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Sequence Number: 02-27-16  
 Rule ID(s): 6126-6127  
 File Date: 2/26/16  
 Effective Date: 5/26/16

# Rulemaking Hearing Rule(s) Filing Form

*Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing (Tenn. Code Ann. § 4-5-205).*

*Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).*

<b>Agency/Board/Commission:</b>	Tennessee Alarm Systems Contractors Board
<b>Division:</b>	Division of Regulatory Boards Department of Commerce and Insurance
<b>Contact Person:</b>	Ashley N. Thomas
<b>Address:</b>	Davy Crockett Tower 500 James Robertson Pkwy. Nashville, Tennessee
<b>Zip:</b>	37243
<b>Phone:</b>	615-741-3072
<b>Email:</b>	Ashley.thomas@tn.gov

**Revision Type (check all that apply):**

- Amendment  
 New  
 Repeal

**Rule(s) Revised (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only ONE Rule Number/Rule Title per row)**

Chapter Number	Chapter Title
0090-01	General Provisions
Rule Number	Rule Title
0090-01-.05	Employee Registration Requirements
0090-01-.06	Qualifying Agent Requirements
0090-01-.07	Alarm Systems Contractor Requirements
0090-01-.09	Fees
0090-01-.10	Renewal of Certification and License

Chapter Number	Chapter Title
0090-06	Standards of Conduct
Rule Number	Rule Title
0090-06-.01	Applicability
0090-06-.02	Door-to-door Solicitation
0090-06-.03	Standards of Conduct and Ethics



Chapter 0090-01  
General Provisions  
Amendments

Rule 0090-01-.05 Employee Registration Requirements is amended by deleting the text of paragraphs (7) and (9) in their entirety and substituting instead the following language so that, as amended, the new paragraphs shall read:

- (7) If an active registered employee leaves the employment of a contractor the employee's registration will be placed in an "invalid" status until such time as the alarm employee registration is transferred to a certified alarm contractor or until the registration expires.
  
- (9) Renewal
  - (a) A registration shall expire on the last day of the twenty-fourth (24<sup>th</sup>) month following its issuance or renewal and shall become invalid on such date unless renewed. A new application for employee registration, including a new application fee, as established by Rule 0090-01-.09 Fees, shall be required to be submitted if such renewal application is not timely submitted to Board by the date of the employee registrant's expiration date.
  - (b) An alarm systems contractor shall apply to the Board for the renewal of the registration of each registrant employed by the contractor by submitting the required renewal application, including the requisite renewal fee as established by Rule 0090-01-.09 and two (2) frontal, color photographs for each renewal registration.
  - (c) Upon initial implementation of this part all registered employee registration expiration dates will be set to coincide with the alarm systems contractor with whom they are affiliated as of the effective date of these rules. All registered employee renewals thereafter will be the last day of the twenty-fourth (24<sup>th</sup>) month following the issuance or renewal thereof per Rule 0090-01-.05 (9)(a).
  - (d) An alarm employee registrant who has not met the requirements for renewal of registration by the expiration date of the registration shall cease acting as an alarm employee for any firm until all requirements for registration renewal, including the payment of any fees for late renewal, have been met.
  - (e) No alarm employee registrant shall receive a renewal when such registration has been in default for failure to comply with T.C.A. § 62-32-301 et seq. for a period of three (3) months. In such an event, the alarm employee, in order to qualify under the law, shall make new application and meet all current requirements to obtain a new registration.

Authority: T.C.A. §§ 62-32-307, 62-32-312, 62-32-317, 62-32-318 and 62-32-320.

Rule 0090-01-.06 Qualifying Agent Requirements is amended by deleting paragraph (9)(i) in its entirety and substituting instead the following so that, as amended, paragraph (9)(i) shall read:

- (9) A designated qualifying agent must perform the following:
  - (i) A designated qualifying agent shall notify the Board within thirty (30) days after of any known arrest, conviction, or any arrest or conviction of which the designated qualifying agent should have known, of any registrant, applicant, or qualifying agent under their supervision by any state, federal, or military court of any crime (except minor traffic violations). The designated qualifying agent shall provide this notification for persons who are registered, or required to be registered, under the alarm systems contractor that employs the designated qualifying agent. For the purposes of these rules, "conviction"

means the entry of a guilty plea, no contest plea or a verdict or decision rendered by a judge or jury.

Authority: T.C.A. §§ 62-32-303, 62-32-304(b), 62-32-307, 62-32-313, 62-32-316, and 62-32-320.

Rule 0090-01-.07 Alarm Systems Contractors Requirements is amended by deleting "listed in T.C.A. § 62-32-303, paragraph 8" from paragraph (10) and substituting, instead, the phrase "(except minor traffic violations)" so that, as amended, the paragraph shall read:

- (10) The contractor or the Designated Qualifying Agent must notify the Board within thirty (30) days of any known arrest, conviction or any arrest or conviction of which the contractor or Designated Qualifying Agent should have known, of any Designated Qualifying Agent, Qualifying Agent, or registered employee under their supervision by any state, federal, or military court of any crime (except minor traffic violations). For purposes of these rules, "conviction" means and includes the entry of a plea of guilty, plea of no contest or a verdict rendered in open court by a judge or jury.

Authority: T.C.A. §§ 62-32-307, 62-32-314, 62-32-316, and 62-32-320.

Rule 0090-01-.09 Fees is amended by adding paragraph (6), so that, as amended, the new paragraph shall read:

- (6) The examination fee shall be the fee charged by the entity administering the examination, subject to the Board's approval.

Authority: T.C.A. §§ 62-32-307(b), 62-32-313, 62-32-314(a), and 62-32-318.

Rule 0090-01-.10 Renewal of Certification and License is amended by deleting the section in its entirety and substituting instead the following language, so that, as amended, the section shall read:

- (1) As used in these Rules, the requirements contained in T.C.A. § 62-32-317 are applicable.
- (2) Each certificate, license and registration shall expire on the last day of the twenty-fourth (24<sup>th</sup>) month following its issuance or renewal and shall become invalid on such date unless renewed.
- (3) Company Certification, Qualifying Agent License, and Alarm Employee Registration renewal notices shall all be mailed to the last known business address ninety (90) days prior to the expiration date of the license, certification, or registration. Such renewals must be received in the office of the Board thirty (30) days prior to the expiration of such Certification, License, or Registration.
- (4) The Board shall notify every company certificate holder, qualifying agent licensee, and alarm employee registrant by mail to the last known business address of the date of expiration of such certificate, license, or registration and the fee required for its renewal for two (2) years.
- (5) Applications for renewal of the company Certification shall list all persons required to be licensed or registered in accordance with T.C.A. § 62-32-312(a).
- (6) No Qualifying Agent license shall be renewed unless the Board has received satisfactory evidence of the completion of continuing education prior to renewal, in compliance with the minimum satisfactory standards set for in rule 0090-05-.01.
- (7) A qualifying agent who has not met the requirements for renewal of a qualifying agent license by the expiration date of the license shall cease acting as a qualifying agent for any firm until the qualifying agent has established to the satisfaction of the Board that all qualifications for renewal, including the payment of any fees for late renewal, have been met.
- (8) The fee to be paid for the renewal of a company certificate or Qualifying Agent license after the expiration date shall be increased ten percent (10%) for each month or fraction of a month that

payment for renewal is delayed; provided that the maximum fee for a delayed renewal shall not exceed twice the normal fee.

- (9) No company certificate holder, qualifying agent licensee, or alarm employee registrant shall receive a renewal when such company, agent, or registrant has been in default in complying with T.C.A. § 62-32-301 et seq. for a period of three (3) months. In such an event, the alarm systems contractor, qualifying agent, or registrant, in order to qualify under the law, shall make new application and meet all current requirements to obtain a new certificate, license, or registration.
- (10) The alarm contractor, in order to renew its certification, shall submit to the Board, on a Board approved form, a notarized statement of the contractor's designated qualifying agent, chief executive officer or any other authorized contractor representative, which identifies the number of employees required to be registered with the Board as well as a list containing the name and registration number of each employee who is registered or required to be registered with the Board.

Authority: T.C.A. §§ 62-32-307, 62-32-312, 62-32-313, and 62-32-317.

#### New Rules

Chapter 0090-06 is added to 0090 Alarm Systems and shall read as follows:

#### Chapter 0090-06 Standards of Conduct Table of Contents

0090-06-.01	Applicability
0090-06-.02	Door-to-door solicitation
0090-06-.03	Standards of Conduct and Ethics
0090-06-.04	Contracting with customers

#### Rule 0090-06-.01 Applicability

The provisions of this chapter shall apply to any person or firm licensed and/or registered by the Alarm Systems Contractors Board, to conduct the sale, service, maintenance, installation and/or monitoring of alarm systems in this state. For purposes of this chapter, unless the context otherwise requires, the word "licensee" includes any person, partnership, corporation, or any other entity certified as an alarm contractor or licensed as a qualifying agent.

Authority: T.C.A. §§ 62-32-302 and 62-32-307.

#### Rule 0090-06-.02 Door-to-door solicitation

- (1) A licensee or employee registrant who sells, offers to sell, or attempts to sell alarm systems, as defined in T.C.A. § 62-32-303(1), to a homeowner or resident of a home or apartment, through direct physical contact, including door-to-door solicitation, shall:
  - (a) Carry an identification card or a copy of a currently pending application for license or registration issued by the Board, and present said identification or proof of registration for inspection to the homeowner or resident;
  - (b) Truthfully and clearly identify themselves by name, their full registered company name, and the purpose of their solicitation to the potential customer at the initiation of a sales presentation without request from the consumer. No licensee or registrant shall generically identify themselves as being from "the alarm company" or "the security company";

- (c) Provide to the homeowner or resident, at no charge, a document or business card listing the licensee's name, employer's name, address, phone number, license number;
- (d) Not approach or solicit a home or residence at any time where a placard, sign, or any other posting of whatever nature is displayed indicating that the homeowner or residential occupant does not wish to be solicited; and
- (e) Comply with any applicable door-to-door solicitation ordinance consistent with state and federal law.

Authority: T.C.A. §§ 62-32-302, 62-32-304 and 62-32-307.

Rule 0090-06-.03 Standards of Conduct and Ethics

- (1) An alarm systems contractor, licensee, or employee registrant shall not engage in any deceptive, misleading, unlawful or unethical business practices with customers or consumers. Such practices shall constitute improper, fraudulent or dishonest dealing pursuant to T.C.A. § 62-32-319(d).
- (2) An alarm systems contractor, licensee or employee registrant, when engaging in the sale, installation, service or maintenance of alarm systems, shall not falsely state or imply the following to a potential or existing customer:
  - (a) That a competitor company is going out of business or is in financial difficulty, or that such competitor company no longer exists;
  - (b) That a competitor company is changing or has changed its company name;
  - (c) That the licensee or registrant is a representative agent of, is acting on behalf of, or is otherwise acting with the consent or approval of a competitor company;
  - (d) That the licensee or registrant's company is a "sister" company of a competitor, or is acquiring, merging with, or has taken over or purchased the competitor company's accounts;
  - (e) That the licensee or registrant is performing routine maintenance on a competitor company's equipment which is in the possession of a customer;
  - (f) That any material change proposed during a sales solicitation is an "update" or "upgrade" of an existing alarm system, when such transaction requires an agreement with a person, company, or entity different than the customer's existing alarm system or alarm monitoring service agreement;
  - (g) That the licensee or registrant's company is affiliated with, has the endorsement of, or is, in any manner, acting at the direction of any governmental or law enforcement agency; and
  - (h) Quoting statistics or providing other information that is known to be false or misleading, or which the licensee or registrant has not made a reasonable effort to objectively quantify or substantiate.

Authority: T.C.A. §§ 62-32-302, 62-32-307, and 62-32-319.

Rule 0090-06-.04 Contracting with Customers

- (1) When contracting with existing or potential customers, alarm contractors shall require employee registrants to use written materials which clearly and conspicuously set forth both the alarm contractor and the customer's rights and obligations.
- (2) Alarm contractors and their employee registrants shall clearly and conspicuously disclose all material terms and conditions of the offer before obtaining a customer's consent.
- (3) Alarm contractors shall train their employee registrants with respect to the terms and conditions of the contract so that a customer's questions can be adequately answered at or prior to signing the contract.

- (4) Alarm contractors shall require their employee registrants to provide a copy of the contract to the customer immediately upon execution.
- (5) Refund policies, including termination fees, shall be clearly and conspicuously disclosed to existing or potential customers prior to the sale of any alarm product or service.
- (6) Alarm contractors shall honor all refunds for customers in accordance with their stated refund policies.
- (7) Upon request, alarm contractors shall provide customers a written termination fee calculation and statement of the information upon which they base the calculation.

Authority: T.C.A. §§ 62-32-302 and 62-32-307.

\* If a roll-call vote was necessary, the vote by the Agency on these rulemaking hearing rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Karen D. Jones	X				
Vivian Hixson	X				
Scott Cockroft	X				
Keith Harvey				X	
McKenzie Roberts				X	

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Alarm Systems Contractor Board on 10/16/2014 and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: 08/09/2014

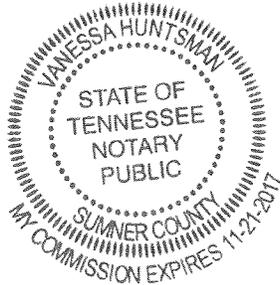
Rulemaking Hearing(s) Conducted on: (add more dates). 10/16/2014

Date: 11/18/15

Signature: *Ashley N. Thomas*

Name of Officer: Ashley N. Thomas

Title of Officer: Assistant General Counsel



Subscribed and sworn to before me on: November 18, 2015

Notary Public Signature: *Vanessa Huntsman*

My commission expires on: November 21, 2017

All rulemaking hearing rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

*Herbert H. Slattery III*

Herbert H. Slattery III  
Attorney General and Reporter

2/17/2016

Date

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PUBLICATIONS

Filed with the Department of State on: 2/26/16

Effective on: 5/26/16

*Tre Hargett*

Tre Hargett  
Secretary of State

## Public Hearing Comments

The Alarm Systems Contractors Board held a public hearing on October 16, 2014. Oral comments received during the hearing are summarized below along with the Department's response.

### Comment:

Mr. Howard Kohnstamm with Videoguard Integrated Technologies indicated his support regarding the Board's proposed rule 0090-06-.04 regarding the providing of terms clearly and conspicuously on forms and requiring contractors to train their employees sufficiently to be able to explain the contractual terms to persons solicited. He indicated this is a good business practice and that such rule would not dictate what is going to be in the contract. Mr. Kohnstamm further indicated that those businesses that are complying with the law will not have an issue with the proposed rule.

Response: The Board appreciates Mr. Kohnstamm's response in support of this rule.

### **Regulatory Flexibility Addendum**

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

1. Overlap, duplicate, or conflict with other federal, state, and local governmental rules:

There will be no overlap, duplication, or conflict with other federal, state or local governmental rules.

2. Clarity, conciseness, and lack of ambiguity in the rule or rule:

The proposed rules are clear in purpose and intended execution. The rules are not open to different interpretations.

3. Flexible compliance and/or reporting requirements for small businesses:

The proposed rules do not effect current compliance and/or reporting requirements as provided by the Act and current rules.

4. Friendly schedules or deadlines for compliance and/or reporting requirements:

The proposed rules do not effect current compliance and/or reporting requirements as provided by the Act and current rules.

5. Consolidation or simplification of compliance or reporting requirements:

There will be no change to the current compliance or reporting requirements.

6. Performances standards for small businesses:

The Board expects all licensees and registrants to follow the newly proposed rules concerning Standards of Conduct and Ethics.

7. Barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs:

The proposed rules do not create any significant barriers or other effects that may stifle entrepreneurial activity, curb innovation, or increase costs to licensees.

### **Economic Impact Statement:**

1. Types of small businesses directly affected:

These rules are not expected to have a measurable impact on the cost to small businesses.

2. Projected reporting, recordkeeping, and other administrative costs:

There are no projected reporting, recordkeeping or other administrative costs required for these proposed rules.

3. Probable effect on small businesses:

There is no expected adverse impact on small businesses as a result of these proposed rules. The proposed rules are expected to assist with the protection of the welfare and safety of the citizens of the State of Tennessee by seeking to further clarify provisions in the law regarding issues such as code of conduct of licensees in solicitation and the reporting requirements regarding status changes and arrests of licensees.

4. Less burdensome, intrusive, or costly alternative methods:

There are no less burdensome, less intrusive or less costly alternative methods known which will achieve the purpose and objective of these proposed rules.

5. Comparison with federal and state counterparts:

There are no known federal or state counterparts to these rules.

6. Effect of possible exemption of small businesses:

Any possible exemption of small businesses from these rules would result in less protection for the citizens of the State of Tennessee.

### **Impact on Local Governments**

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 “any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments.” (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

These rules are not reasonably viewed as having a projected financial impact on local governments.

## Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A)** A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The proposed rules seek to amend certain Employee Registration Requirements concerning the renewal of employee registration, specifically, by clarifying the statutory expiration date for registered employees, which is twenty-four (24) months, and deleting language in the rules, previously adopted by the Board, which list the alarm contractor's date of expiration as the date in which its employees' registration expires. The Alarm Contractor will remain responsible for submitting the employee registrant's renewal application, which includes the respective renewal fees.

The proposed rules seek to amend rules contained within the Renewal of Certification and License section (0090-01-.10), by adding a new rule clarifying the statutory renewal requirement for alarm contractors, upon submission of its certification renewal application, to attach a list of registered employees.

Finally, the Board seeks to add a new chapter with rules concerning standards of conduct and ethics for all licensees and employee registrants. This includes standards by which licensees and registrants conduct door-to-door solicitation with customers, along with the prohibition from engaging in certain false, deceptive or misleading acts by the licensees or employee registrants during the sale, installation, service or maintenance of alarm systems. Furthermore, the newly proposed rules will address certain measures by which alarm contractors shall conduct themselves and its employees in regards to conduct concerning contractual issues with its customers.

- (B)** A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

There is no known federal law, regulation or any state law or regulation mandating the promulgation of such rules or establishing guidelines for such.

- (C)** Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

The proposed rule regarding the expiration and renewal of registered employees will most likely affect all registered employees and their employers who assist in their registration renewal. It is unknown as to whether those persons urge adoption of such rules as no comments to such rules were made at the rulemaking hearing.

The proposed rules encompassing new chapter 0090-06 regarding standards of conduct and ethics for all licensees and employee registrants will affect all alarm systems contractors, its qualifying agents and registered employees as these new rules encompass their business practices, specifically addressing door-to-door solicitations. At the rulemaking hearing, a comment of support for these standards was provided by a market participant, Howard Kohnstamm with Videoguard Integrated Technologies. There were no known urges from other persons or entities for the rejection of these rules.

- (D)** Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no known opinions of the attorney general and reporter or an judicial ruling that directly relates to the rules.

- (E)** An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two

percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

There are no anticipated increase or decrease in state or local government revenues and expenditures as a result of the promulgation of this rule.

- (F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Ashley N. Thomas TN Dept. of Commerce and Insurance Regulatory Boards Division Assistant General Counsel 500 James Robertson Parkway Davy Crockett Tower Nashville, TN. 37243	Cody Vest TN Dept. of Commerce and Insurance Director – Alarm Systems Contractor Board 500 James Robertson Parkway Davy Crockett Tower Nashville, TN. 37243
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- (G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Ashley N. Thomas TN Dept. of Commerce and Insurance Regulatory Boards Division Assistant General Counsel 500 James Robertson Parkway Davy Crockett Tower Nashville, TN. 37243	Cody Vest TN Dept. of Commerce and Insurance Director – Alarm Systems Contractor Board 500 James Robertson Parkway Davy Crockett Tower Nashville, TN. 37243
---	--

- (H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Ashley N. Thomas TN Dept. of Commerce and Insurance Regulatory Boards Division Assistant General Counsel 500 James Robertson Parkway Davy Crockett Tower Nashville, TN. 37243 Phone: 615-741-3072 Email: ashley.thomas@tn.gov	Cody Vest TN Dept. of Commerce and Insurance Director – Alarm Systems Contractor Board 500 James Robertson Parkway Davy Crockett Tower Nashville, TN. 37243 Phone: 615-532-2965 Email: cody.vest@tn.gov
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- (I) Any additional information relevant to the rule proposed for continuation that the committee requests.

None.

**Department of State  
Division of Publications**

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*Redline*

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*Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).*

<b>Agency/Board/Commission:</b>	Tennessee Alarm Systems Contractors Board
<b>Division:</b>	Division of Regulatory Boards Department of Commerce and Insurance
<b>Contact Person:</b>	Anthony M. Glandorf
<b>Address:</b>	Davy Crockett Tower 500 James Robertson Pkwy. Nashville, Tennessee
<b>Zip:</b>	37243
<b>Phone:</b>	615-741-3072
<b>Email:</b>	Anthony.glandorf@tn.gov

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Chapter 0090-01  
General Provisions  
Amendments

Rule 0090-01-.05 Employee Registration Requirements is amended by deleting the text of paragraphs (7) and (9) in their entirety and substituting instead the following language so that, as amended, the new paragraphs shall read:

~~(7) If a registered employee leaves the employment of a contractor the registered employee must be employed with a certified contractor within ninety (90) days or their registration will expire.~~

(7) If an active registered employee leaves the employment of a contractor the employee's registration will be placed in an "invalid" status until such time as the alarm employee registration is transferred to a certified alarm contractor or until the registration expires.

~~(9) Renewal~~

~~(a) A registration shall expire on the expiration date of the certification of the alarm systems contractor that employs the holder of the registration.~~

~~(b) An alarm systems contractor shall apply to the Board for the renewal of the registration of each registrant employed by the contractor as of the date the contractor submits its application for renewal of its certification.~~

~~(c) An alarm systems contractor is not required to apply to renew an employee who has submitted an application for initial registration which has not yet been determined by the Board by the date of the expiration of the contractor's certification provided that the contractor renews its certification in a timely fashion. If the contractor fails to submit to the Board its application for renewal by the expiration date of its certification, then the contractor is required to apply to renew each registration of a registrant employed by the contractor regardless of the date that the registration was issued by the Board.~~

~~(d) In order to renew the registrations of its employees, an alarm systems contractor shall submit to the Board:~~

~~1. a Board approved form containing a notarized statement of the contractor's designated qualifying agent or chief executive officer which identifies the number of registrations being renewed as well as a list containing the name and registration number of each registered employee which the contractor is required to renew; and~~

~~2. the renewal fee required for the renewal of each registration, as established by rule 0090-01-.09 Fees.~~

(9) Renewal

(a) A registration shall expire on the last day of the twenty-fourth (24th) month following its issuance or renewal and shall become invalid on such date unless renewed. A new application for employee registration, including a new application fee, as established by

Rule 0090-01-.09 Fees, shall be required to be submitted if such renewal application is not timely submitted to Board by the date of the employee registrant's expiration date.

- (b) An alarm systems contractor shall apply to the Board for the renewal of the registration of each registrant employed by the contractor by submitting the required renewal application, including the requisite renewal fee as established by Rule 0090-01-.09 and two (2) frontal, color photographs for each renewal registration.
- (c) Upon initial implementation of this part all registered employee registration expiration dates will be set to coincide with the alarm systems contractor with whom they are affiliated as of the effective date of these rules. All registered employee renewals thereafter will be the last day of the twenty-fourth (24<sup>th</sup>) month following the issuance or renewal thereof per Rule 0090-01-.05(9)(a).
- (d) An alarm employee registrant who has not met the requirements for renewal of registration by the expiration date of the registration shall cease acting as an alarm employee for any firm until all requirements for registration renewal, including the payment of any fees for late renewal, have been met.
- (e) No alarm employee registrant shall receive a renewal when such registration has been in default for failure to comply with T.C.A. § 62-32-301 et seq. for a period of three (3) months. In such an event, the alarm employee, in order to qualify under the law, shall make new application and meet all current requirements to obtain a new registration.

Authority: T.C.A. §§ 62-32-307(a), 62-32-307(b), 62-32-307(g), 62-32-307(l), 62-32-312, 62-32-312(d), 62-32-317, 62-32-318 and 62-32-320.

Rule 0090-01-.06 Qualifying Agent Requirements is amended by deleting paragraph (9)(i) in its entirety and substituting instead the following so that, as amended, paragraph (9)(i) shall read:

- (9) A designated qualifying agent must perform the following:
  - (i) A designated qualifying agent shall notify the Board within thirty (30) days after a registrant's, applicant's or qualifying agent's conviction under their supervision by any state, federal, or military court of any crime (except minor traffic violations) has been arrested or convicted, that is known or should be have been known to the designated qualifying agent. The designated qualifying agent shall provide this notification for persons who are registered or required to be registered under the alarm systems contractor that employs the designated qualifying agent. The designated qualifying agent shall provide notification if the registrant, applicant or qualifying agent was convicted in any city, county, state, federal or military court of any crimes listed in Tenn. Code Ann. § 62-32-303(8) except minor traffic violations. For the purposes of these rules, "conviction" means the entry of a guilty plea, no contest plea or a verdict or decision rendered by a judge or jury.

Authority: T.C.A. §§ 62-32-303, 62-32-304(b), 62-32-307(a), 62-32-307(e), 62-32-307(d), 62-32-307(g), 62-32-307(i), 62-32-307(l), 62-32-313, 62-32-316(b), and 62-32-320.

Rule 0090-01-.07 Alarm Systems Contractors Requirements is amended by deleting "listed in T.C.A. § 62-32-303, paragraph 8" from paragraph (10) and substituting, instead, the phrase "(except minor traffic violations)" so that, as amended, the paragraph shall read:

- (10) The contractor or the Designated Qualifying Agent must notify the Board within thirty (30) days of any known arrest, conviction or any arrest or conviction of which the contractor or Designated Qualifying Agent should have known of any Designated Qualifying Agent, Qualifying Agent, or registered employee under their supervision by any state, federal, or military court of any crime listed in T.C.A. § 62-32-303, paragraph 8 (except minor traffic violations). For purposes of these

rules, "conviction" means and includes the entry of a plea of guilty, pleas of no contest or a verdict rendered in open court by a judge or jury.

Authority: T.C.A. §§ 62-32-307, ~~62-32-307(a)~~, ~~62-32-307(l)~~, 62-32-314, 62-32-316, and 62-32-320.

Rule 0090-01-.09 Fees is amended by adding paragraph (6), so that, as amended, the new paragraph shall read:

(6) The examination fee shall be the fee charged by the entity administering the examination, subject to the Board's approval.

Authority: T.C.A. §§ 62-32-307(b), 62-32-313(a), ~~62-32-313(1)~~, 62-32-314(a), and 62-32-318.

Rule 0090-01-.10 Renewal of Certification and License is amended by deleting the section in its entirety and substituting instead the following language, so that, as amended, the section shall read:

- (1) As used in these Rules, the requirements contained in T.C.A. § 62-32-317 are applicable.
- (2) Each certificate, ~~and license, and registration~~ shall expire on the last day of the twenty-fourth (24<sup>th</sup>) month following its issuance or renewal and shall become invalid on such date unless renewed.
- (3) Company Certification, Qualifying Agent License, and Alarm Employee Registration renewal notices shall all be mailed ~~by the Board~~ to the last known business address ninety (90) days prior to the expiration date of the license, certification, or registration. Such renewals must be received in the office of the Board thirty (30) days prior to the expiration of such Certification, ~~or License, or Registration~~.
- (4) The Board shall notify every company certificate holder, ~~and qualifying agent licensee, and alarm employee registrant~~ by mail to the last known business address of the date of expiration of such certificate, ~~or license, or registration~~ and the fee required for its renewal for two (2) years.
- (5) Applications for renewal of the company Certification shall list all persons required to be licensed or registered in accordance with T.C.A. § 62-32-312(a).
- (6) No Qualifying Agent license shall be renewed unless the Board has received satisfactory evidence of the completion of continuing education prior to renewal, in compliance with the minimum satisfactory standards set for in rule 0090-05-.01.
- (7) A qualifying agent who has not met the requirements for renewal of a qualifying agent license by the expiration date of the license shall cease acting as a qualifying agent for any firm until the qualifying agent has established to the satisfaction of the Board that all qualifications for renewal, including the payment of any fees for late renewal, have been met.
- (8) The fee to be paid for the renewal of a company certificate or Qualifying Agent license after the expiration date shall be increased ten percent (10%) for each month or fraction of a month that payment for renewal is delayed; provided that the maximum fee for a delayed renewal shall not exceed twice the normal fee.
- (9) No company certificate holder ~~or, qualifying agent licensee, or alarm employee registrant~~ shall receive a renewal when such company ~~or, agent, or registrant~~ has been in default in complying with T.C.A. § 62-32-301 et seq. for a period of three (3) months. In such an event, the alarm systems contractor ~~or, qualifying agent, or registrant~~, in order to qualify under the law, shall make new application and meet all current requirements to obtain a new certificate ~~or, license, or registration~~.
- (10) An alarm contractor, in order to renew its certification, shall submit to the Board, on a Board approved form, a notarized statement of the contractor's designated qualifying agent, chief executive officer or any other authorized contractor representative, which identifies the number of

employees required to be registered with the Board as well as a list containing the name and registration number of each employee who is registered or required to be registered with the Board.

Authority: T.C.A. §§ 62-32-307, ~~62-32-307(a)~~, ~~62-32-307(e)~~, 62-32-312, 62-32-313, and 62-32-317.

#### New Rules

Chapter 0090-06 is added to 0090 Alarm Systems and shall read as follows:

#### Chapter 0090-06 Standards of Conduct Table of Contents

<u>0090-06-.01</u>	<u>Applicability</u>
<u>0090-06-.02</u>	<u>Door-to-door solicitation</u>
<u>0090-06-.03</u>	<u>Standards of Conduct and Ethics</u>
<u>0090-06-.04</u>	<u>Contracting with customers</u>

#### Rule 0090-06-.01 Applicability

The provisions of this chapter shall apply to any person or firm licensed and/or registered by the Alarm Systems Contractors Board, to conduct the sale, service, maintenance, installation and/or monitoring of alarm systems in this state. For purposes of this chapter, unless the context otherwise requires, the word "licensee" includes any person, partnership, corporation, or any other entity certified as an alarm contractor or licensed as a qualifying agent.

Authority: T.C.A. §§ 62-32-302 and 62-32-307.

#### Rule 0090-06-.02 Door-to-door solicitation

- (1) A licensee or employee registrant who sells, offers to sell, or attempts to sell alarm systems, as defined in T.C.A. § 62-32-303(1), to a homeowner or resident of a home or apartment, through direct physical contact, including door-to-door solicitation, shall:
  - (a) Carry an identification card or a copy of a currently pending application for license or registration issued by the Board, and present said identification or proof of registration for inspection to the homeowner or resident;
  - (b) Truthfully and clearly identify themselves by name, their full registered company name, and the purpose of their solicitation to the potential customer at the initiation of a sales presentation without request from the consumer. No licensee or registrant shall generically identify themselves as being from "the alarm company" or "the security company";
  - (c) Provide to the homeowner or resident, at no charge, a document or business card listing the licensee's name, employer's name, address, phone number, license number;
  - (d) Not approach or solicit a home or residence at any time where a placard, sign, or any other posting of whatever nature is displayed indicating that the homeowner or residential occupant does not wish to be solicited; and
  - (e) Comply with any applicable door-to-door solicitation ordinance consistent with state and federal law.

Authority: T.C.A. §§ 62-32-302, 62-32-304 and 62-32-307.

#### Rule 0090-06-.03 Standards of Conduct and Ethics

- (1) An alarm systems contractor, licensee, or employee registrant shall not engage in any deceptive, misleading, unlawful or unethical business practices with customers or consumers. Such practices shall constitute improper, fraudulent or dishonest dealing pursuant to T.C.A. § 62-32-319(d).
- (2) An alarm systems contractor, licensee or employee registrant, when engaging in the sale, installation, service or maintenance of alarm systems, shall not falsely state or imply the following to a potential or existing customer:
  - (a) That a competitor company is going out of business or is in financial difficulty, or that such competitor company no longer exists;
  - (b) That a competitor company is changing or has changed its company name;
  - (c) That the licensee or registrant is a representative agent of, is acting on behalf of, or is otherwise acting with the consent or approval of a competitor company;
  - (d) That the licensee or registrant's company is a "sister" company of a competitor, or is acquiring, merging with, or has taken over or purchased the competitor company's accounts;
  - (e) That the licensee or registrant is performing routine maintenance on a competitor company's equipment which is in the possession of a customer;
  - (f) That any material change proposed during a sales solicitation is an "update" or "upgrade" of an existing alarm system, when such transaction requires an agreement with a person, company, or entity different than the customer's existing alarm system or alarm monitoring service agreement;
  - (g) That the licensee or registrant's company is affiliated with, has the endorsement of, or is, in any manner, acting at the direction of any governmental or law enforcement agency; and
  - (h) Quoting statistics or providing other information that is known to be false or misleading, or which the licensee or registrant has not made a reasonable effort to objectively quantify or substantiate.

Authority: T.C.A. §§ 62-32-302, 62-32-307, and 62-32-319.

Rule 0090-06-.04 Contracting with Customers

- (1) When contracting with existing or potential customers, alarm contractors shall require employee registrants to use written materials which clearly and conspicuously set forth both the alarm contractor and the customer's rights and obligations.
- (2) Alarm contractors and their employee registrants shall clearly and conspicuously disclose all material terms and conditions of the offer before obtaining a customer's consent.
- (3) Alarm contractors shall train their employee registrants with respect to the terms and conditions of the contract so that a customer's questions can be adequately answered at or prior to signing the contract.
- (4) Alarm contractors shall require their employee registrants to provide a copy of the contract to the customer immediately upon execution.
- (5) Refund policies, including termination fees, shall be clearly and conspicuously disclosed to existing or potential customers prior to the sale of any alarm product or service.
- (6) Alarm contractors shall honor all refunds for customers in accordance with their stated refund policies.
- (7) Upon request, alarm contractors shall provide customers a written termination fee calculation and statement of the information upon which they base the calculation.

Authority: T.C.A. §§ 62-32-302 and 62-32-307.



Tennessee Secretary of State

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April 26, 2016

Ashley N. Thomas  
Tennessee Alarm Systems Contractors Board  
Division of Regulatory Boards  
Department of Commerce and Insurance  
Davy Crockett Tower  
500 James Robertson Parkway  
Nashville, TN 37243

Dear Ms. Thomas,

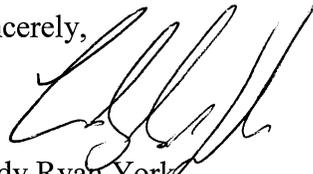
It has come to our attention that the Rulemaking Hearing Rule filing form that your office filed with us on February 26, 2016 has two misspellings.

In Rule Chapter 0090-01, Rule 0090-01-.06, paragraph (9), subparagraph (i), the second to last sentence reads: "The designated qualifying agent shall provide this notification for persons who are registered or required to be registered under the alarm systems contractor that employs the designated qualifying agent." This has been corrected to read: "The designated qualifying agent shall provide this notification for persons who are registered or required to be registered under the alarm systems contractor that employs the designated qualifying agent."

Additionally, in Rule Chapter 0090-01, Rule 0090-01-.10, paragraph (7), the sentence reads: "A qualifying agent who has not met the requirements for renewal of a qualifying agent license by the expiration date of the license shall cease acting as a qualifying agent for any firm until the qualifying agent has established to the satisfaction of the Board that all qualifications for renewal, including the payment of any fess for late renewal, have been met." This has been corrected to read, "A qualifying agent who has not met the requirements for renewal of a qualifying agent license by the expiration date of the license shall cease acting as a qualifying agent for any firm until the qualifying agent has established to the satisfaction of the Board that all qualifications for renewal, including the payment of any fees for late renewal, have been met."

If you should have questions, please feel free to contact me at (615) 741-2650.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cody York', written over the printed name below.

Cody Ryan York  
Director of Publications