

# Agency Strategic Plan Fiscal Years 2015-2019



by the  
**Texas Real Estate Commission**  
and  
**Texas Appraiser Licensing and Certification Board**  
August 1, 2014

Stephen F. Austin Building  
1700 N. Congress Ave., Ste. 400  
Austin, TX 78701



***Texas Real Estate Commission  
&  
Texas Appraiser  
Licensing and Certification Board***

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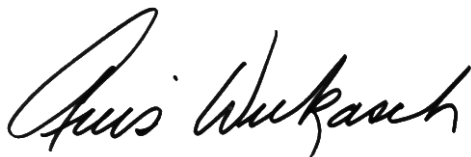
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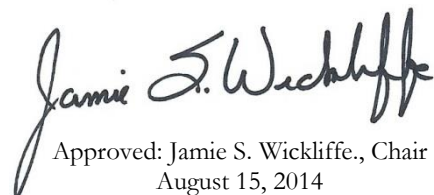
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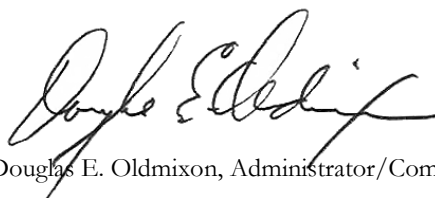
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Signed: Douglas E. Oldmixon, Administrator/Commissioner





## ***Texas Real Estate Commission*** ***Texas Appraiser Licensing and Certification Board***

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## Strengthening Our Prosperity: The Statewide Strategic Planning Elements for Texas State Government

March 2014

Fellow Public Servants:

Since the last round of strategic planning began in March 2012, our nation's economic challenges have persisted, but Texas' commitment to an efficient and limited government has kept us on the pathway to prosperity. Our flourishing economic climate and thriving jobs market continue to receive national attention and are not by accident. Texas has demonstrated the importance of fiscal discipline, setting priorities and demanding accountability and efficiency in state government. We have built and prudently managed important reserves in our state's "Rainy Day Fund," cut taxes on small business, balanced the state budget without raising taxes, protected essential services and prioritized a stable and predictable regulatory climate to help make the Lone Star State the best place to build a business and raise a family.

Over the last several years, families across this state and nation have tightened their belts to live within their means, and Texas followed suit. Unlike people in Washington, D.C., here in Texas we believe government should function no differently than the families and employers it serves. As we begin this next round in our strategic planning process, we must continue to critically examine the role of state government by identifying the core programs and activities necessary for the long-term economic health of our state, while eliminating outdated and inefficient functions. We must continue to adhere to the priorities that have made Texas a national economic leader:

- ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means and limiting the growth of government;
- investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state;
- ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;
- defending Texans by safeguarding our neighborhoods and protecting our international border; and
- increasing transparency and efficiency at all levels of government to guard against waste, fraud and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

I am confident we can address the priorities of our citizens with the limited government principles and responsible governance they demand. I know you share my commitment to ensuring that this state continues to shine as a bright star for opportunity and prosperity for all Texans. I appreciate your dedication to excellence in public service and look forward to working with all of you as we continue charting a strong course for our great state.

Sincerely,



Rick Perry  
Governor of Texas

### **The Mission of Texas State Government**

TEXAS STATE GOVERNMENT MUST BE LIMITED, EFFICIENT, AND COMPLETELY ACCOUNTABLE. IT SHOULD FOSTER OPPORTUNITY AND ECONOMIC PROSPERITY, FOCUS ON CRITICAL PRIORITIES, AND SUPPORT THE CREATION OF STRONG FAMILY ENVIRONMENTS FOR OUR CHILDREN. THE STEWARDS OF THE PUBLIC TRUST MUST BE MEN AND WOMEN WHO ADMINISTER STATE GOVERNMENT IN A FAIR, JUST, AND RESPONSIBLE MANNER. TO HONOR THE PUBLIC TRUST, STATE OFFICIALS MUST SEEK NEW AND INNOVATIVE WAYS TO MEET STATE GOVERNMENT PRIORITIES IN A FISCALLY RESPONSIBLE MANNER.

AIM HIGH . . . WE ARE NOT HERE TO ACHIEVE INCONSEQUENTIAL THINGS!

### **The Philosophy of Texas State Government**

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.
- Finally, state government should be humble recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

## Texas General Government Goals and Benchmarks

### Priority Goals:

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- Supporting effective, efficient, and accountable state government operations;
- Ensuring the state's bonds attain the highest possible bond rating; and
- Conservatively managing the state's debt.

### Benchmarks:

- Number of state services accessible by Internet

## Regulatory Goals and Benchmarks

### Priority Goals:

To ensure Texans are effectively and efficiently serviced by high-quality professionals and businesses by:

- Implementing clear standards;
- Ensuring compliance;
- Establishing market-based solutions; and
- Reducing the regulatory burden on people and business.

### Benchmarks:

- Percent of state professional licensee population with no documented violations
- Percent of documented complaints to licensing agencies resolved within six months
- Percent of individuals given a test for licensure who received a passing score
- Percent of new and renewed professional licenses issued online





## **FOREWORD**

Since 2008, the Texas Real Estate Commission (TREC) and the Texas Appraiser Licensing and Certification Board (TALCB) have prepared, approved, and submitted a unified strategic plan and through FY2011, a single legislative appropriations request. An independent subdivision of TREC, TALCB is overseen by its own independent board appointed by the Governor and subject to federal government audit by the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examinations Council (FFIEC).

The 80th Legislature adopted the Sunset Commission's recommendation to integrate TREC and TALCB to the fullest extent possible while preserving TALCB's identity as a separate regulatory body. All available measures have been taken to implement this directive, promoting greater efficiency, but vital safeguards have also been strengthened to assure TALCB's continued independence. The portions of this plan dealing with those operational aspects which are fully integrated, or which are primarily support functions, describe the combined activities of the entire agency. Where appropriate in certain areas, especially enforcement, TREC and TALCB are treated separately.

In SB 1000, the 82nd Legislature granted the agency "self-directed, semi-independent" status, including both TREC and TALCB, commencing with FY 2012. By maintaining this unified planning document, the inter-relationship of this strategic plan with the agency's operations and budgets should be easier for stakeholders to understand. This is our goal.



**Douglas E. Oldmixon**  
TREC Administrator  
TALCB Commissioner



## Mission of The Texas Real Estate Commission & Texas Appraiser Licensing and Certification Board

Our agency protects consumers of real estate services in Texas by ensuring qualified and ethical service providers through education, licensing, and regulation. We oversee the providers of real estate brokerage, appraisal, inspection, home warranty, right-of-way services, and timeshares, thereby safeguarding the public interest while facilitating economic growth and opportunity across Texas.

## Philosophy of The Texas Real Estate Commission & Texas Appraiser Licensing and Certification Board

To achieve this mission, our agency:

provides exceptional customer service that is accessible, responsive, and transparent;

demands integrity, accountability, and high standards, of both license holders and ourselves; and

strives continuously for effectiveness, efficiency, and excellence in our performance.





## External/Internal Assessment

### A. SCOPE AND FUNCTION

With the advent of the GI Bill providing unprecedented educational opportunities for a new generation of families, and the VA Home Loan Guaranty program enabling home mortgage loans with low down-payments and federal insurance, the nation dramatically shifted toward a substantial increase in home-ownership potential shortly after World War II. From a pre-WWII ratio of approximately 1/3 homeowners and 2/3 renters, the nation began an unprecedented transition to 2/3 homeowners and 1/3 renters – a ratio that has persisted since the Vietnam War era.

Created in 1949 to establish safeguards for the rapidly growing field of real estate brokerage, the Texas Real Estate Commission (TREC) administers six laws: The Real Estate License Act (Texas Occupations Code, Chapter 1101), license laws for Home Inspectors (Texas Occupations Code, Chapter 1102), the Texas Appraiser Licensing and Certification Act (Texas Occupations Code, Chapter 1103), The Texas Appraisal Management Company Registration and Regulation Act (Texas Occupations Code, Chapter 1104), The Residential Service Company Act (Texas Occupations Code, Chapter 1303), and The Texas Timeshare Act, (Texas Property Code, Chapter 221). TREC regulates:

- real estate brokers and sales agents;
- real estate inspectors;
- real estate appraisers;
- education providers for real estate, home inspection and appraisal courses;
- appraisal management companies;
- residential service companies;
- timeshare developers; and
- easement or right-of-way agents.

TREC is guided by nine commissioners - 6 licensed real estate brokers and 3 members of the general public - appointed by the Governor with the concurrence of the Senate. The members are appointed for six-year terms, with the terms of three members (2 brokers and 1 public member) expiring every two years.

In 1989 the Financial Institutions Regulatory Reform and Enforcement Act (FIRREA) became federal law. Title XI of FIRREA addressed weaknesses in the way real property was valued in connection with federally insured mortgage loans (sometimes called “federally-related transactions” or FRTs) by creating a system under which individual states would implement programs for the licensing and regulation of appraisers. FIRREA further provides for federal oversight of the states’ regulatory programs through the Appraisal Subcommittee (ASC) to ensure minimum federal standards are met. Only appraisers credentialed under a compliant state program may appraise real property in connection with FRTs.

The Texas Appraiser Licensing and Certification Board (TALCB) was created in 1991 to enable Texas to implement

such a program. TALCB regulates real estate appraisers and administers the Texas Appraiser Licensing and Certification Act (Texas Occupations Code, Chapter 1103). TALCB is an independent subdivision of TREC with its own board.

TALCB is guided by nine board members - 4 licensed real estate appraisers and 4 members of the general public - appointed by the Governor with the concurrence of the Senate, and the Executive Secretary of the Texas Veterans Land Board as an ex-officio member. The appointed members serve two-year terms, with the terms of four members expiring every year. No appointed member may serve more than six years consecutively.

In the 82nd Legislature, HB 1146 added Appraisal Management Companies (AMCs) as an additional regulated entity to the agency’s responsibilities. The law was enacted as a response to the reported decline in appraisal quality and economic and other pressures on appraisers, and anticipating the requirements of the Dodd-Frank Act enacted by Congress in July of 2011. Commencing March 1, 2012, TALCB began registering AMCs operating in Texas. A total of 205 AMCs have registered with the agency, and 194 are currently actively conducting business in Texas.

The ASC reviews the TALCB’s program on a regular basis to ensure compliance with federal law. If the review identifies deficiencies, the ASC may decertify the program, resulting in Texas appraisers not being allowed to perform appraisals in connection with FRTs. As FRTs comprise the vast majority of the mortgage market, decertification of the Texas program would have grave impact on the Texas real estate economy. The ASC audited the Texas program in February 2014. The results of this most recent audit showed that Texas was in compliance regarding all program areas. This is the first time since its inception that the ASC has found Texas’ appraisal regulatory programs in full compliance.

The agency, as a whole, serves as a licensing agency for real estate service providers in Texas. In addition to monitoring education requirements and licensing standards, TREC and TALCB have distinct enforcement divisions that separately handle enforcement cases based on complaints filed with the agency. In this manner, the agency works in parallel fields to ensure the integrity and honesty of license holders.

While the agency’s primary responsibility is to protect the public by providing qualified license holders into the marketplace, a notable number of phone calls are received from home-buyers who have questions about the home-buying process or brokerage practices in general. The agency seeks to provide this type of consumer information via its websites, while capitalizing on the partnership with other public entities, like the Real Estate Center (REC) at Texas A&M University.

The relationship with the REC is statutory – REC is to provide market-place and economic trends research and education – but it has potential to be a great deal more. Renewed

efforts are ongoing to work more closely with REC and provide a better and more comprehensive public service to Texans, including consumer education.

In addition to this partnership, the agency is also a member of the state's Mortgage Fraud Task Force which also includes the Texas Department of Public Safety (DPS), the Texas Department of Insurance (TDI), the Office of Consumer Credit Commissioner (OCCC), the Texas Department of Banking, the Credit Union Department, the Department of Savings and Mortgage Lending (TDSML), and the Office of the Attorney General (OAG). Because of the limited assets of the agency, opportunities for efficiencies and enhanced relations with other entities are always on the top of the priority list. The agency must continue to seek out and nurture these relationships in order to provide the best possible service to the consumer.

## B. ORGANIZATION

The agency functions as one entity, comprised of a Commission and a Board. The relationship between the Commission and the Board is formalized by a Memorandum of Understanding, which was most recently updated in September 2013. An agency-wide reorganization in 2009 created the Administration & Management Services Division (AMS) to oversee and provide support for the day-to-day management of the agency, designated the General Counsel to serve as the Deputy Administrator for TREC, appointed an in-house General Counsel to the Board, hired Government Relations and Public Affairs Coordinators, and established six distinct agency divisions whose directors report to the agency's executive director:

- Reception & Communication Services (RCS) Division;
- Education & Licensing Services (ELS) Division;
- TREC Standards & Enforcement Services (TREC SES) Division;
- TALCB Standards & Enforcement Services (TALCB SES) Division;
- Information & Technology Services (ITS) Division; and
- Staff & Support Services (SSS) Division.

TREC SES and TALCB SES handle discretionary enforcement matters and act as the staff legal arm of TREC and TALCB, respectively. Aside from this important separation, all staff in the remaining divisions work on both TREC and TALCB matters.

Since July 2011, the offices of the agency are located in rented space on the fourth floor of the Stephen F. Austin State Office Building at 1700 North Congress Avenue, Suite 400, Austin, Texas 78701. TREC has no field offices, however five of the seven TREC investigators and two Appraiser/Investigators for

TALCB in various parts of the state are assigned to work on TREC enforcement cases or TALCB complaints in their regions.

### *Administration & Management Services (AMS) Division*

The agency has many roles, and responsibilities. While the appointed members of the Commission and the Board determine the overall policy direction, the AMS Division, led by the agency's executive director, oversees and provides agency-wide support and day-to-day management. The division has six staff positions.

In protecting the consumers of real estate services, AMS performs several important functions to further the agency's programs of education, licensing, and industry regulation. These include:

- cooperating with consumer groups, industry trade associations, professional associations, and educator groups for real estate service providers, and other regulatory agencies;
- serving as a liaison with oversight bodies and public officials;
- informing and responding to requests from license holders, the public and various communication outlets;
- coordinating requests for exemptions from public information act requests for agency documents;
- assisting the public desiring to legally access monies from the Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund;
- drafting proposed rules and policies for consideration by the appropriate policy body;
- providing administrative supervision of the staff responsible for carrying out the functions of the agency;
- distributing information about the agency's functions and activities to the public and the media, including publication of the online e-newsletter: TREC Advisor/TALCB Bulletin /Inspector Insight;
- coordinating and providing staff support to the many advisory committees, working groups, and task forces of the Commission and Board; and
- overseeing the administration of all statutory requirements.

The Administrator of TREC/Commissioner of TALCB provides overall agency direction. This person serves in a dual role as the agency's executive director and is the primary representative of TREC and TALCB to other agencies, organizations, and to the public. Important tasks include speaking to various groups of stakeholders and their professional associations, plus collaborating with similar executives from other states to improve and implement best practices via the Association of Real Estate License Law Officials (ARELLO) and the Association of Appraiser Regulatory Officials (AARO).



The TREC General Counsel and TREC Deputy General Counsel provide general legal advice to the TREC Commissioners. These individuals serve as staff liaisons to the Texas Real Estate Broker-Lawyer Committee and are responsible for drafting proposed rules and statutory clarifications. The TREC Deputy General Counsel reviews and responds to claims by consumers for payment of judgments against license holders from the Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund. The TALCB's own General Counsel, a half-time position, provides general legal advice to the TALCB Board Members. TALCB also benefits from the services of an outside General Counsel from the Office of the Attorney General (OAG) of Texas.

AMS is responsible for coordinating the agency's publications and communications, including the online e-newsletter, published eight times per year, the Strategic Plan, the Annual Financial Report, and reports required by the agency's SDSI status, as well as periodic news releases to the media, consumers, and license holders.

Three advisory committees authorized by the agency's enabling legislation consist of individuals who volunteer their time to assist TREC in critical areas. These committees meet on an as-needed basis in Austin to review proposed forms and rules and make recommendations to the Commission and Board.

One advisory committee, the Texas Real Estate Broker-Lawyer Committee (Broker-Lawyer Committee), develops standard contract forms and addenda that are recommended to the Commission and promulgated for mandatory use by real estate brokers and salespersons. The committee is composed of six brokers appointed by the Commission, six attorneys appointed by the President of the State Bar of Texas, and a public member appointed by the Governor.

By utilizing the varied interests and points of view of its members, the Broker-Lawyer Committee helps to ensure that the contract forms promulgated by the Commission balance the interests of the parties, reduce controversy and misunderstanding, and contain adequate safeguards for all involved. On a regular basis, the Broker-Lawyer Committee reviews and revises all contract forms to ensure that these documents are usable in the current market and that they address any significant new issues in a timely manner.

The Texas Real Estate Inspector Committee (Inspector Committee) provides recommendations and assistance to the Commission on matters relating to the licensing and regulation of real estate home inspectors. It consists of six licensed professional inspectors appointed for six-year terms and three public members appointed for two-year terms by the Commission. The Inspector Committee is authorized to review and revise the inspection "standards of practice" and make recommendations to the Commission for changes in licensing and education rules and procedures.

The Appraisal Management Company (AMC) Advisory Committee consists of three members, the vice-Chair of the

Board who serves a chair of the committee, and two members appointed by the Governor to serve alternating two-year terms - one industry member who must be the primary contact for an AMC and one public member.

In addition, the agency appoints working groups to collect and analyze information on a variety of specific topics and report to the Commission or Board its findings and any recommendations for policy review. These groups are comprised of many volunteers including both experienced practitioners and public members. In 2010-11, two working groups examined issues involved in Education and Broker Responsibility, making significant recommendations for changes that the Commission adopted, including a new required educational course for brokers and supervisors, plus transactional experience requirements for brokers. Also, an AMC working group was convened to recommend rules to the Board for implementation of HB 1146. In 2012, a new Education Standards Advisory Committee (ESAC) began reviewing curriculum standards for both pre-license education (Qualifying) and continuing education (CE) courses, and in 2014, the Broker Responsibility Working Group was re-established to review the enhanced experience requirements established in 2012 for real estate brokers. All of these groups are extremely valuable assets to the agency.

### ***Reception and Communication Services (RCS) Division***

RCS is the agency's centralized customer service department and is the primary point of contact for all telephone, email, and walk-in inquiries. Additionally, RCS handles all website customer survey responses for the agency, and maintains, and updates information on the TREC and TALCB websites. The division has 15 staff positions.

RCS answers all incoming calls for the Commission and the Board from 7:00 a.m. to 6:00 p.m., Monday through Friday. The division answers thirty phone lines for TREC and TALCB. Staff are carefully trained and kept up to date on TREC and TALCB laws, rules, fees, policies, procedures, forms, and processes. Division staff has access to the agency's licensee database to better assist callers with information on the status of their applications, education requirements, and any other licensing issues. RCS also helps callers navigate the agency's websites to find the appropriate information or answers to specific questions or concerns, download specific agency forms, data files, and other agency information. The walk-in reception area is staffed Monday through Friday from 8:00 a.m. to 5:00 p.m. to assist the public directly with any inquiries and offer assistance with the agency's online services via two reception area computers.

Since 2014, RCS is also responsible for handling all Texas Public Information Act (PIA) requests. The Director of RCS acts as the Public Information Officer (PIO) and informs requestors of their right to information, the agency's responsibilities, and the procedures for inspecting or obtaining a copy of public information under the PIA. These responses are coordinated by the PIO and are processed within 10 business days or less as required by law.

**Education and Licensing Services (ELS) Division**

The ELS division reviews and processes applications, renewals, informational changes, and histories for real estate brokers or salespersons, appraisers, appraisal management companies, inspectors, and easement or right-of-way registrants to ensure compliance with all necessary educational, experience, examination and application requirements. The division assists walk-in customers when requested, and provides information on the status of license holders and registrants to other sections of the agency, when needed. The division also oversees real estate education, including the registration of broker, salesperson and inspector education providers, instructors, and courses for both pre-licensure and continuing education. The division has 19 staff positions.

At the conclusion of Fiscal Year (FY) 2013, the agency licensed a total of 142,246 brokers and salespersons, 2,895 inspectors, 2,211 easement or right-of-way registrants, 6,539 appraisers and 192 appraisal management companies. The number of real estate brokers has remained relatively consistent over the last five years. However, the number of salespersons has decreased over that same period.

The following table depicts the trends in real estate license holders over the past five years:

**Trends in Real Estate License Holders over the past five years**

	FY09	FY10	FY11	FY12	FY13
<b>Original Applications</b>	13,068	13,838	15,622	21,303	15,320
<b>Individuals Examined</b>	12,009	12,408	11,782	10,449	15,417
<b>Licensed Salespersons</b>	101,083	100,963	95,885	94,520	97,408
<b>Licensed Brokers</b>	43,036	43,435	43,350	43,928	44,838
<b>Licensed Inspectors</b>	3,533	3,461	3,046	2,980	2,895
<b>Licensed Appraisers</b>	6,305	6,091	6,049	6,084	6,539
<b>Appraisal Management Companies</b>	n/a	n/a	n/a	169	192

License renewal rates are higher than in previous years, with 86.7% of brokers choosing to renew their licenses timely while 80.1% renewed timely during FY 2012. The overall renewal rates for both brokers and salespersons are also higher for FY 2013: Up to 82.1% from 76.7% during FY 2012. Approximately 18% of all real estate license holders (25,667) are “inactive,” held by license holders who wish to retain a license for possible future use.

Registration of all Appraisal Management Companies operating in Texas became effective July 5, 2012 pursuant to the Texas Occupations Code, Chapter 1104 (HB 1146 of the 82<sup>nd</sup> Legislature). The registration process became fully operational in January of 2012 and as of FY 2013 there are a total of 192 registered in Texas.

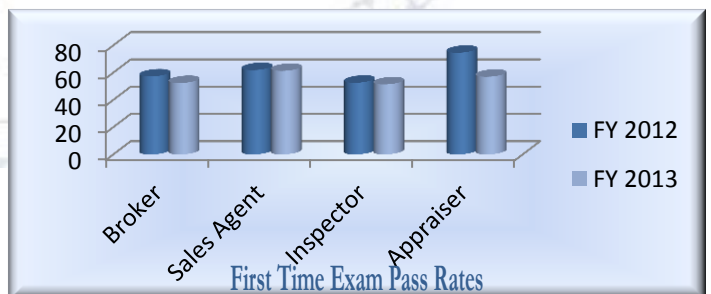
ELS is also responsible for the review and accreditation of proprietary schools (providers of pre-licensure or core education), approval of continuing education providers for both real estate and inspector license holders, proprietary school and continuing education course instructors, and the review and approval of courses offered by these education providers.

While accredited colleges and universities in Texas can provide pre-licensure real estate courses without agency pre-approval, a proprietary school or association wishing to offer pre-licensure courses must obtain approval from the agency. Continuing education providers, including accredited colleges and universities, must obtain agency approval as a provider as well as approval for each continuing education course they wish to offer. At the end of FY 2013 there were 47 approved providers of pre-licensure education in Texas and 376 approved continuing education providers. While proprietary school totals have remained relatively stable, there has been an increase in continuing education providers (from 315 in 2011 to a total of 376 for FY 2013).

The division ensures that both pre-licensure and continuing education courses for appraisers are acceptable. The agency maintains a list of education providers on its website to ensure that license holders have immediate access to current information. The Commission and Board have established education advisory committees to review and recommend improvements to the education programs for each license type. This will provide for more qualified license holders to continue to safeguard the public interest and protect consumers of real estate.

ELS is also responsible for ensuring that qualifying exams are administered properly and exam results are posted accurately to the agency’s database system. Pursuant to a legislative requirement, the Commission has established a method for calculating the exam passage rates for TREC approved proprietary schools. Average passage rates for each license type are calculated and shown on the agency’s website. The Commission must consider this rate in addition to a variety of other factors in determining whether a school qualifies for reaccreditation.

The following table depicts the first time exam pass rates for all license types for FY 2012 and FY 2013.





***TREC Standards and Enforcement Services (TREC SES) Division***

TREC is committed to the protection of the citizens of Texas. TREC SES accomplishes this through timely, fair, and consistent enforcement of The Real Estate License Act, Commission rules, Chapter 1102 of the Texas Occupations Code (governing real estate inspectors), the Texas Timeshare Act, and the Residential Service Company Act. In addition, TREC SES oversees the sanctions of license holders and unlicensed persons who have violated various regulatory requirements. The division has 27 staff positions.

TREC SES handles a high volume of signed, written complaints from the public and license holders, as well as a smaller number of staff-initiated complaints. Importantly, the agency cannot accept anonymous complaints or conduct covert investigations.

The complaints primarily concern alleged statutory and administrative violations by brokers, salespersons, and inspectors, or alleged violations by unlicensed persons engaging in activities for which a license is required. A small number of complaints also concern education providers and instructors, as well as easement or right-of-way certificate holders. In addition, the division oversees timeshare developers (discussed further below) and residential service companies (discussed further below).

During FY 2013, the division opened 1353 complaints, and closed 1424 complaints. While most complaints from the public relate to the purchase, lease, or inspection of a home, a complaint may also include allegations ranging from misleading advertising to criminal history to unlicensed activity. Some complaints are closed with no action taken because of a lack of agency jurisdiction or lack of evidence. Once it is determined that the complaint is within the agency's jurisdiction, the agency notifies the license holder or other respondent, gives the person an opportunity to respond, and investigates the complaint.

The division also implements standards, reviews certain applications for a license, and makes determinations of moral character to assess the honesty, trustworthiness, and integrity of applicants. In FY 2013, the division reviewed and closed 696 application investigation cases and moral character determination cases. Most involve an applicant's criminal history.

TREC SES also administers the Texas Timeshare Act. The Act requires developers that desire to offer timeshare interests for sale to Texas residents to register the plans with the agency regardless of the location of the plans. The division reviews the registrations, and any amendment applications, to ensure that they meet the requirements of the Act. TREC will not register a timeshare plan until the plan fully complies with the Act.

In addition to the Timeshare Act, the agency administers the Residential Service Company Act. That Act requires the agency to license any company wishing to offer home warranties covering existing residential property in Texas. TREC SES monitors residential service companies licensed to conduct

business in this state to ensure compliance with the Act, including a company's ability to meet financial obligations to Texas contract holders, and assists consumers with any issues related to claim delays or denials. As of April 30, 2014, there are 34 licensed residential service companies in Texas.

***TALCB Standards & Enforcement Services (TALCB SES) Division***

Consumer protection is integral to the operations of the Board and is the primary goal of the Board. TALCB SES fulfills this function through timely, fair, and consistent enforcement of the Texas Appraiser Licensing and Certification Act (Texas Occupations Code Ch. 1103) (the "Appraiser Act") and as of March 2012, the Texas Appraisal Management Company Registration and Regulation Act (Texas Occupations Code Ch. 1104) (the "AMC Act"). The AMC Act was enacted by the 82<sup>nd</sup> Legislature. Division staff also reviews applications for licensure, conduct audits of appraisal applicants' submitted appraisal experience, and review moral character determination applications to assess the honesty, integrity and trustworthiness of appraiser applicants and key personnel of Appraisal Management Companies (AMCs). In addition, staff review applicants' criminal history, oversee sanction compliance of license holders who have violated various legal requirements regulated by the division, and work with Board advisory committees and other agency staff to develop enforcement rules, policies, and procedures. The division has 13 staff positions.

TALCB SES investigates and resolves complaints and imposes disciplinary and remedial sanctions when deemed appropriate. Licensed or certified appraisers and AMCs who violate regulatory requirements are disciplined in a uniform and consistent manner, in accordance with a Board-approved disciplinary matrix found in the Appraisal Act and being developed in the AMC Act, and Appraisal Subcommittee Policy Statements. Complaints that involve only minor deficiencies or technical violations are usually resolved by dismissal, dismissal with a warning letter or contingent dismissal. Complaints involving more serious deficiencies are usually resolved through the use of sanctions, which usually take the form of discipline or remedial measures. Board sanctions that are used in resolving complaints by agreed discipline, default proceeding, and contested disciplinary hearing include: (1) public reprimand, (2) administrative penalties, (3) remedial education (including mentorship), (4) re-examination, (5) adoption of preventative policies and procedures, (6) suspension, (7) probation, (8) voluntary surrender, (9) revocation, (with or without terms of reinstatement), and/or (10) any combination of these sanctions. In addition, the division provides assistance to law enforcement and prosecutors upon request through the Texas Residential Mortgage Fraud Task Force.

The division processes and investigates a high volume of signed written complaints from, among other persons, consumers, financial institutions, license holders and other state and federal agencies alleging violations of state law and the Uniform Standards of Professional Appraisal Practice (USPAP) -

adopted by the Texas legislature, and nationwide, as the minimum professional standards for conducting reliable real estate appraisal activities. In addition to staff investigations, statutorily authorized Peer Investigative Committees (PICs) review appraisals that are the subject of complaints filed with the Board against appraiser license holders. Each PIC consists of two license holders, one appraiser who is a TALCB Board member and one appraiser who is a certified USPAP instructor. The PIC process is managed by the division director.

TALCB SES received 214 complaints in FY 2012, a decrease of 16% from FY 2011's total of 256. The 227 complaints received in FY 2013 represent a rise of 6%, with 20 complaints against AMCs. FY 2014 is on pace for a reduction in total complaint numbers. The majority of the complaints arise from alleged violations of USPAP, and to a much lesser degree, potential mortgage fraud. In FY 2013, 40.58% of regulatory complaints were resolved within 6 months, compared to 18.63% in FY 2012; a significant case management improvement. While 227 new complaints were filed with TALCB SES during FY 2013, for the same period 359 previously filed complaints were resolved and closed. In FY 2013, approximately 75% of all complaints received by TALCB were closed with no disciplinary action taken because of a lack of jurisdiction or lack of evidence supporting any violation of state law, thus resulting in a dismissal, dismissal with a warning letter or a contingent dismissal.

Upon receipt of a complaint, the division notifies the licensee and requests that the license holder respond in writing and submit a response and related documents which are responsive to the complaint. If fraud is alleged, the complaint may be handled covertly, as required by the laws governing the Texas Residential Mortgage Fraud Task Force; which was enacted by House Bill 716 of the 80<sup>th</sup> Legislative Session (the "Task Force"). If an agreement cannot be reached between staff and the respondent, TALCB SES pursues formal disciplinary action via the contested case hearing process at the State Office of Administrative Hearings (SOAH). In FY 2013, approximately 97% of TALCB license holders had no recent documented violations in the past three years, slightly fewer than in FY 2012; when 96% of TALCB license holders had no recent documented violations.

TALCB SES has been a member of the Task Force since 2008. Since then, 121 requests for assistance from state and federal law enforcement and prosecutorial agencies have been received, 110 of these have been resolved. This assistance has led to several indictments, prosecutions and convictions of certified or licensed appraisers for criminal conduct incident to allegations of mortgage fraud.

The division is charged with conducting experience audits of all appraiser licensee applications for all appraiser licensure categories (licensed, certified residential, and certified general), which includes reviewing licensee work product for compliance with USPAP. Typically, two properties from the applicant's

experience log are requested and reviewed by a staff investigator for general compliance with USPAP. Fiscal year-to-date, 92 experience audits have been processed, with 10 resulting in application denials and/or complaints. For FY 2013, 90 experience audits were completed, 11 of which culminated in application denials and/or complaints.

## *Information and Technology Services (ITS) Division*

ITS develops and maintains the technical infrastructure supporting the agency's mission. In doing so, ITS adheres to the Texas Department of Information Resources (DIR) standards, and utilizes industry best practices to ensure utility, reliability and security. Through the technical infrastructure, ITS is able to support agency initiatives necessary to provide services to the public and license holders. A team of 9 individuals manage the application development, network management, and support services within ITS. A team of 3 manage current and historical records of license holders as part of records management within ITS.

ITS offers public access to a wide range of online services including licensee search, online renewal, online initial application, data downloads, forms, and newsletter publications. Through online services the agency is able to expand the availability for certain operations while reducing costs for those same services.

ITS creates and maintains business applications to fulfill legislative mandates, respond to public inquiries, and support employee productivity. These include:

- publicly accessible license holder information
- license issuance and renewal;
- submission of education requirements;
- fee receipt and accounting;
- open records data access;
- education provider approval systems; and
- complaint tracking and repository.

The technical infrastructure is the foundation for the agency's continued productivity and must allow for an expansion of automation and services. The dependency in technology increases through additional demands within the agency and the expectations of the public and license holders that it serves. A high level of availability, security, and integrity is paramount and essential to maintain and expand these online services. A continued risk in delivering these services is technology obsolescence and security. TREC continues to address technology obsolescence through annual refresh of equipment and of services. The agency has begun an initiative to overhaul and update its website to better provide online services. Additionally, the agency continues to work with the Department of Information Resources for annual online and network security test.



ITS has established a relationship with several entities to help the agency fulfill its long-term goals and mission:

- TexasOnline Authority in the electronic process of online payments;
- The Texas Guaranteed Student Loan Corporation (TGSLC) to assist in the collection of delinquent student loans;
- OAG to assist in the collection of delinquent child support;
- DPS in background checks of applicants;
- TDSML on issues affecting real estate license holders and mortgage brokers; and
- DPS, TDI, OCCC, the Texas Department of Banking, the Credit Union Department, and TDSML for the Mortgage Fraud Task Force.

The agency takes advantage of services offered by DIR that allow for expanded and shared technical resources that would otherwise be unattainable. The utilization of their standard contracts and security team has provided cost and time savings to the agency.

### *Staff & Support Services (SSS) Division*

The SSS Division performs all of the accounting, budgeting, purchasing, mail and cash handling functions, human resources administration, and property management for the agency. The division provides these support services to the Commissioners, Board Members and agency staff, and is the center of day-to-day monetary and budget operations. The division has 14 staff positions.

The cashier section receives and distributes incoming mail and processes revenue received by mail. The accounting section processes daily cash and credit card receipts, and provides accounts payable, travel reimbursements, and inventory tracking services for the agency. This section also maintains the statutory recovery funds which are used to pay certain judgments against agency license holders.

The purchasing section purchases goods and services in compliance with all state regulations, and provides equipment and facilities management services. Emphasis is placed on utilizing historically underutilized businesses and recycled goods, when possible.

The human resources section processes payrolls, plans, develops, reviews, and implements human resources policies, directives, and procedures while ensuring that state and federal guidelines are followed. This section also compiles and analyzes human resources reports.

The budgeting section is responsible for all revenue forecasting and budgeting functions for the annual budget of TREC (\$8.6 million dollars) and TALCB (\$1.6 million dollars).

The director of SSS serves as the investment officer for the recovery funds in accordance with the Public Funds Investment Act.

The Commission's independent auditor, Garza-Gonzalez & Associates, reviewed the agency's compliance with the Public Funds Investment Act. In its FY 2013 report to the State Auditor's Office (SAO), the independent auditor made no recommendations for modifications related to compliance with the Public Funds Investment Act. In addition, a review by the SAO published March 2010 concluded that the agency had fully complied with provisions in the Public Funds Investment Act.

SSS is also responsible for monitoring the agency space allocation plan. The agency occupies leased space on the fourth floor of the Stephen F. Austin Building in the Capitol Complex. The agency negotiated a five year lease with the Texas Facilities Commission (TFC), which expires August 31, 2016, for 21,350 square feet. Cost is \$427,000 annually for fiscal year 2014 through 2016. The current lease is a turn-key lease wherein TFC pays for lease services such as utilities, janitorial services, and pest control. The Department of Public Safety provides security.

## **C. FISCAL ASPECTS**

### *Self-Directed, Semi-Independent Oversight*

September 1, 2011, the Texas Real Estate Commission (TREC) became a self-directed semi-independent (SDSI) state agency as authorized by Senate Bill 1000 passed during the 82<sup>nd</sup> Legislative Session. That same bill authorized appropriations for FY2012 and FY2013 in the amount of one-half of the 2011 adjusted appropriation to serve as a bridge loan during the transition period. Each loan was repaid within the fiscal year in which it was granted. Beginning in 1991, the Texas Appraiser Licensing and Certification Board's (TALCB) appropriations were listed as "Goal D" in the Legislative Appropriations Request of TREC. As a component unit of TREC, TALCB is also in SDSI status.

The bill also mandates biennial reporting to the Legislature and Governor of agency activities, financials, and audits. Additionally, annual reports will be provided to the Governor, House Appropriations, Senate Finance, and Legislative Budget Board on salaries, travel expenses for employees and Commission members, agency operating plan and annual budget.

As an SDSI agency, the agency no longer receives appropriations from the Legislature. The Commission and the Board approve their respective expenditure and revenue budgets. The ability to make budget decisions provides the agency with the flexibility to be responsive to changing conditions and to operate more efficiently and effectively. SDSI agencies are self-leveling and self-funding, therefore, fees are required to cover expenses. The entire agency's operating funds are generated from fees assessed on the individuals and businesses regulated by the agency and are used to fund both direct and indirect

costs. No general revenue funds are used to support agency operations. Both TREC and TALCB have consistently generated sufficient revenues to support the direct and indirect cost of operations. Fees are revised as needed to accurately reflect the cost of providing effective regulation with the most recent review of fees being performed in the Spring of FY2014.

As part of our SDSI status, the agency is required to pay an annual nonrefundable retainer to the State Office of Administrative Hearings & the Office of the Attorney General in the amount of \$75,000 each, and \$10,000 to the State Auditor's Office. TREC must also make an annual contribution to the general revenue fund of \$750,000. The agency is also charged with collecting and remitting fees to Texas A&M University for the Texas Real Estate Research Center and professional fees to the State Comptroller of Public Accounts.

Although the agency is no longer subject to certain requirements, the agency has continued operating in a similar manner as other state agencies, with minimal changes. Continued compliance and reporting include:

- Abiding by the State Payroll, Travel, Purchasing and Procurement rules and standards for all agency expenditures.
- Submitting quarterly agency financial statements, including budget variance analysis to the Finance Commission for review and approval.
- Continuing to calculate and maintain data for performance measures.
- Continuing to coordinate with other state agencies as business needs arise.

In FY2013, TREC collected revenues of \$21,715,348.46. Of this amount, \$4,521,023 was collected for operations of the Texas A&M Real Estate Research Center; \$5,351,082.50 was collected in professional fees imposed on brokers, and \$483,455.54 was revenue dedicated to the Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund; \$1,888,149 was revenue collected in fees for criminal history background checks; \$343,586.20 was collected in fees related Texas Online. The remaining revenue of \$9,128,052.22 was collected from fees directly related to license applications and

revenue of \$8,691,947 is projected to support a budget for direct and indirect costs of \$8,277,281. 75.6% of TREC's expenses are for salaries, employee benefits, and other personnel costs.

In FY2013, TALCB collected revenue of \$1,629,817. Of this amount, \$218,466 was collected for the Appraiser National Registry; \$16,771 was collected in fees for Texas Online. The remaining \$1,394,580 was collected from fees directly related to license applications and renewals, examination charges, interest earned and other administrative services to support direct and indirect costs incurred by the agency. In FY2014, operating revenue of \$1,872,953 is projected to support a budget for direct and indirect costs of \$1,615,884. 77.8% of TALCB's expenses are for salaries, employee benefits, and other personnel costs.

Revenues collected per statute, but not available for agency operations, include criminal history fees, Texas Online fees, Real Estate Recovery Trust Account fees, Real Estate Inspection Recovery Fund fees, Professional fees, Texas A&M Real Estate Research Center fees, and the Appraiser National Registry fees.

**Employees**

SDSI status has allowed the agency to make progress in moving toward pay equity for its employees. This is imperative not only to retain existing leadership skills and abilities, but also to reduce the likelihood of turnover in agency management.

As a result of its SDSI status, the agency is no longer required to administer salaries in accordance with the SAO salary classification plan, but has elected to continue to do so. The SAO guidelines provide the agency a familiar structure with which to classify its employees in a manner consistent with their education, experience, skills, and duties. It also provides the most practical way for the agency to offer salaries at a level that is commensurate with other state agencies with similar missions, licensee populations, and responsibilities. Staffing needs are assessed on a regular basis to ensure that the number of full time equivalent (FTE) employees and salary levels are sufficient to address planned operations and agency goals. All positions at the agency are evaluated, documented and classified using the SAO classification guidelines.

**Minority Hiring Figures**

September 1, 2012 through August 31, 2013

White Female	Hispanic Female	Black Female	Hispanic Male	Black Male	White Male	Total New Hires
4	5	2	0	0	4	15
27%	33%	13%	0%	0%	27%	100%

renewals, agency publications, examination charges, interest earned and other administrative services to support direct and indirect costs incurred by the agency. In FY2014, operating

The agency continues to strive for diversity in its workforce. Currently, the agency's workforce is budgeted 106 full time equivalent (FTE) employees. The preceding chart shows the



result of agency hiring practices from September 1, 2012 to August 31, 2013.

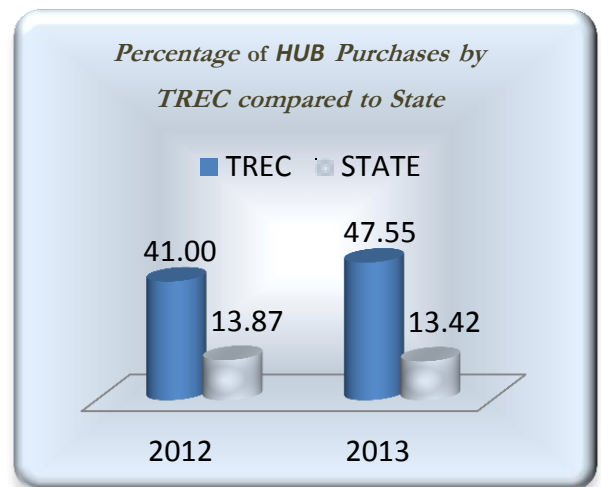
The following table compares the percentage of Latin-American, African-American and female employees to the state-wide availability of Latin-Americans, African-Americans, and females in the civilian workforce. The Texas workforce statistics were extrapolated from the 2012 American Community Survey for Texas from the U.S. Census Bureau. The agency percentages are based on workforce as of August 31, 2013.

*Characteristics of Agency Employees Compared to Texas Civilian Workforce  
Fiscal Year 2013*

Job Category	Latin-American		African-American		Female	
	Texas	Agency	Texas	Agency	Texas	Agency
Administration	9%	2%	20%	1%	39%	4%
Professional	11%	5%	17%	2%	59%	21%
Technical	14%	0%	21%	0%	41%	0%
Admin. Support	14%	4%	31%	5%	66%	16%
Service & Maintenance	15%	9%	48%	7%	41%	31%

- Encouraging non-HUB vendors to sub-contract with certified HUB vendors; pairing mentors with protégés;
- Exceeding the bid advertisement requirement of obtaining more than two HUB bids from the Centralized master Bidders List (CMBL) on purchases over \$2,000; and
- Maintaining positive working relationships with current HUB vendors.

The following figure reflects the overall HUB performance of FY 2012 and 2013:



#### D. HISTORICALLY UNDERUTILIZED BUSINESS PLAN

The agency is committed to making a good faith effort to increase business with Historically Underutilized Businesses (HUBs). Staff actively encourages purchasing from HUBs to provide goods and services for the agency’s operations. The agency’s goal is to award 30% of its overall expenditures to HUBs. Agency good faith efforts to promote HUB participation include the following:

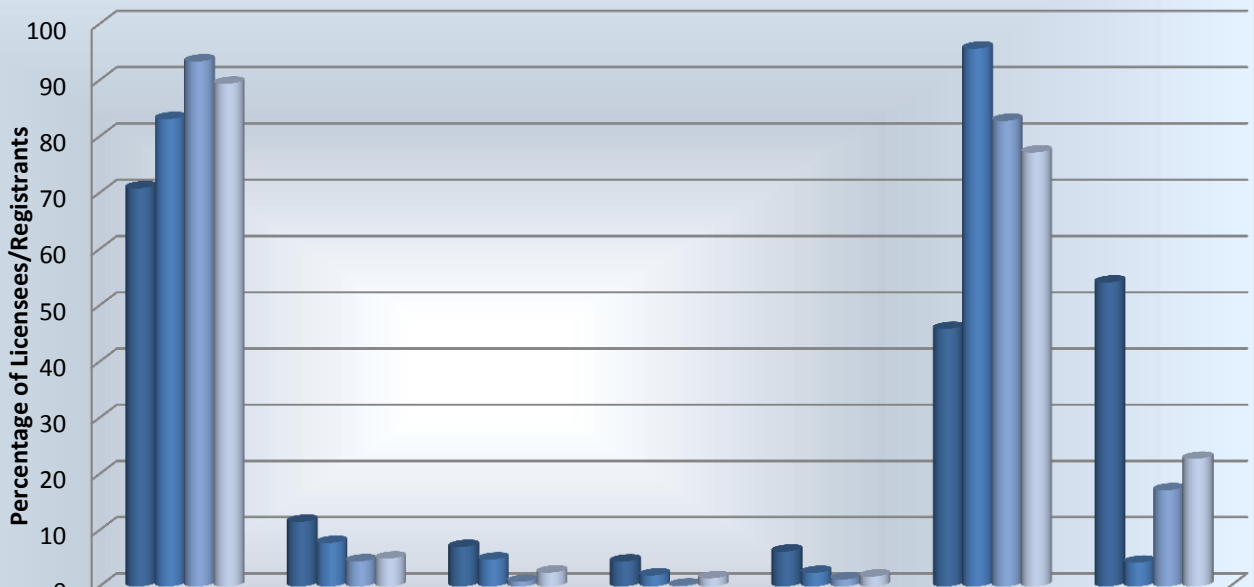
- Utilizing HUB vendors for non-competitive spot purchases of \$5,000 or less whenever possible;
- Soliciting a minimum of three bids from certified HUB vendors for purchases over \$5,000;
- Attending HUB related meetings and forums to network with vendors and gain new knowledge of HUB vendors;
- Encouraging and assisting vendors who qualify as HUB vendors to become HUB certified by the Texas Procurement and Support Services Division of the Comptroller’s office and to maintain their HUB certification;

#### E. SERVICE POPULATION DEMOGRAPHICS

A state economy as large and as diverse as Texas’ presents special challenges for an agency that is charged with serving over 150,000 license holders across 268,820 square miles. The two primary ways that the agency interacts directly with its stakeholders is through the license application and renewal process (licensing examinations are administered by agency-approved test providers at 20 locations around the state) and through the complaint resolution process. The agency has a number of bilingual staff to assist the large number of Spanish speaking Texans.

As more individuals enter the profession, the ethnic, racial, and gender diversity of real estate license holders are projected to continue increasing, falling more in line with the overall population. The racial breakdown of license holders is provided in the following table:

### Ethnic, Racial and Gender Characteristics of License Holders as of June 3, 2014



	Europe Ancestry	Latin Ancestry	African Ancestry	Asian Ancestry	Other / Mixed	Male	Female
■ Broker / Sales Agent	70.84	11.5	7.03	4.43	6.2	45.83	54.08
■ Inspector	83.11	7.75	4.78	1.95	2.41	95.61	4.22
■ Easement / Right-of-Way	93.34	4.46	0.82	0.15	1.23	82.79	17.11
■ Appraiser	89.38	4.95	2.46	1.45	1.76	77.18	22.71

## **F. TECHNOLOGICAL DEVELOPMENTS**

The agency utilizes technology in virtually every aspect of its operations and has adopted and implemented systems and procedures based upon DIR and industry standards. Employees have electronic access to vital license holder and applicant information directly from their workspace. Through technology there has been a significant reduction in the submission and processing of paper.

### *Public Access Initiatives*

#### *1. World Wide Web Services*

The agency's websites are often the first point of contact for customers. It is the agency's philosophy to make as much information as possible (eventually 100%) available on its website in order to provide services on demand through a self-service initiative. With this goal in mind, the websites allow for online renewal and application submission and provide a wealth of other useful information, including: contact information, FAQ's, forms, laws, policies, procedures, and customer surveys.

The most frequently used pages on both websites include:

- **License Holder Look Up** - Real estate professionals and the public can verify information on sales agents, brokers, inspectors, and ERW registrants through use of the "License Holder Look Up" function on TREC's website. Verification of an appraiser can be done through the ASC's website, which is directly linked to the TALCB website. Through this feature visitors can verify whether an individual has an active real estate license, determine a sponsoring industry mentor, and check the permanent mailing address of the license holder.
- **E-Government Services** - Using the TexasOnline Authority as a payment portal, the agency currently provides online license renewals for sales agents, brokers, inspectors, ERW agents, and appraisers. Individuals can submit an initial application for a broker and sales agent license and as well as each of the Appraiser licenses. Sponsorships can be managed by either the sales agent or broker online while the AMCs can manage their list of panel members. Reprinting of a license and a request to return to active status are also available for each type of license.
- **Meeting and Minutes** - All Commission and Board meetings are streamed live and then posted for future viewing by the public. The agenda for each meeting is cross-indexed to the video so that retrieval of the discussion is easily available and the video serves as the official minutes of the meetings.
- **Forms and Contracts** - Forms and contracts are made available for download. Fillable Experience Log forms and application forms are also available.
- **Customer Feedback** - Website visitors can complete a Customer Service Survey online. The website also allows email

access to TREC Commissioners, TALCB Board Members, and the agency head.

In addition, the agency website also provides the following helpful information to visitors:

- **Disciplinary Action Update** - Individuals have the ability to search for TREC or TALCB disciplinary actions by specific type of offense, by name or by month.
- **License Holders Education Records** - Up-to-date information on the core real estate and continuing education completed by all real estate license holders is available to the public.
- **Permanent Mailing Address** - All TREC license holders can correct and update their permanent mailing address online at no charge ensuring more accurate data entry.
- **Primary Email Address** - All TREC license holders can correct and update their primary email address online at no charge facilitating the convenient electronic delivery of information and services to them.
- **Business Phone Number** - All TREC license holders can correct update their contact phone number and thereby ensure successful contact by others interested in reaching the licensee.

#### *2. E-Government Services*

The agency is proud to have been the first licensing agency to provide online license renewals in the State of Texas.

Online transactions processed during FY 2013:

- 61% of offered initial applications
- 92% of offered license renewals
- 54% of sponsorship changes
- 100% of appraiser panelist changes

#### *3. Electronic Mail Services (Email)*

Email has become a primary information delivery mechanism expanding the public's access to the agency. In FY 2011, the agency received an average of 1,434 emails a week, up significantly from an average of 370 per week in 2010. This increase is due in part to a change in agency procedure, which routed all general email inquiries to agency through RCS to increase efficiency and consistency. In addition, the agency has provided the RCS email to individuals contacting the agency by phone, via recorded message, providing them an opportunity to immediately contact the agency by email with their questions or concerns. A technical issue that has since been addressed also contributed to the increase. To date in FY 2012, the average weekly email count is down by 9%. Emails sent to the agency are most often responded to within 48 hours, an operating goal.



## 4. File Transfer Protocol (FTP)

The TREC and TALCB FTP sites allow for the downloading of files for storage and viewing. In addition, TREC utilizes FTP to exchange data with many other state agencies and receives daily the results of the real estate and inspector examinations from the contracted vendor. Licensee database information is also shared with the REC. TALCB uses the FTP site most specifically for their Peer Investigative Committee-work so that all participants can have access to the same large files simultaneously and at their leisure.

## Future Technological Advancements

TREC has long been dedicated to providing as many services as possible online; and as TALCB and the TREC have been integrated over the years, that same focus and dedication to online services has been extended to the TALCB website.

In FY 2013, thousands of transactions were conducted online by individuals seeking to apply or renew a license with the agency. Over 250,000 email addresses are now maintained on the agency email notification system and more than 34 million TREC web pages and 1.5 million TALCB web pages were accessed by license holders and the public.

79% of TREC license renewals and 68% of TALCB license renewals are completed online, and more than 35% of all initial license applications come to the agency via the TexasOnline Authority. As more transactions become available and more individuals become familiar with the process, we anticipate that these percentages will increase substantially, providing both additional convenience and reducing processing time and manual data input effort by staff. Expanding additional online services to license holders and the public is a major strategic initiative. The long-range vision of the agency is to provide all services online and handle all official communications electronically. This will allow customers 24-hour access to agency services, reduce data transcription errors and allow staff to focus on improving both the quality and quantity of agency services to an expanded customer base.

## G. ECONOMIC AND LEGAL VARIABLES

### Key Economic Values

The overall state of the economy is reflected in such things as housing prices, demand for housing, and the availability of financing at reasonable interest rates. A strong and stable economy, as reflected in a strong and stable housing market, is the primary economic factor that influences a decision to pursue a career in a real estate service profession. Although no state can ever be immune to national concerns about the economy and mortgage markets, Texas has remained quite strong and stable by comparison with other leading markets. As a result the number of real estate related license holders in Texas has not

fluctuated dramatically in the last three decades and remains between 120,000 and 150,000.

Compared to many other states, the "affordability index" for owner-occupied housing in Texas remains favorable. Nonetheless, an increased emphasis on credit quality has been reflected in Texas mortgage markets, offsetting to a degree the beneficial effect of this recent period of historically low interest rates. The combination of strong performance of the Texas economy, as reflected in comparatively low levels of unemployment and solid job growth, coupled with the continuation of low interest rates, supports stability in Texas mortgage and real estate markets.

### Legal Issues

All divisions of the agency monitor changes in state and federal law to ensure that the agency identifies and, to the extent possible, is proactive with respect to changes that will affect license holders and services.

Federal law provides oversight or regulation in these areas:

- services provided in connection with the closing of the sale, the Real Estate Settlement Procedures Act of 1974 (RESPA), as amended;
- anti-competitive real estate industry practices, the Sherman Anti-Trust and Clayton Anti-Trust Acts;
- discrimination in housing, the Federal Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988;
- discrimination based on disability, the Americans with Disabilities Act of 1990 (ADA);
- protection from lead based paint, the Residential Lead-Based Paint Hazard Reduction Act;
- real estate appraiser licensing and certification, Title XI of FIRREA, and
- financial regulatory reform addressing in part the "Appraiser Independence" standards under the Truth in Lending Act (TILA) and the regulation of appraisal management companies, The Dodd-Frank Wall Street Reform and Consumer Protection Act.

### Real Estate Recovery Trust Account and Real Estate Inspection Recovery Fund

TREC maintains two recovery funds that are used to pay judgments obtained by consumers against TREC license holders or registrants. Administrative penalties paid by license holders to the agency are directed to these funds.

The Real Estate Recovery Trust Account is available to consumers harmed by brokers, salespersons, or registered ERW agents and whose judgments remain unsatisfied after attempted



collection. In recent years, courts have expanded the classes of claims deemed to be payable from this fund and include some claims based on failed real estate investments. This development has caused the fund to be dramatically reduced in recent years and a special assessment may be needed in the future to replenish the fund, as provided for by statutory directive.

The Real Estate Inspection Recovery Fund provides a similar remedy for consumers holding an unsatisfied judgment against a real estate inspector. Since the advent of mandatory errors and omissions liability insurance in 2007, this fund has seen dramatic decrease in the number of claims – and in fact has had no claims paid in the last three years. The agency proposed the repeal of the fund in the 2013 legislative session, but one trade association opposed this recommendation and it was dropped from the legislation that passed. Returning the accumulated funds to license holders and the general revenue remain the preferred goals of the agency, since the fund appears to no longer serve the public purpose for which it was established.

The Board has no recovery fund for consumers. Administrative penalties collected from license holders are retained by the agency. A dedicated education fund has been proposed as a potential use for these funds to better educate appraiser license holders on Texas laws and potentially to fund a biennial survey of “customary and reasonable” fees in Texas.

#### **H. SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT**

The agency continues to embrace the need for change and updating all of its processes to be simpler, more reliable and accessible online. Staff is encouraged to continually evaluate agency policies and procedures to find opportunities for improvement. Staff is empowered to identify solutions and take the necessary steps towards implementation at the appropriate level of authority and responsibility. Staff’s willingness to continuously re-evaluate the agency’s effectiveness, and their dedication to excellence, allows the agency to continue to evolve toward more effective and efficient program services. The agency initiated a quadrennial formal rule review process for 2014 to allow stakeholders and staff to identify any areas where the rules were inconsistent across license types, determine if a statute mandated that difference and raise to our policy makers’ attention any potential remedies. Where possible, the rules are being conformed for ease of administration; where needed, some legislative solutions are being suggested for consideration. Some of these changes will be discussed in this Plan.

Staff was also invited to participate in the Strategic Planning process, and provide input on how the agency can continue to improve. Staff’s suggestions, along with comments received from license holders, stakeholders, and the public, at one of the six Strategic Plan Input Meetings held around the state (San Angelo, Arlington, Houston, San Antonio, El Paso and Austin)

or by electronic submission via the agency’s website, together form the basis for the following section’s analysis and recommendations.

Strategic Planning inputs were collected and analyzed using these questions as a guide for discussion:

#### **Questions for License Holders:**

- Have the broker responsibility course, rules and license requirements made a positive difference? Could these classes be taught by commissioners or senior TREC staff? Should certain instructors be required to complete an Instructor Preparation Course to improve teaching quality? Should content retention be tested? Should the requirements for “distance education certification” apply to all non-classroom courses?
- Does the registration and regulation of Appraisal Management Companies serve to reduce friction and pressure between these mortgage lender intermediaries and the appraiser? What is your experience? Are there barriers to entry into the appraiser profession that the Board could address?
- Does current continuing education for real estate/appraisers/inspectors meet your needs? What specific education topics would be most beneficial for your license type? Are CE hours sufficient? Should education or training sessions for agents that are required by a broker in certain high impact subjects qualify for CE credit?
- How can we streamline the application and renewal process to serve you better? How can we improve our services to help you to better track and manage your requirements?

#### **Questions for All:**

- In the last few years, what changes – positive or negative - have you noticed with the agency? How are we meeting your expectations? What three words would you use to describe the agency?
- If you can choose one area that TREC needs to improve, what would it be? What one change would you suggest that the agency make? Any rule(s) you would like to see changed? Why?
- What additional services do you think we should provide to you? What topics would you like the agency to address in our communications to you? Is an online “chat” capability important to you?
- Are you aware that the agency answers phone calls from 7 AM to 6 PM each business day? Are you aware that license fees were reduced last year due to SDSI status? Do

you know that meetings are live-streamed over the web and that meeting materials and video recordings are archived and indexed for viewing?

## Questions for Consumers:

- What is your perception of the agency's consumer protection responsibilities and do we meet them? What can we do to best protect consumers from "unscrupulous" or "negligent" agents?
- How can we best reach consumers to inform them of our services? What information could we provide during the home buying process that would provide you with a more positive and informed experience?
- Why would you choose NOT to use a real estate broker to buy or sell your home?

There were a number of key issues that continued to be brought up at each meeting:

## Findings by Topic Area

### Education:

The new Broker Responsibility course is a great addition to CE, but it needs more "real world" examples to drive the point home. Redundant rule reminders are not particularly effective. It would be a welcome addition if Commissioners or key staff involved in writing the courses were able to teach them to license holders. Instructors of these courses should be tested to ensure they know the content well and should also be qualified as adult education instructors through required training. License holders should be quizzed on key points to ensure they have learned the basic requirements. All computer based classes should be certified for sound "distance education" criteria.

In addition, a CE class in TREC's Promulgated Contracts and a class on Texas Law for Appraisers would address the most glaring gap in the current CE regime. Most would be willing to raise CE hour requirements to include these, as well as to offer some credits for select sponsor required training and also for participation in official meetings of the agency's policy making bodies. Current laws allow the agency the flexibility to do so, but a legislative clarification would be advantageous before additional action is taken to address these shortfalls. Almost illogically, real estate professionals take only half the number of hours of required continuing education as appraisers and inspectors.

### AMCs and Barriers to the Appraisal Field:

AMCs are a new regulated entity given an undue prominence in the marketplace by poorly conceived federal policy. Overdue federal rulemaking prolongs the uncertainty of resolution needed to stabilize the market. Many appraisers resent the resulting pressure for fee reductions and would not recommend this profession to

anyone. At the same time, the Appraiser Qualifications Board continues to raise the pre-license education requirements and other standards for entry. This seemingly inconsistent approach leaves many in the field bewildered and frustrated. The Board is urged to work to clarify and simplify state and federal requirements as much as possible.

### Online Applications:

License holders desire the broadest possible access to online services, and vastly simplified processes for application and especially for renewal. Online renewal, although improved, can still be confusing. A simple mobile tool would be greatly appreciated. A wider variety of information should be made available for use by applicants and license holders. Many said the license holder look up tool was important to them, and updating it and making it more user friendly would be a great service. It was mentioned several times that the license holders would like a way to search for appraisers, AMCs and up to date business alias names (DBAs) across license types.

### Agency Accomplishments and Improvements

There were a wide range of responses when asked what three words would best describe the agency. While most were quite positive, a few were less encouraging. The single most mentioned improvement needed was making the website more user friendly. All applications should be available online and as simple as possible. Few were aware of the extended hours of access via phone or that fees had been reduced by \$4 per license renewal in 2013. Even fewer were aware that all meetings are web-streamed live and archived online with indexing for ease of use.

### Consumer Services

Removing unscrupulous practitioners and re-educating the "merely negligent" were both seen as high priority to serve consumers better. Better information on who is responsible in the process of representation would be desirable. More resources available on the website, intuitively organized, and with more general education about consumer rights, access and expectations of license holders were popular responses. Cost savings is the number one reason for not using a licensed real estate service professional.

## Recommendations, Opportunities & Obstacles

The results of these strategic planning input meetings have helped identify several key action items for the agency. Updating the communication strategy with the license holders is necessary to reach agency goals such as adopting more paperless processes, better targeting more frequent and relevant messages to specific groups, and making all communications with the agency easier. These issues directly correlate with the need for a complete website upgrade. The agency has already begun a two-year

process of website redesign and staff has already completed the fundamental research necessary and has begun development of a better website that will encompass all the needs of the license holders, and equally important those of the average consumer. Resources have been reserved to implement these major website updates and rollouts in a timely and effective manner in 2015.

Education and the need to have an easy to understand process was also a common theme during these meetings TREC has appointed members to the Education Standards Advisory Committee (ESAC). This committee has been looking at all of the education functions of the agency, beginning with detailing the curriculum guidance for all of the qualifying pre-license courses. Updates to the first six required pre-license courses have been adopted by the Commission. The ESAC's work will also help to balance revenues with the expenses of administering the program and streamline the process for educators, instructors, applicants and license holders. TREC also implemented a new broker responsibility course in September 2012 for all supervising brokers and salespersons. This course is required every two years in conjunction with their mandatory continuing education (MCE). Additional opportunities exist to improve educational offerings by better quality control over course content, provider qualifications, instructor training and education records maintenance and display. Each of these areas will get close attention from agency staff and policy makers over the next two years.

One other area of continued concern has been the unprecedented demand on the agency's Real Estate Recovery Fund. Some courts have been inconsistent with the expressed "consumer protection" intent of the relevant statute by making awards for losses incurred by investors, so long as a license holder was somehow at fault. Some clarification in this area would be highly desirable for both license holders and consumers.

There is an expressed need to consider a legislative cleanup bill to Chapter 1101 to address several areas of needed updates in education requirements, including the ability for the agency authors to teach certain key topics, and evaluate retention, as well as a high demand for a CE course in TREC Promulgated Contracts as a mandatory course, and in recovery fund guidance.

In the Inspector arena, in FY 2013 and 2014, the Committee completed a comprehensive review and update of the Standards of Practice rules and recommended a simplified report form. The Commission adopted both of these recommendations. These should help with potential consumer and agent confusion on the use of reports. One area of concern that was addressed is the lack of effective consumer voices on the Committee. The last three public members appointed have failed to complete even two years of their appointment. After due consideration, the Commission established by rule a two-year initial term, with the ability to serve a total of six years or more, to assist with endurance. In addition, there is a need to consider a "housekeeping" bill for Chapter 1102 during the upcoming legislative session, to include all of the previously identified

matters requiring improvement and revisit again the effectiveness and wisdom of retaining the Recovery Fund, especially in light of mandatory insurance coverage requirements.

For TALCB, implementation of the AMC registration system and the online "Panel Management Tool" (PMT) has proven very successful. Ensuring this regulatory scheme works effectively is the longer term goal, especially as the federal regulators get around to publishing rules to clarify certain key provisions of the Dodd-Frank bill. The PMT is an online tool that AMCs are required to use to manage the composition of the panel of Texas appraisers to whom they offer work assignments. Few AMCs are resisting this requirement and most have seen the value of this tool, however a few large AMCs may seek to amend the law to prevent the agency from requiring its use. However, the PMT actually serves many legitimate regulatory functions and provides valuable services to AMCs. Two other areas of high attention are the issues surrounding the requirement for AMCs to pay "reasonable and customary fees" and potential violations of "appraiser independence" rules and standards. The Board has completed its work of interpreting the requirements of HB 1146 into rule language, but will be proposing additional rules to provide clarity of scope and applicability on certain provisions as the federal agencies issue their governing rules.

TALCB has received several complaints from Central Appraisal Districts regarding the lack of USPAP compliance in certain "uniform and equal" (U&E) studies or reports prepared by licensed or certified appraisers. Such reports were prepared in conjunction with property tax appeals on behalf of homeowners protesting the assessed value of their property before the Appraisal Review Board. While certainly a primary enforcer, TALCB does not have sole jurisdiction over USPAP applications, nor are appraisers the only license holders allowed to perform U&E studies. In Texas, among other licensed professionals, both Property Tax Professionals and Property Tax Consultants, both regulated by the Texas Department of Licensing & Regulation, are permitted to perform such U&E studies for property tax valuation purposes. Many TALCB licensed appraisers also have Property Tax Consultant licenses. Finding the appropriate interpretation and balance of legislative and regulatory intent has prompted TALCB to seek jurisdictional clarification from the office of the Attorney General. A recent OAG decision essentially instructs the Board that it can assert jurisdiction if it does so under a consistent interpretation of its enabling statute. Further consideration of the many ramifications of having multiple agencies with jurisdiction over the same valuation activity will require significant coordination to avoid unequal treatment and unintentional loopholes, while providing adequate consumer protection. A more effective solution may be to consider consolidating jurisdiction over these three often overlapping license fields under the TALCB.

For TALCB, other important items need short term attention but also have long term implications. The market has developed so that clients and insurance carriers are asking appraisers to



disclose all known “complaints filed” regardless of whether the complaint was dismissed with no disciplinary action taken. The mere existence of a complaint has become, in some cases, a cause of concern and prevents or delays a client from making an appraisal assignment, or may even raise the premium charged for an errors and omission insurance policy. Other regulatory agencies in Texas have complaint processes that include a full screening for jurisdiction, “failure to state a claim” and “no evidence of violation” before the filed “grievance” is converted by staff action into a “complaint” requiring further investigation. At that time the appraiser would be notified and given an opportunity to respond to the allegations or answer any potential questions raised in the review. This revised system has been adopted by the Board, has been welcomed by the industry, and should offer some promise for addressing the abuses mentioned.

In addition, some additional protections are needed for the work products of “open” investigations, to prevent the abuse of unfinished investigative work being used in related civil litigation before the complaint has been finally adjudicated. Several agencies have such protection for working files until the agency has made a final determination, at which time all of the details are available under the Public Information Act. This would require legislative action to implement. A recent abuse of state resources has agency staff named by a litigant as potential witnesses in a civil case that the agency has no direct interest in. A temporary protection from disclosure while the complaint is “open” serves the legitimate public interest in efficient utilization of state resources for only legitimate public purposes.

After a very robust legislative session in 2011 and a more limited agenda in 2013, TREC and TALCB have successfully implemented rules and processes necessary to comply with the agency’s SDSI status. More remains to be done and the agency is working closely with the Comptroller’s office to ensure GASB accounting consistency among SDSI agencies. Advice on SDSI requirements has been a developing subject. For example, while acknowledging that all revenues and expenses were accurately accounted for in the agency internal accounting systems, a 2014 audit of the agency by the State Auditor’s Office (SAO) expressed concern that the agency’s SDSI reports included only the operational funds and did not include all of the funds collected for other state agencies as “pass-through” funds – as shown in the Annual Financial Report (AFR). The agency has amended both reports to now include all of the revenues and expenses handled by the agency.

Furthermore, staff is working on a number of internal efficiency and effectiveness improvements. Since implementation of the new internal database the agency has faced many growing pains. Staff has been able to manage these issues, and has overcome the negative effects of the initial transition in September 2010. Moving forward, agency staff has continued working with the database vendor to grow and customize the product for both staff and license holders. In early 2012, with the assistance of many key stakeholders and license

holders, TREC/TALCB launched a new user interface for the agency’s online renewal system: “My License Online Services”. This product update features an easy to understand three step process with updated menus and user tools. Additional revisions to make these tools easier to use will reap benefits in both efficiency and effectiveness. The database is due for an upgrade in FY2015 and for addition of more flexible reporting tools including business and geographic intelligence capabilities.

Continuing consumer and licensee concerns surrounding the agency’s phone systems require an in-depth review of the system’s capabilities and limitations. The agency uses the state’s primary phone system, but it has come to our attention that other agencies with high call volume have purchased other hardware and software enhancements to better manage call volume and responsiveness. Additional resource reserves may be required to address and solve these issues if they persist. The agency is looking at a voice-over-IP solution to increase resiliency and enable more flexible work location options.

The agency continues to work closely with the Federal Bureau of Investigation (FBI) and DPS to fully implement the fingerprinting requirement for brokers and sales agents. In 2013, fingerprinting requirements were added to the inspector licenses, and in 2017, this feature will be expanded to include appraisers. Staff has outstanding relationships with federal law enforcement and United State District Attorney’s offices as they collaborate on mortgage fraud cases. Increased use of secure distance conferencing and meeting technology saves travel expenses and allows for more frequent collaboration with these important partners, these technologies are also utilized with agency field investigators, and advisory and working group participants. Working with DIR and several other agencies which share the same state office building, we expect to commence by fall of 2014 a technical solution to distance meeting capabilities as authorized by the legislature in 2013. Key partnerships such as these are vital to achieve the agency’s goals and better serve the citizens of Texas.

The following list details some of the more serious and substantive comments received and recommendations made during the public input process. As proposed, not all are endorsed by the agency, but several are fully consistent with agency long-range goals. Some of these recommendations could be enacted immediately, while others require a longer period of time. Likewise, some policy or procedural changes can be made at the staff level while others will require modification of rules by the Commission or the Board, statutory changes, or additional rule making. A number of comments have suggested good recommendations that are consistent with existing rules or policies, and which could be completed by staff in short order. Some of these have already been implemented or are in the process of being completed.



### *Comments and Recommendations*

#### **Communications**

- Implement a disclosure that includes key responsibility and contact information of the license holder to their client
- Create more significant consumer assistance information via agency website; both owned and aggregated.
- Create one page notice of what a broker is supposed to have as written policies under broker responsibility rules.
- New format for newsletter is needed to refresh and focus on topics of interest only.
- Communicate directly with associations of license holders to better relay official information directly to members.
- Associations need more direct communication to keep staff up to date on current issues and online tools so they may help their membership better meet requirements.
- Direct messaging to specific license types is needed to help make the messages easier to understand.

#### **Website**

- Make website more user-friendly. License holder general feedback says it is hard to find information on the site.
- Create a mobile friendly website so public and license holders can access website information from anywhere.
- Create a link to allow license holders to verify their login information to their online account.
- Upgrade web-based tools to include all standard reports and GIS based queries for consumers
- Would like a customer service survey that is better advertised and results that can be read by all.
- Can the renewal notice be updated to be more interactive? Make it a link and a click? Mobile version?
- Create a monitoring tool showing current transaction processing times on the website for each application and collectively for type of application.
- Allow education and other documents to be attached to applications so process does not require two steps.
- Add more usable information to be easily accessible on the website, both for license holders and the public.
- Would like email addresses for all departments so the public can ask questions to a specific department.

#### **Education**

- Implement a promulgated contracts CE course for brokers and agents and a Texas Law Update course for appraisers.
- Add sponsor required key training courses and policy meeting participation to the events eligible for CE credit.
- Make identification of CE courses taken and needed easier to understand on the license holder look up tool.
- Allow policy makers and key agency staff to teach CE courses written on behalf of the agency.

- Require additional training for instructors of key required CE courses.
- Create a fund to dedicate educational program revenues to educational program expenses and initiatives
- Seek legislative input on the upper limit of hours of CE the agency requires of real estate license holders, similar to the 30 hours required of appraisers and inspectors.

#### **TREC Enforcement**

- Further clarify advertising rules to ensure consumers can identify responsible broker by name.
- Clarify jurisdictional guidelines for payments from the Real Estate Recovery Fund
- Change waiting period so person would not be able to reapply for license right away after licensee is revoked. Suggested amount of time would be at least two years, as is allowed for several other license types.
- Redline rule changes with comparisons and notes on the website before and after they are approved.
- Confirm and improve process of how a complaint on an agent is reported to and involves the broker.
- Educate consumers better on the complaint process.

#### **TALCB Enforcement**

- Seek disclosure protection for investigative work in progress on “open” complaints until finally adjudicated.
- Authorize fingerprinting to comply with federal background check requirements.
- Consider consolidation of similar and overlapping appraiser and valuation licenses under TALCB
- Better explain the AMCs regulation and complaint process to both AMCs and appraisers.

#### **Home Inspector Issues**

- Revisit the purpose and usefulness of the Inspector Recovery Fund.
- Ensure education requirements, opportunities, and fees are commensurate with the economics of this licensed trade

#### **Other General Issues**

- Reduce discrepancies between rules governing the various license types under our jurisdiction to enhance predictability and perceived fairness
- Use savings to reduce fees especially for license renewal
- Work with other key agencies and stakeholders to create and offer an annual Consumer Real Estate Summit event
- Complete the transition to paperless environment in 2015
- Complete process of making 100% of services available online for self-service 24/7 by 2018
- Implement VOIP technology to add flexibility, and to increase both responsiveness and resiliency



## Agency Goals

- I. **To protect the public by ensuring license holders meet the educational, ethical, and legal requirements to provide real estate services in Texas** (Texas Occupations Code, Chapters 1101, 1102, 1103, 1104, and 1303, and Texas Property Code, Chapter 221)
- II. **To safeguard the public interest by effectively and efficiently enforcing the laws and rules of the agency in a fair and consistent manner.** (Texas Occupations Code, Chapters 1101, 1102, 1103, 1104, and 1303, and Texas Property Code, Chapter 221)
- III. **To communicate with license holders and the public by providing reliable information to promote informed decisions in Texas real estate transactions.** (Texas Occupations Code, Chapters 1101, 1102, 1103, 1104, and 1303, and Texas Property Code, Chapter 221)
- IV. **To implement purchasing policies encouraging the use of historically underutilized businesses (HUBs).** (Government Code, §2161.123)





## Objectives /Outcome Measures

### ***Goal I Ensure Standards***

To protect the public by ensuring license holders meet the educational, ethical, and legal requirements to provide real estate services in Texas.

#### **Objective 01-01**

To maintain education standards to achieve initial competence through an examination pass rate of 75 percent annually.

#### **Outcome Measures:**

- Percent of applicants who pass the exam (*State Benchmark 7.6*) (*New*)

#### **Objective 01-02**

To maintain high ethical and continuing education standards for applicants and license holders through 2019.

#### **Outcome Measures:**

- Percent of license holders with no recent violations (*State Benchmark 7.2*)
- Recidivism rate for those receiving disciplinary action

### ***Goal II Enforce Regulations***

To safeguard the public interest by effectively and efficiently enforcing the laws and rules of the agency in a fair and consistent manner.

#### **Objective 02-01**

To resolve 60 percent of complaints within six months by 2019.

#### **Outcome Measures:**

- Percent of complaints resolved resulting in disciplinary action
- Percent of complaints resolved within six months (*State Benchmark 7.4*)

### ***Goal III Communicate Effectively***

To communicate with license holders and the public by providing reliable information to promote informed decisions in Texas real estate transactions.

#### **Objective 03-01**

To maintain a communications center that is available by telephone 11 hours daily Monday through Friday; respond to emails within two working days; produce a minimum of 8 newsletters annually, and maintain a website that provides clear and concise information through 2019.

#### **Outcome Measures:**

- Percent of calls answered in less than 10 minutes (*New*)
- Percent of emails responded to within 2 working days (*New*)

*Goals I, II & III (Texas Occupations Code, Chapters 1101, 1102, 1103, 1104, and 1303, and Texas Property Code, Chapter 221)*

### ***Goal IV Working with HUBs***

To implement purchasing policies encouraging the use of historically underutilized businesses (HUBs).

#### **Objective 04-01**

To include historically underutilized businesses in at least 30 percent of the total value of purchasing contracts and subcontracts awarded annually by the agency.

#### **Outcome Measures**

- Percent of total dollar value of purchasing contracts awarded to HUBs

*Goal IV (Texas Government Code, §2161.123)*

## Strategies and Output, Efficiency and Explanatory Measures

### ***Strategy 01-01-01 -- Licensing***

Review applications; issue exam eligibility notices; evaluate education and experience; process criminal history background checks; and issue licenses in a timely manner.

#### **Output Measures:**

- Number of new licenses issued
- Number of licenses renewed

#### **Efficiency Measures:**

- Percent of new applications submitted online (*State Benchmark 7.7*)
- Percent of license renewals submitted online (*State Benchmark 7.7*)
- Percent of new applications processed within 10 days
- Percent of license renewals issued within 7 days

#### **Explanatory Measures:**

- Total number of license holders

### ***Strategy 02-01-01 – Enforcement***

Investigate and resolve complaints in a timely manner.

#### **Output Measures:**

- Number of complaints resolved

#### **Efficiency Measures:**

- Average number of days for complaint resolution

#### **Explanatory Measure:**

- Number of complaints received

### ***Strategy 03-01-01 -- Communication***

Respond to inquiries in-person, by phone, or email; produce newsletters; provide an informative website; and maintain an online customer survey.

#### **Output Measures:**

- Number of services accessible on agency website (*State Benchmark 8.7*)(*New*)
- Number of in-person inquiries answered
- Number of calls answered
- Number of emails answered
- Number of online customer surveys received (*New*)
- Number of visits to agency website (*New*)

### ***Strategy 04-01-01 - Historically Underutilized Businesses***

Encourage the use of HUBs in purchasing contracts and subcontracts.

#### **Output Measures:**

- Number of HUB contractors contacted for bid proposals
- Number of HUB contracts awarded
- Dollar value of HUB contracts awarded

#### **Explanatory Measure:**

- Total dollar value of contracts awarded (*New*)

## Technology Resource Planning

The license holders, potential license holders and public are becoming very comfortable in the use of technology. As such, they are expecting the agency to offer services that are routinely common in their daily life. With this and the agency's commitment to improving customer service and employee efficiency the use of technology will expand and continue to advance. The agency will continue to adopt and implement technology based upon DIR, industry standards, and best practices to meet these demands.

### *TECHNOLOGY INITIATIVE ASSESSMENT AND ALIGNMENT*

#### Customer Service

- TREC understands the impact that the TexasOnline Authority service can have on license holders and employees. The expansion of the tools using the TexasOnline Authority service will allow the agency the ability to increase its self service offerings, thus providing more convenience to customers and providing efficiencies within the agency.
- Modernization of communication channels to the license holder and public to ensure the agency message is being effectively distributed. Strengthen existing communication channels such as website, social media and email to expand communication reaching a broader customer base.
- Establishing services for education providers to allow for more prompt receipt and delivery of information supporting licensing activities. Develop tools allowing providers of services to submit electronic data more timely for our license holders while reducing manual processing of information internally.

#### Employee Efficiency

- Continue the elimination of paper allowing for significant workplace efficiencies as resources can be shared effectively across multiple locations, manual processes can become automated, and service to the customer can become more efficient.
- Continue to grow our vendor product offerings to allow additional automation and web services rather than manual interactions with their licensing product.
- Upgrade of technical environment providing for more technical stability, constancy and redundancy while providing the opportunity to implement current tools that offer additional functionality.
- Upgrading work environments to accommodate flexible staffing and remote access allowing the employee to adapt to varying demands.

#### Data Protection

- Utilizing annual security test allows the agency to ensure the safety of data and the consistent availability of services.
- Continued management and testing of agency Continuity of Operations plan.
- Upgrade of technical infrastructure to address obsolesces.

### *DEVELOPMENT GUIDES*

#### *Expansion in utilization of TexasOnline Services*

TREC understands the impact that the TexasOnline Authority service can have on license holders and employees. The expansion of the tools using the TexasOnline Authority service will allow the agency the ability to increase its self service offerings, thus providing more convenience to customers and providing efficiencies within the agency.

#### Associated Projects

- Implementation of additional initial and renewal applications across non-participating license types
- Collection of miscellaneous fees for other services
- Collection of secondary application fees
- Submission of education and other documentation with an application

#### Agency objectives

- Offer 100% of transactions online by 2018
- Expansion of self service offerings
- Continued focus of reduction of paper and increase of automation

#### Statewide Technology Priorities

- Mobility



**Anticipated Benefits**

- Automation of these transactions reduces paper and manual intervention of staff. Many of these transactions can be processed by the licensee without a intervention of staff allowing the agency to focus on additional objectives. Additionally, the turnaround time for processing some application may be reduces as the inherent delay of submission of information through the traditional postal service is eliminated.

**Capabilities or Barriers**

- The existing licensing system has some limitations on what can be offered online and may need to be enhanced to provide required features for the processing of some applications. Additionally, for some initial and renewal applications, the current limited fee structure of TexasOnline may not be a cost effective way of service delivery.



## APPENDIX A

### Strategic Planning Process

Texas state agencies are asked to review and update their five-year Strategic Plan every two years. The Strategic Plan becomes a road map for the direction in which the agency intends to proceed over the next five years. To ensure the development of a meaningful Strategic Plan which reflects the needs and desires of both consumers and license holders, the Texas Real Estate Commission (TREC) and Texas Appraiser Licensing and Certification Board (TALCB), together referred to as the “agency”, once again undertook an extensive program of outreach to seek public input from all concerned and interested stakeholders.

With the passage of Senate Bill 1000, the Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board were granted Self Directed Semi Independent (SDSI) status. This status removes the agency from the appropriations process and gives the agency more flexibility to use its judgment as it compiles the results of the findings from the staff “bottom up review” and the strategic planning input meetings. SDSI status helps to give the agency the ability to apply resources to areas that have been neglected in the past. This is a major change for the agency and is reflected throughout the entire strategic plan.

In early 2014, the agency embarked on an extensive outreach effort to ensure an opportunity for all interested parties to participate in and submit recommendations for the plan. The interested parties included the general public, license holders, professional and trade associations and agency staff. Notification of the strategic planning process was posted in the February issue of the agency’s electronic newsletter, on the TREC and TALCB websites, and a news release was issued February 14, 2014 noting the process and dates/locations for upcoming Strategic Plan Input Meetings throughout the state. The Real Estate Center at Texas A&M and professional associations of several groups of license holders voluntarily advertised these sessions also. Several of the meetings were held in conjunction with the professional association regular membership meetings, but were made open to the public and all license holders.

Six public forums were held during March 2014 in San Angelo, Arlington, San Antonio, Houston, El Paso and Austin. All were well attended and lively discussions continued for between 2 and 3 hours per session. Various Commissioners, Board members, Inspector Committee members and staff participated in these forums and catalogued all recommendations, suggestions and comments, whether requiring statutory, rule, or policy changes. After collecting recommendations from a wide range of sources, the staff evaluated the impact of proposals and drafted potential adjustments to the 2015 budgets and measures. The Budget Committees of both the Board and Commission considered the first draft of the proposed budget and recommended it to the Commission at its meeting on April 28, 2014 and to the Board on May 9, 2014. At these meetings, the Commission and Board also received a progress report – including a detailed outline of the many types of recommendations proposed and reflected in the budgets – both which were approved for continued staff development. Currently, staff is organizing the proposed recommendations gathered during the planning process and creating the final Strategic Plan and implementation guides for review and approval by the Commission and Board at their respective meetings in August 2014.

This report is the result of that carefully considered stakeholder involvement process.

## APPENDIX B - TREC/TALCB Organization Chart



\* TREC Deputy General Counsel/TALCB General Counsel & Deputy Commissioner positions are held by same person

\*\* Investigators are assigned to work with one or more of the four geographic and subject matter teams



**APPENDIX C**  
**Texas Real Estate Commission**  
**Projection of Key Outcomes for Five-Year Planning Horizon**

**Texas Real Estate Commission Outcomes 2013-2017**

Outcome	2013	2014	2015	2016	2017
Percentage of License holders With No Recent Violations	99%	99%	99%	99%	99%
Percent of License holders Who Renew Online	83%	84%	85%	86%	87%
Percent of New Individual Licenses Issued Online	75%	77%	77%	78%	78%
Percentage of Complaints Resolved Resulting in Disciplinary Action	30%	30%	30%	30%	30%
Percent of Documented Complaints Resolved Within Six Months	70%	75%	80%	80%	80%
Percentage of Total Dollar Value of Purchasing Contracts Awarded to HUBs	30%	30%	30%	30%	30%

**Texas Appraiser Licensing and Certification Board**  
**Projection of Key Outcomes for Five-Year Planning Horizon**

**Texas Appraiser Licensing and Certification Board Outcomes 2013-2017**

Outcome	2013	2014	2015	2016	2017
Percentage of License holders With No Recent Violations	97%	97%	98%	98%	99%
Percent of License holders Who Renew Online	75%	80%	82%	84%	85%
Percent of New Individual Licenses Issued Online	50%	60%	60%	65%	65%
Percentage of Complaints Resolved Resulting in Disciplinary Action	40%	40%	40%	40%	40%
Recidivism Rate for Those Receiving Disciplinary Action	28%	30%	30%	30%	30%
Percent of Documented Complaints Resolved Within Six Months	40%	45%	45%	45%	45%

Goals for FY 2013 are at the agency target level. Goals for FY 2014 - 2017 are estimated.

## APPENDIX D

### Performance Measure Definitions

#### Goal 01: Ensure Standards

##### Outcome Measures:

##### Percent of Applicants Who Pass The Exam (TREC)

Definition:	The overall percent of individual real estate applicants who pass the examination.
Purpose:	This measures the ability of education providers (who are approved by the Texas Real Estate Commission to offer qualifying courses) to maintain education standards for applicants to achieve initial competence through an examination pass rate of 75 percent annually.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.
Methodology:	This measure is the percent of applicants who pass the exam.
Calculation Type:	Non-cumulative
New Measure:	Yes
Desired Performance:	Higher than Target

##### Percent of Applicants Who Pass The Exam (TALCB)

Definition:	The overall percent of individual appraiser applicants who pass the examination.
Purpose:	This measures the ability of education providers to maintain education standards for applicants to achieve initial competence through an examination pass rate of 75 percent annually.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.
Methodology:	This measure is the percent of applicants who pass the exam.
Calculation Type:	Non-cumulative
New Measure:	Yes
Desired Performance:	Higher than Target

##### (Key) Percent of License Holders With No Recent Violations (TREC)

Definition:	The percent of the total number of licensed, registered, or certified license holders at the end of the reporting period who have not incurred a violation within the current and preceding two years (three years total).
Purpose:	Licensing, registering, or certifying individuals helps ensure that practitioners meet legal standards for professional education and practice which is a primary agency goal. This measure is important because it indicates how effectively the agency's activities deter violations of professional standards established by statute and rule.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure.
Methodology:	The total number of license holders currently licensed, registered, or certified by the agency who have not incurred a violation within the current and preceding two years (numerator) is divided by the total number of individuals currently licensed, registered, or certified by the agency (denominator). The numerator for this measure is calculated by subtracting the total number of license holders with violations during the three-year period from the total number of license holders at the end of the reporting period. The denominator is the total number of license holders at the end of the reporting period. The result is multiplied by 100 to achieve a percentage. The period included must be through the last date of the fiscal year being reported. The period goes back two full fiscal years from the beginning of the current fiscal year. (Example: FY 2014,

inception date must be September 1, 2011.) This would include all of FY 2012, all of FY 2013 and all of FY 2014.

Data Limitation:	Economic conditions sometimes impact the number of violations of the License Act and Commission Rules.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 99% and 99%)

**(Key) Percent of Licensed Appraisers with No Recent Violations (TALCB)**

Definition:	The percent of the total number of licensed, registered or certified individuals who have not incurred a violation within the current and preceding two years (three years total).
Purpose:	Licensing, registering, or certifying individuals helps ensure that practitioners meet legal standards for professional education and practice which is a primary agency goal. This measure is important because it indicates how effectively the agency's activities deter violations of professional standards established by statute and rule.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards and Enforcement is responsible for this measure. Data is stored in TALCB's Standards and Enforcement Division and in Versa, the agency's centralized database system.
Methodology:	The total number of individuals currently licensed, registered, or certified by the agency who have not incurred a violation within the current and preceding two years (numerator) is divided by the total number of individuals currently licensed, registered, or certified by the agency (denominator). The numerator for this measure is calculated by subtracting the total number of license holders with violations during the three-year period from the total number of license holders at the end of the reporting period. The denominator is the total number of license holders at the end of the reporting period. The result is multiplied by 100 to achieve a percentage. The period included must be through the last date of the fiscal year being reported. The period goes back two full fiscal years from the beginning of the current fiscal year. (Example: FY 2014, inception date of report must be September 1, 2011.) This would include all of FY 2012, all of FY 2013 and all of FY 2014.
Data Limitation:	Economic conditions as well as federal and state legislation may sometimes impact the number of violations.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2013 and 2014: 97% and 97%)

**(Key) Recidivism Rate for Those Receiving Disciplinary Action (TALCB)**

Definition:	The number of repeat offenders as a percentage of all offenders during the most recent three-year period.
Purpose:	Measures the effectiveness of the enforcement process and of the penalties and sanctions imposed. It may also indicate if changes are needed.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division and in Versa, the agency's centralized database system.
Methodology:	The number of individuals against whom two or more disciplinary actions were taken by the board within the current and preceding two fiscal years divided by the total number of individuals receiving disciplinary actions within the current and preceding two fiscal years. The result is multiplied by 100 to achieve a percentage. Non-jurisdictional complaints are not included in this calculation.
Data Limitation:	Licensee integrity, honesty and education, economic conditions (mortgage fraud), receipt of written complaints, and investigation and board activity all impact this measure. Federal and state legislation may also impact the number of violations.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 28% and 30%)



**Output Measures:**

**(Key) Number of New Licenses Issued To Individuals (TREC)**

Definition:	The number of new licenses issued during the reporting period to previously unlicensed and unregistered individuals and to previously licensed individuals who did not renew timely whose license has been expired more than six months.
Purpose:	This measure provides data as to the number of individuals who are entering the real estate profession or upgrading to a higher level of licensure, or whose license has been expired more than six months.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.
Methodology:	Report the number of new licenses issued to previously unlicensed and unregistered individuals and to previously licensed individuals whose license has been expired more than six months. Licenses are counted as new for persons who were previously licensed or whose license has been expired more than six months.
Data Limitation:	Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to enter the real estate industry for the first time or return to the industry if previously licensed.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 20,000 and 15,000)

**(Key) Number of New Licenses and Certifications Issued to Individuals (TALCB)**

Definition:	The number of new licenses, certifications and registrations issued to previously unlicensed, uncertified, and unregistered individuals during the reporting period and to previously licensed, certified or registered individuals who did not renew timely whose license has been expired more than six months.
Purpose:	This measure provides data as to the number of individuals who are entering the appraisal profession or upgrading to a higher level of licensure, or whose license has been expired more than six months.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.
Methodology:	Report the number of new licenses, certifications and registrations issued to previously unlicensed, uncertified, or unregistered individuals and individuals whose license has been expired more than six months. Licenses are counted as new for persons who were previously licensed or whose license has been expired more than six months.
Data Limitation:	Economic conditions, federal requirements and other factors beyond the agency's control may affect the number of individuals desiring to enter the appraiser industry.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 650 and 650)

**(Key) Number of Licenses Renewed (TREC)**

Definition:	The number of licenses issued during the reporting period to licensed individuals who renewed timely or renewed a license that has been expired six months or less.
Purpose:	This measure provides data on the number of licenses issued during the reporting period to individuals who currently hold a valid license and renewed timely or renewed licenses that has been expired six months or less who wish to remain in the real estate profession.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.
Methodology:	This measure is calculated by querying the licensing data base to produce the total number of licenses issued to individuals who currently hold a valid license and renewed timely or who renewed a license that has been expired six months or less.

Data Limitation:	Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to remain in the real estate industry.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 63,000 and 60,000)

**(Key) Number of Licenses and Certifications Renewed (TALCB)**

Definition:	The number of licenses and certifications issued to appraisers who renewed timely or renewed a license that has been expired six months or less.
Purpose:	This measure provides data on the number of licenses issued during the reporting period to individuals who currently hold a valid license, certification, or registration who renewed timely or renewed a license that has been expired six months or less and wish to remain in the appraiser profession.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.
Methodology:	This measure is calculated by querying the Texas Real Estate Commission's automated records to produce the total number of licenses issued to individuals who renewed timely or who renewed a license that has been expired six months or less.
Data Limitation:	Economic conditions, success as an appraiser, and other factors beyond the agency's control affect the renewal of appraiser certification and licensing.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 3,000 and 2,500)

**Efficiency Measures:**

**(Key) Percent of New Applications Submitted Online (TREC)**

Definition:	Percent of all new licenses, registrations or certifications issued online to individuals during the reporting period.
Purpose:	To track use of online license issuance service by the licensee population.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records which produce reports of online renewal transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure.
Methodology:	Total number of new licenses, registrations, or certifications issued online divided by the total number of corresponding new licenses, registrations, or certifications issued during the reporting period. The result is multiplied by 100 to achieve a percentage.
Data Limitation:	Factors beyond the agency's control may affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 77% and 80%)

**(Key) Percent of New Applications Submitted Online (TALCB)**

Definition:	Percent of all new licenses, registrations or certifications issued online to individuals during the reporting period.
Purpose:	To track use of online license issuance service by the licensee population.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records which produce reports of online license issuance transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure.

Methodology: Total number of new licenses, registrations, or certifications issued online divided by the total number of corresponding new licenses, registrations, or certifications issued during the reporting period. The result is multiplied by 100 to achieve a percentage.

Data Limitation: Factors beyond the agency's control may affect this measure.

Calculation Type: Non-Cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 60% and 65%)

**(Key) Percent of License Renewals Submitted Online (TREC)**

Definition: Percent of the total number of licensed, registered or certified individuals that renewed their license, registration, or certification online during the reporting period.

Purpose: To track use of online renewal service by the licensee population.

Data Source: Data is derived from the Texas Real Estate Commission's automated records which produce reports of online renewal transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure.

Methodology: Total number of licenses, registrations, or certifications renewed online divided by the total number of corresponding licenses, registrations, or certifications renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.

Data Limitation: Factors beyond the agency's control may affect this measure.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 83% and 85%)

**(Key) Percent of License Renewals Submitted Online (TALCB)**

Definition: Percent of the total number of licensed, registered or certified individuals that renewed their license, registration, or certification online during the reporting period.

Purpose: To track use of online renewal service by the licensee population.

Data Source: Data is derived from the Texas Real Estate Commission's automated records which produce reports of online renewal transactions issued during the reporting period. The Director of Information & Technology Services is responsible for this measure.

Methodology: Total number of individual licenses, registrations, or certifications renewed online divided by the total number of corresponding licenses, registrations, or certifications renewed during the reporting period. The result is multiplied by 100 to achieve a percentage.

Data Limitation: Factors beyond the agency's control may affect this measure.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 80% and 85%)

**(Key) Percent of New Applications Processed within 10 Days (TREC)**

Definition: The percentage of initial individual license applications that were processed during the reporting period within 10 days measured from the time in days elapsed from receipt of the application fee until the date the exam eligibility letter is issued to the applicant. This measure includes applications for licenses expired more than six months.

Purpose: This measures the ability of the agency to process new applications in a timely manner and its responsiveness to applicants.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.



Methodology:	This measure counts the number of days elapsed from receipt of the application fee through issuance of the eligibility letter minus the issuance of a curative letter and resolution of the curative before the exam eligibility letter is issued to the applicant. Education and experience requirements must be satisfied before an application is deemed complete. Any eligibility letters issued after 10 days are noted. The number of completed applications where the eligibility letter is issued within 10 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could also cause a delay in the issuance of curative letters or eligibility letters.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 90% and 90%)

**(Key) Percent of New Applications Processed within 10 days (TALCB)**

Definition:	The percentage of initial individual license applications that were processed during the reporting period within 10 days measured from the time in days elapsed from receipt of the application fee until the date the exam eligibility letter is issued to the applicant. This measure includes applications for licenses expired more than six months.
Purpose:	This measures the ability of the agency to process new applications in a timely manner and its responsiveness to applicants.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.
Methodology:	This measure counts the number of days elapsed from receipt of the application fee through issuance of the eligibility letter minus the issuance of a curative letter and resolution of the curative before the exam eligibility letter is issued to the applicant. Education and (after 1/1/15) experience requirements must be satisfied before an application is deemed complete. Any eligibility letters issued after 10 days are noted. The number of completed applications where the eligibility letter is issued within 10 days is divided by the total number of completed applications received to obtain a percentage. Examination requirements and required experience must be satisfied before an application is deemed complete. Any licenses issued after 10 days are noted. The number of completed applications where the license is issued within 10 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.
Data Limitation:	There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of curative letters or eligibility letters.
Calculation Type:	Non-Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 90% and 90%)

**(Key) Percent of License Renewals Issued within 7 Days (TREC)**

Definition:	The percentage of individual license renewal applications that were processed during the reporting period within 7 days of when the application fee is received.
Purpose:	This measures the ability of TREC to process renewal applications in a timely manner and its responsiveness to its license holders.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division.
Methodology:	This measure counts the number of days elapsed from receipt of the renewal application fee until the license or registration is issued to the individual. Any licenses issued after 7 days are noted. The number of renewal applications where the licenses or registrations are issued within 7 days is divided by the total number of completed applications received to obtain a percentage. The result should be multiplied by 100 to achieve a percentage.

Data Limitation: There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could also cause a delay in the issuance of licenses.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 95% and 95%)

**(Key) Percent of License Renewals Issued within 7 Days (TALCB)**

Definition: The percentage of individual license and certification renewal applications that were processed during the reporting period within seven days of when the application fee is received.

Purpose: This measure indicates the relative efficiency of the TALCB and its service to applicants.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.

Methodology: This measure counts the number of days elapsed from receipt of the renewal application fee until the license, certification, or registration is issued to the individual. Any licenses issued after 7 days are noted. The number of completed renewal applications where the licenses, certifications, or registrations are issued within 7 days is divided by the total number of completed applications received. The result is multiplied by 100 to achieve a percentage.

Data Limitation: There are factors beyond the agency's control that would affect this measure. A system failure or other catastrophic occurrence could cause a delay in the issuance of licenses.

Calculation Type: Non-Cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 95% and 95%)

**Explanatory Measures:**

**Total Number of License Holders (TREC)**

Definition: Total number of licenses and registrations at the end of the reporting period.

Purpose: The measure shows the total number of licenses and registrations currently issued.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. The data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.

Methodology: This measure identifies the number of licenses and registrations (brokers, salespersons, inspectors, and easement or right-of-way agents) at the end of the reporting period.

Data Limitation: Economic conditions and other factors beyond the agency's control may affect the number of individuals desiring to remain in the real estate industry.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 155,000 and 150,000)

**Total Number of Licenses, Certifications, or Registrations (TALCB)**

Definition: The total number of licenses, certifications, and registrations issued by TALCB.

Purpose: This measure identifies the total number of appraiser licenses, certifications, and registrations currently issued.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The Director of Education & Licensing Services is responsible for this measure. Data is stored in the Education & Licensing Services Division and in Versa, the agency's centralized database system.

Methodology:	Report the total number of licenses, certifications, and registrations (General Certified, Residential Certified, State Licensed, Trainees, and Non-resident Registrations) issued by TALCB.
Data Limitation:	Economic conditions, federal requirements and other factors beyond the agency's control.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 6,500 and 6,500)

## **Goal 02: Enforce the laws and rules of the agency in a fair and consistent manner**

### **Outcome Measures:**

#### **Percent of Complaints Resolved Resulting In Disciplinary Action (TREC)**

Definition:	Percent of complaints which were resolved during the reporting period that resulted in disciplinary action.
Purpose:	This measure is intended to show the extent to which the agency exercises its disciplinary authority in proportion to the number of complaints received. It is important that both the public and license holders have an expectation that the agency will work to ensure fair and effective enforcement of the act and this measure seeks to indicate agency responsiveness to this expectation.
Data Source:	Data is derived from Texas Real Estate automated records. The Director of Standards & Enforcement Services is responsible for this measure.
Methodology:	The total number of complaints resolved during the reporting period that resulted in disciplinary action (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result is multiplied by 100 to achieve a percentage. Disciplinary action includes agreed orders, reprimands, advisory letters, suspensions, probation, revocation, restitution, and/or administrative penalties agreed to by the licensee. Complaints determined to be non-jurisdictional are not resolved complaints for purposes of this measure, and application inquiries and moral character determination-related closings are not considered for purposes of this measure.
Data Limitation:	Staffing, data sources, and equipment availability, the facts and law, the complexity of the complaints, legal representation by the respondent, SOAH findings, and Commission action all affect this measure.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Enforce the laws and rules.

#### **Percent of Complaints Resolved Resulting in Disciplinary Action (TALCB)**

Definition:	The number of complaints which were resolved during the reporting period that resulted in disciplinary action.
Purpose:	This measure is intended to show the extent to which the agency exercises its disciplinary authority in proportion to the number of complaints received. It is important that both the public and license holders have an expectation that the agency will work to ensure fair and effective enforcement of the act and this measure seeks to indicate agency responsiveness to this expectation.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division and in Versa, the agency's centralized database system.
Methodology:	The total number of complaints resolved during the reporting period that resulted in disciplinary action (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result is multiplied by 100 to achieve a percentage. Disciplinary action includes agreed orders, reprimands, suspensions, probation, revocation, restitution, and/or administrative penalties agreed to by the licensee. Complaints determined to be non-jurisdictional and Requests for Assistance (RFA) are not resolved complaints for purposes of this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases. Also, complaints resolved through deferred prosecution are not part of this measure.
Data Limitation:	Staffing, data sources and equipment availability, complexity of the complaints, mortgage fraud, legal representation by the respondent, SOAH findings, and Board action all affect this measure. Informal



complaint resolution options and increased reporting due to mandatory reporting requirements under the Dodd-Frank Act and jurisdictional expansion over AMCs.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 40% and 40%)

**(Key) Percent of Complaints Resolved Within Six Months (TREC)**

Definition: The percent of complaints resolved during the reporting period that were resolved within a six month period from the time they were initially received by the agency.

Purpose: This measure is intended to show the percentage of complaints which are resolved within a reasonable period of time as well as the effectiveness and efficiency of the enforcement and complaint resolution process.

Data Source: Data is derived from Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure.

Methodology: The number of complaints resolved within a period of six months or less from the date of receipt (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result should be multiplied by 100 to achieve a percentage. Complaints determined to be non-jurisdictional are not resolved complaints for purposes of this measure, and application inquiries and moral character determination related closings are not considered for purposes of this measure.

Data Limitation: Workloads and staffing levels, complexity of the complaints, SOAH proceedings, and commission meeting schedules all affect this measure.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 75% and 60%)

**(Key) Percent of Complaints Resolved within 6 Months (TALCB)**

Definition: The percent of complaints resolved during the reporting period that were resolved within a six month period from the time they were initially received by the agency.

Purpose: This measure is intended to show the percentage of complaints which are resolved within a reasonable period of time as well as the effectiveness and efficiency of the enforcement and complaint resolution process.

Data Source: Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division and in Versa, the agency's centralized database system.

Methodology: The number of complaints resolved within a period of six months or less from the date of receipt (numerator) is divided by the total number of complaints resolved during the reporting period (denominator). The result should be multiplied by 100 to achieve a percentage. Complaints determined to be non-jurisdictional and Requests for Assistance (RFA) are not resolved complaints for purposes of this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases.

Data Limitation: Workloads and staffing levels, complexity of the complaints, SOAH proceedings, board meeting schedules, and Peer Investigative Committees all affect this measure. Also, federal and state legislation may also impact the number of violations.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 40% and 45%)

**Output Measures:**

**Number of Complaints Resolved (TREC)**

Definition:	The total number of complaints resolved during the reporting period.
Purpose:	Measures the efficiency and effectiveness of the enforcement and complaint resolution process and investigative process.
Data Source:	Data is derived from Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure.
Methodology:	The total number of complaints during the reporting period upon which final action was taken by the commission or for which a determination is made that a violation did not occur, regardless of the period in which the complaint was received. A complaint that, after preliminary review, is determined to be non-jurisdictional is not a resolved complaint. Application inquiries and moral character determinations are not complaints for purposes of this measure.
Data Limitation:	Workloads, staffing, and SOAH proceedings affect this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 2,100 and 2,100)

**Number of Complaints Resolved (TALCB)**

Definition:	The total number of complaints resolved during the reporting period.
Purpose:	Measures the efficiency and effectiveness of the enforcement and complaint resolution process and investigative process.
Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.
Methodology:	The total number of complaints during the reporting period upon which final action was taken by the board or for which a determination is made that a violation did not occur, regardless of the period in which the complaint was received. Complaints determined to be non-jurisdictional and Requests for Assistance (RFA) are not resolved complaints for purposes of this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases.
Data Limitation:	Workloads and staffing levels, complexity of the complaints, SOAH proceedings, board meeting schedules, and Peer Investigative Committees all affect this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 250 and 250)

**Efficiency Measures:**

**(Key) Average Number of Days for Complaint Resolution (TREC)**

Definition:	The average length of time to resolve a complaint, for all complaints resolved during the reporting period.
Purpose:	Measures the efficiency and effectiveness of the enforcement and complaint resolution and investigative process.
Data Source:	Data is derived from Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure.
Methodology:	The total number of calendar days per complaint resolved, summed for complaints resolved during the reporting period, that elapsed from the receipt of a request for agency intervention to the date upon which final action on the complaint was taken by the commission (numerator) is divided by the number of complaints resolved during the reporting period (denominator). Application Inquiries and Moral Character

Determinations are not complaints for purposes of this measure. The calculation excludes complaints determined to be non-jurisdictional under the agency's statutes.

- Data Limitation: The complexity of cases, staffing, and SOAH proceedings affect this measure.
- Calculation Type: Non-cumulative
- New Measure: No
- Desired Performance: Lower than Target (Targets for FY 2014 and 2015: 165 and 190)

**(Key) Average Number of Days for Complaint Resolution (TALCB)**

- Definition: The average length of time to resolve a complaint, for complaints resolved during the reporting period.
- Purpose: Measures the efficiency and effectiveness of the enforcement and complaint resolution and investigative process.
- Data Source: Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.
- Methodology: The total number of calendar days per complaint resolved, summed for complaints resolved during the reporting period, that elapsed from the receipt of a request for agency intervention to the date upon which final action on the complaint was taken by the commission (numerator) divided by the number of complaints resolved during the reporting period (denominator). The calculation excludes RFAs and complaints determined to be non-jurisdictional of the agency's statutory responsibilities.
- Data Limitation: The number of pending cases, complexity of the complaints, available staffing, Board meeting schedules, SOAH scheduling and reporting, and funding all may impact this measure.
- Calculation Type: Non-cumulative
- New Measure: No
- Desired Performance: Lower than Target (Targets for FY 2014 and 2015: 275 and 275)

**Explanatory Measures:**

**Number of Complaints Received (TREC)**

- Definition: The total number of complaints received or opened during the reporting period that are within the agency's jurisdiction of statutory responsibility.
- Purpose: The measure shows the number of jurisdictional complaints which helps determine agency workload.
- Data Source: Data is derived from the Texas Real Estate Commission's automated records. The Director of Standards & Enforcement Services is responsible for this measure.
- Methodology: The agency sums the total number of complaints received for which it has jurisdiction. The agency keeps track of the total number of complaints that are not in its jurisdiction but does not use that figure in this calculation. Application inquiries and moral character determination related closings are not considered for purposes of this measure.
- Data Limitation: TREC does not control who files most complaints or the type of complaints filed, and typically responds only to written and signed complaints.
- Calculation Type: Cumulative
- New Measure: No
- Desired Performance: Enforce the laws and rules.

**Number of Complaints Received (TALCB)**

- Definition: The total number of complaints received or opened during the reporting period which is within the agency's jurisdiction of statutory responsibility.
- Purpose: This measure shows the number of jurisdictional complaints which helps determine agency workload.



Data Source:	Data is derived from the Texas Real Estate Commission's automated records. The TALCB Director of Standards & Enforcement Services is responsible for this measure. Data is stored in TALCB's Standards & Enforcement Services Division.
Methodology:	The agency sums the total number of complaints received only relative to its jurisdiction. The agency keeps track of the total number of complaints that are not in their jurisdiction but does not use that figure in this calculation. Requests for Assistance are not included in this measure. Requests for Assistance reflect the work performed by TALCB as a result of the statutory requirement in HB 716 to assist law enforcement agencies investigating mortgage fraud cases
Data Limitation:	TALCB does not control who files complaints or the type of complaints filed, and may only respond to written and signed complaints.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 300 and 300)

### **Goal 03: To communicate effectively with license holders and the public**

#### **Outcome Measures:**

##### **(Key) Percent of Calls Answered in Less Than 10 minutes**

Definition:	The total number of calls received during the fiscal year are handled by the communications section from Monday through Friday during an 11 hour daily time frame. The average hold time is less than 10 minutes.
Purpose:	The number of calls handled by the TREC Communications Call Center indicates how many were handled within an average hold time of less than 10 minutes.
Data Source:	Data is derived from the Commission's Centergy Software which produces a report on the average hold time. The Director of Reception & Communication Services is responsible for this measure. Data is stored in the Director of Reception & Communication Services' office.
Methodology:	This measure keeps track on the length of calls that are in the queue.
Calculation Type:	Cumulative
New Measure:	Yes
Desired Performance:	Higher than Target

##### **(Key) Percent of Emails Responded to Within 2 Working Days**

Definition:	Emails received for TREC Headquarters are handled by the Reception and Communication Services Division. All emails are answered within a two business day time frame.
Purpose:	This measure indicates the information demand of the public and the real estate industry and the corresponding workload of TREC. It also reflects the shift from communication by telephone to e-mail.
Data Source:	The Director of Reception & Communications Services maintains a record on the total number of each e-mail response handled by Reception & Communications Services staff on inquires and requests for information. Records are kept in the office of the Director of Reception & Communications Services.
Methodology:	The Reception & Communication Division's staff provides a count of e-mails, which are submitted to the Division Director, by fiscal year and by month. The total number of emails includes responses from customer service surveys.
Calculation Type:	Cumulative
New Measure:	Yes
Desired Performance:	Higher than Target

**Output Measures:**

**(Key) Number of Services Accessible on Agency Website**

Definition: Reflects the total number of services that can be completed through online transactions rather than in person or mail-in transactions.

Purpose: Encourage the availability of services offered online where a license holder or perspective license holder can complete their inquiry on their schedule.

Data Source: Data gathered from all online presence by the Director of Information & Technology Services and tallied quarterly within a spreadsheet.

Methodology: Count of online services which resolves a request that would normally be dependent upon interaction with agency staff.

Calculation Type: Non-cumulative

New Measure: Yes

Desired Performance: Higher than Target

**(Key) Number of In-Person Inquiries Answered**

Definition: This figure reflects all walk in's at the TREC headquarters Reception area.

Purpose: This measure indicates the information demand of the public and the real estate industry. It also reflects the shift from communication by telephone to assisting in person.

Data Source: Data is collected by the Reception and Communication Services staff that assists the public. The Director of Reception & Communication Services is responsible for this measure. The data is stored in the Director of Reception & Communication Services' office.

Methodology: This measure identifies the number of walk in's that are being assisted in person.

Calculation Type: Cumulative

New Measure: Yes

Desired Performance: Higher than Target (Targets for FY 2014 and 2015 – 7,000 and 7,000)

**(Key) Number of Calls Answered**

Definition: The figure reflects all calls received at the TREC headquarters Communications Call Center.

Purpose: This measure indicates the information demand of the public and the real estate industry and the corresponding workload of TREC

Data Source: Data is derived from the Commission's Centergy Software which produces reports of incoming calls. The Director of Reception & Communication Services is responsible for this measure. Data is stored in the Director of Reception & Communication Services' office.

Methodology: This measure identifies all calls received at the TREC headquarters Communications Call Center.

Data Limitation: Factors beyond the agency's control, such as answering questions about new laws, may affect this measure.

Calculation Type: Cumulative

New Measure: No

Desired Performance: Higher than Target (Targets for FY 2014 and 2015: 225,000 and 225,000)

**(Key) Number of E-mails Answered**

Definition: The figure reflects all requests for information received by the Reception & Communications Division via e-mail which were responded to by return e-mail.

Purpose: This measure indicates the information demand of the public and the real estate industry and the corresponding workload of TREC. It also reflects the shift from communication by telephone to e-mail.

Data Source: The Director of Reception & Communications Services maintains a record on the total number of each e-mail response handled by Reception & Communications Services staff on inquires and requests for information. Records are kept in the office of the Director of Reception & Communications Services.

Methodology:	The e-mail application on the computers in the Reception & Communications Division provides a count of e-mails, which are filed electronically by fiscal year and by month. This includes responses from customer service responses.
Data Limitation:	Factors beyond the agency's control, such as current economic conditions or the need to answer questions about new laws, may affect this measure.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target (Targets for FY 2014 and 2015: 65,000 and 65,000)

#### **(Key) Number of Online Customer Surveys Received**

Definition:	The figure reflects all requests for information received by the Reception & Communications Division via e-mail which were submitted online through the customer service survey.
Purpose:	This measure indicates the comments that are submitted by the public and the real estate industry.
Data Source:	The Director of Reception & Communication Services maintains a record on the total number of each e-mail response. Records are kept in the office of the Director of Reception & Communications Services.
Methodology:	The surveys provide a count of e-mails, which are filed electronically by fiscal year and by month.
Calculation Type:	Cumulative
New Measure:	Yes
Desired Performance:	Higher than Target

#### **(Key) Number of Visits to Agency Website**

Definition:	Measure the utilization of the website by the public.
Purpose:	Tracking the utilization will give an indication of usage of the website tool. Usage of the website allows the agency to extend the services provided beyond normal office hours and improves public interaction.
Data Source:	Monthly web analytics log files.
Methodology:	Running of Web Analytic reports product the monthly count of visitors to the site. Track trends through documenting into the WWW pages viewed worksheet.
Calculation Type:	Cumulative
New Measure:	Yes
Desired Performance:	Higher than Target

### **Goal 04: Encourage the use of HUBs in purchasing contracts and subcontracts**

#### **Output Measures:**

##### **Number of HUB contractors contacted for bid proposals**

Definition:	The number of HUB contractors contacted for bid proposals during the reporting period.
Purpose:	It is a statewide initiative to give preference whenever possible to a HUB.
Data Source:	Data is derived from the Texas Real Estate Commission's records. The Director of Staff and Support Services is responsible for this measure. The data is stored in the Staff and Support Services Division.
Methodology:	The measure is a count of the total number of HUB Contracts and Subcontracts that are contacted for bid proposals during the reporting period.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than Target



**Number of HUB contracts awarded**

- Definition: The number of HUB Contracts and Subcontracts awarded during the reporting period.
- Purpose: It is a statewide initiative to give preference whenever possible to a HUB.
- Data Source: Data is derived from the Texas Real Estate Commission's records. The Director of Staff and Support Services is responsible for this measure. The data is stored in the Staff and Support Services Division.
- Methodology: The measure is a count of the total number of HUB Contracts and Subcontracts that are awarded during the reporting period.
- Calculation Type: Cumulative
- New Measure: No
- Desired Performance: Higher than historical average.

**Dollar value of HUB contracts awarded**

- Definition: The total dollar value of HUB Contracts and Subcontracts awarded during the reporting period.
- Purpose: It is a statewide initiative to give preference whenever possible to a HUB.
- Data Source: Data is derived from the Texas Real Estate Commission's records. The Director of Staff and Support Services is responsible for this measure. The data is stored in the Staff and Support Services Division.
- Methodology: The measure is a sum of the dollar amounts of the HUB Contracts and Subcontracts that are awarded during the reporting period.
- Calculation Type: Cumulative
- New Measure: No
- Desired Performance: Higher than historical average.

**Explanatory Measures:**

**Total dollar value of contracts awarded**

- Definition: The total dollar value of all Contracts and Subcontracts awarded during the reporting period.
- Purpose: It is a statewide initiative to give preference whenever possible to a HUB.
- Data Source: Data is derived from the Texas Real Estate Commission's records. The Director of Staff and Support Services is responsible for this measure. The data is stored in the Staff and Support Services Division.
- Methodology: The measure is a sum of the dollar amounts of the all Contracts and Subcontracts that are awarded during the reporting period.
- Calculation Type: Cumulative
- New Measure: Yes
- Desired Performance: Higher than Target

## **Appendix E**

### **Texas Real Estate Commission**

### **Texas Appraiser Licensing and Certification Board**

### **Fiscal Year 2015-2019 Workforce Plan**

#### **I. Agency Overview**

With the advent of the GI Bill providing unprecedented education opportunities for a new generation and the VA Home Loan Guaranty program enabling home mortgage loans with a federal insurance feature, the nation dramatically shifted to a substantial increase in home-ownership potential after World War II. Created in 1949 to respond to this trend, the Texas Real Estate Commission (TREC) administers four laws: Texas Occupations Code, Chapter 1101, the Real Estate License Act; Texas Occupations Code, Chapter 1102, Real Estate Inspectors; Texas Occupations Code, Chapter 1303, Residential Service Companies; and Texas Property Code, Chapter 221, Texas Timeshare Act. TREC is the state's regulatory agency for:

The Texas Appraiser Licensing and Certification Board (TALCB) was created in 1991 to enable Texas to operate a program for the licensing and oversight of licensed and certified appraisals pursuant to Title XI of the Financial Institutions Regulatory Reform and Enforcement Act (FIRREA). The Board serves as an independent subdivision of the Texas Real Estate Commission with independent rulemaking and disciplinary authority. The main functions of TALCB are to license, register, and certify real estate appraisers in conformity with state law and federal requirements and to administer the Act in the interests of the public. The enabling statutes for TALCB are the Texas Occupations Code, Chapter 1103, the Texas Appraiser Licensing and Certification Act and Texas Occupations Code, Chapter 1104, the Appraisal Management Company Registration and Regulation Act.

The agency's mission is carried out through broad regulatory functions that include issuing licenses, registrations and certificates and related activities; investigating and resolving complaints; participating in administrative disciplinary actions against license holders and others who may violate any of the laws under its jurisdiction; overseeing aspects of real estate education, including the registration of real estate providers, instructors and courses for both pre-licensure and continuing education; and communicating regularly with license holders and the general public to educate them about the many programs administered by the agency.

The agency's main office is located in Austin, Texas. Eight investigators located throughout the state assist in the TREC Standards & Enforcement Services Division. The Commission currently has 106 authorized full time equivalent (FTE) employees, a reduction of 4.5 FTEs from FY 2009. One hundred percent of the funds needed to finance the agency's activities come from fees paid by license holders.

#### ***A. Agency Mission and Philosophy***

The agency protects consumers of real estate services in Texas by ensuring qualified and ethical service providers through education, licensing, and regulation. We oversee the providers of real estate brokerage, appraisal, inspection, home warranty, right-of-way services, and timeshare, thereby safeguarding the public interest while facilitating economic growth and opportunity across Texas.

To achieve this mission, our agency:

- provides exceptional customer service that is accessible, responsive, and transparent;
- demand integrity, accountability, and high standards, both of license holders and ourselves;
- strives continuously for effectiveness, excellence, and efficiency in our performance.

#### ***B. Core Business Functions***

The agency licenses and regulates real estate brokers, salespersons, home inspectors, appraisers, appraisal management companies, easement or right-of-way agents. It also regulates timeshare projects and residential service companies. Its core functions are to issue licenses, registrations and certificates; and to accept and process complaints from consumers against persons regulated by the agency.

**C. Strategic Goals and Objectives**

The Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board have four main goals:

**Agency Goals**

- I. To protect the public by ensuring license holders meet the educational, ethical, and legal requirements to provide real estate services in Texas** (Texas Occupations Code, Chapters 1101, 1102, 1103, 1104, and 1303, and Texas Property Code, Chapter 221)
- II. To safeguard the public interest by effectively and efficiently enforcing the laws and rules of the agency in a fair and consistent manner.** (Texas Occupations Code, Chapters 1101, 1102, 1103, 1104, and 1303, and Texas Property Code, Chapter 221)
- III. To communicate with license holders and the public by providing reliable information to promote informed decisions in Texas real estate transactions.** (Texas Occupations Code, Chapters 1101, 1102, 1103, 1104, and 1303, and Texas Property Code, Chapter 221)
- IV. To implement purchasing policies encouraging the use of historically underutilized businesses (HUBs).** (Government Code, §2161.123)



#### ***D. Anticipated Changes in Strategies***

Based on information gathered during the strategic planning process that included feedback from persons subject to the agency's jurisdiction as well as the general public, a number of strengths and weaknesses were identified. The agency's strengths with respect to workforce planning include:

- a set of deeply held core values founded on consumer protection and effective personal service;
- the knowledge, experience, and dedication of an exceptional staff;
- policies, processes, and procedures which have been developed over many years and have come to be accepted by its license holders; and
- open channels of communication with its stakeholders, including frequent visits with stakeholder groups and professional associations of license holders, plus a robust system of working and advisory groups for policy issue in-depth review and recommendations.
- The agency's weaknesses include:
  - a dedicated commitment to personalized service, which is of tremendous value when it can be achieved without compromising efficiency, but now is undergoing review as the Commission and the Board strive to become more efficient in order to meet high stakeholder expectations;
  - staffing that does not include many of the "support" functions one would expect to find in an agency overseeing such a large and important fields of activity, such as a staff training function to enhance increasing technical requirements of the agency, a robust staff development effort led by the Human Resources function, and a dedicated and focused consumer outreach and education function;
  - highly detailed historic processes which require the full-time involvement of management in variables arising in day-to-day operations, meaning that strategic initiatives, ongoing process improvements, and similar efficiency measures may be given lower priority than they merit; and
  - in the areas of the Information & Technology, and the education side of the Education & Licensing Services Division, the adequacy of appropriately skilled staff. The issue of adequacy involves primarily the skill levels of qualified individuals appropriated to carry out differing duties, and the ability to pay enough to attract and retain those individuals who possess the skills and knowledge that are essential tools for continuous improvements in curriculum analysis, design and review, and keeping pace with technological changes that bear on gains in efficiency and effectiveness.

## **II. Current Workforce Profile (Supply Analysis)**

### ***A. Critical Workforce Skills***

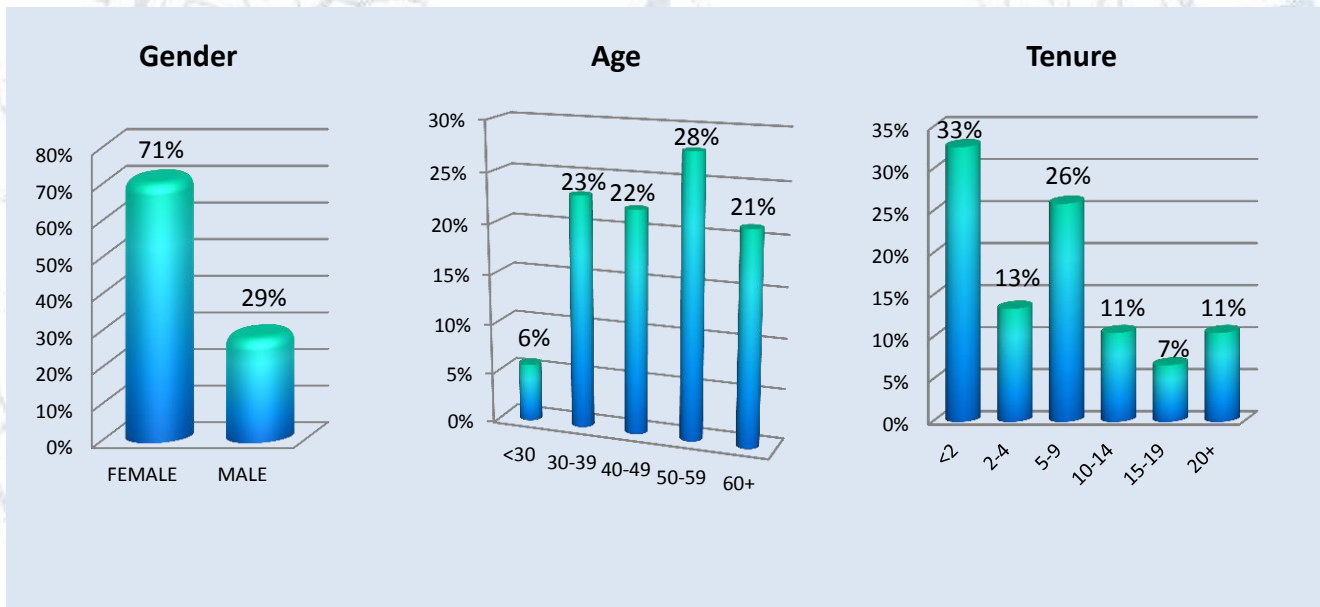
Staff must possess the following critical skills in order to provide basic business functions successfully, in no particular order:

- Practical knowledge of regulatory processes
- Customer service and interpersonal relationship skills
- Effective written and verbal communication
- Ability to conduct comprehensive and detailed investigations
- Ability to interpret and accurately apply legal statutes and rules
- Knowledge of administrative law processes
- Litigation and alternative dispute resolution experience
- Negotiation, facilitation and collaboration skills
- Critical thinking, analysis and problem solving skills
- Information systems design, development, programming and maintenance
- Internet systems design, development, programming and maintenance
- Network and data center operations support
- Data and information management principles and tools
- Efficient computer systems and peripheral device literacy
- Government and corporate accounting and financial management
- Government purchasing and contract processes

- Human resources planning, recruitment, retention, staff development, and performance management
- Educational curricula design, development and critical evaluation
- Organizational effectiveness and strategic planning
- Leadership principles and management skills
- Mentoring and coaching techniques and skills
- Effective public presentations to diverse groups
- Public relations management principles and tools
- Inter-governmental relations management skills

**B. Workforce Demographics**

The following chart profiles the agency’s workforce as of August 31, 2013 and includes both full-time and part-time employees. The agency’s workforce is comprised of 74 (71%) females and 30 (29%) males. Employees over age 40 account for 71% of the staff. Over half of the employees (54%) have more than five years of agency service.



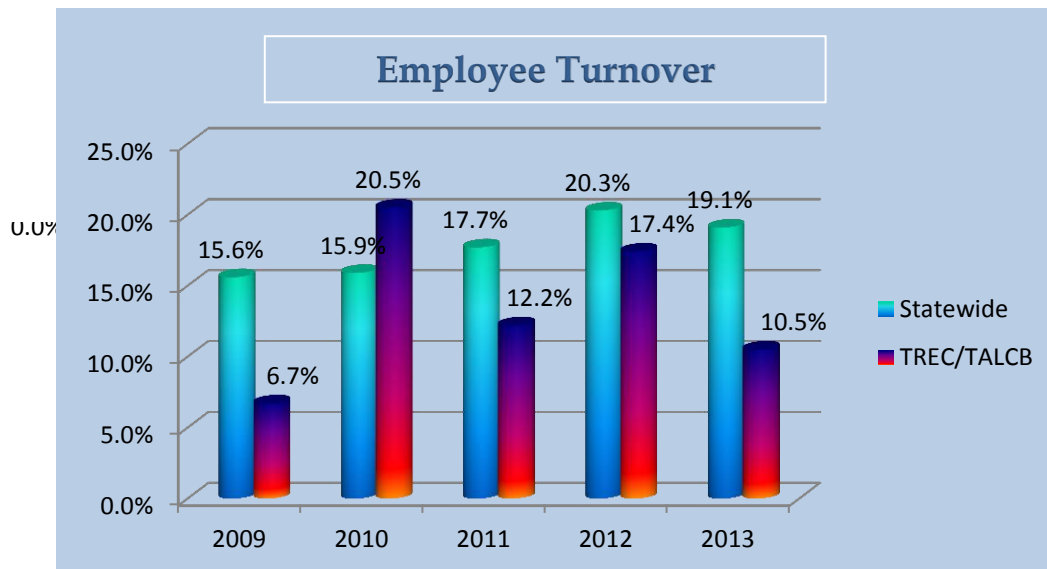
The following table compares the percentage of Black, Hispanic and Female agency employees (as of August 31, 2013) to the statewide civilian workforce, as reported by the 2011-2012 Equal Employment Opportunity and Minority Hiring Practices Report (January 2013) published by the Texas Workforce Commission. The agency's minority staffing patterns reflect strong minority hiring practice in most categories. The agency does not employ any Skilled Craft Workers (S) and has only one position classified as Technical (T). TREC/TALCB will address areas of weakness as part of the recruiting process.

Job Category	Hispanic		Black		Female	
	Texas	TREC	Texas	TREC	Texas	TREC
	Officials/Administrators (A)	8.969%	33.33%	19.51%	16.67%	39.34%
Professional (P)	11.33%	10.87%	17.40%	4.35%	59.14%	50.00%
Technical (T)	14.16%	0.00%	21.36%	0.00%	41.47%	0.00%
Administrative Support (C)	13.57%	25.00%	30.53%	31.25%	65.62%	87.50%
Skilled Craft Worker (S)	6.35%	0.00%	47.44%	0.00%	4.19%	0.00%
Service & Maintenance (M)*	14.68%	28.57%	48.18%	17.14%	40.79%	97.14%

*\*Paraprofessionals were included in the Service & Maintenance category per the TWC Report*

**C. Employee Turnover**

Turnover is an important issue in any organization, and this agency is no exception. The biggest workforce challenge facing the agency is the retention of qualified and experienced staff. The major cause of staff turnover has been employees leaving the agency for more lucrative positions. The agency's turnover has been greatest in the administrative support positions. The turnover in the Reception & Communication Services and Education & Licensing Services Divisions have impacted the agency the most. The following graph compares the average of agency turnover to the state as a whole.

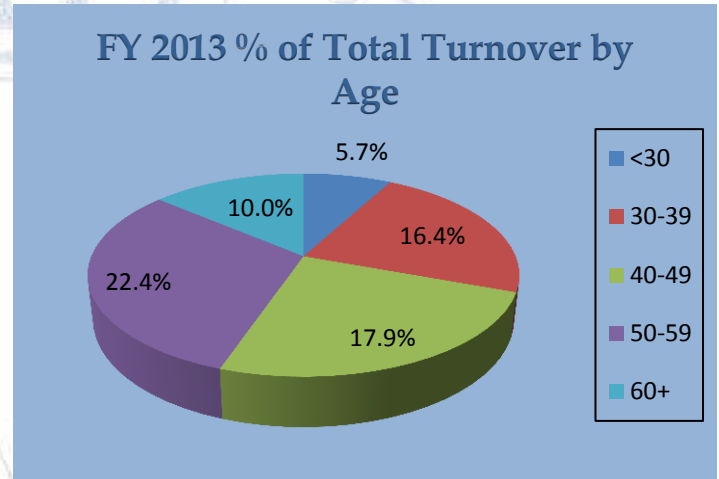
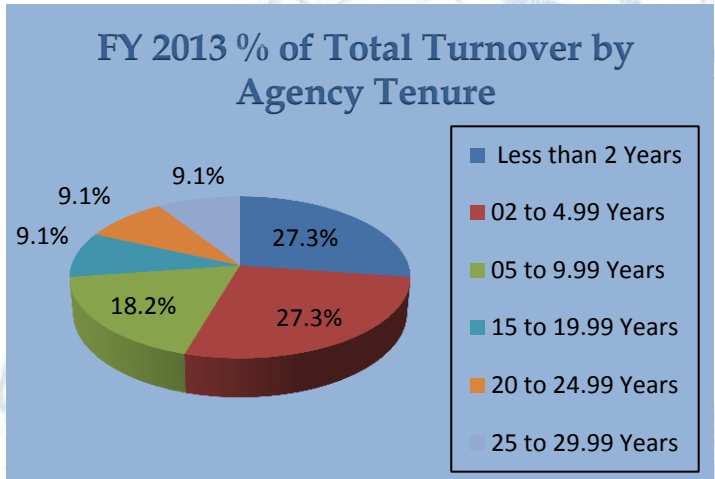


During the last five years the agency has seen a variance in turnover, yet consistently remains below the statewide average. The only aberration was due to budget-cut layoffs in FY2010. Based on the turnover rate from the last five years, the projected employee turnover rate for the next five years will be between 13% - 14%.



**D. Retirement Eligibility**

Currently 24.8% of the agency’s workforce is eligible to retire. An additional 15.6% will be eligible to retire during this planning period. With the retirement of these employees the agency will lose institutional knowledge and expertise.



The greatest area of turnover is with employees with less than five years of experience. An average of 18.6% of the agency’s workforce did not make it to five years of tenure between Fiscal Years 2009 - 2013. In Fiscal Year 2013, employees with less than five years of agency tenure accounted for 54.6% of the agency’s total turnover.

The Agency’s turnover is higher in the 50-59 and 40-49 age groups.

**III. Future Workforce Profile (Demand Analysis)**

Technology innovation is driving business practice changes in the professions licensed by the agency. More effective communication methods provide better monitoring and oversight of day-to-day activities, allowing branch offices to be established far from the main office of experienced practitioners. Many transactions engaged in by license holders are allowed, and often even required, to deliver services by electronic means across vast information networks in rapid and secure formats. It is a legitimate expectation of the licensee communities and of the consuming public using the services that the agency which oversees and regulates these service providers will not only understand the implications of these changes, but will also enact rules and protections that reflect them.

The days of paper transactions and massive clerical data entry are behind us. The present and the future will be one characterized by customer maintained data, rapid and reliable electronic communications, and service delivery. These changing demands for licensing, enforcement, and communicating with license holders and with the public regarding the license holders within the real estate industry subject to the agency’s jurisdiction call for the following changes in TREC and TALCB’s future workforce:

**A. Critical Functions**

- Advanced technical skills in computer and web based application development
- Enforcement legal skills, especially in mediation and alternative dispute resolution
- Education curriculum design standards, development and critical evaluation
- External communications, especially in outreach and education of consumers and other government agencies

**B. Expected Workforce Changes**

Given the agency’s strategic plan priorities, it is anticipated that the workforce will require the replacement of retiring workers with other FTEs in the areas of Information & Technology Services, TREC and TALCB Standards & Enforcement Services, and Education & Licensing Services. As funding develops over time, the agency will seek to upgrade these FTEs to the required appropriate professional skill levels.

***C. Anticipated increase/decrease in number of employees needed to do the work***

Note: No increase in FTEs is anticipated, but funds need to be identified to reclassify and upgrade positions over time. Some funds may come from reducing specific positions based on lack of need as efficiency gains are realized.

***D. Future Workforce Skills Needed***

Technical skills with computers and web based service delivery systems.  
Excellent oral and written communication skills.  
Improved customer service skills for effective handling of inquiries and complaints.  
Legal expertise especially in alternative dispute resolution methodologies.  
Team member development and problem solving approaches  
Strategic thinking approaches to anticipate market developments and appropriate regulatory responses  
Critical thinking and problem solving skills.

***E. Outsourcing***

The subject of outsourcing is always appropriate as a tool for exploring efficiencies or as a means to quickly access needed skills until an effective internal capacity is developed. It has been suggested that TALCB explore the concept of contracting with private appraisers as an alternative to or in conjunction with the hiring of additional staff as a means by which to promptly resolve complaint cases in the Standards & Enforcement Services Division. The revitalization of the Peer Investigative Committee function has allowed TALCB SES to access this talent currently on a volunteer basis. Additional FTEs were hired to handle AMC regulatory matters. However, if the pace of complaints rises beyond staff's ability to manage effectively, the agency may have to consider outsourcing some investigation reports on a fee basis. Other suggestions involve the outsourcing of certain aspects of information technology services, which the agency will continue to explore in connection with the future development of its core operating database system and website. Individual technology services are often considered for outsourcing versus skills acquisition based on the tenure of the need, the depth of the skills required and the length of time required to attain proficiency.

**IV. Gap Analysis**

**Anticipated Surplus or Shortage of Workers or Skills**

Given the agency's current priorities and goals, the agency has been successful in recruiting and hiring qualified employees in professional and administrative positions although there have been difficulties in obtaining a large qualified applicant pool. There is still an ongoing concern regarding turnover and retention. Similarly, an analysis reflects a gap in professional skills necessary to address the agency's critical functions and FTEs. The agency is struggling in a resource limited environment to upgrade positions from lower-level administrative positions to a higher-level information and technology skilled workforce. The agency has continued to make progress to upgrade some positions, but as new processes and technological improvements are made to address the increased expectations of our customers, more needs to be done. No additional FTEs are expected, but additional funds must be identified to reclassify and upgrade existing FTEs over time.

The primary concerns articulated by the public and the regulated industry address the agency's ability to communicate effectively with its stakeholders and to promptly and effectively resolve complaints filed with both TREC and TALCB. To the first issue, the agency has hired Public Affairs and Government Affairs Specialists to focus primarily on stakeholder and inter-governmental relations. It has also focused on upgrading the capabilities of the database tools and online services available to make both more intuitive and user friendly. On the latter, the agency has emphasized mediation training and skills in hiring new attorneys in the TREC SES division when openings occur. The agency will focus some additional resources in these two vital areas to ensure continued progress is made.

**V. Strategy Development**

In order to address the deficits between the current workforce and future demands, the agency has developed several goals for the current workforce plan. These are based on a range of factors identified by analyzing the agency and its workforce. Future workforce requirements can be grouped into two key areas, both limited by available funding.

<b>Gap</b>	The agency does not have a sufficient funding for the number of higher skilled FTEs needed to address all strategic planning priorities.
<b>Goal</b>	Develop funding to provide training to current staff and upgrade of positions as workload adapts to require higher skills.
<b>Rationale</b>	Given current workloads, ensure higher value tasks are prioritized over others to more effectively deliver priorities articulated in the agency's Strategic Plan.
<b>Action Steps</b>	Identify specific skills required to support higher value functions.  Determine fees needed to cover the costs of providing the services to beneficiaries under the program.  Request fee increases sufficient to cover program administration costs.
<b>Gap</b>	Continued difficulty in recruitment and retention of new and existing staff.
<b>Goal</b>	Retain qualified and experienced staff to ensure excellent customer service.
<b>Rationale</b>	Turnover remains an issue for the agency. A major cause of this turnover has been employees leaving the agency for better paid positions both within state government and in the corporate arena. Additionally, the agency's aging workforce presents a significant risk of increased turnover.
<b>Action Steps</b>	Ensure sufficient funding is available for staffing issues to be reduced.  Hire new staff at the first quartile salary level rather than at the minimum for the position.  Increase staff education and development resources to allow staff members to receive critical skill and career enhancement training.  Where appropriate, give permanent merit raises annually based on key performance criteria.



### TREC/TALCB Organization Chart



\* TREC Deputy General Counsel/TALCB General Counsel & Deputy Commissioner positions are held by same person

\*\* Investigators are assigned to work with one or more of the four geographic and subject matter teams

## APPENDIX F REPORT ON CUSTOMER SERVICE

The agency considers feedback from customers on agency service levels to be of crucial importance to identifying opportunities for improvement. The Customer Service Survey is available to all identified customer groups and to the general public. Below is a snapshot of the survey that is available via the Texas Real Estate Commission (TREC) and Texas Appraiser Licensing and Certification Board (TALCB) websites:

### **TREC/TALCB Customer Service Survey and Comments**

<p><b>In the box below choose the option that best describes your relationship with this agency.</b></p> <div style="border: 1px solid black; padding: 5px; width: 30%; margin-bottom: 5px;">                 Real Estate Salesperson                  Real Estate Broker                  Real Estate Appraiser                  Real Estate Inspector                  Education Provider or Instructor                  Residential Service Company                  Timeshare Developer                  Easement Or Right-of-Way Agent                  Buyer or Seller of Real Estate                  Real Estate Services Industry                  Mortgage Lending Industry                  Other             </div>	
<p><b>How many times have you had contact (including filing for license/renewal) with agency staff in the past 12 months? Please check only one.</b></p>	<p> <input checked="" type="radio"/> One time  <input type="radio"/> Two to five times  <input type="radio"/> More than five times                 </p>
<p><b>What was the purpose of your most recent contact with the agency? Please check all that apply.</b></p>	<p> <input type="checkbox"/> License Application Status  <input type="checkbox"/> License Renewal Information  <input type="checkbox"/> File or Respond to Complaint Against Licensee  <input type="checkbox"/> Obtain Forms/Publications  <input type="checkbox"/> Name/Address Change  <input type="checkbox"/> Public Information About Real Estate Laws  <input type="checkbox"/> Problem Dealing With Agency  <input type="checkbox"/> Open Records Request  <input type="checkbox"/> Inquiry About Obtaining a License  <input type="checkbox"/> Interpretation of Law or Rules  <input type="checkbox"/> Other                 </p>

**Background Information**

<p><b>In the box below choose the option that best describes your relationship with this agency.</b></p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Real Estate Salesperson</b></p> <p>Real Estate Broker</p> <p>Real Estate Appraiser</p> <p>Real Estate Inspector</p> <p>Education Provider or Instructor</p> <p>Residential Service Company</p> <p>Timeshare Developer</p> <p>Easement Or Right-of-Way Agent</p> <p>Buyer or Seller of Real Estate</p> <p>Real Estate Services Industry</p> <p>Mortgage Lending Industry</p> <p>Other</p> </div>	
<p><b>How many times have you had contact (including filing for license/renewal) with agency staff in the past 12 months? Please check only one.</b></p>	<p><input checked="" type="radio"/> One time</p> <p><input type="radio"/> Two to five times</p> <p><input type="radio"/> More than five times</p>
<p><b>What was the purpose of your most recent contact with the agency? Please check all that apply.</b></p>	<p><input type="checkbox"/> License Application Status</p> <p><input type="checkbox"/> License Renewal Information</p> <p><input type="checkbox"/> File or Respond to Complaint Against Licensee</p> <p><input type="checkbox"/> Obtain Forms/Publications</p> <p><input type="checkbox"/> Name/Address Change</p> <p><input type="checkbox"/> Public Information About Real Estate Laws</p> <p><input type="checkbox"/> Problem Dealing With Agency</p> <p><input type="checkbox"/> Open Records Request</p> <p><input type="checkbox"/> Inquiry About Obtaining a License</p> <p><input type="checkbox"/> Interpretation of Law or Rules</p> <p><input type="checkbox"/> Other</p>



Staff and Communication

Please rate our service in each of these topic areas based on your experience communicating with the agency. Skip a section if it does not apply.

<b>Communications</b>	<input type="text"/> Quality of written materials
	<input type="text"/> Telephone assistance (e.g. time on hold, call transfers)
	<input type="text"/> Email assistance (e.g. time to receive email response)
<b>Customer Service Process</b>	<input type="text"/> Ease of filing a complaint
	<input type="text"/> Ease of bringing concerns to the agency
<b>Timeliness of Response</b>	<input type="text"/> Waiting time in person
	<input type="text"/> Waiting time by letter
	<input type="text"/> Waiting time by email
	<input type="text"/> Waiting time by phone
<b>Resolution of Customer Request</b>	<input type="text"/> Adequacy/Appropriateness
	<input type="text"/> Explanation of Resolution
<b>Staff</b>	<input type="text"/> Knowledge
	<input type="text"/> Courtesy
	<input type="text"/> Follow-through

Facilities

If you have visited or attempted to visit the agency in person, please rate the items to the right.

<input type="text"/> Signage
<input type="text"/> Accessibility
<input type="text"/> Cleanliness

## Website

### General Usefulness of Website

Ease of finding information

Quality of Information

### Comments About Agency Website:

Please give us any positive or negative comments here about this website. For example, if something is too hard to find, we'd like to know.

### Additional Comments Regarding this agency

Please tell us about other issues that may help us serve you better. If you would like to share your experience about a particular employee of this agency, please provide that information below.

### Response Requested

If you provided comments and would like a response, please provide your name and information for one of the contact methods below so we can respond.

#### Name

AND at least one of these:

#### Email address

AND/OR  
Area Code & Phone  
Number

 (  ) 

Submit Survey

Bottom of Form

The drop down arrows allow consumers to describe a specific service as “excellent, good, fair or poor.” Once consumers hit the “submit survey” button, the Reception & Communication Services (RCS) Division responds directly and individually to any comments, questions or concerns and the Information & Technology Services Division catalogues the responses to be able to run reports on specific data. In addition to the Customer Service Survey, the agency provides the following types of services:

- responding to telephone, email and walk-in inquiries;
- issuing new and renewal licenses;
- accrediting real estate education providers;
- approving real estate instructor and course content;
- handling written complaints;
- prosecuting administrative hearings;
- monitoring residential service companies and timeshare registrations;
- providing comprehensive public access to information via electronic mail list server, and Internet access;
- processing original and renewal licenses online; and
- providing information through public presentations, news releases and posting information on the What’s New section of the website.

Customer service is a main part of the agency’s focus in the Compact with Texans. Currently, TALCB and TREC have separate Compacts with Texans, but as part of the agency’s integration, a new combined agency Compact with Texans is being drafted and will be sent to the Governor’s Office of Budget and Planning and the Legislative Budget Board for approval. The new Compact will focus on not just customer service, but on other results and opportunities for improvement as well.

**1) TREC’s inventory of external customers**

- Advisory Committee Members/ Board Members/ Commission Members
- Appraisal Management Companies
- Appraisers
- Easement and Right of Way License Holders
- Education Providers and Schools
- Home Warranty Companies
- Individuals Seeking Licenses
- Inspector License Holders
- Legislature
- Public/Consumers
- Real Estate Brokers and Sales People
- Timeshare Developers and Projects
- Consumers of Real Estate related services
- Areas of Real Estate Industry not regulated by TREC
- Other

**Types of services provided to customers**

- Responding to telephone and other inquiries
- Issuing new and renewal licenses
- Accrediting real estate education providers
- Approving real estate instructor and course content
- Handling written complaints
- Prosecuting administrative hearings
- Monitoring residential service companies and timeshare registrations
- Providing comprehensive public access to information via electronic mail list server, and Internet access
- Processing original and renewal licenses via Internet access
- Constituent relations for legislators and staff
- Providing consumer protection, education and access to information about the commission and our license holders via our website, news releases and newsletters.
- Legislative and rulemaking interpretation. Communication of changing rules and laws to license holders and public.



**2) Information-gathering methods**

TREC's customer survey is available online at TREC's website and in person at TREC headquarters.

TREC's customer survey form is designed to collect customer satisfaction feedback on seven customer service quality elements:

Facilities

Staff

Communications

Internet website

Complaint-handling process

Service timeliness

Printed information

### Customer Service Survey Results

3)

Responses by Relationship to TREC	FY 2012		FY 2013	
	# of Responses	% of Total	# of Responses	% of Total
R.E. Salesperson	307	49.8%	525	53.4%
R.E. Broker	184	29.9%	259	26.3%
R.E. Appraiser	45	7.3%	37	3.8%
R.E. Inspector	12	1.9%	20	2.0%
Education Provider or Instructor	6	1.0%	10	1.0%
Residential Service Company	0	0.0%	0	0.0%
Timeshare Developer	1	0.2%	0	0.0%
Easement or Right-of-Way Agent	4	0.6%	7	0.7%
Buyer or Seller of Real Estate	3	0.5%	11	1.1%
Real Estate Services Industry	5	0.8%	1	0.1%
Mortgage Lending Industry	0	0.0%	3	0.3%
Other	39	6.3%	51	5.2%

Number of Contacts with TREC	FY 2012		FY 2013	
	# of Responses	% of Total	# of Responses	% of Total
One Time	258	41.9%	499	50.7%
Two to Five Times	263	42.7%	353	35.9%
More Than Five Times	95	15.4%	132	13.4%

Source of Responses	FY 2012		FY 2013	
	# of Responses	% of Total	# of Responses	% of Total
Renewal Packet Form (p)	0	0.0%	0	0.0%
Web-based Survey (w)	616	100%	984	100%

Purpose of Contact	FY 2012		FY 2013	
	# of Responses	% of Total	# of Responses	% of Total
License Application Status	119	19.3%	188	19.1%
License Renewal Information	330	53.6%	451	45.8%
File or Respond to Complaint Against License Holder	5	0.8%	15	1.5%
Obtain Forms/Publications	22	3.6%	49	5.0%
Name/Address Change	37	6.0%	53	5.4%
Public Information About Real Estate Laws	7	1.1%	12	1.2%
Problems Dealing with Agency	37	6.0%	53	5.4%
Open Records Request	3	0.5%	9	0.9%
Inquiry About Obtaining a License	57	9.3%	55	5.6%
Interpretation of Law or Rules	21	3.4%	36	3.7%
Other	161	26.1%	291	29.6%

<b>Communication</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Quality of Written Materials	29%	28%	18%	26%
Telephone Assistance	14%	10%	11%	65%
Email Assistance	29%	19%	14%	38%

<b>Customer Service Process</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Ease of Filing a Complaint	20%	20%	14%	46%
Ease of Bringing Concerns	20%	14%	12%	54%

<b>Timeliness of Response</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Waiting Time in Person	21%	20%	12%	48%
Waiting Time by Letter	16%	17%	15%	52%
Waiting Time by E-mail	29%	18%	13%	40%
Waiting Time by Phone	8%	9%	9%	74%

<b>Resolution of Customer Request</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Adequacy/Appropriateness	30%	13%	12%	45%
Explanation of Resolution	27%	13%	12%	48%

<b>Staff</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Knowledge	43%	22%	15%	20%
Courtesy	44%	25%	11%	20%
Follow-Through	33%	14%	11%	42%

<b>Facility</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Signage	31%	31%	18%	20%
Accessibility	32%	34%	14%	20%
Cleanliness	39%	38%	12%	11%

<b>Web Site</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Ease of Finding Information	18%	27%	24%	31%
Quality of Information	20%	29%	23%	28%

#### 4) Analysis of customer service survey response

For the FY 2012-2013 biennium responses to the Customer Service Survey were generally favorable with respect to written communication; however, questions relating to communicating with the agency by telephone elicited neutral to poor responses. In this biennium the agency has allocated additional resources to address telephone and electronic communication within Reception and Communications Services to address these comments. Wait time on telephone has decreased to less than 10 minutes and response to email is on average less than 2 business days in FY 2014.



5) Performance measure related to customer service standards and customer satisfaction

Communications	FY 2012	FY 2013
<b>Outcome Measures</b>		
% of surveyed customer respondents expressing overall satisfaction with services received (excellent/good/fair)	41.5%	67.2%
% of surveyed customer respondents identifying ways to improve service delivery (poor)	58.5%	32.8%
<b>Output Measures</b>		
Number of customers surveyed	606	924
Number of customers served	8,214	7,284
Number of phone calls received	250,826	218,580
Number of Inquires Answered via E-mail	65,592	63,424
<b>Efficiency Measures</b>		
Cost per customer surveyed	0.00	0.00
<b>Explanatory Measures</b>		
Number of customers identified	149,584	144,446
Number of customer groups inventoried	15	15
<b>Licensing</b>		
<b>Efficiency Measures</b>		
Average time for individual license issuance	78.8%	115.8%
% of new individual licenses within 10 days	3.7%	5.5%
% of individual license renewals with 7 days	95.2%	97.6%
<b>Explanatory Measures</b>		
Total # of programs/schools licensed	405	423
Total # of individuals licensed	143,817	147,352
<b>Enforcement</b>		
<b>Outcome Measures</b>		
% of documented complaints resolved within 6 months	55%	56.8%
<b>Output Measures</b>		
# of complaints resolved	1,197	1,127
<b>Efficiency Measures</b>		
Average time for complaint resolution	239.5	188.3
<b>Explanatory Measures</b>		
Jurisdictional complaints	1,146	1,105

## APPENDIX G

### *Survey of Employee Engagement* Measuring Employee Perceptions

2014

Administered every two years by the Institute for Organizational Excellence at the University of Texas at Austin, the Survey of Employee Engagement reflects how an agency's staff views the work environment. Since the survey has been given multiple times in past years and is administered to employees at several state agencies, this year's results can be compared with past performance and with the perceptions of staff at other state agencies.

Questions in the Survey of Employee Engagement are grouped together into Survey Constructs designed to broadly profile organizational strengths and weaknesses. Scores for the constructs range from a low of 100 (negative) to a high of 500 (positive). Thus, scores above 300 suggest that employees perceive the issue more positively while scores below 300 are issues viewed more negatively by employees.

The following areas are especially noteworthy and are coded by the survey as the agency's "areas of strength."

#### *Strategic*

*Score: 394*

The Strategic construct reflects employees' thinking about how the organization responds to external influences that should play a role in defining the organization's mission, vision, services, and products. Implied in this construct is the ability of the organization to seek out and work with relevant external entities.

High scores indicate employees view the organization as able to quickly relate its mission and goals to environmental changes and demands. It is viewed as creating programs that advance the organization and having highly capable means of drawing information and meaning from the environment. Maintaining these high scores will require leadership to continually assess the ability of the organization and employees at all levels to test programs against need and to continue to have rapid feedback from the environment.

#### *Supervision*

*Score: 393*

The Supervision construct provides insight into the nature of supervisory relationships within the organization, including aspects of leadership, the communication of expectations, and the sense of fairness that employees perceive between supervisors and themselves.

High Supervision scores indicate that employees view their supervisors as fair, helpful, and critical to the flow of work. Maintaining these high scores will require leadership to carefully assess supervisory training and carefully make the selection of new supervisors.

#### *Physical Environment*

*Score: 392*

The Physical Environment construct captures employees' perceptions of the total work atmosphere and the degree to which employees believe that it is a 'safe' working environment. This construct addresses the 'feel' of the workplace as perceived by the employee.

High scores indicate that employees view their work setting positively. It means that the setting is seen as satisfactory, safe, and that adequate tools and resources are available.