

STAY OUT OF TROUBLE

A Practical Survival Guide for Texas Real Estate Agents

Protect Your License. Protect Your Clients. Protect Your Income.

What This Course Is About

- Who it's for: Texas residential agents, especially those growing production
- The deeper the water, the more treacherous it becomes
- More transactions = more opportunity AND more risk
- Goal: Operate like a professional, not react like an amateur
- Core message: Document everything. Stay in your lane. Get it in writing.

The Deeper the Water, the More Dangerous It Gets

- Brand new agent = shallow water, smaller exposure
- Growing agent = deeper water, greater risk
- More people. More emotions. More deadlines. More money. More risk.
- Quote: "Real estate is like playing football in a cow pasture. It can be a lot of fun, but if you don't watch your step, you're going to wind up in a lot of mess."
- The goal is not to scare you — it's to teach you to operate like a professional.

Part One

Agency, Disclosures, Contracts & Representation

The Rules That Protect You — and Your Clients

You Answer to More Than Just Your Client

- Texas Real Estate Commission (TREC)
- Texas REALTORS forms & standards
- REALTOR Code of Ethics
- Texas Deceptive Trade Practices Act (DTPA)
- Consumer Financial Protection Bureau / RESPA
- Fair Housing / Attorney General / Local Authorities
- Lawsuits — and sometimes criminal charges
- Key: Activity ≠ Professionalism. You can be busy and reckless at the same time.

Three Habits That Prevent Most Problems

- 1. **Prioritize** — Know what matters most in every transaction
- 2. **Schedule** — Build timelines and checklists; don't run from memory
- 3. **Set Expectations** — Before emotions get involved
- Know your role: You are NOT the attorney, lender, inspector, or contractor
- Document everything. If it's not in writing, it didn't happen.

Most Trouble Comes From People, Not Forms

- Other agents, clients, competitors, old brokers, watchdog groups
- When tension rises: become the calmest person in the room
- No emotional emails. No sarcastic texts. No side comments.
- After important conversations: follow up in writing
- You don't have to win every argument — you need to protect the file

Advertising Is Regulated Communication — Not Just Marketing

- All ads must include your name or team name
- Broker name must appear in at least **half the size of the largest contact info**
- Team names must end in "Team" or "Group" — no "Company," "Brokerage," or "Associates"
- Social media profiles must link to IABS form and Consumer Protection Notice
- When you change brokerages: update **EVERYTHING** — signs, cards, website, social media, email signatures
- Using a previous brokerage's name = misleading the public

The MLS Is Not a Creative Writing Contest

- Common misrepresentations: schools, condition, permits, items included
- Do not guess. Do not copy old info. Do not repeat unverified seller claims.
- **Texas DTPA: Agents can be sued for false, misleading, or deceptive acts — or for failing to disclose material facts known to the agent**
- Safe habit: Verify what you can. Disclose what you know. Put agreements in writing.
- If the MLS says the refrigerator stays — put it on a Non-Realty Items Addendum

Even Showings Can Create Problems

- Don't enter without permission. Don't let buyers wander unattended.
- Assume cameras and audio are recording — act accordingly
- **IABS Form: Required at first substantive communication about a specific property. Website must link to IABS in at least 10-point font.**
- Disclose material defects, known issues, permit concerns — regardless of what the seller puts on the SDN
- Disclose any ownership interest or personal relationship
- **Rule: Disclose. Disclose. Disclose. Then Document. Document. Document.**

International Deals Bring Extra Risk

- Cultural differences, FIRPTA, foreign tax issues, money movement
- Do not advise on tax holdbacks unless qualified
- Red flags: unusual money movement, vague identities, pressure to bypass normal channels, requests to handle funds outside title
- When something feels off: Stop. Ask questions. Get guidance.
- Involve the right professionals: title, lender, broker, attorney, CPA

Submit Every Offer. Get Everything in Writing.

- Do NOT hold offers or decide an offer is too low to present
- Ask seller in writing how they want offers handled
- Get offers in writing on proper TREC forms — verbal offers create confusion
- Counter in writing. Get signatures quickly.
- Changes after execution = use an Amendment. Never alter the original contract.
- Text messages and casual conversations do not replace a contract

Fresh Paint Is Not Due Diligence

- Investors can be great — and can also create major risk
- Require exhaustive inspections on flips: permits, foundation, roof, plumbing, electrical, HVAC
- Check permit status. Be aware of mortgage flip timelines.
- "Granite countertops should not hypnotize your buyer into ignoring the foundation."
- Document everything. Trust no one blindly. Stay awake.

Earnest Money Rules Every Agent Must Know

- Both earnest money AND option fee must be delivered to the **escrow agent (title company)** — **NOT the seller**
- **Deadline: 3 days after the effective date**
- If the 3rd day falls on a Saturday, Sunday, or legal holiday → extends to next business day
- Missing this deadline = buyer may lose unrestricted right to terminate
- You cannot demand earnest money release like a judge — set this expectation **BEFORE** things go bad

New Texas Law: Written Agreement Before You Show Property

- Effective January 1, 2026 — TREL A §1101.562 & §1101.563
- Written agreement REQUIRED before showing any residential property or presenting an offer
- Two types of agreements:
- All agreements must detail: services, exclusivity, compensation, and negotiability disclosure
- Open houses: If NOT from listing broker's office → must provide IABS and get written agreement before showing
- Do not leave room for "I didn't know."

"I Don't Think You're Looking Out for My Best Interest"

- When you hear this: STOP. Do not get defensive. Do not argue.
- This statement = client doesn't understand, doesn't trust you, or feels ignored
- Professional response: Slow down. Clarify concerns. Restate your role. Document. Involve broker.
- Whether they're right or wrong — you have a problem that must be addressed immediately

Don't Go Outside Your Scope on Inspections

- Do not interpret the inspection report like you are the inspector
- Do not explain repairs like you are the contractor
- Do not discourage repair requests because you want the deal to close
- Avoid: "I would not worry about that." or "I would take the house anyway."
- Better: "That's your decision. I recommend speaking with the inspector or appropriate professional. Once you decide, I can help put the request in writing."

Stop Saying "My Lender" and "My Inspector"

- "My lender / my inspector / my title company" implies you control or guarantee their work
- Instead: "A lender I know" / "An inspector some clients have used" / "A title company involved in the transaction"
- Over-servicing: mortgage advice, lending money, scheduling repairs, negotiating after closing = problems
- Good service = doing your job extremely well AND knowing when to bring in the right professional
- You are MORE valuable when you know your lane — not less

Part Two

Conduct, Money, Fair Housing & Transaction Challenges

The Rules That Keep You Licensed — and Out of Court

Professional Means Professional — Every Single Time

- No inappropriate behavior in listings, with clients, or in any real estate activity
- You are in homes, around families, handling sensitive information and major life decisions
- **TREC Criminal History Reporting: Must notify TREC within 30 days of a final conviction or guilty/nolo contendere plea to a felony or fraud-related offense**
- Failing to report within 30 days = separate violation and additional disciplinary action

Respect Agency Relationships and Property Access

- Do NOT knock on the door of another agent's listing to talk to the seller
- Do NOT enter a listing without permission
- Do NOT advertise another agent's listing without permission and proper attribution
- Respect agency relationships. Respect the listing agent's role.
- If you need information: go through proper channels
- This is not just about manners — it's about ethics, rules, and staying out of trouble

When Money Gets Weird — Stop

- All funds must be disclosed and handled through title as appropriate
- No side deals. No quiet reimbursements. No money under the table.
- Do not receive money directly. All commissions must go through the broker.
- Clients cannot give earnest money or option fee to random people — only the escrow officer
- If money starts moving in strange ways: Stop. Call your broker.
- "Do not freestyle your way into a fraud problem."

Wire Fraud Is One of the Biggest Risks in Real Estate Today

- Hackers actively monitor real estate transactions to intercept wire transfers
- They spoof emails from title companies, agents, and lenders
- **Never email wire instructions**
- Always verify: instruct clients to call a known, trusted phone number — NOT the number in the email
- Warn clients about wire fraud at the very beginning of the transaction
- Avoid sending sensitive financial info over unencrypted email
- If a client wires money to a fraudulent account: it's often gone forever — and agents can be sued for negligence

Unlicensed Assistants Cannot Practice Real Estate

- Cannot: talk to clients about contracts, prospect, set appointments requiring licensed activity
- Cannot: hold open houses as the agent, door knock for business, negotiate, advise, or explain contract terms
- Can: administrative tasks that do not require a license
- Make sure you and your broker are clear on what that person can and cannot do
- One mistake by an unlicensed assistant = your problem

Fair Housing Is Not Optional — Ever

- Prohibits discrimination based on: race, color, national origin, religion, sex, familial status, disability
- Agents get in trouble with: steering, neighborhood comments, assumptions, advertising language, different treatment
- Do not tell buyers where they should or should not live based on protected characteristics
- Do not use coded language in advertising
- Direct clients to objective resources where appropriate
- Fair Housing mistakes can cost money, reputation, and your license

Most Lawsuits Come From Predictable Breakdowns

- Failing to disclose a property defect (DTPA violation)
- Breach of duty / Negligence
- Giving legal advice
- Misleading clients (DTPA violation)
- Failing to keep client data safe (Wire Fraud)
- Missed deadlines, failure to communicate, failure to read the contract
- "Small things become big things when money and emotions are involved."
- If you see something, say something. If you don't know, don't pretend.

Sloppy Contracts Cost You Leverage and Credibility

- Correct legal names
- Correct property address and legal description
- All blanks completed or properly marked
- All appropriate boxes checked
- Accurate dates and deadlines
- Correct addenda attached
- Signatures and initials in the right places
- No unauthorized changes after execution
- "When your contract is clean, you look prepared, by-the-book, and like someone who knows what they're doing."

You Can Be Firm Without Being Nasty

- Your objective is your client's best interest — that doesn't require being hostile
- Agents who make the other side hate them often hurt their own client
- Create win-win solutions when possible. Make a friend, not an enemy.
- "Every fight is expensive. Every fight creates risk."
- Calm, clear, documented communication keeps a challenge from becoming a disaster

Don't Let Clients Say "I Didn't Know"

- Buyer rep: compensation obligations if seller doesn't cover full amount
- Listing agreement: early termination may not eliminate commission obligations
- Option fee: 3-day delivery deadline to escrow agent
- Earnest money: termination does not automatically guarantee a refund
- Third-party financing: missing deadlines can put earnest money at risk
- Agents are NOT attorneys — refer to legal counsel when needed
- "Your future self will thank you for the extra five minutes you spend explaining something today."

If It's Not in Writing, It Didn't Happen

- If MLS shows an item included → get it on the proper addendum
- Verbal offers → put in contract form with buyer signatures
- Post-execution changes → use an Amendment, never alter the original
- Commission and bonuses → make them clear as soon as possible
- "Friendly people get unfriendly when money is involved."
- Do not trust text messages and emails to replace the contract

Time Is of the Essence — The Clock Doesn't Wait for You

- Earnest money & option fee delivery (3 days from effective date)
- Survey deadline
- Title commitment objection period
- Seller's Disclosure Notice
- Finance addendum deadline
- HOA document review
- Closing date
- Weekends and holidays count unless the contract says otherwise
- Missed deadlines = one of the easiest ways to turn a normal file into a problem file

2025 TREC Contract Changes You Must Know

- Avoid Special Provisions unless absolutely necessary — use promulgated forms and addenda
- Make sure all pages and addenda are initialed where required
- After execution: use an Amendment — never change the original contract
- **Paragraph 12 (Broker Compensation):** Each party pays the brokerage fees they agreed to pay; allows specific seller contribution to buyer's brokerage fees
- **Paragraph 6C (Surveys):** Option to provide T-47.1 Declaration (no notarization required) in lieu of T-47 Affidavit when seller furnishes existing survey

Don't Pretend to Know What You Don't Know

- REALTOR Code of Ethics Article 11: Do not provide specialized services outside your competence without disclosing this to the client or engaging someone competent
- Unfamiliar area? Do your research first.
- Unfamiliar property type, financing structure, or legal question? Refer out, partner up, or get broker guidance.
- "There is no shame in getting help. There is shame in harming a client because your ego wouldn't let you admit you needed help."

Average Is Crowded. Be Exemplary.

- Discount brokers, online platforms, and AI tools are raising the bar
- Good service is expected — it's no longer a differentiator
- What sets you apart: knowledge, professionalism, communication, consistency, and amazing client experience
- Primary Functions of a Serious Agent (in order of importance):

The Formula for Staying Out of Trouble

Document Everything

- + Stay in Your Lane
- + Get It in Writing
- + Watch Deadlines
- + Write Clean Contracts
- + Ask for Help Early

=

A BUSINESS THAT LASTS

"The goal is not just to close deals. The goal is to become the kind of professional who can keep closing deals year after year — without stepping in something that could have been avoided."