

# Real Estate news-journal

An Official Publication of the Tennessee Real Estate Commission Summer 2012

## COMMISSION ELECTS STEPHENSON AND HAYNES

**W**illiam "Bear" Stephenson was elected during the June 2012 Commission meeting to serve as Chairman. Stephenson was first appointed to the Commission July 1, 2004 and served as Vice-Chairman from December 2005 through June 2009 and July 2011 through June 2012. Michelle Haynes was elected Vice-Chairman. Haynes was appointed by former Governor Bredesen to complete the term of her late husband Charles. Chairman Stephenson is Broker/Owner of Stephenson Realty & Auction in Clinton and Vice-Chairman Haynes is Broker/Owner of Haynes REALTORS® in Gallatin.



William "Bear" Stephenson



Michelle Haynes

## NEW REQUIREMENTS FOR LICENSES



**T**he Tennessee Real Estate Commission voted to require that any person applying for a license in Tennessee based on active licensure in another state must take the state section of the Tennessee license examination and pass said state section in order to obtain licensure in Tennessee. This requirement was voted on May 2, 2012 by the Commission. This will result in ending any reciprocal licensing agreements which are currently in place between Tennessee and any other state. By requiring a passing score on the state section of the Tennessee license examination, Tennessee's new license recognition

assists with ensuring that applicants are familiar with Tennessee real estate law and practice. The effective date of termination of reciprocal agreements is September 30, 2012.

Any licensee who obtained his or her Tennessee license via reciprocity prior to the effective date of this new approach may retain that license by keeping the Tennessee license current and in good standing. However, any reciprocal licensee whose license expires for more than twelve (12) months, or whose license is revoked or surrendered, must satisfy the new requirements in order to reinstate such license.

**REMINDER: PURCHASE YOUR ERROR & OMISSIONS INSURANCE ON OR BEFORE DECEMBER 31, 2012!!!!**  
IT'S THE LAW!! § 62-13-112

# Commission Disbursement and BPO Payments

Pursuant to the law found in TCA § 62-13-312(b) (11), commissions earned in a real estate transaction must come through the Broker. Reimbursements, rekeying or other services performed by the licensee are not specified in this section of the code. The Commission ratified

that the commissions earned must be paid by the Broker and license law does not recognize a LLC or third party created to which monies can be made payable. Also, no third parties are allowed to disburse commission to a licensee. Broker Price Opinions are not clearly defined in the Broker's Act.

Pursuant to TCA § 62-13-102(4)(B), a license receiving payment directly for completing a Broker Price Opinion does not violate this section of the law. However, it is possible for a firm to establish a company policy on how Broker Price Opinions are handled.

## 2013-2014 TREC Core Course Topics

As a part of your sixteen (16) hours of continuing education to renew a real estate license for the calendar year 2013, six (6) of those hours require completion of the mandatory TREC CORE Course. In response to concerns from licensees, the Commission has selected the topics for two separate CORE Courses. The Commission does not have a specific license for specific real estate practice areas but does recognize that there are differences between residential licensees and commercial licensees. There was an expressed need from Commercial licensees to offer more education suited for their industry. The topics listed at right are those that are covered in each course. However, because this is a mandatory course and is established in our licensing system to only accept one of the two, a licensee will only receive credit for one of these courses. A list of these courses will reflect the 2013-2014 availability when the current TREC Core course expires December 31, 2012.

- TREC CORE RESIDENTIAL Course Topics for 2013-2014**

  - I. TREC Law, Rule, Policy Update and E&O Guidelines
  - II. Agency
  - III. Advertising
    - a. Claims, Offers and Guarantees
    - b. Teams
  - IV. Contracts
  - V. Property Management
    - a. Escrow Account Set-up
    - b. TREC Requirements

**TREC CORE COMMERCIAL Course Topics for 2013-2014**

  - I. TREC Law, Rule, Policy Update and E & O Guidelines
  - II. Property Disclosures
    - a. Mold
    - b. Lead Based Paint
    - c. Asbestos
    - d. Storage Tanks
    - e. Flood Plains
    - f. Stigmatized Properties
    - g. Megan's Law as applied to Multi-Family
  - III. Fair Housing
  - IV. Gifts, Prizes and Rebates
  - V. Principal Broker Supervision
  - VI. Common Problems and Issues with Commercial Contracts and Leases
    - a. Net
    - b. Triple Net
    - c. Gross
    - d. Modified Gross
  - VII. Tennessee Agency Law
  - VIII. Ethics

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# LICENSE STATISTICS

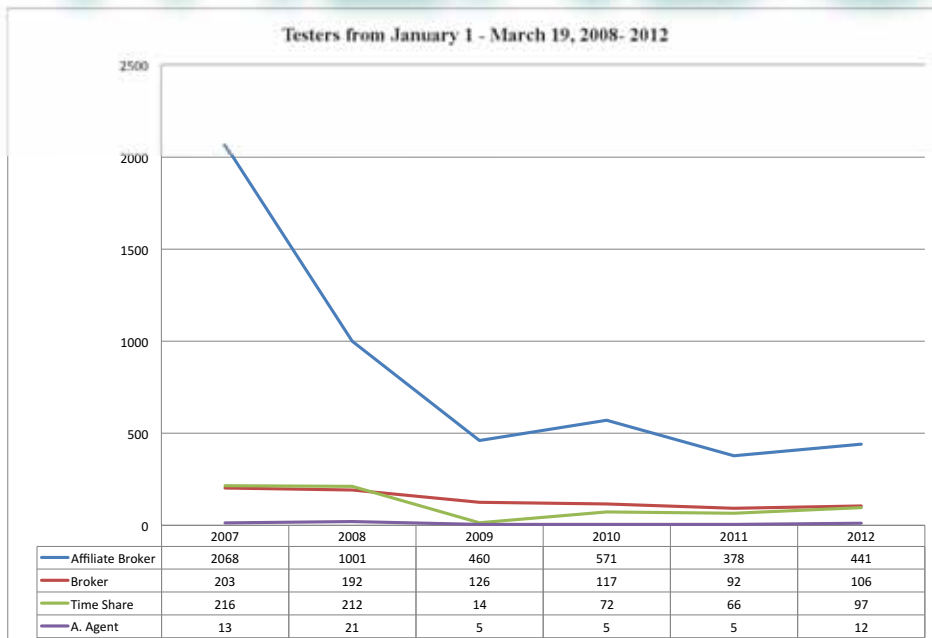
Number of Licensees as of 2/29/2012

Type	Active	Inactive	Retired	Broker Release*	Grand Total
People	23,354	1,566	10,208	545	35,673
Firms	4,124		331		4,455
Totals	27,478	1566	10,539	545	40,128

\*Broker Released licensees are those usually in the process of transferring or going inactive/retired.

Timeshare Registrations Active	191
Licensed Acquisitions Agent Active	113

## LICENSE TESTING TRENDS



### 2012 Commission Schedule

You are encouraged to attend to not only learn how business of TREC is handled but to also receive (8) eight hours of CE at no charge. If you are interested in attending or would like more information, contact Betsy Bowman at [betsy.bowman@tn.gov](mailto:betsy.bowman@tn.gov). Please continue to check TREC Homepage for any adjustments to this schedule.

**September 12 - 13, 2012:**  
Nashville\*

**October 11 - 12, 2012:**  
Chattanooga  
Hamilton County Courthouse  
625 Georgia Avenue, Room 402  
Chattanooga, TN 37402

**November 7 - 8, 2012:**  
Nashville\*

**December 5 - 6, 2012:**  
Nashville\*

\*Room 160, Davy Crockett Tower  
500 James Robertson Parkway  
Nashville, Tennessee 37243

### ERRORS & OMISSIONS ERROR AND OMISSION PENALTIES

At the time of publication there are no current open complaints for licensees failing to have Errors and Omissions Insurance with the Tennessee Real Estate Commission.

## CHANGE OF FIRM AFFILIATION AND HOME ADDRESS ONLINE

The Commission with the assistance of the Department of Commerce and Insurance has developed a way to change your firm affiliation as well as your home address online. The address which will be placed on the TREC home page is <https://apps.tn.gov/ciupdates>. To transfer firms, the principal broker will need to register online first to create an account. The transaction fee needs to be paid by the firm and principal broker on file with TREC. The principal broker will also need the firms' license numbers and the licensee's license number to complete the transaction. Those license numbers can be found online from the TREC homepage if not readily available. A valid e-mail address and phone number will be requested as a confirmation will be sent by

e-mail and a valid call back number is required if the Commission needs to follow-up. Once the transaction has been completed online, an original of the fully executed TREC-1 form must be sent to TREC by post or courier service within (5) five business days of the date of the online submission. If the TREC-1 form is not received by TREC within (5) business days, the transfer of the affiliated licensee shall be deemed invalid from the beginning and the licensee shall be placed in broker release status. A licensee may also change their home address online at no charge. Once registered, a licensee will have the ability to change their home address. You may see example pages before you use this service by visiting <https://apps.tn.gov/ciupdates/demo/index.html>

## NOTIFICATION OF ADDRESS CHANGE and FIRM AFFILIATION

The Commission with the assistance of the Department of Commerce and Insurance has developed a way to change your firm affiliation as well as your home address online. The address is <https://apps.tn.gov/ciupdates>.

### TO TRANSFER ONLINE:

1. The new Principal Broker will need to register online to create an account.
2. The transferring licensee will need to get the new Principal Broker to complete the online transfer.
3. The fee shall be paid by the firm and Principal Broker on file with TREC.
4. The new Principal Broker will need the licensee number of the firm and the transferring licensee in order to complete the transaction.
5. Confirmation will be sent via e-mail.
6. An original of the fully executed TREC 1 Form must be sent to TREC by post or courier service within (5) business days of the date of the online submission.
7. The transfer of the affiliated licensee shall be deemed invalid after the 5th business day of the online transfer should TREC not receive the original form and the affiliate shall be placed in broker release status.

### TO CHANGE YOUR HOME ADDRESS ONLINE:

1. Visit <https://apps.tn.gov/ciupdates>
2. Register
3. Follow the steps
4. Print a confirmation for your records

## NOTIFICATION OF ADDRESS CHANGE

Have you recently moved??  
If yes, then TREC needs to know!!  
It is important to notify TREC of your change of address. We need this information because a growing number of licensees are not in constant contact with their firm. The process is fast and easy and of course NO CHARGE!

Visit

<https://apps.tn.gov/ciupdates/>  
to complete the change online or from our home page under Forms and Downloads in the Quick Links Box. TREC will update your file.

Make sure to provide all your information including your license number if using the TREC Form 1 option.

## TREC TIPS

- The Code of Ethics course is a requirement for the National Association of REALTORS® and not TREC
- Mail is not forwarded from TREC. Inform TREC of any address change by completing a TREC Form 1 at no charge
- Funds in escrow must be dispersed or interplead within twenty-one (21) calendar days from the date of receipt of a written request for disbursement of earnest money
- Preserve all of your real estate files for at least (3) years.
- To check your education online, visit <http://verify.tn.gov/>
- Every licensee has their own personal expiry date
- You will owe (16) hours of CE every licensing period: (6) hour Mandatory TREC Core and (10) hours of elective education
- Office Broker Management is a pre-licensing course only
- TREC only recognizes an Active and Retired Status. Broker Release and Inactive are non-renewable license statuses
- A licensee has (10) days to answer a complaint received by the Commission
- A copy must be given of any listing, sale, lease or other contract relevant to a real estate transaction at the time of the execution of all signatories.
- When Broker Released, affiliate with another firm or retire your license within ten (10) days
- Always pick-up and sign for Certified Mail sent from TREC

### TREC Contact Information

(615) 741-2273 or (800) 342-4031

[www.tn.gov/commerce/boards/trec](http://www.tn.gov/commerce/boards/trec)

### PERSONNEL & AREAS OF RESPONSIBILITY

#### Administration

**Executive Director:**  
Eve Maxwell

**Education Director:**  
Stephen McDonald

**Legal:**  
Julie Cropp

**Administrative Assistance:**  
Betsy Bowman  
Kelly McDermott  
Lisa Musgrave

**Office Manager:**  
Dennis Hodges

**Board Meetings:**  
Kelly McDermott

**Complaints:**  
Conell House

#### Licensing:

Patricia Appleton  
Kim Dorris  
Gil Dyer  
Rachel Fowler  
Karen Patton  
Richard Thomas

#### Reception & Records Management:

Ken Spurlock  
Linda Wolfert

#### Errors & Omissions Insurance:

Contractor for 2011-2012  
Rice Insurance Services Company, LLC  
Phone: (888) 248-2444  
Fax: (502) 897-7174  
Web: [www.risceo.com](http://www.risceo.com)

#### Editor/Chief:

Stephen McDonald

### Department of Commerce and Insurance

COMMISSIONER: JULIE MIX MCPEAK  
ASSISTANT COMMISSIONER: BILL GIANNINI

#### Members of the Commission

WILLIAM "BEAR" STEPHENSON, CHAIRMAN  
Clinton, TN

MICHELLE HAYNES, VICE CHAIRMAN  
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Lewisburg, TN

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Farragut, TN

DAVID FLITCROFT  
Knoxville, TN

JANET DiCHIARA  
Jackson, TN

AUSTIN McMULLEN  
Nashville, TN



#### Looking for the Disciplinary Action Page?

This page has also been placed online and will be updated monthly. Due to changes to reduce cost and the amount of actual disciplinary actions, the reports are now listed at:

[http://www.tn.gov/commerce/boards/trec/documents/DAR\\_Initial\\_012010.pdf](http://www.tn.gov/commerce/boards/trec/documents/DAR_Initial_012010.pdf)

"The Tennessee Department of Commerce and Insurance is committed to principles of equal opportunity, equal access, and affirmative action." Contact the EEO Coordinator or ADA Coordinator (615) 253-7685.

### Tennessee Real Estate Commission

500 James Robertson Parkway  
Nashville, Tennessee 37243-1151



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Use your smart mobile device to scan or read the QR Code for the latest TREC Law and Rule changes.

Please make a copy of the changes that became effective June 2010 and place in the back of your latest edition of the Official Manual of the Tennessee Real Estate Commission, 2008 Edition as a pocket card. For online access to Laws and Rules visit

<http://www.tn.gov/commerce/boards/trec/law.shtml> and <http://www.tn.gov/sos/rules/1260/1260.htm>