

# 2023-2024 TREC CORE COMMERCIAL



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Author & Instructor

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# OBJECTIVES

- Know and understand the most recent rule changes enacted by TREC
- List types of real estate licenses in TN and describe continuing education requirements.
- Describe procedures for obtaining a real estate license in TN
- Explain how a license can be reinstated.
- Recognize the procedure for termination of affiliations.
- Apply TREC rules to Brokerages regarding duplicate or similar names and Licensee who hold themselves out as a team, group, or similar entity within a Brokerage.

# OBJECTIVES

- Demonstrate importance of E & O Insurance and how to reduce professional liability.
  - Explain requirements for electronic records keeping.
  - Know when commissions are earned by Affiliated Licensees.
  - Discuss supervisory role of a Principal Broker.
  - Illustrate types of branch offices and when one would be considered unlicensed.
  - Determine rules of conduct for earnest money/security/trust deposits.
- 

# OBJECTIVES

- Relate role of Principal Broker to their relationships with independent contractors and teams or groups.
- Define commercial real estate in Tennessee.
- List the types of commercial transactions.
- Explain property management in relation to commercial real estate.
- Describe tasks incorporated into commercial leasing.
- Demonstrate an understanding of common commercial lease terms.
- Understand TREC rules and policies on real estate advertising.
- Employ “safe” advertising practices

# TREC LAW, RULE, POLICY UPDATE

# LICENSING

(1260-01-.01; 1260-01-.02; 1260-01-.04; 1250-01-.12)

# TYPES OF LICENSES

- Broker
- Affiliate Broker
- Designated Agent for Vacation Lodging
- Timeshare Salesperson
- Acquisition Agent




# GENERAL LICENSE REQUIREMENTS

- 18 years or older
- High school graduate
- Eligibility verification
- Fingerprinting
- Positive response to qualifying questions






# BROKER

- Meet general requirements
  - 24-month minimum active license after May 12, 1988
  - 24-month minimum active license with BS in RE
  - 120 hours approved education
  - Additional 30 hours of Office/Broker Management Course
  - Obtain E & O Insurance
  - Pass State exam
  - Pay Application fees
- 

# AFFILIATE BROKER LICENSE

- General requirements
  - 60 hours of education in Real Estate
  - 30 – hour course for new affiliates
  - Errors & Omissions Insurance
  - Pass state exam
  - Pay application fees
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

# RECIPROcity/OUT OF STATE

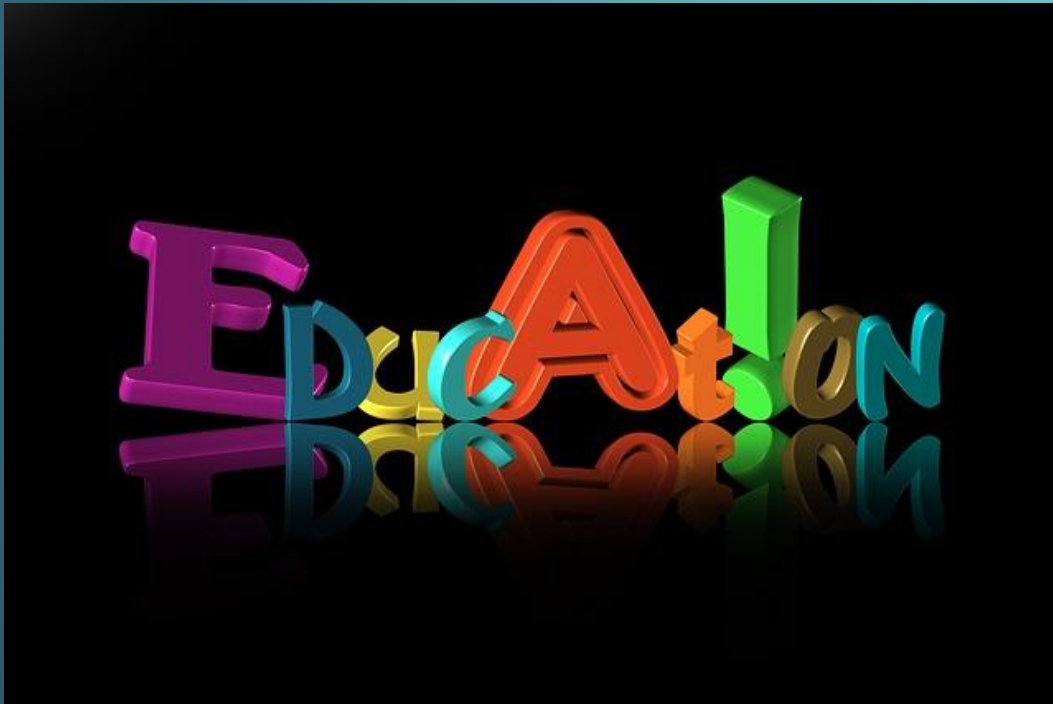
- Meet general requirements
- TN DOES NOT offer reciprocity!!
- Firm or Principal Broker where affiliated must hold active TN real estate license
- If non-resident:
  - ❖ Pass TN state law portion of exam for the same type of license held in other state
  - ❖ Evidence of certified license education & history
  - ❖ Obtain Errors & Omissions Insurance
- If resident:
  - ❖ Same as above
  - ❖ May qualify to substitute education, national portion of exam and/or experience for national portion of exam

# CONTINUING EDUCATION

16 HOURS EVERY 2 YEARS!!!

including

6 HOURS OF TREC CORE



# APPEARANCES BEFORE COMMISSION FOR LICENSING

(1260-01-.19)





# MILITARY

(1260-010.19)

- Requirements for licensure of same type in another state equivalent to TN
- Temporary permit
- Military education training or experience completed accepted
- National Guard or Reserves called to active duty with license expiration during activation can be renewed upon being released from active duty
  - ❖ No payment of late fees or penalties
  - ❖ Don't have to complete CE while active duty if they could not take classes and submitted a waiver
  - ❖ Person performs license occupation as part of their military duties
  - ❖ Performing other similar act typically required for license renewal

# REINSTATEMENT

(1260-01-.21)

- Expired due to health issues or medical problems
- Expired due to failure to comply with prerequisite to licensure
- Penalties begin accruing on the **1st** day following expiration
- Reinstate license issued back to original expiry date




# TERMINATION OF AFFILIATION

(1260-010.02)



# TIME TO MOVE ON?

- Submit TREC Form 1



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
TENNESSEE REAL ESTATE COMMISSION  
530 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243-1151  
(615) 741-2273 or (800) 342-4031  
www.tn.gov/commerce

**T.R.E.C. Form 1.**  
REVISED 4/12/18  
**Do not write or mark in the space below.**

**TRANSFER, RELEASE AND CHANGE OF STATUS FORM**  
Check appropriate box (es) and complete all required lines of information. Remit appropriate fee for each box checked.  
Amount remitted \$ \_\_\_\_\_

<input type="checkbox"/> A. Transfer to new firm (1 thru 8) <b>(8080) \$25.00</b> <input type="checkbox"/> B. Change of licensee name with <b>PROOF</b> (1,2,3, & 7) <b>(8030) \$10.00</b> <input type="checkbox"/> C. Change of status to <b>ACTIVE</b> (1, 3, 4, 6, 7&8) <b>(7000) \$25.00</b>  <input type="checkbox"/> D. Change of status to <b>RETIRED</b> (1,5,7, & 8) <b>(6070) \$25.00</b> <small>(Licensee must continue to pay renewal fee when due, TCA 62-13-318)</small> <input type="checkbox"/> E. Request duplicate of lost license (1,2,5, & 7) <b>(8010) \$10.00</b>	<input type="checkbox"/> F. Designate firm's principal broker (1, 2, 5, 6) <b>(9999) \$25.00</b> <input type="checkbox"/> G. Remove Principal Broker designation (1, 2, 5, 7) <b>NO CHARGE (9997)</b> <input type="checkbox"/> H. Add Principal Broker to Additional Firm (1 thru 7) <b>(9999) \$25.00</b> <input type="checkbox"/> I. Principal Broker <b>RELEASE</b> of affiliated licensee (1, 2, & 5) <b>NO CHARGE.</b> Licensee will be placed in problem status. SEE additional information on page 2 of this form. <b>(8070)</b>
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I request T.R.E.C. process as indicated above


1.	Licensee's Name	Home Phone Number	E-Mail Address	License/File ID Number
2.	Current Firm Name	Firm Phone Number	E-Mail Address	Current Firm File ID Number
3.	New Firm Licensee Name	New Firm Phone Number	E-Mail Address	New Firm File ID Number
4.(a)	New Firm Street Address			
	City	State	Zip Code	
4.(b)	Firm Mailing Address (P.O. Box only)			
	City	State	Zip Code	

ORIGINAL SIGNATURES ONLY PROVIDE ALL INFORMATION AND DATES

5.	Current or Releasing Principal Broker's Signature	PB License (File ID) Number	Date of Change or Release
6.	New Principal Broker's Signature	PB License (File ID) Number	Date
7.	Licensee's Signature	Date	
8.	Licensee's Home Mailing Address		
	City	State	Zip Code

PLEASE READ REVERSE OF THIS FORM FOR IMPORTANT INFORMATION AND INSTRUCTIONS  
If this form does not have the information printed on the reverse, you can obtain a copy of both sides by contacting the TREC office or web site at: www.tn.gov/commerce. IN0857 (Rev. 4/12/18)

# TIME TO MOVE ON?

- Principal Broker's supervisory responsibility terminates
  - Provide change of affiliation or retirement within 10 days
  - Can not take or use listings or representation agreements unless authorized
  - If PB deceased or unable to sign submit Affidavit for Release
  - If licensee deceased or physically unable to sign PB submit Form 1
  - What happens to outstanding commissions?
- 

# BROKERAGES

(1260-01-.13; 1260-02-.41; 1260-01-.15; 1260-01-.16; 1260-02-.04; TCA 62-13-312; 1260-02-.39)

# DUPLICATE OR SIMILAR NAMES

(1260-010.18)

- Commission can refuse to issue a name
- Firm can appeal with Executive Director
- If rejected can appeal with Commission

# LICENSEES AS A TEAM, GROUP OR SIMILAR ENTITY

(1260-02-.41)

- Affiliated with same firm and physical location
- Commission only received from PB
- PB can not designate supervisory responsibility
- Can not represent themselves as separate entity

# ERRORS AND OMISSIONS INSURANCE

- All active licensees must hold!!!
- Except if inactive or retired
- PB obligated to confirm



# LAPSED ERRORS AND OMISSIONS INSURANCE



- Licensed suspended!!
- Affiliate Penalties
  - ❖  $>30 \text{ days} < 120 = \$200$  if policy backdated
  - ❖  $>30 \text{ days} < 120 = \$400$  if not backdated
  - ❖  $>120 \text{ days} < 6 \text{ months} = \$500$
  - ❖  $> 6 \text{ months} < 1 \text{ year} = \$500 + \$100/\text{month}$  for 6-12 months
- If revoked, can reapply

# LAPSED ERRORS AND OMISSIONS INSURANCE


- **Principal Broker Penalties**

- ❖ Within 30 days = no penalty if proof of coverage provided
- ❖ Within 30 days = no penalty if licensee released
- ❖ >30 days = formal hearing and Consent Order
- ❖ >30 days <120 after suspension = Consent Order penalty same as affiliate
- ❖ >120 days = \$1000
- ❖ If doesn't accept Consent Order = hearing before administrative law judge



# ELECTRONIC RECORDS

(1260-02-.04; TCA 62-13-312)

- Kept for 3 years
  - Must follow all safeguards for security
  - Documents readily accessible within 24 hours
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

# COMMISSIONS EARNED BY AFFILIATE

(1260-02-.39)



- Transfer to a new broker
  - Retires their license
- Is in broker release status
- Allow their license to expire
  - Licensee dies

**ACTIVITY – TRUE OF FALSE**




	True or False
Both PB and Affiliate may have to pay penalties if the Affiliates E&O insurance lapses	
All licensees are required to complete 18 hours of CE every 2 years	
Electronic records of transactions must be kept up to 5 years	
There is a separate license needed to do commercial real estate	
TN does not offer reciprocity with other states	
If you license expired due to medical problems you can have it reinstated	
The Commission can refuse to grant a name to a new firm if the new name is similar to an already existing firm	
You must be 21 to obtain a real estate license	

# PRINCIPAL BROKER SUPERVISION



# WHAT IS SUPERVISION

- Always responsible for **ALL** licensees with their brokerage
  - Main focus of management efforts
    - ❖ Reputation of firm and agents
    - ❖ Motivation & Encouragement
    - ❖ Educator & Trainer
    - ❖ Compliance
- 

# DEATH OR EXTENDED ABSENCE OF PB

(1260-02-.38)

- TREC notified within 10 days
- TREC may allow firm to continue operating for 30 days
- May get a 30-day extension but new PB in place by 61<sup>st</sup> day

# BRANCH OFFICE/UNLICENSED BRANCH OFFICE

(1260-02-.03)

- What is a branch office?
- Offices exempt from requirements of branch office license





# EARNEST MONEY/SECURITY/TRUST DEPOSIT

(1260-02-.09)

- What is commingling?
  - What is Trust Money?
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# EARNEST MONEY/SECURITY/TRUST DEPOSIT

(1260-02-.09)

- Rules of conduct
  - ❖ Separate Account
  - ❖ Affiliate broker pays PB immediately upon receipt
  - ❖ PB responsible for money per contract
    - ❑ Specify conditions for disbursement & person holding trust money
    - ❑ If not PB, PB relieved of responsibility upon receipt of money by specified escrow agent

# EARNEST MONEY/SECURITY/TRUST DEPOSIT


- Rules of conduct cont'd
  - ❖ PB disburse money
    - ❑ Based on interpretation of contract
    - ❑ Upon securing written agreement
    - ❑ At closing
    - ❑ Upon rejection of offer
    - ❑ Upon withdrawal of offer
    - ❑ Upon filing interpleader action
    - ❑ Upon order of court



# EARNEST MONEY/SECURITY/TRUST DEPOSIT

- Rules of conduct cont'd
  - ❖ Earnest money disbursed, interpleaded, turned over to attorney within **21** days of request for disbursement
  - ❖ **No** postdated checks
  - ❖ Trust money deposited upon acceptance of offer
  - ❖ **ALL** trust money held in separate account
  - ❖ **No commingling!**
  - ❖ Interest-bearing accounts under certain provisions

# RELATIONSHIPS WITH INDEPENDENT CONTRACTORS

- Affiliate brokers are independent contractors – not employees!
  - Affiliates still responsible to PB for all business activity
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

# TEAMS AND GROUPS

(1260-02-.41)

- TREC does not recognize teams!



- But they exist!
- Broker supervision & office policies to avoid misleading consumers

# COMMERCIAL TRANSACTIONS



# TYPES OF COMMERCIAL TRANSACTIONS


- Sales
  - Lease
  - Property Management
  - Business Brokerage
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.



# PROPERTY MANAGEMENT

(TCA 62-13-102; TCA 62-13-104; TCA 62-13-312(15); 1260-02-.32; 1260-02-.09)


# PROPERTY MANAGEMENT

- What is it?
  - Licensing
  - TREC requirements
  - Escrow
  - Principal Broker Supervision
  - Sanctions
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

# COMMERCIAL LEASING



# COMMERCIAL LEASING

- What is it?
  - Conveys use but not ownership
  - Formal lease requirements in TN?
  - Tennessee Uniform Residential Landlord and Tenant Act
  - Exclusive Use
  - Quiet Enjoyment
- 

# COMMERCIAL LEASE TERMINOLOGY



# COMMERCIAL LEASE TERMINOLOGY

# Jeopardy

Three white diagonal lines of varying lengths and thicknesses are positioned in the bottom right corner of the slide, extending from the right edge towards the center.

# ADVERTISING

1260-02-.12; 1260-02-.33; TCA62-13-310




**Which of these are considered to be Advertising and which are not under TREC rules?**

<b>Item</b>	<b>Yes</b>	<b>No</b>
Signs (all kinds)		
Flyers		
Hats		
Pens		
TV ads		
Radio ads		
T-shirts		
Letterhead		
Notepads		
Website		
Twitter		
YouTube		
Name tags		
Newspaper ads (paper or online)		
Business cards		
Sponsorship of charitable events		



# WHAT IS ADVERTISING

- Traditional print
  - Radio
  - TV
  - Signs
  - Flyers
  - Letterhead
  - Email signatures
  - Websites
  - Social media
  - Video & audio recordings
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.


# WHAT IS NOT ADVERTISING

- Hats
  - Pens
  - Notepads
  - T-shirts
  - Name tags
  - Business cards
  - Sponsorship
- 

# GENERAL ADVERTISING RULES

- **DO NOT** advertise to suggest licensee not engaged in real estate business
- **ALL** advertising under PB supervision
- **Must** have firm name & phone number per Commission files
- Firm name **Must** be same size or larger than licensee name
- **Must** have licensee name per Commission files, including nicknames
- **CAN NOT** post sign without written authorization from owner or owner's agent
- **CAN NOT** advertise listing by another licensee without written authorization
- **No** advertising of franchise name without firm name

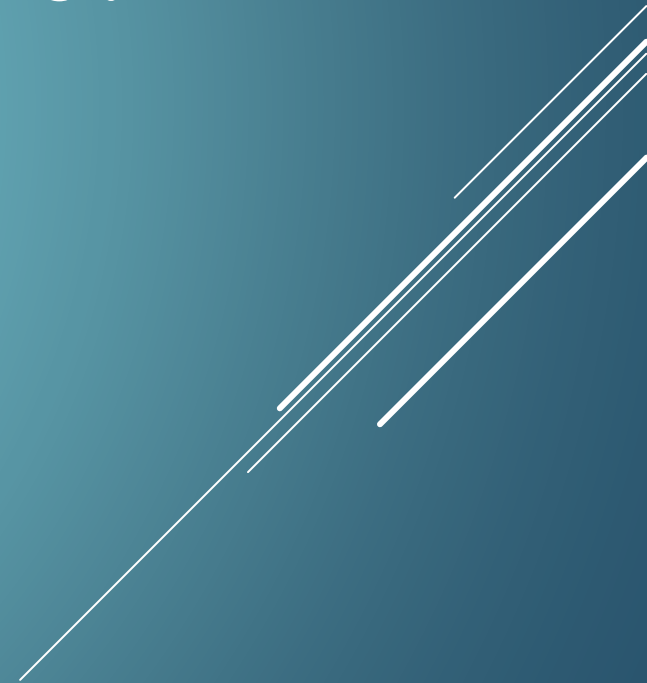
# ADVERTISING AS TEAMS

- Real Estate, Real Estate Brokerage, Realty, Company, Corporation, LLC, Corp, Inc., & Associates **NOT** allowed in team name
  - Firm name **MUST** be prominent in all advertising
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

# FALSE, MISLEADING, OR DECEPTIVE ADVERTISING

- Misrepresentation: Is the property legitimately coming on the market or is the advertising a ploy to build buzz?
- Examples
  - ❖ Using franchise name without firm name
  - ❖ Advertising using on of the banned identified team names
  - ❖ Any webpage with link to an unlicensed entity's website

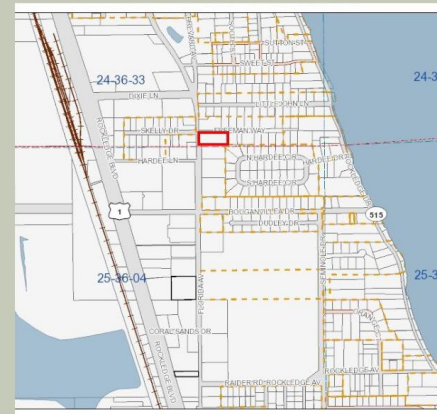
**WHICH OF THE FOLLOWING ADVERTISING  
EXAMPLES MEET TREC REQUIREMENTS?**





**1008B FLORIDA AVE., ROCKLEDGE**  
**940 sf office/retail for lease \$800/mo**

LOCATED IN STRIP CENTER ON BUSY (4000 AADT) FLORIDA AVE. UNIT 1008B WITHIN THE STRIP CENTER IS A CENTER UNIT IN A GROUP OF FIVE UNITS. SPACE IS ESSENTIALLY TWO LARGE OPEN AREAS WITH A BATHROOM AT THE REAR OF THE FRONT ROOM. RECENTLY UPGRADED WITH A NEW 2-TON MINI-SPLIT HVAC SYSTEM AND REFRESHED WITH NEW PAINT. PLATE GLASS WINDOW IN THE FRONT PROVIDES LIGHT AND ROAD EXPOSURE. LANDLORD WILL WORK WITH TENANT ON FLOOR COVERINGS. C1 ZONING ALLOWS FOR MOST RETAIL, SERVICES, AND OFFICE USES. CURRENT TENANTS INCLUDE A HAIR SALON, EMT SCHOOL AND CHIROPRACTOR (HAS TWO UNITS).



Presented by Linda Olson, REALTOR  
D. Basile Real Estate, LLC  
321-427-9560 off/ 321-848-4835 cell

# Office For Sale

by

**OLIVIA BROWN**

---

REALTOR

+123-456-7890

[www.reallygreatsite.com](http://www.reallygreatsite.com)

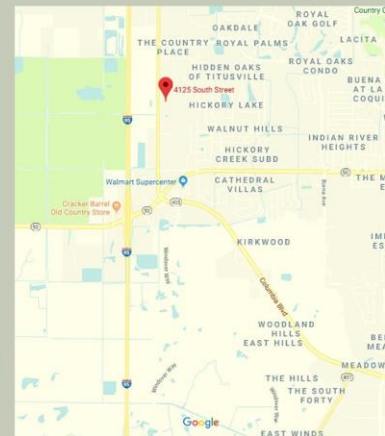




## 4125 SOUTH STREET - INDUSTRIAL PROPERTY

**4.36 AC & 17,280 SF BLDG PAD "AS-IS" \$500,000**

OWNER MOTIVATED - PRICE REDUCED AGAIN and will consider offers. Being sold "as-is". Rare industrial property available for sale within the City of Titusville. Current zoning is M3. Uses such as: building trade services, freight distribution, heavy industrial, heavy manufacturing, sale of manufactured products and more allowed. Includes remnants of a 17,280 SF metal building, but whose building pad is usable. Utilities include water, electric and 3-phase power. Site is large enough for additional buildings, parking, stormwater, etc. Lots of growth in this area of Titusville as it is near I95, Walmart, Lowes, and Home Depot. Traffic count on SR 405 is 16,500.



Presented by L&L Real Estate Team

D. Basile Real Estate, LLC

321-848-4835

# *Linda Olson*

*Commercial, Vacant Land, Residential  
Real Estate Author & Instructor*

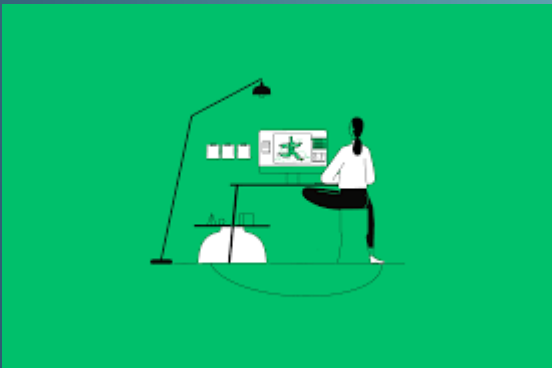
Cell: (321) 848-4835 [Olson\\_L@bellsouth.net](mailto:Olson_L@bellsouth.net)  
[www.educatorlinda.com](http://www.educatorlinda.com)



# INTERNET ADVERTISING

- Firm name and number on file with Commission appear on each page of website

- Listings included from outside database **must** of CYA statement




- Information current and accurate

# SOCIAL MEDIA ADVERTISING



# SOCIAL MEDIA ADVERTISING

- Internet based applications (e.g., Facebook, Twitter, Instagram, LinkedIn)
    - ❖ Firm name & number no more than one click away from viewable page
    - ❖ Advertising current and accurate
- 



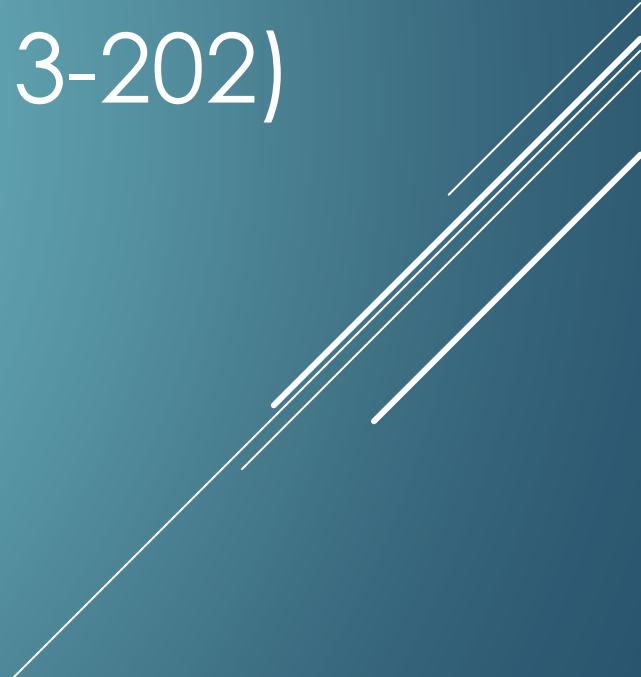
# SIGNS

(1260-02-.12)

- Requires written authorization from property owner
- Firm name **MUST** appear in letters same size or larger than licensee name
- **All** TAR Commercial Listing Agreements authorize Broker to place a sign & lock box, if applicable on the property

# **GUARANTEES, CLAIMS & OFFERS, GIFTS & PRIZES**

(1260-02-.15; 1260-02-.33; TCA 62-13-202)





“Too  
GOOD  
to be TRUE”  
F.F






# REBATES

- Cash rebates/refunds strictly prohibited!
- Can not give your compensation to buyer or seller as a refund or rebate or pay closing costs
- Can reduce commission



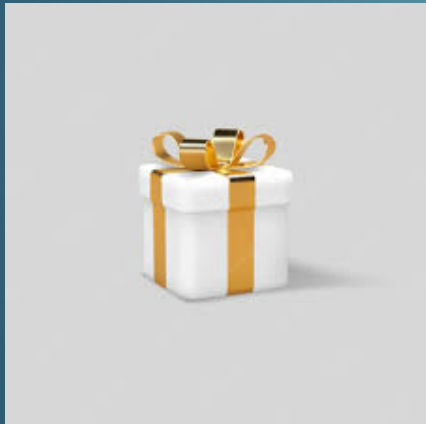
# INDUCEMENT FOR BUSINESS

- Can give a non-licensee a gift to induce them to business with them
  - Must be for them and not their friends, family, etc.
- 
- A decorative graphic consisting of several parallel white lines of varying thicknesses, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

# GIFTS AND PRIZES



- May offer gift, prize or other valuable consideration to other licensee **ONLY** if:



- ❖ Approval of their firm
- ❖ In writing signed by licensee and disclosure of all pertinent details
- ❖ **CAN NOT** take the form of cash of any kind

# 2023-2024 TREC CORE COMMERCIAL THANK YOU!



Linda Olson, REALTOR<sup>®</sup>, Green

Author & Instructor

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