Tennessee Real Estate Commission (TREC)

Frequently Asked Questions

Licensees are responsible for complying with all statutes, rules and policies of the Tennessee Real Estate Commission. The answers provided here are based on statutes, rules and policies and fees listed are fees in effect at the time of publication and all are subject to change.

What is the mailing address?

The office mailing address:
Tennessee Real Estate Commission
Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243-1151

Where is the TREC office located?

The Office location:
Davy Crockett Tower, 4th Floor
500 James Robertson Parkway
Nashville, Tennessee 37243

What are the normal business hours?

- The office is open 8:00 AM until 4:30 PM Central Time Monday-Friday. The office is closed on all federal and state holidays.

What are the telephone and fax numbers?

- The Telephone number is: (615) 741-2273 or 1 (800) 342-4031
- The FAX number is: (615) 741-0313

What is the TREC website address?

- http://www.tn.gov/regboards/trec

What activities require a license?

- Any person who performs or offers, attempts or agrees to perform any single act defined in TCA § 62-13-102, is required to be licensed.

What may an unlicensed employee, assistant or secretary do?

1. Answer the phone, forward calls and give information contained only on the listing agreement as limited by the broker.
2. Fill out and submit listings and changes to any multiple-listing-service.
3. Follow up on loan commitments after a contract has been negotiated and generally secure status reports on the loan progress.
4. Assemble documents for closing.
5. Secure public information from courthouses, utility districts, etc.
6. Have keys made for listings.
7. Place ads which have been approved by the Principal Broker.
8. Receive, record and deposit earnest money, security deposits and advance rents under the direct supervision of the Principal Broker.
9. Type contract forms for approval by licensee and Principal Broker.
10. Monitor licenses and personnel files.
11. Calculate, print or distribute commission checks.
12. Place signs on property.
13. Order repairs as directed by the licensee.
14. Prepare for distribution fliers and promotional information which have been approval by the Principal Broker.
15. Deliver documents and pick up keys.

16. Place routine telephone calls on late rent payments.
17. Gather information for a comparative market analysis (CMA).
18. Unlock property under the direction of a licensee.
19. Disclose the current sales status of a listed property.

An unlicensed employee, assistant or secretary <u>MAY NOT</u>:

1. Make cold calls by telephone or in person to potential clients.
2. Show properties for sale and/or lease to prospective purchasers.
3. Host open houses, home show booths or fairs.
4. Discuss or explain listings, offers, contracts, or other similar matters with persons outside the firm.
5. Negotiate any terms of a real estate transaction.
6. Negotiate or agree to any commission split or referral fee on behalf of a licensee.
7. Be paid any compensation which is dependent upon, or directly related to, a real estate transaction.

May I pay an unlicensed assistant?

- Unlicensed assistants can be paid by the licensee for all clerical and secretarial activities conducted on behalf of the licensee. An unlicensed assistant cannot be compensated for the performance of duties that require a license.

I have a licensed assistant. How can I pay them for activities that require a license?

- A person engaged in activities that require a license must have a valid active license and be affiliated with a licensed real estate firm. Compensation received for activities that require a license must be paid by the licensed real estate firm where the assistant is affiliated.

I am a licensed auctioneer. I have a real estate license and I am affiliated with ABC Realty. I own a separate licensed auction firm, The Auction Company, licensed by the Tennessee Auctioneer Commission. Can I sell real property at auction using my real estate license and my auction firm license?

- <u>NO</u>. You can only sell real property through the licensed real estate firm where you are affiliated. Your licensed auction firm could sell real property only if it obtained a real estate firm license. A real estate firm must have a principal broker. You would then need to transfer your license to the new real estate firm in order to be able to act as a real estate agent for The Auction Company.

I am licensed in another state. Can I visit Tennessee to list or sell real estate and ''partner'' or ''cooperate'' with a Tennessee licensee in order to avoid obtaining a Tennessee real estate license?

- <u>NO</u>. A real estate licensee from another state or jurisdiction cannot ''cooperate'' or ''partner'' with a Tennessee licensee in order to conduct business that requires a real estate license in this state without obtaining a license issued by the Tennessee Real Estate Commission (TREC). A licensed Tennessee broker may pay a commission to a licensed broker of another state provided such non-resident broker does not conduct in this state any of the negotiations for which a commission is paid. See: TCA § 62-13-302.

A lawyer has contacted me and wants to send a referral and receive a referral fee from my firm. Can I pay him a referral fee?

- <u>NO</u>. A lawyer can only receive a referral fee or commission if they are properly licensed as a real estate broker or affiliate and the compensation is paid to them by the licensed real estate firm where they are affiliated.

How do I obtain a real estate license in Tennessee?

- The TREC website contains information concerning licensure.

What could keep me from obtaining a Tennessee Real Estate License?

- The Commission very carefully examines all applications. Applicants who have been convicted of, pled *nolo contendere* to, pled guilty to or been granted first offender treatment upon being charged with any criminal offense other than a traffic violation or applicants who have held professional licenses which have been disciplined are thoroughly scrutinized. If you have a history of any of the above, you may seek a preliminary decision from the Commission prior to spending time and money taking the pre-licensing course and the examination by completing the ''Application for Decision Regarding Prior Criminal Conviction (s) and/or Disciplinary Sanction(s)'' and submitting it to TREC with required backup documentation.

What do I need to send the Commission along with my application?

- Documents required for an affiliate broker's license:
  - Application with picture - this is obtained at the testing center upon successful completion of the examination
  - Proof of High School Graduation
  - Proof of completion of pre-license education
  - Proof of errors and omissions insurance policy
  - Payment of all fees due.

- Documents required for a broker's license:
  - Application with picture - this is obtained at the testing center upon successful completion of the Tennessee Broker's examination.
  - Proof of errors and omissions insurance policy.
  - Payment of all fees due.

How do I retire my license?

- If you wish to stop practicing real estate for any reason, but do not want to give up your real estate license, you may place your license in retirement. In order to retire your license you must complete a TREC Form 1 and submit it to TREC along with any fees. You must have completed all educational obligations prior to retiring your license. While in retirement, you cannot participate in any real estate transactions; however, you may receive commissions from transactions completed prior to retirement.

YOU MUST CONTINUE TO **RENEW** YOUR LICENSE AND **PAY** THE **RENEWAL FEE.**

How do I reactivate my real estate license from an inactive or retired status?

- A TREC Form 1 should be completed in its entirety and mailed to TREC with the appropriate fee. You must obtain the required E&O coverage before your change to active status will be approved. Include Certification of Coverage Form or Alternate and Equivalent E&O Insurance Coverage Form with the TREC Form 1.

I am seeking to be licensed in another state or another profession and need the State of Tennessee to provide certification of my real estate license. How do I request this certification?

- The Certification Request form must be completed in its entirety and mailed to TREC with the appropriate fee.

What are my education requirements?

- Affiliate Brokers:
  - Pre-license: 60 Classroom Principles Course and 30 Hour Course for New Affiliates.

    - Continuing Education: 16 hours total. The "TREC Core" course is a MANDATORY course.

- Brokers:
    - Pre-license: 120 hours including the 30 classroom hour "Office and Brokerage Management" course.
    - Post-license: 120 hours during the first 3 years of licensure.

- Continuing Education:
    - Brokers licensed as Brokers after January 1, 2005, must complete continuing education requirements after completing post-license education, including the TREC Core course.

- Timeshare Salespersons:
    - Pre-license: 30 hours of classroom training
    - Post-license: None
    - Continuing Education: None

What is the TREC Core Course?

- The TREC Core Course is a specific six (6) hour course designated by the Commission which is required to be taken by licensees who must complete the 16 hour continuing education requirement. Licensees should remember that a failure to complete the TREC Core Course will prevent renewal of the license even if the licensee completes a total of 16 hours of education. (The Commission could increase the number of hours in the required Core Course).

I want to take an education course in another state for a designation I am working on. Will I automatically get credit because it was given by the national association?

- NO. All courses must be pre-approved by the Commission. You are responsible for ensuring that the courses you complete are approved by the Commission. The sponsor must apply for course approval prior to the course being given. TREC does not give retroactive credit.

Where can I check my Education Credits on file with TREC?

- http://verify.tn.gov

How should Deposits and Earnest Money be handled?

- Brokers are responsible at all times for deposits and earnest money accepted by them or their affiliate brokers, in accordance with the terms of the contract.
- Rental deposits must be held in a separate account.
- Funds should be disbursed or interplead within twenty-one (21) calendar days from the date of receipt of a written request for disbursement of earnest money.

What documents must a principal broker maintain as a part of the firm's records?

- Firms are required to keep records of all real estate transactions for a period of three years. These files must contain, at a minimum, the following:
    - Listings
    - Offers (Even offers that did not become contracts)
    - Contracts
    - Closing Statements
    - Agency Agreements
    - Agency Disclosure Documents
    - Property Disclosure Forms

- Correspondence
- Notes
- Any Other Relevant Information

What information must appear in all advertising?

- Rule 1260-2-.12 ADVERTISING, provides the minimum information that must appear in all advertising including internet advertising. The firm name and firm phone number must appear in all advertising as well as every page of a website.

May a Principal Broker act as a Principal Broker for two (2) firms?

- YES. The PB can act as a PB for both firms as long as the firms are in the same location. Same location means that both firms are located at and use the same physical address.

Does TREC allow home offices?

- A licensee may have the main office or branch office of a firm in his home if the zoning allows a real estate office at that location. The office must have a firm license and Principal Broker.

How do I?

- Transfer to a new firm?
- Change my name recorded with TREC?
- Change my residence address recorded with TREC?
- Change my firm name as recorded with TREC?
- Inactivate, retire or reactivate my license?
- Change the firm's business address?
  - **The TREC Form 1**. This form should be completed as indicated and returned to TREC with a check or money order to cover the required fees for all the requests as stated on the form. For some changes other documents are required. The instructions are found either on the back of the TREC Form 1 or on the second page if the form is downloaded. All information is available on the TREC website.