your role as a teacher/supervisor of teachers.

Keep things in perspective.

I have not met anyone teaching for a very long that has not been in this spot. It is not only true in teaching but in the other “worlds” I have lived in. The selling field is notorious for “slumps”. Athletes get “off their game”. It is really not so much that a person has these challenges as it is **how they deal with them** that is the key. Keep in mind, it is one thing to “fail” at some one scenario and a very different thing to be considered an overall failure within the field.

Remember your successes.

It is the nature of many to dwell upon the mistakes and not the successes in our lives. If you doubt this, put a small black dot on an otherwise clean sheet of paper. Show the paper to several people. Almost all will focus on the dot and not the 99+% of the clean around it! If there was ever a time to “count your blessings” it would be when you are faced with a difficult classroom setting. One colleague that I respect a great deal will go back and review some of the most positive feedback received in past classes in order to remind himself that he really is an effective teacher.

Be honest about the difficulties.

This is the difficult part for many of the folks I have worked with. It is hard to admit first to self, and then to others, about your frustrations and problems within teaching. A visit with a trusted colleague or mentor is often helpful. Sometimes to be open about your feelings with the class may offer some insight. I quickly must follow up and state this is **not** viable option for all classes, especially if there is a concerted effort to side track/derail your success by members of the class. Seek out and evaluate what kind of coping ideas come from sources you trust. Whatever you do, please don’t just “stew” over the problem in isolation.

Give things time.

One of the nice things about teaching is that classes don’t last forever. It may be one of those “happy ending” kind of situations where **everyone is glad it is over!** By seeking ideas, both in and out of the classroom, some aspects might “right themselves”. It strikes me that the more we fret about something and question ourselves, the more the solution hides from us. One idea is to simply accept this situation and strive to learn from it. A few decades ago, in my young teacher days, I “see-sawed” up and down in my confidence and enthusiasm at times. A fine mentor once told me to remember that you “will not and cannot go to the Super Bowl with each and every class”. This does not mean to give up and accept defeat, but rather to come to terms with the fact that we will not be at the top of our game each and every time with each and every class.

In summation, here is a quick reference/reminder of how to deal with the off class.

1. **ACKNOWLEDGE** there was an off period.
2. **Apologize** for your part in the shortcoming.
3. **Articulate** the reasons, if there are some, for the situation. This is not about excuses, but rather true reasons. You were getting sick is a valid reason for you to be less than fully effective, as an example.
4. **Accept** it happened and then move on, striving to learn and improve.

I have frequently learned more from the difficult classes that I struggled with as a teacher than the many “smooth sailing” ones that have come my way. I sincerely hope these thoughts will provide some benefit to you and those you try to support as educators in dealing with those “off classes”.

Revisions to the Texas Real Estate License Act

By the 82nd Session of the Texas Legislature
Senate Bill 747 – Effective September 1, 2011

Every time the Texas legislature meets they pass a “TREC Housekeeping” bill. Sometimes this bill deals with minor items and revisions, little housekeeping issues, and other times there are significant changes made to the Real Estate License Act. This year it was a bit of both. Let’s take a look at some of the more important changes. For a copy of the full bill go to www.capitol.state.tx.us, under *Search Legislation* select *82(R) – 2011*; then select *Bill Number*; then enter *SB 747* and click on *Go*. You will then be taken to a second page where in the row labeled *Enrolled* and under the column labeled *Bill* you select the bill in pdf, html, or Word® format. Any language struck through has been removed and any language underlined is new. Here is a summary of the changes:

- The requirement for an appraiser to hold a real estate license is removed.
- Anyone who “controls the acceptance or deposit of rent from a resident of a single-family residential real property unit” must now be licensed if doing so for another and for a fee.
- Anyone doing a market analysis for another and for a fee must be licensed.
- Only attorneys licensed in Texas are exempt from the act. Previously it was attorneys licensed in any state.
- Partnerships will now have to be licensed to conduct acts of brokerage.
- Applicants for a license and all license holders must provide to TREC a current mailing address, telephone number, and an email address if they have one.
- Business entities must now maintain errors and omissions insurance with a minimum annual limit of \$1,000,000 per occurrence if the designated agent owns less than a 10% interest.
- Business entities that receive compensation on behalf of a license holder must be licensed as a broker.
- An applicant for a broker license must provide to the commission satisfactory evidence that the applicant has had at least four years of active experience in this state as a license holder during the 60 months preceding the date the application is filed. (Was 2 years out of the last 36 months.)
- The commission by rule shall establish what constitutes active experience.
- A license expired for more than 90 days but less than 6 months (was 1 year) costs two times the renewal fee.
- A license expired for more than 6 months (was 1 year) or longer may not be renewed.

Keep watching TRETATalks and your various trade publications for updates on these changes.

By Lloyd Hampton

Texas Real Estate Teachers Association

"Our Active Membership is
Our Greatest Asset."

We're on the Web!

www.treta.org



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