



**NORTH CAROLINA
REAL ESTATE LICENSING BOARD**

Real Estate Bulletin

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LICENSE LAW AMENDED

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From The Board Room

Stokes Elected Chairman

At the July meeting of the Licensing Board, Board Member William C. Stokes of Reidsville was elected to serve as Chairman for the year beginning August 1, 1979. Mr. Stokes is owner of William C. Stokes and Company and has been active in the fields of real estate brokerage, financing, insurance, building and land development since 1928.

Elected Vice-Chairman was Board Member Brantley T. Poole of Raleigh. Mr. Poole is owner of Poole Realty Company, a real estate firm specializing in industrial and commercial properties, syndications, and investments.

Renewal Report

The Licensing Board wishes to thank those licensees who followed instructions and who renewed early.

38,649 brokers and salesmen (90%) renewed their licenses on time, and 1990 corporations (87%) made timely renewals. (As of the printing of this BULLETIN, there are approximately 42,000 licensed N. C. real estate brokers, salesmen, and corporations.) □

LATE BULLETIN!

The North Carolina Council of State at its August meeting approved plans for the Real Estate Licensing Board to re-locate its offices.

The new offices, which are now being readied for occupancy by the Board in October, will be located on Wake Forest Road at Navaho Drive in Raleigh, and will provide easy access and ample parking for the public.

Rules and Regulations Amended / Adopted

On July 13, the Licensing Board held a rule-making hearing at its Raleigh offices to afford interested persons an opportunity to present views and arguments regarding certain proposed changes in the Board's Rules and Regulations.

In general, the purpose of these changes was (1) to amend the Board's existing Rules and Regulations to conform to the recent statutory changes, and (2) to adopt more comprehensive rules and regulations for the approval of instructors and schools offering real estate courses which qualify applicants for licensing examinations (See "Education Comment" on page two of this BULLETIN).



Board Member A. P. Carlton presides at Rule Making Hearing.

Summarized below are the recent amendments to the Rules and Regulations of the Licensing Board adopted by the Board at its July 25 meeting. These changes became effective September 1, 1979.

1. Rule .0202 amended by changing from five to seven the number of members comprising the North Carolina Real Estate Licensing Board.

2. Rule .0302(b) amended by changing from \$25.00 to \$30.00 the application fee charged for a new broker license; and by changing from \$15.00 to \$20.00 the application fee charged for a new salesman license.

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REAL ESTATE BULLETIN

Published quarterly as a service to real estate licensees to promote a better understanding of the Real Estate Licensing Law, Rules and Regulations, and proficiency in ethical real estate practice. The articles published herein shall not be reprinted or reproduced in any other publication without specific reference being made to their original publication in the North Carolina Real Estate Licensing Board Real Estate Bulletin.

NORTH CAROLINA REAL ESTATE LICENSING BOARD

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Raleigh, North Carolina 27602
James B. Hunt, Jr., Governor

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A. P. Carlton Greensboro
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Blanton Little Sec'y Treas.
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IT'S YOUR MOVE—UPDATE

The Licensing Board is very pleased to report that to date approximately 125 North Carolina school systems have ordered copies of IT'S YOUR MOVE for use in their high school curriculums. (IT'S YOUR MOVE is an instructional manual published by the Board designed to acquaint high school students with basic consumer housing information.)

The Board wishes to thank all those licensees who have helped generate this excellent response. If your local school system is not aware of this worthwhile program, please encourage them to contact the North Carolina Department of Public Instruction, Social Studies Division for further information. □

EXAM RESULTS

Examination — April, 1979

	Passed	Failed
Brokers	638	375
Salesmen	51	38

Examination — May, 1979

	Passed	Failed
Brokers	651	779
Salesmen	99	63

Examination — June, 1979

	Passed	Failed
Brokers	389	520
Salemen	25	40

EDUCATION COMMENT

By
Larry A. Outlaw
Education Director

New Regulations

I'm sure everyone in the real estate profession is very pleased with the recent legislation which increases the education requirements for broker license applicants (60 hours effective September 1, 1979; 90 hours effective January 1, 1981). This is a positive first step toward improving the education of those entering the profession.

In an effort to further improve real estate pre-licensing education, the Licensing Board recently adopted comprehensive new regulations relating to pre-licensing schools, courses and instructors. Some major features of these regulations are:

- ** Course content has been expanded to include coverage of residential building construction, property insurance and tax implications of real estate residential transactions.
- ** Course content has been standardized by a requirement that schools use a course syllabus developed and recommended by the Board or a comparable syllabus approved by the Board.
- ** Textbooks and instructional materials used in pre-licensing courses must be approved by the Board.
- ** Instructors in pre-licensing courses must be certified by the Board. The basic education/experience requirement for certification is a baccalaureate (four-year) degree and four (4) years full-time real estate experience, although other combinations of education and experience may be considered under the special waiver provisions of the regulations.

** Schools will be more closely scrutinized to assure compliance with regulatory standards.

It is hoped that implementation of these new educational standards will improve pre-licensing education programs across the state and better prepare license applicants for entry into the real estate profession.

Community College Course Syllabus

Fundamentals of Real Estate courses taught in community college/technical institute real estate degree programs will be standardized in the near future thanks to the efforts of Dr. Jean Overton of the Department of Community Colleges and real estate educators from the institutions offering such programs. As a result of two recent workshops attended by the above-mentioned individuals and this writer, a standard syllabus was developed for use in these courses which closely parallels the syllabus developed by the Board for use in pre-licensing courses. This syllabus will be available on or about September 1, 1979, and will be recommended by the Board for use in Board-approved real estate curriculum courses conducted at community colleges/technical institutes.

Continuing Education

Meredith College, in cooperation with the Property Management Division of the Raleigh Board of Realtors, is conducting an Introduction to Real Estate Management course (an Institute of Real Estate Management approved course) for the benefit of Raleigh area licensees. Course dates are September 11—December 4, 1979. Additional course information may be obtained from the Meredith

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RULES AND REGULATIONS

(From Page 1)

3. Rule .0403 amended by providing that licensing examinations may be scheduled for December.

4. Rule .0501(a) amended by providing that the Board may make such investigation as it deems necessary into the ethical background of applicants for real estate licenses.

5. Rule .0505 amended by changing from \$25.00 to \$30.00 the fee charged to reinstate a broker license expired for more than 12 months; and by changing from \$15.00 to \$20.00 the fee charged to reinstate a salesman license expired for more than 12 months.

6. Section .1000 relating to real estate schools repealed, and Sections .1000, .1100, and .1200 adopted in lieu thereof relating to the approval of real estate schools, real estate courses, and the certification of real estate instructors. □

License Law Amendments Summary

The following is a summary of the recently enacted changes in the North Carolina Real Estate License Law showing their effect on licensed brokers and salesmen, applicants for real estate licenses, and real estate consumers.

LICENSEES

(Effective May 21, 1979)

Brokers and Salesmen:

1. **Liable for private acts.** A real estate broker or salesman's license may now be suspended or revoked if he violates the Real Estate License Law **when selling or leasing his own property**; or if he is found by a court to be guilty of an offense involving moral turpitude which would reasonably affect his performance as a broker or salesman even though such offense occurred outside the scope of the real estate business.
2. **Trust account subject to audit.** The Board may now inspect **without prior notice** a broker's trust or escrow account records.
3. **Renewal fees subject to increase.** The Board is authorized to increase annual license renewal fees to \$15 (currently \$10). However, the Board does not believe that such an increase will be necessary until the 1981-82 renewal period.

LICENSE APPLICANTS

(Effective September 1, 1979)

Applicants For Broker Licenses:

1. **Qualification requirements increased.** Under the new qualification requirements, applicants must have been actively engaged as a real estate salesman on a full-time basis for at least 24 months (previously 12 months); or have experience in real estate transactions which the Board considers equivalent to such 24-month licensure; or have completed a real estate course consisting of at least 60 classroom hours of instruction (previously 30 hours) at a school approved by the Board. (Note: Effective January 1, 1981, the educational requirements for broker licenses will be automatically increased to 90 classroom hours of real estate education.)
2. **U. S. citizenship no longer required.** Applicants for broker licenses are no longer required to be citizens of the United States.
3. **More comprehensive background investigations.** The Board will make more detailed investigations into the ethical background of applicants.
4. **Application fee increased.** The application fee for a broker license has been increased to \$30 (previously \$25).

Applicants for Salesman Licenses:

1. **Minimum age requirement.** Applicants must be at least 18 years of age (previously no minimum age requirement).
2. **More comprehensive background investigations.** The Board will make more detailed investigations into the ethical background of applicants.
3. **Application fee increased.** The application fee for a salesman license has been increased to \$20 (previously \$15).
4. No changes have been made in the educational qualification requirements for salesman licenses. They remain at 30 classroom hours of real estate instruction or equivalent experience in real estate transactions.)

CONSUMERS

1. **Recovery Fund (Effective September 1, 1979).** Real estate consumers (buyers, sellers, landlords, tenants, etc.) who suffer a direct monetary loss arising out of certain acts committed by a licensed broker or salesman may apply to the Real Estate Licensing Board for payment out of a special fund known as the "Real Estate Recovery Fund", provided the consumer has obtained a final judgment against the broker or salesman which cannot be satisfied.
2. **"Public members" on Board (Effective May 21, 1979).** The number of members serving on the Real Estate Licensing Board is being increased from five to seven members with two members to be persons who are not involved either directly or indirectly in the real estate business.

OTHER LEGISLATION

1. **Approval of real estate schools.** The Real Estate Licensing Board has received more specific authority to adopt rules and regulations necessary for the approval of real estate schools (See "Education Comment" on page two of this BULLETIN.)
2. **Injunctive relief.** The Licensing Board may now appear in court in its own name in actions for injunctive relief to prevent violations of the Real Estate License Law. This should prove especially helpful in cases involving persons operating as real estate brokers or salesmen without the required license.

DISCIPLINARY ACTION

- FRANK E. ATCHISON—Charlotte—Broker's License No. 23699—Revoked for violation of G.S. 93A-6(a)(1)—making substantial and willful misrepresentations; G.S. 93A-6(a)(2)—making false promises; G.S. 93A-6(a)(7)—failing to account for moneys coming into his possession which belong to others; G.S. 93A-6(a)(8)—unworthy to act as a real estate broker; G.S. 93A-6(a)(10)—engaging in improper, fraudulent and dishonest dealing.
- DENNIS R. HOLLOMAN—Durham—Broker's License No. 5657—Suspended for one hundred eighty (180) days for violation of G.S. 93A-6(a)(1)—making substantial and willful misrepresentations; G.S. 93A-6(a)(2)—making false promises; G.S. 93A-6(a)(10)—engaging in improper, fraudulent and dishonest dealing.
- MAJOR KENNETH BRANCH—Ayden—Former Broker's License No. 10161—Denied reinstatement of license for making false statements on his application concerning his criminal record and record of judgments.
- GAYLE M. WOODWARD—Kernersville—Broker's License No. 22891—Reprimanded for violation of G.S. 93A-6(a)(1)—making substantial and willful misrepresentations; G.S. 93A-6(a)(8)—being unworthy to act as a real estate broker.
- BETTY L. McLAIN—Kernersville—Salesman's License No. 13595—reprimanded for violation of G.S. 93A-6(a)(1)—making substantial and willful misrepresentations; G.S. 93A-6(a)(8)—being unworthy to act as a real estate salesman.

Inflated Appraisals

Have you ever found yourself in the following situation?

You receive a telephone call or visit from someone who is considering selling his home if he can get the "right price". You then offer to appraise his property to arrive at an estimate of its market value (generally considered to be the highest price a buyer would be willing to pay and the lowest price a seller would be willing to accept).

Arriving at the property, you begin to collect the multitude of facts and figures needed to prepare your appraisal; your notes include the square footage of the home, its age, number and size of rooms, architectural style, type of construction, general inside/outside appearance/condition, the legal description of the lot, utilities, landscaping, tax information, and other relevant data.

Back at your office you analyze and interpret the information in light of your sales data on comparable properties (Market Comparison/Comparable Sales/Market Data Approach) making the necessary adjustments to allow for individual differences between the subject property and the comparable properties. After correlating this data, you arrive at your final estimate of value: \$45,000.

You then report your estimate to the property owner only to find that he has received an "appraisal" from another broker who has estimated the value of his property to be \$60,000, and he has listed the property with this broker because he can "get him the most money". Puzzled by the vast difference in the two opinions of value, you contact the other broker to determine how he arrived at his appraisal figure, and he can offer little or no factual evidence to support his estimate. He simply felt that the property was worth \$60,000!

While it is often argued that brokers who inflate appraisals for the purpose of obtaining listings are only hurting themselves because they will likely be wasting their time, energy, and resources attempting to sell a property at an unrealistic sales price, nevertheless it can also be argued that they are performing a disservice to the property owner by giving him a false impression of the value of his property. Also harmed by such "inflated appraisals" are those conscientious brokers who employ established appraisal techniques but in doing so are denied listings, and co-brokers and selling brokers who must put forth their best efforts to find a buyer at the inflated and unrealistic listed price.

While your real estate license does not qualify you as an expert appraiser, you must be familiar with basic appraisal techniques and must diligently and carefully apply those techniques to your daily appraisal assignments in order to competently perform as a broker or salesman. For that reason both real estate pre-licensing courses and licensing examinations place considerable emphasis on the subjects of valuation and appraisal, and the Licensing Board strongly encourages you to expand your knowledge of property valuation methods through continuing education.

To make a substantial and willful misrepresentation to a prospective seller as to the estimated value of his property for the sole purpose of influencing, persuading or inducing him into a listing contract is both damaging to the image of the real estate industry and potentially a cause for disciplinary action by the Real Estate Licensing Board. □

Continuing Education

(From Page 2)

College Continuing Education Department.

I mention this specific course in the **Bulletin** in an effort to encourage licensees in other areas to follow the example of the Raleigh Board in enlisting the aid of local colleges/universities in conducting real estate continuing education programs. I believe you will find school representatives eager to assist you with such special education programs. □

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