

SENATE BILL 2241

By Lundberg

AN ACT to amend Tennessee Code Annotated, Title 62,
Chapter 13, relative to real estate brokers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-13-302(a), is amended by deleting the subsection and substituting the following:

(1) It is unlawful for a broker who is licensed in this state to employ or compensate a person who is not a broker or affiliate broker, licensed in this state, for performing any acts regulated by this chapter; however, a broker who is licensed in another state and does not hold a broker or affiliate broker license in this state may cooperate with a broker who is licensed in this state pursuant to a cooperative agreement as long as the state that licenses the other broker allows similar cooperative agreements with brokers who are licensed in this state and any commission or fee to be paid to the broker who is licensed in this state resulting from the cooperative negotiation between the brokers is stated in the cooperative agreement. As used in this subsection (a), "another state" means a state of the United States, other than this state; the District of Columbia; or any territory subject to the jurisdiction of the United States.

(2) If a broker who is licensed in this state enters into a cooperative agreement under subdivision (a)(1), then the broker shall maintain a copy of the cooperative agreement in the broker's records for three (3) years. The broker shall produce a copy of the cooperative agreement to the commission upon request. By signing the cooperative agreement, the broker who is licensed in another state agrees to abide by the laws of this state and the rules of the commission, and agrees that civil actions may

be commenced against the broker who is licensed in another state in any court of competent jurisdiction in any county of this state in which a claim may arise.

(3) The broker who is licensed in this state shall require a listing or joint listing of the property that is subject to the cooperative agreement. The written cooperative agreement must specify all material terms of the agreement, including, but not limited to, any commission or fee to be paid pursuant to the cooperative agreement, the effective period of the cooperative agreement, and the property located in this state that is subject to the cooperative agreement.

(4) The broker who is licensed in this state must supervise the showing of property located in this state and negotiations pertaining to that property. In all advertising of property located in this state, the name and telephone number of the broker who is licensed in this state must appear and be given equal prominence with the name of the broker who is not licensed in this state.

(5) The broker who is licensed in this state is liable for the broker's own acts, and the acts of the broker who is not licensed in this state, that arise from actions taken pursuant to a cooperative agreement.

(6) Prior to entering into a cooperative agreement, the broker who is licensed in this state shall confirm that the other broker is licensed as a broker in another state.

(7) Notwithstanding § 62-13-321, all earnest money pertaining to a cooperative agreement must be held in escrow by the broker who is licensed in this state unless both the buyer and seller agree in writing to relieve the broker who is licensed in this state of that responsibility and the broker responsible for holding the earnest money in escrow does so in a manner consistent with rules promulgated by the commission.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and applies to agreements entered into, amended, or renewed on or after the effective date of this act.