

Texas license holders must be competent in the areas in which they provide services to clients. Find out what this means for brokers and agents and ways for you to meet competency standards required by law.

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Legislation passed by the 86th Texas Legislature made clear that license holders must be knowledgeable about local market issues in the geographic area in which they work, and the characteristics involved in the specific type of property being sold or leased. The Texas Real Estate Commission made corresponding changes to **Section 535.2, Broker Responsibility, earlier this year which requires brokers to ensure their sponsored agents have geographic competence.**

Most experienced agents understand this concept, and by adding this clarification to the law, the 86th Texas Legislature is emphasizing how important this obligation is for license holders.

The legislation also prompted the revision of TREC Rule 531.3, Competency. According to the rule, license holders must:

- 1. Be informed on the local market issues and conditions affecting real estate in the geographic area where a license holder provides services to a client**
  2. Be informed on national, state, and local issues and developments in the real estate industry
  3. Exercise judgment and skill in the performance of brokerage activities
  4. Be educated in the characteristics involved in the specific type of real estate being brokered for others.
- How do you become competent?

First, keep in mind that real estate is a three-dimensional product. You can't rely on only aerial photographs and maps to give you the "boots-on-the-ground" observations required to competently advise your client and gain a professional understanding of the marketplace.

Second, you must clearly identify the specific type of real estate being brokered. While there may seem an obvious distinction between the two most basic types of real estate brokerage—residential and commercial—there are many variations and nuances.

For example, an agent who has only performed brokerage activities for single-family home resales certainly will need training and education before representing a tenant in leasing office space in

down town Houston. Retail leasing is equally as complicated. One of the most complex and challenging areas of real estate brokerage is farm and ranch brokerage.

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