



**Texas Real Estate Commission**  
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## FOR IMMEDIATE RELEASE

### **Property Rental Fraud: A Consumer Protection Issue Affecting Houston**

**HOUSTON (03/08/24)** Real estate leasing scams continue to pose a threat to property owners in Texas, especially in the greater Houston area, prompting the Texas Real Estate Commission (TREC) to continue to issue warnings. TREC's Enforcement Division, led by Director Michael Molloy, is actively addressing an increase in fraudulent property leasing activities.

"Over the past two years, there's been a noticeable increase in rental scams, with a concentration in the greater Houston area. These scams are deceiving landlords, tenants, and even our license holders into fraudulent lease agreements," said Molloy.

### **Straight From the Case Files**

TREC's 37-member Enforcement Division—which includes 10 attorneys, legal assistants, and investigators—is handling numerous rental fraud cases. Here are some real-life examples.

#### **Hefty Violations Call for Hefty Penalties**

- A sales agent in Houston knowingly submitted lease applications with a fake credit report. TREC's investigation found the agent and co-conspirators were engaging in this type of conduct for several years. This activity resulted in a \$115,000 administrative penalty, and the agent's license was revoked.
- A co-conspirator's license was also revoked and assessed a \$48,750 administrative penalty.

#### **Sales Agents, Sponsoring Broker Disciplined Together**

##### *Case 1*

- A sales agent engaged in a scheme placing unqualified applicants by submitting fraudulent lease applications for at least seven single-family homes between December 1, 2022, and May 12, 2023. Four leases were executed based on those fraudulent applications.

- The Commission found the sponsoring broker failed to adequately supervise the agent and was reprimanded and ordered to pay a \$1,000 administrative penalty.
- The sales agent's license was revoked.

### Case 2

- A Houston broker was sponsoring three sales agents who submitted fraudulent lease applications (incorrect credit scores, work histories, incomes) for at least 24 single family homes between May 2022 and September 2022.
- After each lease was executed, someone other than the applicant would move into the property.
- The broker was formally reprimanded and ordered to pay a \$1,000 penalty.
  - One agent's license was revoked and assessed a \$31,000 penalty.
  - A second agent's license was revoked and assessed a \$26,500 penalty.
  - A third agent's license was placed on probated suspension.

## How to Avoid Trouble

As these property rental scams persist, TREC staff emphasizes the importance of due diligence, even if you use a real estate license holder to find a tenant. Be sure to review the details you receive in a rental application. If something feels off, don't be afraid to ask questions, or consult with another license holder or an attorney. TREC urges Houstonians to stay informed and proactive in combating real estate fraud.

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### About the Texas Real Estate Commission (TREC)

The [Texas Real Estate Commission](#) is the state agency responsible for licensing and regulating real estate professionals in Texas. TREC's mission is to protect and serve the citizens of Texas by ensuring that real estate professionals meet and adhere to defined standards of professionalism, accountability, and transparency.

### About Disciplinary Actions

**License revocation:** The individual's license is stripped and means they cannot practice real estate activity.

**License suspension:** The individual cannot practice real estate activity for a defined time period.

**Probated suspension:** The individual can practice real estate activity but if the license holders violate the terms and conditions of the order, the license will be suspended for the defined time period.

**Administrative penalties:** Fines for violations of [TREC rules](#) or [The Real Estate License Act \(TRELA\)](#).

#ProtectHoustonHomes #RealEstateFraud #ConsumerProtection