



NORTH CAROLINA REAL ESTATE COMMISSION

Real Estate Bulletin

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Number 1

CHANGES IN LICENSE RENEWAL

Pocket Cards Discontinued

Application forms to renew real estate licenses are scheduled to be mailed to licensees on May 11. **Properly completed forms and fees must be received in the Commission Office by June 30 to avoid expiration of the license.** Persons who continue to act as real estate brokers and salesmen after their licenses have expired are subject to criminal prosecution. And persons whose licenses have been expired for more than one year may be required to complete a real estate course (or courses) and pass the licensing examination in order to reinstate their licenses.

If you have not received your renewal application form by May 21, you should request another form from the Commission Office.

To streamline the renewal process and simplify the filing requirements for licensees, the Commission has adopted two changes in renewal procedures:

1. **You will no longer be required to sign your renewal application** (or the applications of your salesmen or corporation).
2. **You will no longer receive a pocket renewal card.** (Your license renewal sticker will evidence the renewal of your license).

Brokers-In-Charge are reminded that they are responsible for the proper display of the license certificates and renewal stickers of all real estate brokers and salesmen working in their offices (Commission Rule A .0110). Brokers-In-Charge should inspect the wall licenses of all brokers and salesmen in their office by June 30 to assure that their licenses have been properly renewed. Failure to do so could result in disciplinary action by the Commission if it is determined that persons in their office have engaged in brokerage activities while their licenses were lapsed. □



F. MICHAEL HUGHES

Hughes Named Assistant Education Director

Mr. F. Michael Hughes has been named by the Real Estate Commission to the newly created position of Assistant Education Director (See "Education Report" on page three).

A 1972 graduate of Atlantic Christian College, Mike brings to the position a solid real estate and adult education background. Mike has been engaged in general real estate brokerage in Goldsboro for nearly six years, and during this time he obtained his GRI designation and completed numerous courses offered by the American Institute of Real Estate Appraisers and the Realtors National Marketing Institute. He is a certified real estate instructor and has taught real estate pre-licensing courses at Wayne Community College for nearly three years. Prior to entering the real estate business, Mike was a Staff Development Specialist at O'Berry Center in Goldsboro.

Mike was also involved in the development of the Commission's "in-house" examination program, serving as both a Question Writer and a member of the Question Review Committee.

Mike is married to the former Susan Melton, and they have one child, Michael.

COMMISSION ADOPTS RULES

Following a public hearing in the Commission's Raleigh office on March 16, the Commission amended and repealed a number of its rules. The rule changes became effective May 1, 1984.

The rule changes were mainly of a technical or procedural nature involving the conduct of administrative hearings, petitions for rules, rule-making, and declaratory rulings. In addition, as a result of adding a new section of rules dealing specifically with Time Share Project Registration, the existing rules governing General

Brokerage have been redesignated by adding the prefix "A" before each rule.

However, two changes in the Commission's rules should be of interest to licensees, especially brokers and applicants for salesman licenses.

Rule A .110 which sets forth the responsibilities of the Broker-In-Charge of a real estate office was amended by clarifying that the Broker-In-Charge must actively, personally supervise the real estate (Continued on Page 2)

REAL ESTATE BULLETIN

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EXAM RESULTS

EXAMINATION—February, 1984

	Passed	Failed
Brokers	73	240
Salesmen	182	238

EXAMINATION—March, 1984

	Passed	Failed
Brokers	263	292
Salesmen	457	429

DID YOU KNOW...

... According to a Fall 1983 Survey conducted by the North Carolina Office of State Budget and Management:

- 63% of N.C. households own or are buying a **single-family detached house** (median value \$50,000); and 11% rent a single-family detached house (median rent \$150 p/m).
- 9% own or are buying a **mobile home** (median value \$10,000); and 2% rent a mobile home (median rent \$170 p/m).
- 1% own or are buying a **multi-family dwelling**; and 11% rent a unit in a multi-family dwelling (median rent \$200 p/m).

COMMISSION/STAFF UPDATE

Adams Leaves Commission

Commission Member Fred H. Adams of Cary has relinquished his membership on the Real Estate Commission.

Appointed to the Commission in 1981 as a "Public Member", Mr. Adams has served with distinction on numerous Commission committees including chairmanship of the Education Committee.

His contributions to the Commission and the citizenry of North Carolina will be greatly missed.

New Employees



Martha Neeley is the Commission's new Time Share Clerk. Under the direction of Deputy Legal Counsel Thomas Miller, Martha will be processing applications for the registration of time share

projects and maintaining records on all projects and salesmen.



Sharon Taylor is the Commission's new Assistant Records Clerk. Sharon will be working with Records Clerk Naomi Cottle in maintaining files and records on the more than 52,000 licensed real estate brokers and salesmen in our State, as well as assuming general secretarial responsibilities.

Auditors Receive Designations

Trust Account Auditor **Nancy C. Adams** has received her certificate of qualification as a Certified Public Accountant (CPA). In addition to this designation, Mrs. Adams is also a licensed real estate broker and Certified Real Estate Investigator.

Trust Account Auditor **Emmet R. Wood** CPA has recently graduated from the REALTORS' Institute receiving the GRI designation. Mr. Wood is also a licensed real estate broker.

The Real Estate Commission congratulates Mrs. Adams and Mr. Wood on their accomplishments and the knowledge and skills which they have acquired which will enable them to better serve North Carolina real estate consumers and licensees.

Ten-Year Service

Records Clerk **Naomi Cottle** was recently recognized by the Real Estate Commission on having completed ten years of service with the Commission. Naomi joins Investigators **James Clinard** (18 years), **Rodolph Hill** (15 years) and **Everette Jenkins** (11 years) and Application Processor **Gloria Williams** (13 years) in having devoted more than a decade of service to the Commission. □

REMINDERS !

Trust Account Short Course

Persons wishing to take the Trust Account Short Course in the Commission's Raleigh Office on July 17, September 18, or November 20 should contact Administrative Secretary **Jeanette Hamm**. Morning and afternoon sessions are available.

Class size is limited, so space will be reserved on a first come first served basis.

Commission Adopts Rules (Continued from Page 1)

salesman in his or her office, and by defining the terms "Office" and "Branch Office".

In addition, the procedure for issuing salesman licenses has been modified. Under the new rule, after applicants for salesman licenses have

Time Share Registration and Licensing

Time share projects must be registered and time share salesmen must be licensed by the Real Estate Commission by June 30.

Unregistered projects and unlicensed salesmen will be subject to criminal prosecution.

For information, contact Deputy Legal Counsel **Thomas R. Miller** or Time Share Clerk **Martha Neeley**.

passed their examinations and qualified for licensure, their licenses are placed on Inactive License Status (Commission Rule A .0504). They must then file with the Commission a form signed by the Broker-In-Charge of the real estate office where they intend to work (i.e., their Supervising Broker) in order to have their license certificate issued (No fee required). □

ANSWERLINE

by Thomas R. Miller
Deputy Legal Counsel

- Q. Residential property management is the most important part of my real estate practice. I am aware that under the Tenant Security Deposit Act, when a tenant moves out prior to the expiration of his lease, he does not automatically lose his security deposit. My question is this: May I add a provision to my lease form which would require the tenant to pay a \$300 "termination fee" as liquidated damages if he breaches his lease?
- A. **No. Section 42-52 of the Tenant Security Deposit Act clearly states that the "landlord (or his agent) may not . . . retain any amount from the deposit which exceeds his actual damages."** A landlord is not entitled to recover double rent or any other type of windfall at the tenant's expense. Neither the landlord nor his agent may circumvent the provisions of the Tenant Security Deposit Act by the use of a "termination fee", or forfeiture or liquidated damages clauses in residential leases.
- Q. I am a licensed real estate broker engaged in the property management business. Recently, the owner of an apartment building which I manage notified me of his intent to sell the property. The new owner will be managing the property himself. What should I do with the tenant security deposits for this property which I now hold in my trust account?
- A. **Section 42-54 of the Tenant Security Deposit Act states that upon the termination of the landlord's interest in rental property, the landlord or his agent shall (after making lawful deductions) either return the deposits to each tenant or transfer them to the new landlord, notifying each tenant by mail of the transfer and of the new landlord's name and address. By doing either of the above, you will be relieved of any further liability regarding the deposits.**
- Q. Now that I have obtained my North Carolina real estate broker's license, are other brokers required to co-broker their listings with me?
- A. **No. Merely having a real estate license does not entitle a broker to share the listings of his fellow brokers. The right to split commissions is contractual and stems from an agreement between the listing and selling agents to cooperate in a given transaction. □**

EDUCATION REPORT

by Larry A. Outlaw
Education Director

New Assistant Education Director

The employment of Mike Hughes as Assistant Education Director (see page one) will provide a tremendous boost to the Commission's education and licensing examination programs. Having this additional staff member will enable the Commission not only to more effectively administer its existing programs but also to expand its educational activities.

With regard to education-related activities, Mike will have primary responsibility for (1) the certification, training and development of pre-licensing course instructors, and (2) the development of course syllabi and other instructional aids for instructors. In general, Mike will strive to provide greater assistance and guidance to instructors in an effort to improve the overall quality of instruction provided in pre-licensing courses.

With regard to examination-related activities, Mike will be primarily responsible for various administrative functions such as coordinating and supervising examination review sessions, supervising the production and distribution of examination materials, and liaison with examination center supervisors. He will also assist in the development and review of examination questions.

In addition, Mike will be responsible for handling inquiries regarding license qualification requirements, conducting research, and other general tasks associated with the education and examination programs.

Examination Update

The previous issue of the **Real Estate Bulletin** contained a complete summary of the Commission's new license examination program and the anticipated benefits of such program. After four months of experience with the new program, I can report that the Commission is extremely well-pleased with the entire operation. All of the expected benefits of the new program are being fully realized.

Two changes in the examination program are being made which will further benefit examination candidates. Examination review sessions for failing candidates are being moved from the Commission Office to the Jane S. McKimmon Continuing Education Center across from the N.C. State University Campus in Raleigh. This change will enable the Commission to better accommodate failing candidates wishing to review their examinations. In addition, the Commission is reopening the Fayetteville Examination Center at Fayetteville State University beginning with the May examinations.

Instructor Workshop

The Real Estate Commission's 5th Annual Real Estate Instructor Workshop was held in Raleigh on April 3-4, 1984 in conjunction with the annual meeting of the North Carolina Real Estate Educators Association (NCREEA). More than 120 real estate instructors and program directors participated in Workshop sessions on a variety of education-related topics, including:

- * Pre-Licensing Education Program Changes
- * Learning Styles, Neuro-Linguistic Programming, and Memory Enhancement
- * Left Brain/Right Brain Learning Styles
- * Computers in the Classroom
- * Performance and Problem Topics on the New Licensing Examinations

The keynote address at the Workshop was given by John Kortcamp, Vice President for Education of the National Association of REALTORS (NAR), who spoke on national trends in real estate education and NAR educational programs.

At its business session, the NCREEA elected as its President for 1984-85 Alan "Mac" Harris, a Greenville real estate broker and real estate instructor at Pitt Community College. □

Notification of Disciplinary Actions

The Real Estate Commission at a recent meeting approved a plan which is designed to put members of the public and the real estate industry on notice as to any disciplinary actions taken by the Commission against licensees in their community.

Under the new procedure, the Commission will notify local REALTOR Boards and the North Carolina REALTISTS' Chapter of any disciplinary hearing which has been scheduled against a broker or salesman in their geographical area; however, the identity of the Respondent-broker or salesman will not be disclosed in this Notice. Following the hearing and decision by the Commission, the REALTOR and REALTISTS Associations will be notified of the action taken by the Commission.

In addition, the Commission Legal Staff will prepare and distribute a Press Release to local newspapers regarding any action taken by the Commission to reprimand, censure, or suspend or revoke the license of any broker or salesman in their area.

The purpose of this action is not to bring any unnecessary embarrassment or attention to the disciplined licensee. The Commission recognizes the serious impact which its rulings may have on the lives and reputations of those persons disciplined and their families. And it is only after thorough investigation and deliberation that discipline is ordered.

However, it is the position of the Commission that persons who are admitted to practice real estate brokerage in this State have a legal and moral responsibility to its citizens to conduct their activities in a competent and trustworthy manner. And that persons who fail to honor this commitment and subscribe to the minimum standards of conduct prescribed by law, should be prepared to accept the consequences of their actions. □

On The Inside . . .

Changes in License Renewal
Assistant Education Director Named
Answerline
Education Report

DISCIPLINARY ACTION

The Real Estate Commission suspended the broker's license of G. THOMAS COCHRANE, III of Raleigh for five months for concealing and failing to remit brokerage commissions due his employer. The Commission also suspended for nine months the broker's license of ROGER E. STRICKLAND of Raleigh who, as Mr. Cochrane's supervisor, condoned and participated in Mr. Cochrane's diversion of commissions due his employer.

The Commission suspended the broker's license of JAMES B. EUBANKS of Beaufort for six months for misrepresenting to the selling broker the actual amount of brokerage commission received in a co-brokered transaction.

The Commission revoked the broker's license of HAROLD GEORGE FURR of Locust and granted him a salesman's license due to his conviction in Superior Court of an offense involving moral turpitude.

The Commission revoked the broker's license of KENT C. HADLOCK of Maggie Valley for commingling trust funds with his business and personal funds and for converting trust funds to his own use.

The Commission suspended the broker's license of R. WAYNE MABE of High Point for 30 days for lending money to a veteran in connection with a VA loan without the knowledge of the Veterans' Administration. Mr. Mabe made restitution to the VA.

The Commission revoked the broker's license of REGINALD J. RHYNE of Gastonia for forging or causing his client's signature to be forged on a deed and on a check for the proceeds from the sale of his client's property and for converting the sales proceeds to his own use.

The Commission suspended the broker's license of ARTHUR M. SANCHEZ of Morehead City for one year (six months active, six months probation) for misrepresenting the dimensions of a lot to a buyer and for altering the references to the dimensions on the listing and sales contracts.

The Commission revoked the broker's license of CHARLES E. SMITH of Murphy for commingling trust funds with his business and personal funds, for converting trust funds to his own use, and for failing to maintain proper trust account records.

The Commission suspended the broker's license of DAVID H. WEDDINGTON of Raleigh for ninety days for failing to collect, remit and account for funds on behalf of his client and for failing to make his trust account records available to the Commission.

The Commission censured broker KAYE A. WILLIAMS of Tryon for paying a commission to a South Carolina broker not licensed as a North Carolina real estate agent for performing acts in this State which required a license. □

RENEW EARLY

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