



NORTH CAROLINA  
REAL ESTATE LICENSING BOARD

# Real Estate Bulletin

Volume 13

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Number 1



**Blanton Little**

The Real Estate Licensing Board deeply regrets to announce the passing of Blanton Little, former Secretary-Treasurer of the Board. Mr. Little had retired from the Board in June, 1981 after ten years of distinguished service first as Administrative Assistant from 1970 to 1975 then as Secretary-Treasurer from 1975 to his retirement.

Mr. Little was a native of Albemarle, a graduate of Davidson College, and served as a Naval Officer in World War II. Prior to joining the Real Estate Licensing Board, he was employed by the Prudential Insurance Company of America for 24 years in its Investment and Mortgage and Loan Department.

To the duties of his position as Secretary-Treasurer, he brought a genuine sense of compassion for his fellow man. He was sensitive to their problems, shared in their disappointments, and applauded their achievements and accomplishments. To those persons who were fortunate to have been associated with Blanton and to his many friends across the state, he will be remem-

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## Court Rules On "Finder's Fees"

The North Carolina Court of Appeals has recently ruled on the often-asked question of whether so-called "finder's fee" contracts are permitted under the provisions of the North Carolina Real Estate License Law. A "finder's fee" contract was defined as "... an arrangement by which an (unlicensed) intermediary finds, introduces, and brings together parties to a real estate transaction, leaving the ultimate transaction and consummation of the transaction to the (licensed) broker."

In a unanimous decision, the Court found such arrangements between licensed brokers and unlicensed persons to be in violation of the License Law, stating that "... though the finder or originator does not assist in the ultimate negotiations of sale, the real estate licensing statutes would become meaningless if unlicensed parties were able to carry on traditional brokerage activities under a finder's fee contract."

Adopting this unanimous decision handed down by the Court of Appeals, the Real Estate Licensing Board advises brokers that **the payment of finder's fees, referral fees, "bird dog" fees, or similar compensation to unlicensed persons is prohibited.** Any previous advice from the Board to the contrary is rescinded. Any licensee who pays a finder's or referral fee to an unlicensed person is subject to disciplinary action. □

## Board Revises Position On Timber Sales

In a previous issue of the **BULLETIN**, it was announced that the Real Estate Licensing Board had determined that a real estate license would be required of persons who engage in the sale of "standing timber" (i.e., trees) as an agent for others.

Since taking this position, new information on the subject has been brought to the Board's attention. In light of this new information, the Board at its March, 1982 meeting rescinded its previous determination and adopted the position that **persons who purchase or sell standing timber as agents for others are not required to be licensed as real estate brokers or salesmen.**

However, the Board reaffirmed its position that **the purchase, sale, exchange, etc. of "timber land" for others, are acts which do require a real estate license.** □

## Property Management and Pest Control

It has recently come to the attention of the Structural Pest Control Division of the North Carolina Department of Agriculture that some real estate firms are performing structural pest control services on rental properties which they handle under property management agreements.

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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.

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#### EXAM RESULTS

##### EXAMINATION—February, 1982

	Passed	Failed
Brokers	72	150
Salesmen	105	79

##### EXAMINATION—March, 1982

	Passed	Failed
Brokers	71	164
Salesmen	116	80

#### NOTE

Real estate licensing examinations are held monthly in Asheville, Boone, Charlotte, Fayetteville, Greensboro, Greenville, Raleigh, Wilmington and Winston-Salem.

#### LITTLE

(Continued from Page 1)

bered simply as "Mr. Integrity". A gentleman in the truest sense of the word, whose life both in and out of the office served as an inspiration to us all.

The Members of the Real Estate Licensing Board and Staff extend to his wife Lillie, his son Blanton, Jr., and to his many friends their deepest sympathy. ☐

## Rules and Regulations Amended

Summarized below are recent amendments to the Rules and Regulations of the North Carolina Real Estate Licensing Board. These amendments were adopted following a rule-making hearing held in the offices of the Board on March 9, 1982 and became effective May 1, 1982.

1. Rule .0101 was amended by requiring licensees to display their license renewal stickers on their (wall) license certificates. (See next page.)
2. Rule .0302 was amended by authorizing the Board to schedule applicants for licensing examinations based upon the postmark date of their application. Applications must be received in the Board's office on or before the filing date established by the Board for a scheduled examination or must be postmarked not later than the day preceding the filing date.
3. Rule .0402 was amended by authorizing the addition of the Board's Trust Account Guidelines to the subject matter on which license applicants are tested.
4. Rule .0505 was amended by authorizing the Board to require persons whose licenses have been expired for more than one year to complete certain real estate education as a condition for reinstatement of their licenses. ☐

### World's Fair Lodging

It has been brought to the Board's attention that certain unlicensed persons (primarily in the Western part of the state) are engaging in the business of arranging temporary accommodations for visitors to the World's Fair in nearby Knoxville, Tennessee.

It was reported that these persons generally charge the property owner a fee for listing their property (apartments, houses, trailers, etc.); advertise in local and national publications that such properties are available through their offices; collect the rents; and disburse the rent payments to the property owner after deducting another fee.

Inasmuch as the Real Estate License Law requires a real estate license of persons who rent or offer to rent real estate for others for compensation, the Board determined that the acts being performed by these persons fall within the statutory definition of real estate brokerage and that a real estate license was therefore required.

Persons aware of such activities should immediately notify the Real Estate Licensing Board office. ☐

### PROPERTY MANAGEMENT

(Continued from Page 1)

Under the North Carolina Structural Pest Control Law, it is unlawful for any person, firm, or corporation to engage in any phase of structural pest control without first securing the proper license from the Structural Pest Control Committee.

Although property owners and their **regular employees** are exempt from the provisions of this law, an employee (or agent) of a real estate firm which manages rental property for the owner, would not be exempt because he is considered an employee (or agent) of the real estate firm and not the property owner or lessees. Likewise, the real estate firm itself would be considered an independent contractor rather than an employee of the property owner. Therefore, neither the (management) firm nor its employees or agents qualify for exemption from the Structural Pest Control Act.

Individuals found to be in violation of this act, are subject to fine or imprisonment or both.

For further information contact: The North Carolina Department of Agriculture, Structural Pest Control Division, P. O. Box 27647, Raleigh N. C. 27611 (Phone 919/733-6100)



# RENEWAL NEWS

Real Estate Licenses Expire on June 30, 1982

## Applications

Applications for renewal of real estate licenses have been mailed to all brokers, salesmen, and corporations of record. If you have not received your renewal application by June 1, you should contact the Board office for a duplicate form. Since incomplete and incorrectly completed renewal applications cannot be accepted, you are advised to carefully read the instructions on the reverse side of your renewal application and remember to: (1) **Make address changes (if necessary);** (2) **Personally sign your application;** (3) **Supervising brokers must sign the applications of their salesmen;** (4) **Principal brokers of corporations must sign the corporation application;** and (5) **Include your \$15.00 renewal fee (add \$5.00 late filing fee after June 30, 1982).**

## Returned Checks

This past year the Board received 91 checks for renewal fees which were returned unpaid due to insufficient funds. Although this represented less than .2% of all renewing licensees, nevertheless the Board considers this to be a very serious matter.

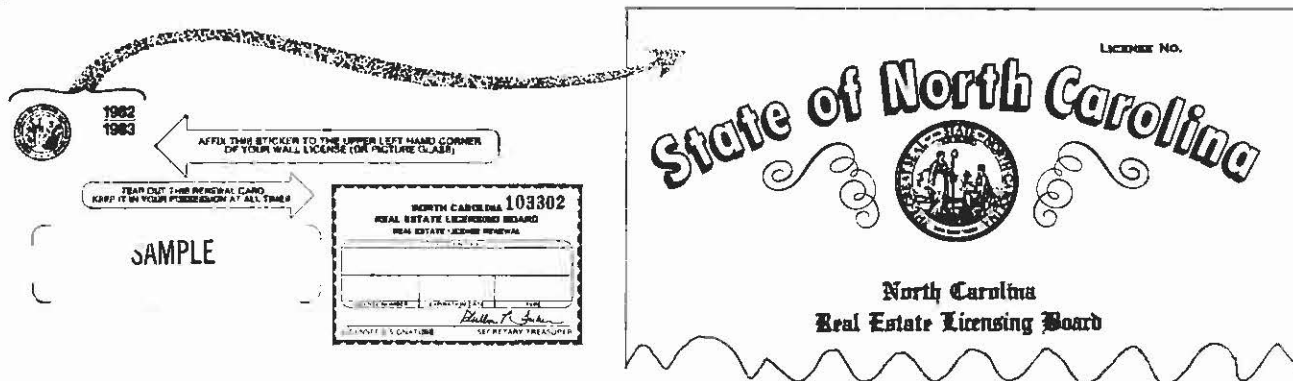
**Remember: "Checks given the Board in payment of license fees which are returned unpaid shall be considered cause for license denial, suspension, or revocation" (Board Rule .0507).**

## Renewal Stickers

Don't be surprised if your renewal pocket card form looks different this year. In addition to your pocket card, you will receive a "renewal sticker." Simply peel the sticker off your pocket card form and stick it on your wall license (or picture glass) at the upper left hand corner (see diagram below). Then sign and remove your pocket card along the perforated lines and keep it in your possession at all times.

By displaying your renewal sticker on your wall license, the Board's Field Representatives and Auditors can more easily verify that you have renewed your license, and it will also serve as a reminder to persons who work in real estate offices when they have forgotten to renew their licenses because their license will be readily distinguishable from those of their fellow workers who have renewed.

**Failure to display the renewal sticker on your wall license can result in disciplinary action by the Real Estate Licensing Board.**



## Compensating Unlicensed Persons

In the regular course of real estate transactions, brokerage fees are normally paid to the real estate firm, and then the owner or manager of the firm disburses the fees to their employees or independent contractors who participated in the transaction.

**Question:** If the real estate license of the employee or independent contractor was expired at the time he performed the act for which he is being compensated, is such person entitled to receive the brokerage fee? And is the broker permitted under the Real Estate License Law to compensate such persons?

The answers in both cases are "NO." It is a violation of the Real Estate License Law to act as a broker or salesman without the required license. And it is a violation of the Real Estate License Law to compensate unlicensed persons for performing acts which require a license.

**Caveat: Brokers and salesmen must be extremely careful to renew their real estate licenses in a timely manner. And owners of real estate firms should verify that the licenses of their associates are current before compensating them for performing brokerage services.**

### Trust Account Short Course

In an effort to assist licensees with trust account record-keeping skills, and to promote conscientious attitudes towards fiduciary responsibilities, the Real Estate Licensing Board developed a Trust Account Short Course which was presented between March 15th and April 15th. Administrative Director L. Ted Gayle and Trust Account Auditors Nancy Adams and Emmet Wood conducted the course 18 times in 10 cities throughout the state. 398 participants traveled over 19,000 miles to sit for the course and 314 firms from 120 cities were represented.



The course consisted of three sections: The first section was a 33 question quiz designed to test the knowledge of participants with regard to laws, rules, and regulations pertaining to trust accounts. The second section was a slide presentation showing the participant how to post records and balance to reconciled bank statements. And the third section was a practice set containing three months of typical real estate transactions which the participants actually worked through, posting and balancing to reconciled bank statements at the end of each month.

Because of the favorable response to these courses, the Real Estate Licensing Board has decided to continue to make the course available. So, if you failed to take part in the first offering, there will be a future opportunity for you. ☐

**RENEW  
EARLY**

### Real Estate Brokers/ Arrangers of Credit

By now, all brokers should know about the Truth-in-Lending Law because they must comply with its rules when advertising real estate financing. But were you aware that Regulation Z (the Federal Reserve Board Rule implementing the Truth-in-Lending Law) was recently amended to require real estate brokers to make the same disclosures as lending institutions when the broker arranges seller-financing in real estate transactions?

But don't panic yet! Because the Federal Board, after receiving 3000 letters of comment from members of the real estate industry, has temporarily excluded real estate brokers from its definition of "arrangers of credit" in order to give Congress time to decide the question. [NOTE: This exclusion does not apply to the advertising of finance terms previously mentioned]. Depending on Congress' action, the Reserve Board will review the matter again in early 1983.

A report on the final action taken by Congress and/or the Federal Reserve Board will be carried in a future issue of the **Bulletin**. ☐

### Time-Share Study

The Real Estate Licensing Board has recently received a study which it had commissioned entitled **The Evolving Role of Time-Sharing in North Carolina Real Estate Markets**. The study was conducted by Richard Mann, Mike Miles and Sharon Worden of the University of North Carolina School of Business and was designed to examine the time-sharing industry in North Carolina and the various approaches taken by other states to its regulation.

Time-sharing generally involves the purchase of a given block of time in resort accommodations. As a result of the high cost of vacations in the nation's resort areas, the time-sharing industry has experienced tremendous growth in recent years with North Carolina's attractive mountains and beaches making this state a prime target for time-sharing development. The study notes, however, that although some forty states have some form of time-share regulation, only seven states have enacted comprehensive time-share laws.

This study will provide the Board a better understanding of the various time-share programs being offered and will assist the Board in determining whether further regulation in this area is needed. ☐

### Disciplinary Action

The Real Estate Licensing Board revoked the broker's license of MARVIN H. ROSENBERG of Fayetteville for failing to account to property owners for rents collected on their behalf, using his property management escrow account to pay personal bills, and otherwise converting trust funds to his personal use. The Board's audit indicated that Rosenberg's trust accounts were short by more than \$12,000. ☐

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