

LICENSE STATUS DESIGNATIONS

March, 2014

The Tennessee Real Estate Broker License Act of 1973 established two license statuses into which a licensee may request to place his license: ACTIVE and RETIRED. All other license statuses are subcategories which TREC utilizes to describe and modify the license status and are not statuses which may be chosen by the licensee and are not renewable statuses.

Active—A licensee is placed in an **active** status when **all** requirements for licensure and/ or renewal have been satisfied. Affiliate brokers, brokers and real estate firms in this status can legally engage in real estate activities as defined by TCA 62-13-102(4)(A)(B); however, active status does not require that a licensee actively engage in real estate activities. A licensee can be in an active status and affiliated with a firm, but not be actively engaged in real estate activities. Active status is not based upon the level of activity of a licensee, but rather on compliance with the statutory requirements.

Inactive—The **inactive** status is a “**holding**” status in which TREC places licensees who have requested to retire their license, but who have not met the educational requirements to do so. The Tennessee Real Estate Broker License Act of 1973 does not allow a licensee to choose an inactive status or to default to an inactive status simply because the licensee has decided to pursue other interests and/or professions. If a licensee does not want to practice real estate, but wants to retain the license, then that licensee must submit a TREC 1 Form requesting that the license be placed in retirement. If the licensee has not completed all of the required education, TCA 62-13-318 prohibits the retirement of the license. In such instances, the Broker Act requires that the license be placed in a “holding status” defined as inactive until the education requirements have been timely completed. Inactive is specifically defined in the Broker Act and does not mean an active licensee has decided by their actions or in their mind, to simply quit engaging in the practice of real estate. A licensee who has been placed in an inactive status cannot practice real estate at all and an inactive license cannot be renewed.

Broker Release-- A licensee is placed in **broker release** status when the PB with whom they were affiliated, sends in a TREC 1 form, with or without the license, releasing the licensee from the affiliation with the firm. (No fee required). The licensee is sent a letter from TREC telling them that they have been broker released and advising them that they must send in a TREC 1 form, with the required fee, within 10 days from the broker release date, either to indicate affiliation with a new firm or to indicate their desire to retire their license. A license in a broker release status is not renewable.

Expired-Grace--A license in **expired-grace status is an expired license**. A licensee in a renewable status (active or retired), who has not met all of the requirements for renewal, will be automatically placed in an expired-grace status during the first 60 days following the license expiry date. If, during the initial 60 days following the expiry date, the licensee in an expired-grace status completes all requirements for licensure and pays the required penalty, the license will be renewed. If not renewed during the initial 60 day period, on the 61st day following the expiry date, the license will be designated expired. Once a license is designated expired, a licensee must seek reinstatement of his license pursuant to the Reinstatement Policy, 2013-CPS-002. Even though the licensee is in an expired-grace status, this designation does not change the fact that the license is expired and therefore the licensee cannot legally engage in real estate activities.

Expired--A license in an **expired** status is one which is no longer valid. The date for renewal has passed. The person has no license and therefore, cannot engage in real estate activities without being in violation of the law.

Problem--This is a status in which TREC places licensees who have a material issue which needs to be addressed by the licensee. Issues such as failure to inform TREC of address or firm change, no PB at firm nor an approved plan to replace PB might cause a licensee to be placed in **problem** status. This is not a renewable status.

Revoked—A **revoked** license status indicates that the Commission has taken an affirmative action, usually pursuant to a formal hearing, to take the license of the licensee or that the license has been revoked pursuant to a statute. If a license has been revoked, there is no longer a license for that licensee and that licensee cannot engage in activities which require a license. A revoked licensee who desires to obtain a license must appear before the Commission. The Commission can grant or deny the request.

Suspended—Licenses are usually **suspended** by the Commission for specific time periods or until certain conditions are met. While a license is suspended, the licensee cannot engage in activities which require a license, nor will a license be renewed if it is suspended. By statute, other agencies can direct TREC to place a license in a suspend status. The agencies which are currently empowered by statute to order that a license be placed in a suspended status are: The Tennessee Department of Revenue; the Child Support Division of the Department of Human Services and the Tennessee Student Assistance Corporation.