



NORTH CAROLINA
REAL ESTATE LICENSING BOARD

Real Estate Bulletin

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HAVE YOU RENEWED YOUR REAL ESTATE LICENSE? FROM THE BOARD ROOM

Renewal Report

Renewal Supervisor Naomi Cottle reports that as of June 10, 1980, 22,626 brokers and salesmen, and 1015 corporations have renewed their real estate licenses for 1980-81. This represents approximately 51% of those licensees to whom renewal application forms were mailed.

If you have not renewed your license and you are currently engaging in brokerage activities, then you are now subject to the penalties prescribed in the License Law for unlicensed activity. Although you are entitled to renew your license within 1 year following expiration (with the payment of an additional \$5.00 late filing fee), you are not permitted to engage in any activity requiring a real estate license until your license has been properly renewed.

Ms. Cottle also reports that response to the questionnaire (included with the renewal application) has been excellent. The results of this questionnaire will be published in a future issue of the BULLETIN. The Licensing Board appreciates your voluntary cooperation with this project, and reminds you that no record will be kept of individual responses to the questions.

Ms. Cottle, the Licensing Board and the entire staff wish to thank all of you who have cooperated by following instructions and promptly filing your renewal applications.

Wooden Awarded Scholarship

The Real Estate Licensing Board was advised at its June meeting that

Judy F. Wooden of Durham has been named winner of the annual Joe Schweidler Memorial Scholarship. This scholarship was established by the Licensing Board in honor and memory of Mr. Schweidler, who served as Secretary-Treasurer of the Licensing Board from 1960 until 1975.

The North Carolina Real Estate Educational Foundation, Inc. administers the scholarship, which is awarded to the student who achieves the highest scholastic average in the first "Course B" class of the Foundation for the calendar year; it is equal to one tuition fee of "Course C".

The Licensing Board joins the Foundation in congratulating Mrs. Wooden.

It's Your Move In 2nd Printing

It was reported to the Licensing Board at its May meeting that IT'S YOUR MOVE, a Licensing Board publication used in North Carolina high schools, has been scheduled for a 2nd printing for the 1980-81 school year. During the 1979-80 school year, school administrators literally from Murphy to Manteo either picked up or received from the Licensing Board nearly 70,000 copies of the Student Manual.

Comments from school officials concerning IT'S YOUR MOVE have been very gratifying. As one official writes, "The Licensing Board is performing a vital service to the youth in North Carolina by providing these important and timely instructional materials." And another considers the publication to be "a valuable asset to our social studies program".

If your local school system is one of the few which has not requested a supply of these free materials, you should encourage the appropriate school official to contact the Real Estate Licensing Board office for further information.

Ruling on "72-Hour Regulation"

The Real Estate Licensing Board at its June meeting acted upon a request from the Chapel Hill Board of REALTORS for a ruling on Board Regulation .0107(a) which requires brokers to deposit trust funds (earnest money deposits, tenant security deposits, rental receipts, etc.) in their escrow or trust accounts within 72 hours of receipt. The question before the Board was whether a broker could, with the consent of the parties to the Agreement, be relieved of his responsibility under the Rules and Regulations to deposit such funds within the required 72-hour period.

After careful consideration, the Board unanimously determined that a **broker cannot be relieved of his responsibility to make a timely deposit of trust funds merely because the buyer and seller or landlord and tenant agree otherwise.**

The Board held that to do otherwise would negate the very purpose of this Regulation, which was designed to protect the public interest.

It should be noted that this ruling supersedes any previous statements made by the Licensing Board staff or carried in the **Real Estate Bulletin** regarding this question. □

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

1200 Navaho Dr.

Raleigh, North Carolina 27619

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NEW EXAM CENTERS

Beginning in July, real estate license examinations will be administered in 9 different cities in North Carolina. Previous license examinations were given only in Raleigh and Winston-Salem.

By establishing these additional centers, examinees will save countless gallons of gasoline and many will now be able to avoid overnight lodging. The examinations will be conducted on Saturdays by personnel employed by Educational Testing Service, the developers of the licensing examinations.

Listed below are the locations of the new test centers:

Asheville	UNC-Asheville
Boone	Appalachian St. U
Charlotte	E. Mecklenburg High S.
Fayetteville	Fayetteville St. U
Greensboro	Guilford College
Greenville	E. Carolina U
Raleigh	N.C. State U
	(McKimmon Center)
Wilmington	UNC-Wilmington
Winston-Salem	Wake Forest U <input type="checkbox"/>

Auditor's Report

by L. Ted. Gayle
Trust Account Auditor

Much has been said and written concerning prompt earnest money deposits; separate trust bank accounts; escrow reference on all documents (i.e. deposit slips, checks, bank statements, etc.); record retention; orderly closed and pending files, journals, and ledgers; money receipts, dates, disbursements; and reasons.

It's true that all of the above are vital components of good control, and most are requirements mandated by North Carolina statute, and by the rules and regulations of the North Carolina Real Estate Licensing Board.

And now for the "Good News" and the "Bad News". The "good news" is that many brokers comply

with all rules and regulations all the way down to maintaining a neat up-to-date journal and ledger. The "bad news" is that these same brokers often fail to reconcile trust bank statements to the journal balance or to the open ledger balances.

Bank statements reflecting more or less money than shown in the broker's records is a serious violation of law. The purpose of the "tools" mentioned in the first paragraph is to establish audit trails and to help maintain control of your principal's money. Lack of control is indicated when the broker's records do not balance with the amount of money that the broker has in the bank. ☐

Broker-Owner Trust Funds

As a real estate broker (or salesman), "What should I do with earnest money deposits, security deposits, and rents received from properties which I own?"

Despite our best efforts to answer this frequently asked question (See last issue of BULLETIN), many brokers and salesmen still seem to be confused as to where to deposit these funds. The following explanation is a further attempt to help you better understand what you should do should you find yourself in one of the situations listed below.

When reading this explanation, remember that the term "sole owner" includes ownership with your spouse; that the term "trust money" refers to earnest money deposits, tenant security deposits, and rental money; and that the term "brokerage trust account" refers to the trust account or escrow account which you use in your brokerage practice to hold money for others.

1. If you are the sole owner of the property—do not deposit the trust money in your brokerage trust account. (You may, however, open another trust account for such money; tenant security deposits on residential property which you own must be deposited in such other trust account.)
2. If you are the sole owner of the property but another broker (e.g., a "selling broker") receives the trust money—the other broker must deposit the

trust money in his/her brokerage trust account.

3. If you own the property with persons other than your spouse and you are acting as agent for the other owners—deposit the trust money in your brokerage trust account.
4. If you own stock in a corporation which owns the property—deposit the trust money in your brokerage trust account; however, if the corporation itself is licensed as a real estate broker, then do not deposit the trust money in the corporation's brokerage trust account.

The sales agreement or lease should clearly state in whose account the money will be held so that all persons who have an interest in the money will know whom to hold responsible for its safe-keeping. ☐

EXAM RESULTS

EXAMINATION—February, 1980		
	Passed	Failed
Brokers	291	135
Salesmen	81	36
EXAMINATION—March, 1980		
	Passed	Failed
Brokers	217	137
Salesmen	85	67
EXAMINATION—April, 1980		
	Passed	Failed
Brokers	269	216
Salesmen	98	61
EXAMINATION—May, 1980		
	Passed	Failed
Brokers	359	196
Salesmen	85	52

Real Estate Instructor Workshop

On June 5-6, 1980, the North Carolina Real Estate Licensing Board sponsored a Real Estate Instructor Workshop as a part of its continuing effort to improve the quality of real estate education in North Carolina.

The workshop proved to be a resounding success, with representatives of 65 schools approved to conduct pre-licensing courses and the North Carolina REALTORS' Institute in attendance. Altogether, there were 152 participants at the workshop, including 119 instructors who have been certified by the Real Estate Licensing Board, 29 REALTORS' Institute instructors (several of whom are also Board-certified instructors) and 9 guest participants. Among the schools represented were 42 community colleges/technical institutes, 8 colleges/universities, 14 private real estate schools and one private business college.



Board Member A. P. Carlton welcomes instructors to workshop.

The objectives of the workshop were as follows:

- To provide participants with a working knowledge of the principles of good instruction which should be employed in preparing for and conducting real estate courses of instruction.
- To provide a forum for the dissemination of practical information to pre-licensing course instructors and for the exchange of ideas and information among real estate instructors from all types of schools.
- To provide real estate instructors an opportunity to personally present to the North

Carolina Real Estate Licensing Board their views and suggestions regarding real estate education.



Board Members Baxter, Beaty, and Poole (left to right) meet workshop participants.

The greater portion of the workshop was conducted by Paul T. O'Donnell, nationally known real estate author, lecturer and consultant, who is now associated with Homeward Bound Limited, a real estate management and education consulting firm. Among the topics addressed by Mr. O'Donnell were the following:

1. The Role of the Real Estate Instructor
2. Principles of Good Instruction
3. Preparation for Class
4. Instructional Methods and Techniques
5. Communicating—The Instructor's Greatest Challenge
6. Evaluation of Student Performance
7. Evaluation of Instructor Performance

Utilizing a dynamic style and displaying a vast knowledge of real estate practice, real estate education and instructional principles/methods, Mr. O'Donnell captivated the audience and conducted an outstanding program which was very interesting and beneficial to all workshop participants.



Paul O'Donnell, nationally known real estate author/lecturer, conducts work session.

The workshop also included an informative session conducted by Larry Outlaw, Education Director for the North Carolina Real Estate Licensing Board, on the following topics:

1. Overview of Real Estate Pre-Licensing Education in North Carolina.
2. Proposed Changes in Rules/Regulations concerning Schools, Courses and Instructors.
3. Planned Changes in the Board-Approved Pre-Licensing Course Syllabus.
4. Impending Changes in the Licensing Examinations.



Larry Outlaw, Licensing Board Education Director, addresses topics of concern to real estate instructors.

In addition to the program described above, workshop participants were provided the opportunity to review scores of text/reference books displayed by representatives of several leading publishers of real estate books.

The Board sincerely appreciates the interest and support of the real estate instructors whose participation made the workshop such a tremendous success. Based on the interest in this workshop, the Board definitely plans to conduct a similar workshop sometime in 1981. □



Education Director Outlaw, and Board Members Carlton, Bryson, and McCandlish (center, left to right) exchange ideas with instructors.

Disciplinary Action

The Real Estate Licensing Board revoked the broker's license of IRVIN A. STATON of Tarboro for converting trust funds to his own use. The Board found that Mr. Staton negotiated an offer to purchase property he had listed and took \$10,000 in earnest money from the prospective purchaser, which was placed in his escrow account. Mr. Staton subsequently used the funds to pay personal bills and was unable to refund the deposit to the prospective buyer when the sale fell through.

The Licensing Board suspended for six months the salesman's license of PATRICIA S. LANE of Kernersville for engaging in "contract kiting." The Board found that Ms. Lane negotiated a sales contract and then had the parties rewrite the contract to show a higher sale price and more earnest money than was actually agreed by buyer and seller. This was done to enable the buyer to obtain financing for which he was not otherwise qualified. The Board also denied Ms. Lane's application for a broker's license.

The Licensing Board reprimanded broker WILLIAM D. BARBRE, JR. of Greenville for making false statements on his application for licensure. □

TAR HEEL REALTOR

The North Carolina Association of REALTORS has invited the Real Estate Licensing Board to contribute articles on a regular basis for publication in the **Tar Heel Realtor**. The **Tar Heel Realtor** is the official publication of the North Carolina Association of REALTORS and is distributed monthly to members of the Association.

Articles submitted by the Licensing Board will address topics relating to the Real Estate License Law, the Board's Rules and Regulations, and other areas of Board involvement, and should be of interest to all practicing brokers and salesmen. □

The Tale of the Tape

Most real estate brokers and salesmen would no doubt agree that "square footage" is one of the most important considerations of prospective home buyers. They use it as a convenient yardstick for comparing one home to another, equating to a large extent the size of the home with its value.

Realizing this fact, the real estate agent, when listing a property for sale, should take great care in accurately measuring and calculating the area of the structure. By doing so, the agent will not only impress the seller with his conscientiousness and attention to detail, but he may also avoid potential problems with the purchaser arising out of erroneous measurements. We offer the following advice and suggestions to assist you in this task:

1. When listing the property, do not rely upon the seller's statements or on previous appraisals regarding the amount of square footage in the structure. Measure it yourself.
2. When quoting figures from an MLS sheet or from some other source which you have not personally verified, identify the source of such information to the prospective buyer to afford him the opportunity to verify it.
3. Report heated area separate

from unheated and unfinished areas.

4. When measuring 1½ story homes (a particular problem for brokers) first measure the lower story using exterior measurements. Then measure the upper story (including dormers) using inside measurements and adding to your measurement the thickness of the walls. [Note: To measure half-stories and other areas of unusual configuration, professional appraisers normally use an engineer's tape calibrated in tenths. This enables them to diagram the space on graph paper and more accurately compute its area.]
5. When taking inside measurements, use a metallic cloth tape instead of a steel tape. It is more flexible, and you will avoid scratching floors and furniture.
6. Should you find that your measurement figures differ substantially (certainly more than a 5% difference) from those taken by someone else, then confer with the other person to determine the reason for such discrepancy.
7. Take your time. Double-check your computations. And proof-read the listing sheet and MLS sheet for accuracy. □

EXAMINATION SCHEDULE

Filing Date	Exam Date
June 16	July 26
July 14	August 23
August 18	September 27
September 15	October 25
October 13	November 22
November 10	December 20

(See "New Exam Centers" on page 2 of this BULLETIN.)

NORTH CAROLINA
REAL ESTATE LICENSING BOARD
P. O. Box 27447
Raleigh, N. C. 27611

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