



Tennessee Real Estate Commission

Legislative Update

New legislation was enacted during the 2016 legislative session regarding license retirement. Public Chapter 838, Section 10, amends T.C.A. § 62-13-318 by eliminating the requirement that all education requirements specified in § 62-13-303 must be completed as a condition to

temporary retirement of a license. Instead, the licensee must complete the education requirement (16 hours of CE) prior to reactivation and must do so within the current license renewal period in which they are seeking reactivation. Thus, if a licensee reactivates a retired license

within the same renewal period in which the license was retired, any continuing education hours obtained prior to retirement within that renewal period would count toward the 16 hours required to reactivate.

What You Should Know About the Basics of Trust/Escrow Accounts

We continue to have questions on Escrow or Trustee Accounts; we thought it would be helpful to remind all licensees of the basic Escrow trust fund accounts. Your obligation regarding Escrow Accounts are under the Tennessee Real Estate Broker Act – 62-13-321, 62-13-323, 62-13-312 (5) – Discipline, and 1260-02-.09 – Managing Escrow or Trustee Accounts

62-13-321 Establishes the requirement for each broker to maintain an escrow account relating to a real estate transaction, records must be maintained for (3) years with accurate records – (1) depositor of the funds (2) date of the deposit (3) date of the withdrawal (4) payee of the funds.

Misuse of the Escrow or Trust Account by the Principal Broker can lead to disciplinary action that could range from a civil penalty to revocation of a real estate license (62-13-312)

(5) Failing, within a reasonable time, to account for or to remit any moneys coming into the licensee's possession that belong to others.

Tied to this statute is Subsection (6) Failing to preserve for three years following its consummation records relating to any real estate transactions.

What You Should Know About the Basics of Trust/Escrow Accounts

Please note the Department of Commerce and Insurance employs a full time auditor that conducts audits of Principal Broker Escrow accounts.



Under Rules of Conduct , 1260-02-.09 Managing Escrow or Trustee Accounts there are (14) subsections all licensees should review concerning escrow accounts being maintained by Principal Brokers in Tennessee. Here are some frequently ask questions on this section to review:

As a Principal Broker may I deposit funds from the buyer for escrow in my operating account?

No. According to 1260-02-09 this would be considered an act of “commingling”. Each principal broker shall maintain a separate escrow or trust account for the purpose of holding any trust money which may be received in his fiduciary capacity. 1260-02-09 (13) States Commingling of funds contained within firm accounts is expressly prohibited.

I am an Affiliate Broker and have established the Jane Smith Team under the ABC Realty firm; may I have a separate escrow account for my team?

No. Rule 1260-02-09 (3) specifically states – An affiliated broker shall pay over to the principal broker with whom he is affiliated all trust money upon receipt.

Are there circumstances when a Principal Broker does not hold escrow monies for fiduciaries in a transaction?

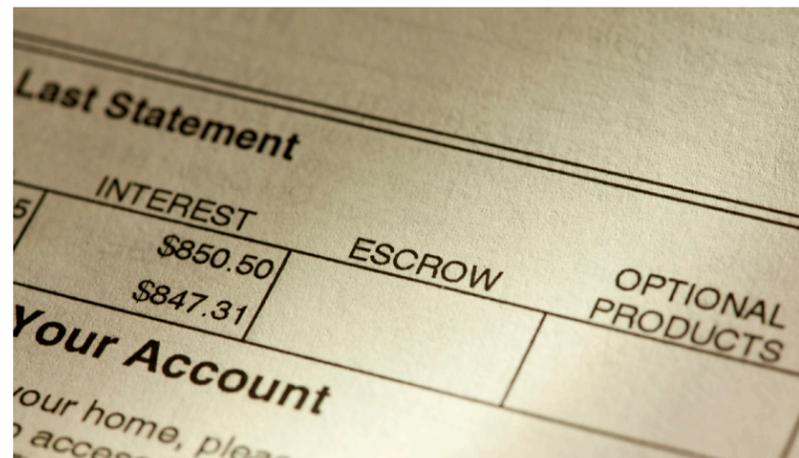
Yes. According to 1260-02-09 (6) Where a contract authorizes an individual or entity other than the principal broker to hold trust money, the principal broker will be relieved of responsibility for the trust money upon receipt of trust money by the specified escrow agent.

How long does a Principal Broker have to disburse escrow funds from the Escrow or trust account?

Without delay. 1260-02-09 (7) outlines several specific causes for release of the funds to the parties. (8) States that Trust Money shall be disbursed in a proper manner without reasonable delay. (9) States at the latest the funds should be turned over to an attorney within (21) days from the date of receipt of a written request for disbursement to be interpleaded if the funds are disputed.

As a Principal Broker may I use an interest bearing account for Escrow or Trustee accounts?

Yes. (14) (a) At the time of contract execution, the licensee shall disclose to the payor that the deposit will be placed in an interest –bearing escrow account, and the licensee and the payor shall execute a written agreement indicating the manner of disposition of any interest earned. Please also note the licensee shall keep a detailed and accurate accounting of the precise sum of interest earned for each separate deposit.



TREC Outreach

The Executive Director, Education Director, and TREC legal attorney will be conducting outreaches in the following locations:

Monday, August 8	Williamson Co.....	Williamson County Association of Realtors.....	8:30AM
Tuesday, August 9	Jackson	Central West Tennessee Association of Realtors	8:00AM
Tuesday, August 9	Memphis.....	Memphis Area Association Realtors	1:30PM
Wednesday, August 16	Chattanooga	Greater Chattanooga Association Realtors	1:30PM
Thursday, August 18	Nashville.....	Greater Nashville Association Realtors	8:00AM
Thursday, September 1.....	Murfreesboro	Murfreesboro Tennessee Association Realtors	8:30AM
Thursday, October 13.....	Bristol	Bristol Tennessee Association Realtors	9:00AM
Wednesday, October 5	Knoxville.....	Knoxville Area Tennessee Association Realtors	1:30PM

The outreaches will be available for Continuing Education credit hours. Please register with Ross White at Ross.White@tn.gov to schedule your attendance for CE credit.

Executive Director Update

Summer 2016 marks a new beginning for real estate licensees in Tennessee with the unveiling of the new infrastructure in the Department of Commerce and Insurance providing all licensing agencies to be able to implement “online” transactions for licensing needs and changes.

As a Licensee or a potential licensee here are some of the functions you will be able to soon perform on line. The first step to “on-board” as a licensee is go to <https://core.tn.gov> and create a new online account. After you have registered functions you will be able to perform are:

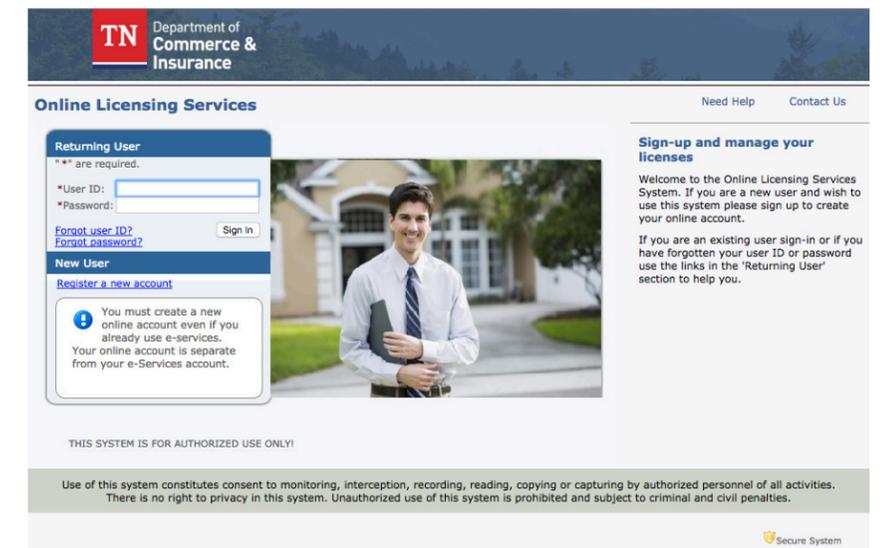
Apply as a new Licensee application online

- Initial Timeshare
- Initial Affiliate
- Initial Broker
- Initial Affiliate Non Resident
- Initial Retired Affiliate
- Reactivate License
- Request Reinstatement/Reapplication
- Designated Agent Renewal
- Change of licensee, Firm, or Designated Agent Address

Of course you still have the ability to check your education hours on line at verify.tn.gov

Get on board and register today at <https://core.tn.gov>!

– Malcolm Young



New Forms

In attempts to make all of TREC's forms current and up to date, TREC has updated the TREC 1 form for all licensees to use when making changes, TREC has created a TREC 2 form for all firms to use to make changes, the Initial Firm Application, and Initial Designated Agent applications have been updated. Additionally, TREC has created an independent form exclusively for the transferring of firms for licensees. Go onto our website <https://tn.gov/commerce/article/rec-forms-and-downloads> to download your new forms!

Follow Us

-  www.tn.gov/commerce
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-  [@tncommerceinsur](https://www.instagram.com/tncommerceinsur)

<https://core.tn.gov> (Renewal)

[Verify.tn.gov](https://verify.tn.gov) (to check status of license and education)

[Apps.tn.gov/ciupdates](https://apps.tn.gov/ciupdates) (To transfer a license from one firm to another)

TREC Commissioners

John Griess (Chairman)
Knoxville, TN

Gary Blume (Commissioner)
Germantown, TN

Diane Hills (Commissioner)
Kingsport, TN

Marcia Franks (Commissioner)
Franklin, TN

Austin McMullen (Commissioner)
Nashville, TN

Bobby Wood (Commissioner)
Mount Juliet, TN

Fontaine Taylor (Commissioner)
Memphis, TN

Johnny Horne (Commissioner)
Chattanooga, TN

Rick Douglass (Commissioner)
Germantown, TN



Tennessee Real Estate Commission

Created in 1951, The Tennessee Real Estate Commission licenses, registers and regulates real estate brokers and affiliate brokers, real estate firms, rental location agents, time-share salespersons and developments, vacation clubs and vacation lodging services.

2016 TREC Commission Meeting Schedule

September 7, 2016..... 9:00am
September 8, 2016..... 9:00am
Davy Crockett Tower, Room 1-A
500 James Robertson Parkway
Nashville, TN 37243

October 6, 2016*..... 9:00am
October 7, 2016*..... 9:00am
11408 Municipal Center Drive
Farragut, TN 37934
865-966-7057

November 9, 2016..... 9:00am
November 10, 2016 9:00am
Davy Crockett Tower, Room 1-A
500 James Robertson Parkway
Nashville, TN 37243

December 12, 2016 9:00am
December 13, 2016 9:00am
Davy Crockett Tower, Room 1-A
500 James Robertson Parkway
Nashville, TN 37243