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United States • Tennessee Real Estate Salesperson License Exam

Tennessee

Study Guide

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CHAPTER 1

1260-02-.01 Supervision of Affiliate Brokers

1.1 Principal Broker Supervision Requirements

Every real estate office must have a principal broker devoted to full-time management. Licensees may only be engaged by qualified principal brokers who are actively in the business and available during business hours.

- ✓ No licensee may engage in real estate activity in an office unless a principal broker is devoted to full-time management of that office
- ✓ A licensee may be engaged only by a principal broker who is engaged primarily in the real estate business AND accessible during normal daytime working hours

CHAPTER 2

1260-01-.01 Applications for Examinations

2.1 Criminal History Restriction on Examination and Licensure

Applicants with certain criminal backgrounds face a mandatory waiting period before they may sit for the exam or be considered for licensure. The two-year clock runs from the latest of several possible dates, and denial triggers a waiting period before reconsideration.

- ✓ No person is eligible for examination or licensure until two (2) years have passed from the date of expiration of probation, parole, or conviction, or from release from incarceration, whichever is later
- ✓ The restriction applies to all felonies and to misdemeanors involving theft of money, services, or property
- ✓ An applicant denied licensure after appearing before the Commission is not eligible for reconsideration for six (6) months from the date of denial

2.2 Certificate of Employability Exception

A person holding a certificate of employability under T.C.A. § 40-29-107 is treated differently from the standard criminal-history bar; they cannot be denied solely on past criminal activity but must appear before the Commission for case-by-case review.

- ✓ A certificate of employability holder shall not be denied a license based solely on past criminal record
- ✓ Such applicant must appear before the Commission for case-by-case consideration of whether to grant or deny the license

2.3 Disclosure Requirements for Convictions and Sanctions

Applicants with a felony, theft-related misdemeanor, or occupational disciplinary sanction within the past 10 years must complete a prescribed form, submit certified court/disciplinary documents, and appear before the Commission with their principal broker.

- ✓ Applies to any felony, theft-related misdemeanor, or occupational licensing disciplinary sanction within the past ten (10) years
- ✓ Applicant must complete a Commission form, submit certified copies of court dispositions or disciplinary orders, and appear before the Commission
- ✓ Applicant must ensure the presence of his or her principal broker (or intended principal broker) per Rule 1260-01-.19
- ✓ If the court has no record due to age, applicant must submit a letter from the court clerk stating the absence of records

2.4 Examination Application Procedures and Qualification

Both affiliate broker and broker applicants must follow the testing vendor's published procedures, and passing the exam alone does not guarantee licensure.

- ✓ Applicants must follow the procedures published by the TREC-approved testing vendor for appointments, information, and deadlines
- ✓ An applicant who passes an examination is not necessarily qualified for licensure

CHAPTER 3

1260-05-.03 Requirements for Courses

3.1 Course Completion and Attendance Standards

Approved courses must incorporate methods to measure successful completion, including attendance minimums, make-up provisions, and passing standards. Attendance thresholds vary by course length, and a comprehensive final exam is required for longer courses but may be waived for short CE/post-licensing courses.

- ✓ Minimum attendance is 80%, but 100% if the course is 8 or fewer classroom hours
- ✓ Make-up provisions required for all missed classes
- ✓ Minimum passing score of 70% and a comprehensive final exam required if course exceeds 8 classroom hours
- ✓ Affiliate broker/broker courses of 8 hours or less may be approved for CE or post-licensing without a final exam
- ✓ Each classroom hour consists of 50 minutes of actual instruction
- ✓ Courses must consist of no fewer than 2 classroom hours

3.2 60-Hour Basic Principles Course Requirement

All applicants for an affiliate broker license must complete a 60-hour course in basic principles of real estate under T.C.A. § 62-13-303. The course must include significant instruction across a defined set of subject areas.

- ✓ A 60-hour basic principles course is required of all affiliate broker license applicants
- ✓ Required subjects include agency relationship, contracts, governmental controls (including TN Real Estate Broker License Act), legal aspects, real estate math, valuation, finance, forms, TN laws/rules, and fair housing
- ✓ The Commission may require additional subjects by reasonable written notice

3.3 Office/Brokerage Management Course for Brokers

Applicants for a broker's license must complete an 'office or brokerage management' course covering management theory, contracts and closing statements, staffing, financial systems, market analysis, and governmental controls including the TN Real Estate Broker License Act.

- ✓ Broker applicants must complete an office/brokerage management course under T.C.A. § 62-13-303
- ✓ Course must include significant instruction on management functions, recruiting/staffing, financial systems, and TN Broker License Act
- ✓ The Commission may add/delete subjects by reasonable written notice

3.4 Approved Continuing Education Topics

Effective January 1, 1993, all courses approved for continuing education must be directly related to an enumerated list of real estate topics. The Commission may add or delete subjects by written notice.

- ✓ CE courses must relate to approved topics such as valuation, contracts, agency, financing, license law and rules, property management, fair housing, antitrust, ethics, and professional liability
- ✓ The Commission may add or delete any subject by reasonable written notice to the sponsor/instructor

3.5 Degree-Based Waiver of 60-Hour Course

A candidate may be deemed to have completed the 60-hour basic principles course through qualifying college, university, or law degrees with specified real estate coursework on the transcript.

- ✓ A real estate degree with a 3-hour principles course (30+ hours) plus two more courses totaling 60+ hours in real estate qualifies
- ✓ A law degree with a 3-hour real property course (30+ hours) plus 60 other hours in contracts and agency qualifies

CHAPTER 4

1260-03-.01 Rental Location Agency License

4.1 Rental Location Agency License Requirement

Any individual or firm (partnership, corporation, or association) operating as a Rental Location Agency in Tennessee must obtain a special license from the Tennessee Real Estate Commission before beginning operations. Licensed real estate brokers and salespersons employed by licensed brokers are exempt from this special license requirement. Applicants must demonstrate honesty, integrity, and business organization via a special application, and the Commission may require a personal appearance for an oral examination or interview.

- ✓ A special Rental Location Agency license is required before operating in Tennessee
- ✓ Licensed real estate brokers and salespersons employed by brokers are exempt from this special license
- ✓ Applicants must furnish proof of honesty, integrity, and business organization on a special application
- ✓ The Commission may require the applicant to appear personally for an oral exam or interview

CHAPTER 5

1260-07-.01 Scope

5.1 Scope of Vacation Lodging Services Rules

Chapter 1260-07 applies only to persons who perform vacation lodging services and to vacation lodging service firms, as defined and governed under T.C.A. § 62-13-104(b). These rules are administered by the Tennessee Real Estate Commission.

- ✓ Rules in Chapter 1260-07 apply only to persons performing vacation lodging services and vacation lodging service firms
- ✓ Vacation lodging services are defined and governed under T.C.A. § 62-13-104(b)

CHAPTER 6

1260-06-.02 Receipt of Public Offering Statement

6.1 Receipt for Public Offering Statement

Before transferring a time-share interval, and no later than the date of any sales contract, the developer must obtain a signed and dated receipt from the purchaser for the public offering statement (including amendments and supplements). The receipt must state the number of pages in the statement as filed with the Commission, and the developer must retain it for four years.

- ✓ Developer must obtain a signed, dated receipt for the public offering statement before transfer and no later than the sales contract date
- ✓ Receipt must specify the number of pages in the public offering statement as filed
- ✓ Developer must retain the receipt for four (4) years

CHAPTER 7

Chapter 1260-04 - Rules of Procedure for Hearing Contested Cases

7.1 Contested Case Hearings Follow Secretary of State Rules

TREC Chapter 1260-04 does not contain its own procedural rules for contested case hearings. Instead, it directs that the Rules of Procedure for Hearing Contested Cases are governed by the Rules of the Secretary of State, Chapter 1360-04-01. Candidates should know that when the Tennessee Real Estate Commission conducts a contested case hearing, the procedures come from the Uniform Administrative Procedures Act framework administered under the Secretary of State's rules rather than a separate TREC procedural chapter.

- ✓ Rules of Procedure for Hearing Contested Cases for TREC are found in the Rules of the Secretary of State, Chapter 1360-04-01
- ✓ TREC Chapter 1260-04 itself contains no independent contested-case procedural rules and cross-references the Secretary of State rules
- ✓ Authority for this chapter is T.C.A. § 4-509

CHAPTER 8

1260-07-.02 Designated Agent Qualifications

8.1 Designated Agent License Prerequisites

To obtain a designated agent license, an applicant must have a high school diploma or GED and certified proof of completing eight (8) hours of pre-licensing education. Applicants with criminal histories face a waiting period before licensure consideration.

- ✓ Applicant must have a high school diploma or general education diploma (GED)
- ✓ Applicant must show certified proof of completion of eight (8) hours of pre-licensing education
- ✓ Applicant not considered for licensure until two (2) years have passed from expiration of probation, parole, conviction, or release from incarceration, whichever is longer
- ✓ The two-year restriction applies to all felonies and to misdemeanors involving theft of money, services, or property
- ✓ An applicant denied by the Commission is not eligible for reconsideration for six (6) months from the date of denial

CHAPTER 9

1260-02-.02 Termination of Affiliation

9.1 Terminating Affiliation With a Firm

To terminate affiliation, a licensee or principal broker submits a completed TREC Form 1 (Transfer, Release and Change of Status Form) or an online submission. The principal broker's supervisory responsibility ends upon the Commission's receipt of the release or online submission.

- ✓ Terminating affiliation requires a completed TREC Form 1 (hand-delivered, mailed, e-mailed, or on a designated form) or online submission
- ✓ Principal broker's supervisory responsibility for the licensee's future acts terminates upon the Commission's receipt of the release form or online submission
- ✓ The principal broker must retain a copy of the executed form or confirmation of online submission

9.2 Post-Release Administrative Duties and Timeline

After release, a licensee has ten days to complete administrative measures for change of affiliation or retirement, and may not perform licensed activities until the change is received and processed by the Commission.

- ✓ Within 10 days after the date of release, the licensee must complete required administrative measures for change of affiliation or retirement
- ✓ The licensee shall not engage in any activities defined in § 62-13-102 until a change of affiliation is received and processed by the Commission
- ✓ Failure to comply may result in disciplinary action

9.3 Online Transfer Requirements

An online firm transfer is recognized as complete only if the receiving principal broker verified the licensee's active license and E&O insurance beforehand, and the submission is complete with electronic signature and payment.

- ✓ Before online transfer, the receiving principal broker must verify the licensee has an active TN license and current E&O insurance
- ✓ The submission must be complete, contain an electronic signature, and have payment received; otherwise the licensee is placed in broker release status

9.4 Listings and Property After Termination

A licensee who terminates affiliation may not take or use listings or buyer representation agreements secured through the firm unless the principal broker authorizes it in writing. The principal broker must promptly grant release upon demand.

- ✓ A departing licensee may not take or use property listings or buyer representation agreements secured through the firm unless authorized in writing by the principal broker
- ✓ Upon a licensee's demand for release, the principal broker must promptly grant it and return the license
- ✓ The Commission will not intervene in disputes over debts, loans, draws, or commissions between firms, brokers, and affiliates

9.5 Release When a Party Cannot Sign

Special procedures apply when the principal broker or affiliated licensee is deceased, incapacitated, or refuses to sign a release.

- ✓ If the principal broker is deceased, physically unable, or refuses to sign, the licensee must submit an Affidavit for Release
- ✓ If the affiliated licensee is deceased, physically unable, or refuses to sign/submit, the principal broker must submit a completed TREC Form 1 or online submission

CHAPTER 10

1260-06-.03 Escrow Funds

10.1 Independent Escrow Agent Requirement

When a developer must deposit buyer funds into an escrow account (held in Tennessee by an independent bonded escrow company or insured financial institution), the escrow agent must be independent. It cannot be the developer, an employer/employee of the developer, a project broker or sales agent for the developer's time-share property, or any person controlling, controlled by, or under common control with the developer.

- ✓ Escrow funds must be held in Tennessee by an independent bonded escrow company or insured financial institution
- ✓ The escrow agent cannot be the developer, its employer/employee, a project broker or sales agent, or an affiliate under common control

10.2 Permitted Use of Withdrawn Escrow Funds

Where a developer is permitted to withdraw buyer payments prior to substantial completion, the funds may be used ONLY to pay construction costs of the improvements comprising the time-share project. 'Construction costs' means expenses reasonably incurred in building, furnishing, and landscaping the project, including architectural, engineering, finance, and legal fees.

- ✓ Withdrawn payments may be used only for construction costs of the project
- ✓ Construction costs include building, furnishing, landscaping, plus architectural, engineering, finance, and legal fees

10.3 Escrow Recordkeeping and Commission Access

Each escrow agent must maintain, per generally accepted accounting principles, separate records for each project including the owner's name, identification of the interval, amount and date of deposit, and the amount, date and payee of each check drawn. The Commission may examine and copy these records at reasonable hours to verify compliance.

- ✓ Escrow agent must keep separate GAAP records per project (owner name, interval ID, deposit amount/date, and each check's amount/date/payee)
- ✓ The Commission may examine and copy relevant records at all reasonable hours

CHAPTER 11

1260-03-.02 Rental Location Agent's Licenses

11.1 Individual Agent License Requirement

Each individual employee of a licensed rental location agency must obtain a separate individual license and complete a similar application before beginning employment. These individual licenses are issued, renewed, or transferred on the same basis as all other TREC licenses. A change of business address is treated as a transfer of license, and license retirements are not permitted for rental location agents.

- ✓ Each employee of a rental location agency must hold a separate individual license
- ✓ Individual licenses are issued, renewed, and transferred on the same basis as other TREC licenses
- ✓ A change of business address is considered a transfer of license
- ✓ Retirement of a rental location agent's license is not allowed

CHAPTER 12

1260-01-.02 Examinations

12.1 Passing Score and Exam Waiver Provisions

The passing score is set by the testing vendor based on a difficulty study. Applicants licensed in another state may be excused from the uniform principles portion under specific conditions.

- ✓ Minimum passing requirement is determined by the testing vendor based on a difficulty study for entry-level licensees
- ✓ An applicant may be excused from the 'uniform principles of real estate' portion if they hold a license in another state, completed a TREC-approved exam, and attained at least the minimum passing score on the uniform principles portion

12.2 Cheating and Reexamination Rules

Cheating during an exam results in forfeiture of grading and possible further discipline. Unsuccessful applicants receive an analysis and must follow reexamination procedures.

- ✓ An applicant detected cheating forfeits the right to grading and may face further Commission action
- ✓ An unsuccessful applicant receives a written analysis of test results and must follow the testing service's reexamination procedures

CHAPTER 13

1260-05-.04 Qualifications for Instructors

13.1 Instructor Approval Qualifications

Courses meeting educational requirements must be under the personal and direct supervision of a Commission-approved instructor who meets training, education, and subject-matter experience standards.

- ✓ Effective January 1, 1995, instructors must complete a Commission-approved instructor training course
- ✓ Instructors must hold a high school diploma or equivalent and have no unresolved complaints on file
- ✓ Principles/math/sales instructors must be licensed brokers with 5 years' experience; law instructors must be ABA-accredited law school graduates
- ✓ College/university credit instructors need a master's plus 3 years experience or a terminal degree in the area

CHAPTER 14

1260-07-.03 Designated Agent Responsibilities

14.1 Duties of the Designated Agent

The designated agent has supervisory, availability, and escrow responsibilities for the vacation lodging service firm and its offices.

- ✓ The designated agent is responsible for supervising all employees of the firm
- ✓ The designated agent must be reasonably available to manage and supervise each vacation lodging service office during regular business hours
- ✓ The designated agent is responsible for maintaining the vacation lodging service escrow account

CHAPTER 15

1260-01-.04 Licenses

15.1 Supervision, E&O Insurance, and Valid License Requirement

A principal broker cannot allow affiliated licensees to work without a valid license and E&O insurance coverage. Licensees are individually responsible for meeting all legal requirements, and status/affiliation changes must go through the principal broker.

- ✓ No principal broker may permit a broker, affiliate broker, or time-share salesperson to engage in real estate business without a valid license AND errors and omissions insurance coverage
- ✓ Each licensee is individually responsible for retention requirements, including paying fees and completing real estate education
- ✓ Any change of affiliation or status in a firm must be obtained through the firm's principal broker
- ✓ Tennessee licensees holding nonresident licenses in other states must file copies with TREC and their principal broker

15.2 Time-Share Salesperson Restrictions

A time-share salesperson may only work in time-share transactions when properly affiliated with a firm connected to a registered time-share project.

- ✓ A time-share salesperson may only participate in time-share transactions when affiliated with a firm that is affiliated with a registered time-share project

CHAPTER 16

1260-06-.04 Disclosure of Rescission Rights

16.1 Mandatory Rescission Rights Disclosure

A boldface, conspicuous rescission statement must appear in every public offering statement and in every sales contract immediately above the purchaser's signature space. Purchasers may cancel within ten (10) days of signing if they made an on-site inspection before signing, or within fifteen (15) days if no such inspection was made. Cancellation may be done by hand delivery, prepaid U.S. mail, or electronic mail within the designated period.

- ✓ Rescission statement must appear in boldface/conspicuous type in every public offering statement and every sales contract above the signature line
- ✓ Cancellation period is 10 days with an on-site inspection before signing, or 15 days without an inspection
- ✓ Notice of cancellation may be given by hand delivery, prepaid U.S. mail (postmarked in time), or time-stamped email

CHAPTER 17

1260-02-.03 Offices

17.1 Office Signs and Zoning Certification

Firms must display a sign with their registered firm name, and license/location-change applications require zoning compliance certification from the proper governmental authority.

- ✓ Each licensed firm must conspicuously display an outside sign containing the firm name as registered with the Commission
- ✓ Applications for a license or change of location must include written certification of compliance with zoning laws from the proper governmental authority

17.2 Branch Office Definition and Model Homes

A location is deemed a branch if it is advertised, has a registered mail drop, or solicits phone calls. Model homes and modular units are exempt from branch licensing if they meet specific conditions.

- ✓ A location is a branch if the licensee advertises it, has a USPS-registered mail drop there, or solicits phone calls to it
- ✓ Model homes/modular units avoid branch licensing only if advertised in conjunction with the main office, have no mail drop, are not the sole sales office, allow no unlicensed activity, and are adequately supervised by the principal broker

CHAPTER 18

1260-05-.07 Records

18.1 Course Records and Roster Submission

Sponsors must keep permanent student records and submit completion rosters to the Commission. Licensees must provide their file identification number to receive credit.

- ✓ Sponsors must maintain accurate, permanent records available to the Commission on request
- ✓ Licensees must provide their file identification number at registration or may not receive CE/post-licensing credit
- ✓ Sponsors must submit a roster of successful completers within 10 working days of course completion

CHAPTER 19

1260-03-.03 Investigations and Office Inspections

19.1 Background Investigation and Office Inspections

Both agency and individual license applicants are subject to credit, criminal, and background investigations by authorized TREC agents before any license is approved. TREC conducts periodic office inspections to ensure compliance with Chapter 663 of the Public Acts of 1978.

- ✓ Applicants are subject to credit, criminal, and background investigation before license approval
- ✓ Office inspections are conducted periodically to assure compliance with the governing statute

CHAPTER 20

1260-03-.04 Requirement of Contract or Receipt

20.1 Mandatory Contract or Receipt to Customers

Every Rental Location Agent must give each customer who pays full or partial consideration for the agent's services a contract or receipt that conforms to the requirements of Rule 1260-03-.05.

- ✓ A contract or receipt must be provided to any customer who pays full or partial consideration
- ✓ The contract or receipt must conform to the specific terms in Rule 1260-03-.05

CHAPTER 21

1260-07-.04 Civil Penalties

21.1 Civil Penalties for Violations

The Commission may assess civil penalties against any person required to hold a designated agent and/or vacation lodging services license, in addition to or in lieu of other disciplinary action. Penalties may accrue daily and are set based on statutory factors.

- ✓ Civil penalty of $0–$1,000.00 may be assessed for each separate violation of a statute, rule, or order pertaining to the Commission
- ✓ Each day of a continued violation may constitute a separate violation
- ✓ Penalty may be assessed in addition to or in lieu of other lawful disciplinary action
- ✓ In setting the amount, the Commission may consider deterrent effect, circumstances of the violation, severity and risk of harm to the public, economic benefits gained by the violator, and the interest of the public

CHAPTER 22

1260-01-.12 Fees

22.1 Schedule of TREC License Fees

The rule sets specific dollar amounts for original licenses, renewals, and various status changes, plus a mandatory recovery account contribution and a late-renewal penalty.

- ✓ Original license issuance fee: ninety dollars ($90.00)
- ✓ License renewal fee: seventy-five dollars ($75.00)
- ✓ Change of Principal Broker: $25.00; Transfer of affiliation or retirement status change: $25.00; Certification of licensure: $25.00
- ✓ Late renewal penalty: fifty dollars ($50.00) per month (or portion) within the 60-day reinstatement window under T.C.A. § 62-13-319(a), subject to Commission waiver for good cause
- ✓ Original license applicants pay an additional one dollar ($1.00) into the real estate education and recovery account

CHAPTER 23

1260-06-.05 Material Changes

23.1 Notice of Material Changes

A developer must not intentionally cause a material change in a time-share program without at least ten (10) days advance notice to the Commission, and must notify the Commission of any material change within ten (10) days of first learning of it. A 'material change' is a change that renders disclosed information/documents false or misleading, including revisions to the budget or delays in promised improvements. Upon a material change, the Commission may request voluntary suspension of sales or take statutory action.

- ✓ Intentional material changes require at least 10 days advance notice to the Commission
- ✓ Unforeseen material changes must be reported within 10 days of the developer first knowing
- ✓ Material change includes revised budgets or delayed/promised improvements rendering disclosures false or misleading
- ✓ The Commission may request voluntary suspension of sales or act under T.C.A. § 66-32-121

CHAPTER 24

1260-02-.05 Post Office Boxes

24.1 Prohibition on P.O. Box as Business Location

A post office box cannot serve as a firm's business location, though it may be included in a business address for receiving mail.

- ✓ Use of a post office box as a business location is prohibited
- ✓ A post office box may be included in a business address only for the purpose of receiving mail

CHAPTER 25

1260-05-.10 Withdrawal of Approval

25.1 Grounds for Withdrawal of Course Approval

The Commission may withdraw course approval for violations, inaccurate application information, dissemination of false information, misuse of Commission exam questions, or deficient instructor performance.

- ✓ Approval may be withdrawn for violating the chapter or applicable law, or for materially inaccurate/misleading application information
- ✓ Approval may be withdrawn for possessing or distributing Commission examination questions
- ✓ Deficient instructors must receive adequate notice and an opportunity to correct before withdrawal

CHAPTER 26

1260-03-.05 Terms of Contract or Receipt

26.1 Information-Only Service Disclosure Legend

The contract must include a required notice disclosing that the service is an information service only, that no attempt is made to secure housing for the customer, and that the service offers only compiled information about available rental housing units.

- ✓ A NOTICE legend stating 'THIS IS AN INFORMATION SERVICE ONLY' must appear
- ✓ The legend must state no attempt is made to secure housing for the customer
- ✓ The legend must clarify the service offers only compiled information on available rentals

26.2 Refund Terms Legend

The contract must include a refund legend: the customer is entitled to a refund of all but $10.00 if, after a bonafide effort, they fail to find a rental through the service. To qualify, the customer must contact the agent (in person or by phone) at least once each day for at least 10 days and attempt to contact each landlord as soon as possible. A refund also applies if the customer finds a rental other than through the service before the 10 days expire. Refunds are requested in writing and mailed within 10 days of receipt.

- ✓ Customer is entitled to a refund of all but $10.00 upon failure to find a rental after bonafide effort
- ✓ Customer must contact the agent daily for at least 10 days to qualify for the refund
- ✓ Finding a rental independently before the 10 days expire also entitles the customer to the refund
- ✓ Refund must be mailed within 10 days of receipt of the written request

26.3 Required Legends and Formatting

The contract or receipt must contain the legends set forth in paragraphs (2), (3), and (4), and provide blanks for the information in paragraph (5). Legends must be in boldface type of at least the greater of 10 points or the largest type used elsewhere in the document. If not printed, legends must be in all capital letters, and no other part except the agent's name may be in all capitals.

- ✓ Legends must be boldface, at least 10 points or the largest type used in the remainder of the document
- ✓ Non-printed legends must be in all capital letters
- ✓ Only the agent's name (aside from legends) may otherwise appear in all capitals

26.4 Availability Verification Legend

The contract must include a legend, with the agent's name inserted, requiring a representative to mark one of two boxes after checking current listings: either that rental property meeting the customer's needs has been verified as available within the last 72 hours, or that no such property can currently be verified as available.

- ✓ A representative must mark a box after checking current listings
- ✓ One option verifies property meeting the customer's needs was available within the last 72 hours
- ✓ The other option states no property meeting the needs can be verified as currently available

26.5 Required Property Specification Blanks

The contract must provide spaces to record the property sought by the customer: maximum rent per month, number of bedrooms, number of children, pets, and general location. For general location, the agent must show a map dividing the served area into numbered districts no larger than zip code areas (with possible special districts for universities/high-density renter areas), and record the acceptable district numbers.

- ✓ Required blanks include maximum rent, number of bedrooms, number of children, pets, and general location
- ✓ General location must be specified using numbered districts no larger than zip code areas
- ✓ The agent must show the customer a district map to select acceptable areas

CHAPTER 27

1260-07-.05 Vacation Lodging Services Instructor Qualifications

27.1 Instructor Certification Requirements

To be certified as an instructor of vacation lodging services, an applicant must have a high school diploma or GED and meet an experience or licensing requirement. A review fee may apply.

- ✓ Applicant must have a high school diploma or general education diploma (GED)
- ✓ Applicant must either hold a license as a designated agent under the Vacation Lodging Services Act OR possess a minimum of three (3) years experience in vacation lodging services
- ✓ If a course concerns a field where a degree/certification is commonly awarded, the instructor must have that degree/designation or at least three (3) years of relevant experience in that field
- ✓ The Commission may charge a $25 fee per instructor in an education cycle to review the instructor's qualifications

CHAPTER 28

1260-02-.07 "Net Price" Listing

28.1 Prohibition on Net Price Listings

Brokers and affiliate brokers may not accept or enter a listing based on a net price, which excludes the customary commission and sale expenses.

- ✓ No broker or affiliate broker shall accept or enter a listing based on a "net price"
- ✓ A "net price" is a price excluding the customary commission and expenses associated with the sale

CHAPTER 29

1260-06-.06 Acquisition Agents / 1260-06-.07 Sales Agents / 1260-06-.08 Managing Agents / 1260-06-.09 Exchange Agents

29.1 Agent Registration Information Requirements

Acquisition, sales, and managing agents must furnish specified information on Commission forms, including principal office address/phone, responsible managing employee, applicable time-share program(s), and the developer's name/address. Managing agents must also disclose the financial institution holding owner funds for common expenses. Each agent must promptly report any change in submitted information.

- ✓ Acquisition and sales agents must provide office address/phone, responsible managing employee, affiliated agents, program(s), and developer name/address
- ✓ Managing agents must additionally disclose the financial institution holding funds collected for common expenses and maintenance
- ✓ All agents must promptly report changes in submitted information

29.2 Exchange Agent Annual Statement

An exchange agent may disclose the information required by T.C.A. § 66-32-122(f) in any clear and understandable format, but the statement must be filed with the Commission on or before July 1 of each year.

- ✓ Exchange agents may use any clear, understandable disclosure format
- ✓ The exchange agent's statement must be filed with the Commission by July 1 each year

CHAPTER 30

1260-05-.11 Printed Material Courses

30.1 Printed Material Distance Education Requirements

A distance education course using printed materials may be approved if it provides printed materials, a course outline, faculty availability info, and periodic graded exercises, with a final exam for longer courses.

- ✓ Course must provide a manual/printed materials, comprehensive outline, and information on faculty availability
- ✓ Must contain at least 6 written exercises submitted periodically, graded, and returned
- ✓ Courses over 8 hours of credit require a comprehensive final exam before roster submission

CHAPTER 31

1260-01-.14 Filing of Documents

31.1 Methods and Timing of Document Filing

Documents may be filed by several methods, and the filing date depends on the method used. Mailed documents use the postmark; electronic and hand-delivered documents must arrive during business hours.

- ✓ Documents may be remitted by mail, fax, e-mail, hand delivery, or approved online submission
- ✓ For mailed documents, the filing date is determined by the official postmark
- ✓ Electronic or hand-delivered documents are not considered filed if received after business hours on a deadline date

CHAPTER 32

1260-03-.06 Standards for Oral or Written Representations of Availability

32.1 72-Hour Verification for Non-Advertised Property

For property not being advertised, the agent must not represent it as available for rental unless availability has been verified within 72 hours of the representation. If it cannot be verified within that time, the property must be removed from the listings until re-verified, and no representation of availability may be made.

- ✓ Non-advertised property availability must be verified within 72 hours of any representation
- ✓ Property that cannot be verified must be removed from listings until re-verified
- ✓ No availability representation may be made for unverified property

32.2 Verification of Advertised Availability

No rental housing may be advertised in any medium unless its availability has been verified on the day the advertising request is made. Availability of all advertised property must be verified daily while the ad runs. Upon learning advertised property is no longer available, the agent must immediately act to cancel the ad and must immediately advise responding persons that the property is unavailable.

- ✓ Advertised availability must be verified on the day the advertising request is made
- ✓ Availability of advertised property must be verified daily while the ad continues
- ✓ The agent must immediately cancel ads and notify inquirers when property is no longer available
- ✓ The agent may inform inquirers of other verified similar listed property

32.3 Required Availability Disclosures

When representing property as available, the agent must fully, accurately, and clearly disclose: date of availability (if not currently available), monthly rent, existence/amount of deposits or extra fees, number of bedrooms, whether a lease is required, restrictions (e.g., no pets, except those imposed by law), type of housing, location by district, utilities paid, and the landlord's telephone number. For advertising only, only the date of availability, monthly rent, and location must be disclosed.

- ✓ Full disclosure requires date of availability, rent, deposits/fees, bedrooms, lease requirement, restrictions, housing type, location, utilities, and landlord phone number
- ✓ In advertising, only date of availability, monthly rent, and location must be disclosed
- ✓ No false representation may be made that property meeting the customer's needs is in the listings

CHAPTER 33

1260-02-.08 Offers to Purchase

33.1 Handling Offers to Purchase

Brokers must promptly tender every written offer until a contract is signed by all parties, deliver executed copies upon acceptance, ensure all terms are in the contract, and handle rejected offers properly.

- ✓ A broker/affiliate broker must promptly tender every written offer to purchase or sell until a contract is signed by all parties
- ✓ Upon acceptance of an offer or counteroffer, the broker must promptly deliver true executed copies signed by the seller to both purchaser and seller
- ✓ All terms and conditions of the transaction must be included in the contract to purchase
- ✓ On a rejected offer, the broker must request the seller note the rejection and return it to the offeror or offeror's agent

CHAPTER 34

1260-01-.15 Errors and Omissions Insurance Coverage

34.1 E&O Insurance Requirement for Active Licensees

Active licensees must carry E&O insurance covering all Broker License Act activities. Inactive/retired licensees are exempt until activation, and independently obtained policies must match the Commission's contract minimums.

- ✓ An active licensee must carry E&O insurance covering all activities under the Tennessee Real Estate Broker License Act
- ✓ A licensee with inactive or retired status is not required to carry E&O insurance until the license is activated
- ✓ New licensees and those activating or reinstating mid-period pay a prorated premium
- ✓ Independently obtained E&O policies must meet at minimum the same terms as the Commission's policy (limits, deductible, exemptions, and term)
- ✓ The Commission performs random audits to verify E&O compliance

CHAPTER 35

1260-05-.12 Continuing Education

35.1 16-Hour CE Renewal Requirement

Both affiliate brokers and brokers must complete continuing education to renew their licenses. The office/brokerage management course cannot count as CE/post-licensing for affiliate brokers.

- ✓ Affiliate brokers issued on/after July 1, 1980 must complete at least 16 hours of CE in the preceding two-year license period
- ✓ Brokers issued on/after January 1, 2005 must complete at least 16 hours of CE in the preceding two-year license period
- ✓ No CE credit for classroom hours completed during a prior license period; retired licenses (T.C.A. § 62-13-318) are exempt for that period
- ✓ The office/brokerage management course is not approved as post-licensing or CE for affiliate brokers
- ✓ CE credit is given for approved hours completed in the 12 months immediately preceding original licensure

CHAPTER 36

1260-07-.06 Fees

36.1 Vacation Lodging Service License Fees

The Commission charges set fees for original licenses and renewals for vacation lodging service firms and designated agents.

- ✓ Original vacation lodging service firm or original designated agent license fee: one hundred dollars ($100.00)
- ✓ Each renewal of a license fee: eighty dollars ($80.00)

CHAPTER 37

1260-06-.10 Application for Registration

37.1 Time-Share Program Registration Application

A registration application must be submitted on the Commission's form or online and, beyond statutory requirements, include copies of sales contract/deed forms and written sales materials, evidence of zoning compliance, and the name/address of the sales agent. Projects not substantially completed must add a certified cost-to-complete estimate, evidence of financial capacity, construction contracts, and the escrow agreement. Projects with a blanket lien must include non-disturbance/subordination agreements or other protections for non-defaulting purchasers.

- ✓ Application must include sales/deed forms, written materials, zoning compliance evidence, and sales agent name/address
- ✓ Incomplete projects must include a certified cost-to-complete estimate, financial capacity evidence, construction contracts, and escrow agreement
- ✓ Projects with a blanket lien/encumbrance must include protections for non-defaulting purchasers under T.C.A. § 66-32-128

CHAPTER 38

1260-02-.09 Managing Escrow or Trustee Accounts

38.1 Escrow Definitions and Trust Money

The rule defines commingling and trust money. Commingling is mixing others' funds with personal/business funds; trust money is money belonging to others received while acting as agent/facilitator or as temporary custodian.

- ✓ Commingling is a licensee maintaining funds belonging to others in the same account as personal or business funds
- ✓ Trust money is money belonging to others received by a licensee acting as agent/facilitator, or any money held as temporary custodian of others' funds
- ✓ Commingling of funds within firm accounts is expressly prohibited

38.2 Separate Escrow Account and Affiliate Duty

Principal brokers must maintain separate escrow/trustee accounts for trust money, and affiliated brokers must immediately turn over all trust money to the principal broker.

- ✓ Each principal broker must maintain a separate escrow or trustee account for holding trust money received in a fiduciary capacity
- ✓ An affiliated broker must pay over all trust money to the principal broker immediately upon receipt
- ✓ Principal brokers are responsible at all times for trust money accepted by them or their affiliated brokers

38.3 Proper Disbursement of Trust Money

A principal broker may disburse trust money only under specified conditions such as reasonable contract interpretation, written agreement signed by all parties, closing, rejection/withdrawal of offer, interpleader, or court order.

- ✓ Trust money may be disbursed upon reasonable contract interpretation, a separate written agreement signed by all interested parties, at closing, upon rejection or withdrawal of an offer, upon filing interpleader, or by court order
- ✓ Trust money must be disbursed in a proper manner without unreasonable delay

38.4 21-Day Earnest Money Disbursement Rule

Absent a compelling reason, earnest money must be disbursed, interpleaded, or turned over to an attorney to interplead within 21 calendar days from receipt of a written disbursement request.

- ✓ Absent a compelling reason, earnest money must be disbursed, interpleaded, or turned over to an attorney to interplead within 21 calendar days from receipt of a written request for disbursement
- ✓ No postdated check shall be accepted for payment of trust money unless otherwise provided in the offer

38.5 Contract Escrow Disclosure and Broker Relief

When a contract authorizes a principal broker to hold trust money, the contract must specify disbursement terms and who holds the money. A broker is relieved of responsibility when another authorized holder receives the funds.

- ✓ A contract authorizing the principal broker to hold trust money must specify the disbursement terms/conditions AND the name and address of the person or firm holding the money
- ✓ Where a contract authorizes someone other than the principal broker to hold trust money, the broker is relieved of responsibility upon that escrow agent's receipt of the money

38.6 Timing of Deposits and Lease Trust Money

Trust money must be deposited promptly upon acceptance of the offer unless the offer states otherwise, and lease-related trust money must be held in separate accounts.

- ✓ Trust money must be deposited into an escrow/trustee account promptly upon acceptance of the offer unless the offer states "Trust money to be deposited by:"
- ✓ All trust money relating to the lease of property must be held in one or more separate escrow/trustee accounts

38.7 Interest-Bearing Escrow Accounts

Interest-bearing escrow accounts are neither required nor prohibited, but if used, disclosure, ownership, and accounting requirements apply.

- ✓ At contract execution, the licensee must disclose the deposit will be in an interest-bearing account and execute a written agreement on disposition of interest
- ✓ The licensee does not own the trust money or interest earned until properly disbursed, and must keep detailed accurate accounting of interest earned for each deposit

CHAPTER 39

1260-01-.16 Lapsed Errors and Omissions Insurance

39.1 Penalty Fees for Reinstating an E&O-Suspended License

Licenses suspended over 30 days for E&O lapse require proof of insurance and escalating penalty fees based on the length of the lapse and whether coverage was backdated.

- ✓ Lapse over 30 days but within 120 days: $200 if the carrier backdated for continuous coverage, or $400 if not backdated
- ✓ Lapse over 120 days but less than 6 months: $500 penalty fee
- ✓ Lapse of 6 months up to 1 year: $500 plus $100 per month (or portion) for months six through twelve

39.2 Reissuance After E&O Revocation

When a license is revoked for failure to maintain E&O insurance, the individual must fully reapply, pay penalties, and satisfy exam and education requirements unless waived.

- ✓ Must reapply for licensure and pay all application fees
- ✓ Must pay the applicable E&O penalty fees
- ✓ Must pass all required examinations and meet current education requirements unless the Commission waives them

39.3 Principal Broker Duty to Supervise E&O Compliance

A principal broker must ensure all affiliated licensees carry E&O insurance; failure is a supervision violation. A 30-day cure period and a consent order schedule with civil penalties apply.

- ✓ A principal broker must ensure all affiliated licensees hold E&O insurance at all times; failure constitutes inadequate supervision
- ✓ No penalty applies if, within 30 days of suspension, the affiliate provides proof of insurance OR the principal broker releases the affiliate
- ✓ Consent order penalties after 30 days: $200 (backdated) or $400 (not backdated) if resolved within 120 days; $1,000 if resolved after 120 days
- ✓ If the principal broker rejects the consent order, a hearing is held before an administrative law judge sitting alone under the UAPA

CHAPTER 40

1260-06-.11 Renewal of Registration

40.1 Registration Expiration and Renewal

Time-share program registrations expire one (1) year from the approval date and are invalid unless renewed. The Executive Director notifies the registrant at least one month before expiration. Renewal must be filed on or before the expiration date and explain any changes. If not timely filed, the developer must submit a new application to reinstate.

- ✓ Registration expires one (1) year from the date of approval
- ✓ Renewal must be filed on or before the expiration date and explain changes
- ✓ Late renewal requires filing a new application to reinstate

CHAPTER 41

1260-05-.13 Promotional Materials

41.1 Advance Approval of Promotional Materials

Materials advertising or promoting courses designed to meet T.C.A. § 62-13-303 requirements must be approved in advance and be factually supported.

- ✓ No promotional/advertising materials may be used without advance Commission approval
- ✓ All statements or claims in such materials must be factually supported

CHAPTER 42

1260-02-.10 Closing Statements

42.1 Broker as Closing Agent Duty

A broker who acts as a closing agent must provide copies of the closing documents to each customer or client.

- ✓ If a broker acts as closing agent, the broker must provide copies of the closing documents to each customer or client

CHAPTER 43

1260-01-.17 Fingerprinting

43.1 Electronic Fingerprint and Background Check Requirement

Initial applicants must submit electronic fingerprints at their own expense for a TBI/FBI criminal background check. The rule defines who counts as an 'initial applicant' and consequences of unclassifiable prints.

- ✓ Initial applicants must submit a complete, legible set of fingerprints electronically for a background check under T.C.A. § 62-13-303
- ✓ Fingerprinting costs and processing fees are the applicant's responsibility
- ✓ 'Initial applicants' also include former licensees reapplying for reissuance and persons who previously held (but no longer hold) an affiliate broker license applying for a broker license — but NOT those whose affiliate license is merely inactive or retired
- ✓ The Commission may refuse to issue a license if prints are unclassifiable; applicant pays TBI/FBI resubmission fees

CHAPTER 44

1260-06-.12 Registration Fees

44.1 Time-Share Registration Fees

Fees under the Time-Share Act are: $750 to register a time-share program or vacation club; $500 to renew; and $250 for a request for exemption from registration. These fees are not prorated and are not refundable.

- ✓ Registration fee is $750; renewal fee is $500; exemption request fee is $250
- ✓ Fees are neither prorated nor refundable

CHAPTER 45

1260-05-.14 Repetition of Course Content

45.1 No Credit for Duplicate Course Content

Credit will not be awarded where a course duplicates content for which credit was previously received, limited to duplication within the same renewal period.

- ✓ No credit is awarded for duplicated or repeated course content
- ✓ This restriction applies only to duplication within the same renewal period

CHAPTER 46

1260-02-.11 Personal Interest

46.1 Disclosure of Personal Interest

Brokers and affiliate brokers must fully disclose their true position before acquiring an interest in listed property, and licensees must identify themselves as licensees when buying or selling for themselves.

- ✓ No broker/affiliate broker may purchase or acquire (directly or through a third party) an interest in property listed with them or their company without first making full disclosure of their true position to the owner or prospective purchaser
- ✓ After acquiring a personal interest, the broker must fully disclose their true position to prospective purchasers who tender offers
- ✓ All licensees must identify themselves as a licensee when buying or selling property for themselves

CHAPTER 47

1260-01-.18 Duplicate or Confusingly Similar Firm Names

47.1 Firm Name Approval and Appeal Process

TREC may refuse a firm name that is the same or confusingly similar to an existing firm. There is a structured appeal path, and the applicant bears responsibility for researching legal name restrictions.

- ✓ The Commission may refuse to issue a new firm license with a name that is the same or confusingly similar to an existing firm
- ✓ A rejected applicant may appeal to the Executive Director, then in writing to the Commission, whose decision is final
- ✓ The applicant is responsible for researching legal restrictions; the Commission will not determine ownership, trademark, copyright, or other legal validity

CHAPTER 48

1260-06-.13 Request for Exemption

48.1 Exemption for Out-of-State Property

A developer seeking to avoid registering a time-share program for property located outside Tennessee, relying on the 'no-offering' provision of T.C.A. § 66-32-102(7), must submit a request for exemption accompanied by the project's public offering statement and a letter or certificate of registration from the jurisdiction where the property is located.

- ✓ Exemption request applies to out-of-state property under the 'no-offering' provision
- ✓ Request must include the public offering statement and a certificate of registration from the property's jurisdiction

CHAPTER 49

1260-05-.15 Fee for Educational Course Application

49.1 Course Application Fee Schedule

Non-refundable application fees are charged before a course is reviewed, based on hourly credit, with an additional fee per instructor.

- ✓ Courses up to 8 hours: $10; 9–30 hours: $25; over 30 hours: $50
- ✓ An additional $25 fee is required for each course instructor
- ✓ Fees are non-refundable and paid before review

CHAPTER 50

1260-02-.12 Advertising

50.1 General Advertising Principles

All advertising must be under principal broker supervision and list the firm name and telephone number on file with the Commission, with the firm name at least as large as the licensee's or team's name. Written authorization is required for signs and advertising others' listings.

- ✓ All advertising must be under the direct supervision of the principal broker and list the firm name and firm telephone number on file with the Commission
- ✓ The firm name must appear in letters the same size or larger than the licensee's name or any team/group name
- ✓ No licensee may post a sign advertising property without written authorization from the owner or owner's agent, or advertise property listed by another licensee without written authorization from the listing agent/broker
- ✓ Advertising which refers to an individual licensee must list that licensee's name as licensed with the Commission

50.2 False, Misleading, and Deceptive Advertising

Advertising may not be false, misleading, or deceptive. Examples include using only a franchise name without the firm name, teams using terms implying independence, or linking to unlicensed entities engaged in licensed activity.

- ✓ No licensee shall advertise in a false, misleading, or deceptive manner
- ✓ Advertising only the franchise name without the firm name is prohibited
- ✓ Teams/groups using terms like "Realty," "Company," "LLC," "Inc.," or "Associates" that imply independence from the firm are prohibited
- ✓ Webpages linking to an unlicensed entity's website engaged in activity requiring licensure are prohibited

50.3 Scope and Firm Name Definition

Advertising covers all media promoting a licensee or property sale/lease, including signs, websites, e-mail signatures, and social media, but excludes promotional items like pens and business cards. Firm name means the licensed entire name or d/b/a name.

- ✓ Advertising includes print, radio, TV, signs, flyers, letterheads, e-mail signatures, websites, social media, and audio/video streaming, but excludes promotional materials like hats, pens, t-shirts, name tags, and business cards
- ✓ Firm name means either the entire licensed firm name or the licensed d/b/a name

50.4 Franchise and Cooperative Advertising

Licensees using a franchise trade name or cooperative group must clearly indicate name, firm name, and firm telephone number (as registered) adjacent to advertised properties and on business documents.

- ✓ Licensees using a franchise trade name or cooperative group advertising must clearly indicate their name, firm name, and firm telephone number adjacent to specific properties advertised
- ✓ Franchise trade names on business cards, contracts, or documents must clearly indicate the licensee's name, firm name, and firm telephone number as registered

50.5 Internet and Social Media Advertising

Websites must show the firm name and phone on each page; outside-database listings need a disclaimer; social media requires firm info no more than one click away. Listing info must be kept current for first-generation advertising.

- ✓ The firm name and firm telephone number must conspicuously appear on each page of a website
- ✓ Website pages displaying outside-database listings must state some or all listings may not belong to the firm
- ✓ On social media, the firm name and firm telephone number must be no more than one click away from the viewable page
- ✓ Listing information must be kept current and accurate (applies to first-generation advertising, not syndicated/aggregated third-party advertising)

50.6 Guarantees, Claims, and Offers

Unsubstantiated selling claims and misleading statements are strictly prohibited, and inducement offers must be in writing with full details disclosed.

- ✓ Unsubstantiated selling claims and misleading statements or inferences are strictly prohibited
- ✓ Any offer, guaranty, or warranty made to induce an agency relationship or contract must be in writing and disclose all pertinent details on its face

CHAPTER 51

1260-01-.19 Appearances Before the Commission for Obtaining a License

51.1 Principal Broker Presence Required at Appearances

Any applicant appearing before the Commission to obtain a license must have their principal broker present, or the matter will not be heard.

- ✓ An applicant appearing before the Commission to obtain a license must ensure the presence of his or her principal broker (or intended principal broker)
- ✓ No such appearance will be heard without the presence of that principal broker

CHAPTER 52

1260-06-.14 Records

52.1 Developer Recordkeeping Requirements

Developers must maintain records for at least four (4) years, including names/addresses/employment dates of persons employed for time-share sales in Tennessee, copies of sales contracts with disposition of purchase money, and copies of agreements with managing agents and exchange agents. All such records must be made available to the Commission upon reasonable request.

- ✓ Developer must keep specified records for at least four (4) years
- ✓ Records include sales personnel data, sales contracts with purchase-money disposition, and managing/exchange agent agreements
- ✓ Records must be made available to the Commission upon reasonable request

CHAPTER 53

1260-05-.16 Course Approval Periods

53.1 Two-Year Course Approval Cycle

Courses are approved on a two-year review cycle ending December 31 of the second year, and providers must resubmit before expiration.

- ✓ Approval follows a two-year review cycle ending December 31 of the second year
- ✓ Approval remains effective until the end of the review cycle regardless of approval date
- ✓ Providers must resubmit courses at least 120 days before expiration or risk non-approval

CHAPTER 54

1260-02-.32 Civil Penalties

54.1 Civil Penalty Authority and Amounts

The Commission may assess civil penalties of $0–$1,000 per violation against licensees and unlicensed persons required to be licensed, with each day of a continued violation constituting a separate violation.

- ✓ The Commission may assess a civil penalty of $0–$1,000 for each separate violation of a statute, rule, or order by a person required to be licensed
- ✓ Civil penalties of $0–$1,000 per violation may also apply to unlicensed persons required to be licensed as a real estate broker
- ✓ Each day of a continued violation may constitute a separate violation

CHAPTER 55

1260-01-.20 Military Applicants

55.1 Licensure and Temporary Permits for Military Applicants

Qualifying military applicants may receive a license if their out-of-state license is substantially equivalent, or a temporary permit to complete additional requirements. Military education, training, or experience may count toward qualifications.

- ✓ A qualifying applicant may be licensed if the Commission finds another state's requirements substantially equivalent to Tennessee's
- ✓ If not substantially equivalent, a temporary permit may be issued allowing full practice for a set period to complete requirements; the permit is shorter than a full renewal cycle
- ✓ Military education, training, or experience is accepted toward qualifications if determined substantially equivalent to Tennessee requirements

55.2 Renewal Relief for Activated Military Members

Licensees in the national guard or reserves called to active duty whose license expires during activation may renew without late fees, and in certain cases without continuing education.

- ✓ A licensee called to active duty whose license expires during activation may renew without late fees or penalties upon release
- ✓ Continuing education may be waived if military duty prevented it (with a waiver request) or if the licensed occupation was performed during military duty (with documentation)
- ✓ The license remains eligible for this renewal for six (6) months from release from active duty, with supporting documentation of activation

CHAPTER 56

1260-05-.18 Distance Education

56.1 Distance Education Definitions and Time Limit

Distance education (interchangeable with correspondence courses) covers education where teacher and student are separated by distance or time, including printed, computer-based, and online formats. Asynchronous courses separate by time and distance; synchronous courses occur in real time.

- ✓ Distance education courses must be completed within 1 year of enrollment for CE credit
- ✓ 'Asynchronous' means offered at no specific time (separated by time and distance); 'synchronous' means real-time (separated by distance)
- ✓ Distance education includes printed, computer-based, and online materials

56.2 Certification Requirement for Online Courses

Computer-based or online distance courses must be certified by ARELLO or another Commission-approved body regarding technology, interactivity, and course design. Certification applies to asynchronous but not synchronous courses.

- ✓ Computer-based/online courses require ARELLO or another approved certification for technology, support, interactivity, and design
- ✓ Certification requirement applies to asynchronous courses but not synchronous courses
- ✓ Approval is automatically withdrawn if the certifying body's certification is discontinued

56.3 Synchronous Course Requirements

Synchronous courses have strict guidelines: advance notice to the Commission, proctors, identity verification, 100% attendance, and continuous camera visibility. Providers must retain recordings.

- ✓ Instructors must email course date, start time, and link to the Director of Education at least 5 business days prior
- ✓ At least 1 proctor is required per course; students must attend 100% for CE credit
- ✓ Students must log in 10 minutes early, verify photo ID, remain visible on camera at all times, and may not do non-course work
- ✓ Providers must retain a recording of the streamed course for 4 years

56.4 Final Exam and Instructor Interaction Rules

Distance courses over 8 hours of CE require a final exam before submission, and distance versions of the basic principles course require periodic instructor interaction.

- ✓ Distance courses over 8 hours of CE must include a final exam executed before submission for credit
- ✓ Distance/correspondence basic principles courses must include at least 1 student interaction with an approved instructor per 5 hours of credit

CHAPTER 57

1260-01-.21 Reinstatement of an Expired License

57.1 Reinstatement Within and After 60 Days

A license reinstated within 60 days of expiration requires only a penalty fee; after 60 days, a Reinstatement Order and escalating penalties apply.

- ✓ Within 60 days of expiration: pay a $50 penalty per 30-day period (or portion) with no further obligations
- ✓ More than 60 but within 120 days: $50 per 30-day period from expiration
- ✓ More than 120 days but within 1 year: additionally $100 per 30-day period beginning on the 121st day
- ✓ Penalties accrue from the first day after expiration until a Reinstatement Order is signed, compliance proof is received, and all fees are paid; the reinstated license issues back to the original expiry date

57.2 License Expired More Than One Year

A license expired for more than one year cannot be reinstated; the person must start over.

- ✓ If a license is expired for more than one (1) year, the individual must reapply for licensure
- ✓ The person must meet current education requirements and pass all required examinations

57.3 Medical Waiver for Expired License

A licensee failing to renew within 60 days due to personal or family health issues may request a medical waiver, avoiding late penalties if granted.

- ✓ To request a medical waiver, the licensee must provide a signed doctor's statement of the illness's nature and length plus a signed statement explaining the lapse
- ✓ If granted, renewal fees and all other conditions must be met, but late penalty fees are not assessed
- ✓ Submitted information becomes public record unless otherwise prohibited by law

CHAPTER 58

1260-02-.33 Gifts and Prizes

58.1 Gifts, Prizes, and Cash Incentive Rules

Licensees may offer gifts/prizes as inducements only with firm sponsorship and written disclosure of details. Cash-based incentives are generally prohibited, with limited gift card exceptions.

- ✓ A gift, prize, or valuable consideration may be offered as an inducement only under firm sponsorship/approval AND in writing signed by the licensee with all pertinent details (specifications, fair market value, time/place of delivery, requirements)
- ✓ A licensee shall not give cash rebates, cash gifts, gift cards, cash prizes, or similar cash-based incentives in a real estate transaction, except: gift cards at an open house for other licensees, and gift cards as a closing gift
- ✓ Gift cards given as closing gifts may not be used in advertising to induce business

CHAPTER 59

1260-02-.36 Exclusive Buyer Representation Agreements

59.1 Exclusive Buyer Representation Disclosures

When entering an exclusive buyer representation agreement, a licensee must advise and confirm in writing that the buyer should work through the licensee, inform other licensees of representation, and clarify commission obligations.

- ✓ An exclusive buyer representation agreement engages a licensee to represent a buyer to the exclusion of all other licensees
- ✓ The licensee must advise/confirm in writing that the buyer should arrange all viewings through the licensee and not directly contact other licensees
- ✓ The buyer must be advised to immediately inform other licensees (e.g., at open houses) that he/she is represented
- ✓ The agreement must state whether the buyer will owe a commission if buying without the licensee's assistance

CHAPTER 60

1260-02-.37 Septic System Inspection Letters

60.1 Septic System Inspection Letter Disclosure

A licensee preparing an offer to buy must provide in the offer and make the buyer aware that a septic system inspection letter is available for a fee through TDEC's Division of Ground Water Protection.

- ✓ A licensee preparing an offer to buy must provide in the offer and make the buyer aware that a septic system inspection letter is available for a fee
- ✓ The letter is available through the Tennessee Department of Environment and Conservation, Division of Ground Water Protection

CHAPTER 61

1260-02-.38 Death or Extended Absence of Principal Broker

61.1 Absence of Principal Broker Procedures

The Commission must be notified within 10 days of a principal broker's death, resignation, termination, or incapacity, with a continuation plan. Operations may continue temporarily up to 30 days, extendable to 60.

- ✓ The Commission must be notified within 10 days of the death, resignation, termination, or incapacity of a principal broker, with a plan for continued operations
- ✓ The Commission may permit operating without a principal broker for up to 30 days from the triggering event
- ✓ The executive director may grant a 30-day extension; a new principal broker must be in place no later than the 61st day
- ✓ Failure to comply may result in disciplinary action, including civil penalty or closure of the firm

CHAPTER 62

1260-02-.39 Commissions Earned by Affiliated Licensees

62.1 Payment of Earned Commissions After Departure

Commissions earned by an affiliated licensee while working under a principal broker may still be paid after various events such as transfer, retirement, release, license expiration, or death.

- ✓ Commissions earned while under a principal broker can still be paid after the affiliated licensee transfers to a new broker, retires their license, enters broker release status, allows the license to expire, or dies

CHAPTER 63

1260-02-.40 Electronic Records

63.1 Electronic Recordkeeping Requirements

Licensees must retain transaction records for three years and may use electronic methods if records are accessible within 24 hours and a proper retention schedule safeguards security and accessibility.

- ✓ Licensees must preserve records relating to any real estate transaction for 3 years following consummation of the transaction
- ✓ Electronic records must be readily accessible in an organized format within 24 hours of a Commission request for inspection
- ✓ The principal broker must develop and use a retention schedule safeguarding security, authenticity, and accuracy of records and ensuring readable-format accessibility for the full retention period

CHAPTER 64

1260-02-.41 Licensees Who Hold Themselves Out as a Team, Group, or Similar Entity Within a Firm

64.1 Team and Group Rules Within a Firm

Team/group members must be affiliated with the same firm, cannot have a separate physical location, may only be paid by their principal broker, and cannot represent themselves as separate from the firm.

- ✓ Team/group members must be affiliated with the same licensed firm and cannot have a separate physical location from the firm's location of record
- ✓ Team/group members may only receive compensation from their principal broker for licensed acts
- ✓ The principal broker cannot delegate supervisory responsibilities to a team/group and remains ultimately responsible for all licensees
- ✓ Teams/groups cannot represent themselves as a separate entity from the firm nor designate members as designated firm agents

CHAPTER 65

Supplement: Agency and brokerage relationships

65.1 Facilitator Default, Agency Forms, and Confirmation of Agency Status

Under the Tennessee Real Estate Broker Relationship Act (T.C.A. 62-13-401 to 62-13-409), a licensee who has not entered into a written agency agreement is a facilitator (transaction broker) who represents neither party. Available relationships are facilitator, seller agent, buyer agent, disclosed dual agent (requires written informed consent of both parties), and designated agent; the managing broker may designate different affiliates to represent buyer and seller in the same transaction and is not thereby a dual agent. Payment of compensation does not by itself create an agency relationship. Every licensee owes all parties the duties in 62-13-403 (diligence, honesty, disclosure of adverse facts of which the licensee has actual knowledge, accounting for money, timely presentation of offers), and owes clients the additional duties of 62-13-404 (obedience to lawful instructions, loyalty, confidentiality, advice to seek expert help). Agency status must be disclosed in writing to prospective buyers and sellers, and a written Confirmation of Agency Status must be delivered at or before the time an offer to purchase is signed (62-13-405). Source: T.C.A. 62-13-401 through 62-13-405

- ✓ Absent a written agency agreement, a Tennessee licensee is a facilitator with no agency duties to either party.
- ✓ Dual agency requires written informed consent of both parties; designated agency allows different affiliates of one firm to represent each side without the managing broker becoming a dual agent.
- ✓ Written Confirmation of Agency Status must be given at or before the signing of an offer to purchase.
- ✓ Licensees must disclose to all parties adverse facts of which they have actual knowledge, but are not liable for false information supplied by their client.
- ✓ Compensation alone does not determine or create agency.

CHAPTER 66

Supplement: Property condition disclosures

66.1 Tennessee Residential Property Disclosure Act

The Tennessee Residential Property Disclosure Act (T.C.A. 66-5-201 to 66-5-212) requires the owner of residential property of one to four dwelling units to furnish the purchaser, before acceptance of a contract, either a completed Residential Property Condition Disclosure statement or a signed Residential Property Condition Disclaimer statement (as-is sale) that the buyer accepts. Exempt transfers include court-ordered and foreclosure transfers, transfers between spouses or co-owners, transfers to or from government, new construction never occupied where a written warranty is given, and transfers where the buyer has occupied the property for at least one year. The owner is not liable for errors based on information from public agencies or licensed experts if disclosed, and the disclosure is not a warranty; a buyer's remedies are limited to actual damages and must be brought within one year of the earlier of closing or the date of the disclosure (66-5-208). Sellers need not disclose that the property was the site of a homicide, suicide, felony, or that an occupant had HIV/AIDS (66-5-207), nor is there a duty to disclose sex offender registry information beyond referring buyers to the registry (66-5-206). A real estate licensee is not liable for the owner's inaccuracies unless the licensee had actual knowledge of the falsity. Source: T.C.A. 66-5-201 through 66-5-212

- ✓ Applies to residential property of 1 to 4 units; owner must deliver disclosure or disclaimer statement before the contract is accepted.
- ✓ Buyer may choose to accept a disclaimer (as-is) in lieu of a completed disclosure form.
- ✓ Action for violation must be brought within 1 year of closing or the disclosure date, whichever is earlier; remedy is actual damages, not rescission.
- ✓ No duty to disclose homicide, suicide, felony on the premises, or HIV/AIDS status of an occupant.
- ✓ Licensees are liable only for inaccuracies of which they had actual knowledge.

CHAPTER 67

Supplement: License law fundamentals

67.1 Who Must Be Licensed and Statutory Exemptions

Any person who, for another and for compensation, lists, sells, buys, exchanges, leases, rents, auctions, negotiates, or advertises real estate, or who collects rents or holds out as engaged in such activity, must hold a Tennessee broker or affiliate broker license (T.C.A. 62-13-102 and 62-13-103). Exemptions under 62-13-104 include owners and lessors dealing with their own property (and their regular salaried employees), attorneys acting in the practice of law, receivers, trustees in bankruptcy, executors and administrators, persons acting under court order, and public officers performing official duties. Practicing without a license is a Class B misdemeanor (62-13-110), and an unlicensed person cannot sue to collect a commission. Affiliate brokers may receive compensation only through their principal broker and may not accept fees from any other person (62-13-312(b)). Source: T.C.A. 62-13-102, 62-13-103, 62-13-104, 62-13-110

- ✓ A license is required to perform brokerage acts for another for compensation, including property management and rent collection.
- ✓ Exempt: owners of the property, their regular employees, attorneys in the practice of law, court-appointed fiduciaries, public officers.
- ✓ Unlicensed brokerage is a Class B misdemeanor and bars recovery of a commission.
- ✓ An affiliate broker may be paid only by the principal broker with whom the license is affiliated.

67.2 License Types, Qualifications, and the 30-Hour New Affiliates Course

Tennessee issues affiliate broker, broker, and firm licenses; every firm must have a designated principal broker (T.C.A. 62-13-303 and 62-13-309). An affiliate broker applicant must be at least 18, hold a high school diploma or equivalent, complete the 60-hour Basic Principles course, pass the exam, and be affiliated with a principal broker; within the first year of licensure the affiliate must complete the 30-hour Course for New Affiliates or the license will be placed in a status that bars practice until completed (62-13-303(g); verify current consequence). A broker applicant must have been actively licensed as an affiliate broker for at least 3 years (a portion may be waived for related experience in limited cases), complete 120 hours of approved education including the 30-hour Office/Brokerage Management course, and pass the broker exam. Licenses are renewed on a 2-year cycle with 16 hours of continuing education. Source: T.C.A. 62-13-303

- ✓ Affiliate broker: age 18, high school diploma or GED, 60-hour prelicense course, exam, affiliation with a principal broker.
- ✓ Affiliate brokers must complete the 30-hour Course for New Affiliates within the first year of licensure.
- ✓ Broker: at least 3 years active licensure as an affiliate broker, 120 total education hours including the 30-hour Office/Brokerage Management course, and the broker exam.
- ✓ All licenses renew every 2 years.

67.3 Real Estate Education and Recovery Account

The Tennessee Real Estate Education and Recovery Account (T.C.A. 62-13-201 to 62-13-206) is funded by a fee paid by each applicant for an original license (verify current amount, historically $50) and by special assessments if the balance falls below the statutory minimum. A person who obtains a final judgment against a licensee for a violation of the license law arising from a real estate transaction, and cannot collect it, may apply to the Commission for payment from the account. Payments are capped per transaction regardless of the number of claimants (commonly cited as $15,000 per transaction; verify current amount), and the licensee whose conduct caused the payment has the license automatically revoked and may not be relicensed until the account is repaid in full with interest. Excess funds may be used for real estate education. Source: T.C.A. 62-13-201 through 62-13-206

- ✓ Each original license applicant pays a recovery account fee (verify amount).
- ✓ Claimant must first obtain a final court judgment against the licensee and show it is uncollectible.
- ✓ Payment per transaction is capped regardless of the number of injured persons (verify current cap).
- ✓ A licensee for whom the account pays is automatically revoked until the amount is repaid with interest.

67.4 Grounds for Suspension, Revocation, and Discipline

T.C.A. 62-13-312 authorizes the Commission, after notice and hearing, to refuse, suspend, or revoke a license or impose civil penalties (up to $1,000 per violation) for listed grounds. Grounds include substantial misrepresentation or false promises, undisclosed dual representation, acting for more than one party without knowledge of all, accepting compensation from anyone other than the principal broker, failure to account for or remit money belonging to others, commingling, net listings, guaranteeing profits, failure to disclose a personal interest, discriminatory conduct in violation of fair housing law, conviction of a felony or crime of moral turpitude, and any conduct constituting improper, fraudulent, or dishonest dealing. Failure to timely deliver copies of contracts and failure to supervise (for principal brokers) are also grounds. Disciplinary proceedings are contested cases under the Uniform Administrative Procedures Act. Source: T.C.A. 62-13-312

- ✓ Discipline requires notice and an opportunity for a hearing under the Uniform Administrative Procedures Act.
- ✓ Sanctions: refusal, suspension, revocation, and civil penalty up to $1,000 per violation.
- ✓ Key grounds: misrepresentation, undisclosed dual agency, commingling, net listings, taking compensation from anyone other than the principal broker, failing to account for funds.
- ✓ Felony or moral-turpitude conviction and fair housing violations are grounds for discipline.

CHAPTER 68

Supplement: Landlord-tenant law

68.1 Uniform Residential Landlord and Tenant Act Essentials

The Tennessee Uniform Residential Landlord and Tenant Act (T.C.A. 66-28-101 et seq.) applies only in counties with a population over 75,000 per the 2010 federal census; other counties follow general landlord-tenant law. Security deposits are not capped in amount but must be kept in a separate account, the tenant must be told where it is held, and after move-out the landlord must itemize deductions; a tenant who fails to respond or provide a forwarding address within 60 days forfeits the deposit (66-28-301). A month-to-month tenancy is terminated by 30 days written notice (66-28-512); material noncompliance requires 14 days written notice to cure with termination not less than 30 days after notice, while nonpayment of rent and violent or drug-related conduct carry shorter statutory notice periods (66-28-505, 66-28-517; verify current days). Late fees may not exceed 10 percent of the monthly rent and may not be charged until rent is 5 days late (66-28-201(d)). A landlord may enter without notice in an emergency and, in the final 30 days of a lease, may show the unit after 24 hours notice (66-28-403). Source: T.C.A. 66-28-101 et seq.

- ✓ URLTA covers only counties with population over 75,000 (2010 census).
- ✓ No statutory limit on security deposit amount, but it must be held in a separate account and the tenant must be notified of its location.
- ✓ Tenant forfeits the deposit by failing to respond within 60 days after termination.
- ✓ Month-to-month termination: 30 days written notice; late fee cap: 10 percent of rent, only after rent is 5 days late.
- ✓ Landlord may show the unit on 24 hours notice during the last 30 days of the lease.

CHAPTER 69

Supplement: Transfer taxes and recording

69.1 Realty Transfer Tax and Mortgage (Indebtedness) Tax

Tennessee imposes a realty transfer tax of $0.37 per $100 (or fraction) of the consideration or the value of the property, whichever is greater, collected by the county register of deeds when the deed is recorded (T.C.A. 67-4-409(a)); by statute and custom the transferee (buyer) pays it. Exempt transfers include deeds of division among co-owners, transfers between spouses, transfers to secure a debt, and transfers to government. A separate mortgage or indebtedness tax of $0.115 per $100 is charged on recording a deed of trust or mortgage, with the first $2,000 of indebtedness exempt (67-4-409(b)); the borrower customarily pays it. Recording fees per page are set by 8-21-1001 (verify current amounts). Source: T.C.A. 67-4-409

- ✓ Transfer tax: $0.37 per $100 of consideration or value, whichever is greater, paid by the grantee at recording.
- ✓ Mortgage tax: $0.115 per $100 of indebtedness above the first $2,000, paid at recording of the deed of trust.
- ✓ Deeds between spouses, deeds of division, and deeds to secure debt are exempt from the transfer tax.
- ✓ Both taxes are collected by the county register of deeds.

CHAPTER 70

Supplement: Property taxation

70.1 Property Tax Assessment Ratios, Reappraisal, and Relief Programs

Tennessee property is taxed on assessed value, which is a statutory percentage of appraised value: 25 percent for residential and farm property, 40 percent for commercial and industrial, 55 percent for public utility, and 30 percent for commercial and industrial tangible personal property (T.C.A. 67-5-801 and Tenn. Const. art. II sec. 28). Tax rates are expressed per $100 of assessed value and set by county and municipal governing bodies; county assessors reappraise on a 4-, 5-, or 6-year cycle (67-5-1601). Taxes are assessed as of January 1, become a lien on that date, are due the first Monday in October, and become delinquent March 1 of the following year (67-5-2010). Relief programs include the property tax relief program for low-income elderly, disabled, and disabled veteran homeowners (67-5-701 et seq.) and the local-option property tax freeze for owners 65 and older (67-5-705). The Greenbelt law (67-5-1001 et seq.) taxes agricultural, forest, and open space land on use value, with rollback taxes on conversion (3 years for agricultural and forest, 5 years for open space). Source: T.C.A. 67-5-801, 67-5-1601, 67-5-701, 67-5-1001

- ✓ Assessment ratios: residential and farm 25 percent, commercial and industrial 40 percent, public utility 55 percent.
- ✓ Taxes attach as a lien January 1, are due the first Monday in October, and are delinquent March 1.
- ✓ Reappraisal occurs on a 4-, 5-, or 6-year cycle chosen by the county.
- ✓ Greenbelt rollback: 3 years for agricultural and forest land, 5 years for open space.
- ✓ Tennessee has no state income tax and no nonresident seller withholding on real estate sales.

CHAPTER 71

Supplement: State fair housing law

71.1 Tennessee Human Rights Act Fair Housing Provisions

The Tennessee Human Rights Act, Part 6 (T.C.A. 4-21-601 to 4-21-607), prohibits discrimination in the sale, rental, financing, and brokerage of housing on the basis of race, color, creed, religion, sex, handicap (disability), familial status, and national origin; creed is the notable addition to the federal list. Prohibited acts include refusing to sell or rent, discriminatory terms, discriminatory advertising, false representations of availability, blockbusting, and steering; licensees who violate the Act are also subject to TREC discipline under 62-13-312. Exemptions parallel the federal Act for owner-occupied small dwellings, single-family homes sold or rented by the owner without a broker or discriminatory advertising, religious organizations, and private clubs. Complaints are filed with the Tennessee Human Rights Commission within 180 days of the alleged act, and aggrieved persons may also sue in chancery or circuit court (verify current limitation periods). Source: T.C.A. 4-21-601 et seq.

- ✓ Tennessee protected classes in housing: race, color, creed, religion, sex, handicap, familial status, national origin.
- ✓ Creed is a state addition; Tennessee does not add sexual orientation, source of income, or age as housing classes.
- ✓ Administrative complaint to the Tennessee Human Rights Commission within 180 days.
- ✓ Fair housing violations are also grounds for license discipline by TREC.

CHAPTER 72

Supplement: Condominium and HOA law

72.1 Condominium Public Offering Statement and Resale Certificate

The Tennessee Condominium Act of 2008 (T.C.A. 66-27-201 et seq.) governs condominiums created after January 1, 2009, while the Horizontal Property Act (66-27-101 et seq.) governs older regimes. A declarant selling a unit must deliver a public offering statement before conveyance, and the purchaser may cancel the contract within 15 days after receiving it (66-27-408; verify current days). On a resale by a unit owner who is not a declarant, the seller must furnish a resale certificate from the association containing the declaration, bylaws, rules, current assessments and any unpaid amounts, fees, planned capital expenditures, reserves, pending litigation, and insurance information; the purchaser may cancel until the certificate is delivered and for 5 days thereafter (66-27-419). The association has a statutory lien on units for unpaid assessments (66-27-415). Source: T.C.A. 66-27-401 et seq.

- ✓ Declarant sales require a public offering statement with a 15-day purchaser cancellation right (verify).
- ✓ Owner resales require an association resale certificate; purchaser may cancel within 5 days after receiving it.
- ✓ Resale certificate must disclose current and unpaid assessments, reserves, capital expenditures, and litigation.
- ✓ The association holds a lien on the unit for unpaid assessments.

CHAPTER 73

Supplement: Closing practice and foreclosure

73.1 Deeds of Trust, Nonjudicial Foreclosure, and Redemption

Tennessee is a title-theory state in which loans are secured by a deed of trust conveying legal title to a trustee with a power of sale, so most foreclosures are nonjudicial. Under T.C.A. 35-5-101, the trustee must publish notice of sale in a newspaper of general circulation in the county at least 3 times, the first publication at least 20 days before the sale, and must give the debtor written notice; the sale is at public auction for cash. Tennessee provides a statutory 2-year right of redemption after foreclosure (66-8-101), but it may be and almost always is waived in the deed of trust, so borrowers generally have no post-sale redemption. Deficiency judgments are allowed, though the debtor may argue the sale price was materially less than fair market value (35-5-118). Closings are handled by title companies or attorneys; an attorney is not required by statute, and the general warranty deed is the customary conveyance. Source: T.C.A. 35-5-101, 66-8-101, 35-5-118

- ✓ Tennessee uses deeds of trust with a trustee and power of sale; foreclosure is typically nonjudicial.
- ✓ Notice of sale: published at least 3 times, first publication at least 20 days before the sale.
- ✓ Statutory redemption is 2 years but is routinely waived in the deed of trust.
- ✓ Deficiency judgments are permitted after foreclosure.
- ✓ No attorney is required at closing; title companies commonly conduct closings.