

TREC & REALTRACS - Fines & Penalties

What can happen if you don't renew your license/CE/Insurance on time and it expires?

- You cannot practice real estate or market real estate services without an ACTIVE license in good standing. In addition to office fines, you could face the below:
 - **TREC Fees**
 - \$50.00 per month (for the first 120 days)
 - \$100.00 per month (after 121-365 days)
 - **Continuing Education Penalty**
 - \$50.00 per month
 - **Errors and Omissions Insurance Lapse Penalty**
 - Minimum \$200

What can happen when you violate any of the

Tennessee Codes as indicated in the TREC Rules of Conduct?

- **1260-02-.32 CIVIL PENALTIES.** (1) The Commission may, in a lawful proceeding against any person required to be licensed by the Commission, in addition to or in lieu of any other lawful disciplinary action, assess a civil penalty **for each separate violation** of a statute, rule, or order pertaining to the Commission: (see full Rules of Conduct for detail)
 - Assess penalty fines up to \$1000 per code for each separate violation
 - Most violations have a *minimum* fine of \$250-400 but any commission rule or order violated can potentially be fined up to \$1000.
 - Some violations have a *minimum* fine of \$1000
- **Each day of a continued violation may constitute a separate violation.**
- **In determining the amount of a civil penalty, the Commission may consider such factors as the following: (i.e. your intent may not matter)**
 - Whether the amount imposed will be a substantial economic deterrent to the violation;
 - The circumstances leading to the violation;
 - The severity of the violation and the risk of harm to the public;
 - The economic benefits gained by the violator as a result of non-compliance; and
 - The interest of the public

What can happen when you have errors in the MLS and/or listing infractions with Realtracs?

Listing Infraction	Applies to	Fine
1. Submitting a listing to MLS without a valid exclusive listing agreement OR signing, or allowing anyone else to sign, forms for the owner 2. Failure to submit a new listing within 48 hours 3. For an Exempt Listing, failure to submit a new listing and a "Sellers Waiver of Broker Cooperation via MLS and Public Marketing" form to MLS within 48 hours 4. Manipulating listing content to circumvent MLS rules, to provide a misleading representation of the listing, to manipulate cooperation with other Participants, or to change information <i>ex post facto</i>	Office Or Listing Agent	\$250 – 1st violation \$500 – 2nd violation \$1,000 – 3rd violation
5. Failure to report a listing "Under Contract-Not Showing" or "Under Contract-Showing" to the MLS within 48 hours of the execution of a Binding Sales Contract 6. Restricting showings for an Active listing 7. Failure to report a listing "Closed" to the MLS within 72 hours 8. Failure to report a listing as a Short Sale within 48 hours 9. Failure to report listing changes to the MLS within 48 hours (other than those specifically referenced in other fines) 10. Submitting a listing with contact information in any field other than the private remarks field 11. Removing Listing Content in Closed, Expired or Withdrawn listings	Listing Agent	\$100 – 1st violation \$250 – 2nd violation \$500 – 3rd violation
12. Failure to include a Primary Image 13. Failure to include a known starting point and accurate directions to the front of the property in the "Directions" field 14. Submitting a residential listing without a foundation and with a construction type other than "To Be Built"	Listing Agent	\$50 – 1st violation \$100 – 2nd violation \$200 – 3rd violation
15. Submitting a listing or listing changes with items incorrect or required items omitted (other than those specifically referenced in other fines)	Listing Agent	\$25 per incorrect item
16. Use of "Exempt Listings" to circumvent cooperation with other Participants	Office and/or Listing Agent	Warning – 1 st violation \$500 – 2 nd violation \$1,000 – 3 rd violation
23. Upon request from the MLS, Participants must produce proof of a valid exclusive listing agreement and/or substantiating documentation for a property listing submitted to the MLS as follows: i) A valid exclusive listing agreement within twenty-four (24) hours. ii) Substantiating documentation (e.g. ALTA Settlement Statement, offer to purchase agreement, etc.) within forty-eight (48) hours. Failure to submit documentation to MLS within the given time frame may also result in the removal of the listing from the MLS.	Office or Listing Agent	\$100 – 1st violation \$250 – 2nd violation \$500 – 3rd violation

Electronic Mail Misuse	Applies to	Fine
29. Misuse of email or notification services	MLS User Or Office	\$50 – 1st violation \$100 – 2nd violation \$250 – 3rd violation

Rules Enforcement

- Violations in excess of three occurrences may result in suspension or cancelation of service.
- Staff issues a citation for a specified MLS Rules violation, per incident. The fine for the first violation may be waived if corrected within 48 hours from date of notice and/or at staff's discretion.
- The Participant/User has 30 days to pay the fine.
- If the fine is not paid within the 30-day period, the fine will be placed on the User or office invoice.
- If the Participant/User wishes to challenge a fine, the challenge must be filed in writing to the Board of Directors.
- Fines may not exceed the NAR limit for a single incident.
- Ethics violations will be referred to the appropriate local REALTOR® association.