



NORTH CAROLINA REAL ESTATE COMMISSION

Real Estate Bulletin

Volume 18

1987

Number 3

NEW COMMISSION MEMBER

Governor James G. Martin has appointed Mr. Chandler B. Lee of Pinehurst to the North Carolina Real Estate Commission to fill the unexpired term of Earnest C. Pearson, who was recently named Chairman of the North Carolina Industrial Commission.



CHANDLER B. LEE

Mr. Lee is President of Chandler Lee Motors, Inc. in Southern Pines. Prior to opening his dealership, he was a Senior Project Engineer with General Motors and graduated from the General Motors Dealership Development Academy.

Mr. Lee obtained a Bachelors degree in political science from Western Michigan University in 1974, and in 1982, earned a Masters degree in business administration from Central Michigan University.

Mr. Lee is active in civic and trade organizations, including the Southern Pines Rotary Club and Chamber of Commerce, and the North Carolina and National Automobile Dealers Associations. He is also a member of the Sandhills Community College Business Advisory Committee and the Moore County Schools Business/Education Committee. □

Commission Offices Relocated

In response to increased demand for Commission services, the Commission on November 1 relocated into larger offices located approximately 200 yards from its former office.

NEW ADDRESS:

1313 Navaho Drive, P.O. Box 17100
Raleigh, NC 27619-7100
(919) 733-9580

BROKERAGE COMMISSION ISSUES: TWO CASES

By Robin Hammond Clark, Attorney at Law, Legal Information Officer

I. Commission-Split Provisions In Sales Contracts

Suppose you are a real estate agent with a customer who wishes to purchase a house which is the subject of an exclusive listing contract between the seller and another firm. Although the listing firm is willing to pay a three percent sales commission to cooperating brokers, your firm wants four percent. Question: Can you prepare an offer for your customer which includes a provision requiring the listing firm to pay your firm a four percent commission? What about a provision requiring the *seller* to pay your firm a four percent commission? The answer in both cases is "No."

Generally, commission agreements between real estate firms and property owners should be contained in formalized written listing contracts. Any further arrangement providing for the listing firm to share its commission with cooperating brokers is solely within the discretion of the listing firm and subject to negotiation between the listing and cooperating firms. Buyers and sellers should not be involved in such negotiations, nor should a buyer's offer to purchase be used as a device to acquire a portion of the listing firm's sales commission.

The function of the sales contract is to memorialize the transaction between the parties—the buyer and seller. Neither the listing firm nor the selling firm nor any agent involved in the transaction is a "party" to the contract. Inserting a commission-sharing provision in a sales contract forces the contract to govern a situation which it was never intended to address. It could jeopardize the entire transaction between the buyer and seller or cause it to be restructured in a way which is not advantageous to the parties.

By inserting a commission-split provision into the contract between the buyer and seller, agents could lose sight of their agency duties and seek to promote their own interests over those of the seller. Real estate

brokers and salesmen must constantly be aware that the agency relationship under which all licensees operate dictates certain behavior. The listing agent has a direct agency relationship with the seller under which he owes to the seller duties of loyalty and good faith dealing, among other duties. And cooperating agents, as sub-agents of the seller (in the typical transaction), owe the seller the same agency duties. However, the cooperating broker is directed by the listing broker in the performance of his duties and is compensated by him; therefore, their commission-split arrangement should be separate from the sales contract.

II. Commission Payments To Salesmen

The question has been raised whether a "bonus" offered to a salesman by a seller or a listing broker is considered to be a "commission or valuable consideration" and whether such a bonus can be paid directly to a salesman by a seller or a listing broker who is not the salesman's broker-in-charge.

A long-standing principle of North Carolina's Real Estate License Law (G.S. 93A) is that in order to engage in the real estate business, a salesman must be supervised by a broker. A licensed salesman's work is in the nature of an apprenticeship; therefore, the salesman must be supervised by one who has demonstrated a superior knowledge of real estate principles and practices.

One of the key methods which the License Law employs to ensure that salesmen are being properly supervised is to prescribe the procedure by which they are compensated. Section 93A-6(a)(5) of the License Law provides that salesmen may (after a hearing) be reprimanded or censured, or have their licenses suspended or revoked if they are found to have "accept[ed] a commission or valuable consid-

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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 License 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 Commission Real Estate Bulletin.

NORTH CAROLINA REAL ESTATE COMMISSION

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James G. Martin, Governor

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Vice-Chairman
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Miriam J. Baer Examination Coord.
Evelyn Johnston Education Coord.

Editor

Miriam J. Baer

Editor-in-Chief

Phillip T. Fisher

CHANGE IN VIRGINIA-NORTH CAROLINA RECIPROCITY

As a result of new regulations recently adopted by the Virginia Real Estate Board, resident North Carolina real estate brokers and salesmen must now possess real estate education/experience equivalent to Virginia's education/experience licensing requirements in order to obtain Virginia real estate licenses without passing Virginia's license examination. Since the Virginia Real Estate Board does not consider North Carolina's precursing education to be "equivalent" to that required in Virginia, the North Carolina Real Estate Commission terminated licensing of Virginia resident licensees by reciprocity effective September 10, 1987. For information concerning Virginia's new reciprocity licensing requirements, contact the Virginia Real Estate Board at (804) 257-8516. ☐

NEW COMMISSION EMPLOYEES



Miriam J. Baer has been named by the Real Estate Commission to the newly created position of **Examination Coordinator**. Miriam graduated *summa cum laude* from the University of Kansas in 1981, and received a law degree from the UNC School of Law in May, 1984. A licensed attorney and real estate broker, Miriam was in private practice for three years before joining the Commission staff.



Karen D. Pearce has been employed by the Real Estate Commission as its first **Financial Secretary**. Karen received her B.A. in Business Management from N.C. State University in 1986 and previously worked for the State Employees Credit Union and ITT.



Betty K. Amos has been hired by the Commission as its **Receptionist**. Betty has significant prior experience as a receptionist and comes to the Commission from Herndon, Virginia where she was a receptionist for Zenith Inteq. ☐

COMMISSION RECEIVES EDUCATION AWARDS

The North Carolina Real Estate Commission was recently the recipient of two Education Recognition Awards from the National Association of Real Estate License Law Officials (NARELLO). The awards were received for the consumer education publication, "Your Place at the Beach: A Buyer's Guide to Vacation Real Estate" and for the Commission's informational brochure describing its role in regulating the real estate profession. Each year, NARELLO makes awards to member jurisdictions for outstanding innovations, accomplishments, and programs in the field of real estate education in ten separate categories. North Carolina is the only jurisdiction to win awards in two separate categories during the same year. This year marks the second time North Carolina has achieved this distinction. ☐

EXAM RESULTS

| | Passed | Failed |
|----------------|--------|--------|
| AUGUST 1987 | | |
| Brokers | 118 | 108 |
| Salesmen | 345 | 282 |
| SEPTEMBER 1987 | | |
| Brokers | 192 | 93 |
| Salesmen | 625 | 331 |
| OCTOBER 1987 | | |
| Brokers | 114 | 91 |
| Salesmen | 385 | 272 |

IT'S A FEDERAL OFFENSE

Did you know that misconduct of real estate licensees may subject them to liability under federal law as well as state laws and Commission rules? Licensees should be aware that if either the buyer or the real estate agent has made or aided in the falsification of a loan application to a federally insured lender, including misstatements of the purchase price, amount of the down payment, or credit worthiness of the loan applicant, those involved may be charged with felonies punishable by up to five (5) years in prison and a \$10,000 fine. (See 18 U.S.C. Section 371.) ☐

Trust Account Short Course Registration Form

1. The Trust Account Short Course is designed to bring participants up-to-date on current laws, rules and procedures governing the handling of client funds and to assist real estate firms in developing good bookkeeping and recordkeeping practices.
2. Any real estate licensee, trust account bookkeeper or other person who handles real estate trust funds or accounts may attend.
3. These free courses require 3-3½ hours to complete and are offered monthly in Raleigh at the McKimmon Center beginning at 1:00 p.m.
4. Registration forms must be received in the Commission Office at least 10 days prior to the course. Registrations will be confirmed in writing giving registrants more detailed information concerning the location and content of this course.

I wish to attend the following Trust Account Short Course:

☐ January 12, 1988

☐ February 16

☐ March 15

Name: _____ Phone: _____

Address: _____ City: _____

Mail to N.C. Real Estate Commission, P.O. Box 17100, Raleigh, NC 27619-7100 Attn: Ms. Hamm

MEET THE STAFF

The North Carolina Real Estate Commission takes pride in introducing to you the members of its staff. With a combined total of more than 200 years of service with the Commission they stand ready to assist real estate consumers and licensees in every possible way. [NOTE: Years of service with the Commission indicated in parenthesis (.)]

To expedite the handling of your questions and problems we suggest that you refer to this article when contacting the Commission office so that your inquiry can be promptly directed to the appropriate staff member.

EXECUTIVE



Phillip T. Fisher (12), Executive Director, is the chief executive officer of the Commission and is responsible for the overall conduct of Commission programs and operations.



Jeanette Hamm (11), Administrative Secretary, serves as secretary to the Executive Director and performs other administrative and clerical duties.

ADMINISTRATION AND RECORDS



Mary Frances Whitley (9), Director of Administration, is responsible for financial and personnel matters and all technical and operational support services.



Karen Pearce (3 months), Financial Secretary, performs bookkeeping services necessary to maintain the Commission's financial records.



Betty Amos (3 months), Receptionist, operates the telephone switchboard, receives visitors, and performs various clerical duties.



Naomi Cottle (13 1/2), Records Specialist, is responsible for maintaining and updating all files and records on licensees, including the processing of license renewals.



Carrie Worthington (8), Assistant Records Specialist, assists in maintaining and updating all files and records on licensees, especially records regarding the supervision of salesmen by brokers-in-charge.

EDUCATION AND LICENSING



Larry A. Outlaw (9), Director of Education and Licensing, is responsible for supervising the Commission's educational programs and activities, the license examination program, and licensing operations.



Miriam J. Baer (2 months), Examination Coordinator, is an attorney and is responsible for administering the Commission's license examination program and for coordinating various Commission publications, including the *Real Estate Bulletin*.



Evelyn Johnston (4 months), Education Coordinator, is responsible for administering the Commission's prelicensing education program and for handling license applications requiring special consideration by the Commission.



Penny Childress (10), Education Secretary, serves as secretary for the Education and Licensing Department and assists in handling inquiries relating to education matters.



Faye A. Hewett (1 1/2), Education Clerk, performs clerical duties for the Education and Licensing Department and assists in handling inquiries on licensing matters.



Gloria Williams (16), Applications Specialist, reviews and processes all applications for the salesman and broker license examinations, schedules applicants for examination, and handles inquiries regarding applicant qualifications.



Vickie Crouse (9), License Specialist, reviews and processes all applications for corporation and reciprocal licenses and for reinstatement of expired licenses, and issues all real estate licenses. Vickie also supervises the Commission's in-house computer operations.



Mildred Combs (10 1/2), Assistant License Specialist, assists in the issuance of licenses, performs all micro-filming of licensee records, and assists in maintaining licensee records.

LEGAL



Thomas R. Miller (5 1/2), Legal Counsel, is an Assistant Attorney General assigned to the Commission. Tom advises the Commission on legal matters, prosecutes cases against licensees before the Commission, and supervises the activities of the Legal Department.



Blackwell M. Brogden, Jr. (3), Assistant Legal Counsel. A former Deputy District Attorney, "Black" prosecutes cases against licensees before the Commission and assists the Legal Counsel in advising the Commission on legal matters.



Robin Hammond Clark (2), Legal Information Officer. An attorney, Robin answers inquiries from the public and licensees on legal matters and screens all complaints filed against licensees.



Margaret "Sonny" Lamar (1½), Consumer Information Analyst, is responsible for reviewing time share registration documents and for handling inquiries and consumer complaints relating to time shares, condominiums, rental properties, and resort properties.



Nancy Ross (9), Chief Legal Secretary, serves as secretary for the Legal Counsel, supervises the Legal Department's clerical staff, and maintains all legal files.



Frances Johnson (1½), Legal Secretary, serves as secretary to the Director of Audits and Investigations and the Legal Information Officer, and performs other clerical duties.



Diane Westbrook (1½), Time Share Specialist, processes time share registration documents and performs various clerical duties for the Legal Department.



Teresa Vaughn (1½), Legal Clerk/Typist, performs clerical duties for the Legal Department and serves as the department's telephone receptionist.

AUDITS AND INVESTIGATIONS



L. Ted Gayle (7), Director of Audits and Investigations, is responsible for supervising and coordinating the activities of the Commission's field auditors and investigators and for reviewing all investigative reports.



James K. Clinard (21), Investigator, lives in Colfax and investigates complaints against licensees in the central part of the state (including Raleigh and the Triad area).



Rodolph Hill (18½), Investigator, lives in Kinston and investigates complaints against licensees in the eastern part of the state (Fayetteville to the coast).



Everette Jenkins (14½), Investigator, lives in Asheville and investigates complaints against licensees in the western part of the state (Charlotte west).



Charles S. Carter (2), Investigator, lives in Sanford and investigates complaints against licensees on a statewide basis, with emphasis on time share complaints.



Nancy C. Adams (6), Auditor. A CPA, Nancy lives in Greenville and audits brokers' real estate trust accounts on a statewide basis.



Emmet R. Wood (6), Auditor. A CPA, Emmet lives in Raleigh and audits brokers' real estate trust accounts on a statewide basis. □

DID YOU KNOW THAT* . . .

1. Approximately 66% of all real estate firms have ten sales associates or less, while only 4% have 50 or more associates.
2. Residential real estate firms average 21 sales associates.
3. 89% of firms operate from one office, with only 7% having two offices.
4. Proprietorships and corporations are the most common ownership form, with only a small percentage of firms being partnerships.
5. The median age of real estate companies has decreased from eight to seven years during the period 1981 to 1985, and 21% of firms last only two years or less.
6. Real estate firms employ only 20% of their sales force part-time, and only about half of the companies nationwide employ part-time associates at all; however, part-time agents make up a significant percentage of the sales force of smaller companies.

*Statistics from a National Association of REALTORS® survey of real estate firms published in a recent issue of the "Warren, Gorham, and Lamont Real Estate Outlook." □

NEW IRS REAL ESTATE REPORTING REQUIREMENTS

Under new IRS rules, the seller must provide his or her name, address, and taxpayer identification number (usually a social security number) to the person responsible for filing form 1099-B, "Statement for Recipients of Proceeds From Real Estate, Broker, and Barter Exchange Transactions" with the IRS. The person responsible must in turn give the seller a copy of Form 1099-B or a statement containing the same required information.

In North Carolina, the closing attorney is generally the person responsible for filing form 1099-B. However, if no one is responsible for closing, the reporting requirement will fall to the following, in this order: the mortgage lender, the *seller's broker*, the *buyer's broker*.

More information is available in IRS Publication 924 which is available free in bulk quantities by calling the IRS at 1-800-424-3676. □



DISCIPLINARY ACTION

Penalties for violations of the Real Estate License Law and Commission Rules and Regulations vary depending upon the particular facts and circumstances present in each case. Due to space limitations in the Bulletin, a complete description of such facts cannot be reported in the following Disciplinary Action summaries.

WILLIAM F. BADGETT (Pilot Mountain)—By Consent, the Commission suspended Mr. Badgett's broker's license for two years effective August 21, 1987 based upon his conviction of a criminal offense involving moral turpitude which would reasonably affect his performance in the real estate business; namely, misapplication of bank funds.

PATRICIA BARTEE (Durham)—By Consent, the Commission suspended Ms. Barte's license for thirty days effective September 1, 1987. The Commission then suspended its Order. The Commission found that Ms. Barte had failed to disclose to purchasers that the soil on the property being purchased was unsuitable for a septic tank.

FRANK B. BELK, JR. (Wake County)—By Consent, the Commission revoked Mr. Belk's broker's license effective September 1, 1987. The Commission found that Mr. Belk, while representing two separate clients, commingled and converted their funds to his own use.

LORETTA J. BROWN (Havelock)—The Commission revoked Mrs. Brown's broker's license effective November 1, 1987. The Commission found that Mrs. Brown had used purchase deposits, tenant security deposits, and rents which she held for others to pay loan obligations on real estate in which she had an ownership interest.

MAURICE L. BYRD, JR. (Durham)—By Consent, the Commission suspended Mr. Byrd's salesman's license for two years effective September 25, 1987 based upon his conviction of a criminal offense involving moral turpitude which would reasonably affect his performance in the real estate business; namely, forgery.

LELAND P. DAVIS (Fayetteville)—By Consent, the Commission revoked Mr. Davis' salesman's license effective September 18, 1987. The Commission found that Mr. Davis had knowingly permitted and encouraged a purchaser to make false statements to a lender regarding the purchaser's occupancy of a house in order to obtain a real estate loan, and that he subse-

quently sold the property to another party but failed to convey title and submit a loan assumption application on behalf of the purchaser. The Commission also found in a separate transaction that Mr. Davis had made substantial misrepresentations and submitted false documents to the Veterans Administration in connection with his purported sale of a VA-owned property.

JAYNE GREGORY (Durham)—By Consent, the Commission reprimanded Ms. Gregory for failing to confirm that information pertaining to a property's unsuitability for a septic tank and the condition of its well was furnished to a subsequent purchaser.

MURIEL W. HELMS (Monroe)—The Commission censured Ms. Helms, as Broker-In-Charge, for failing to properly supervise the conduct of advertising by her office, in that she failed to review and inspect information furnished by her office to the multiple listing service which was inaccurately reported by the MLS. Ms. Helms appealed the Commission's decision to Wake County Superior Court which affirmed the Commission's decision.

ISLAND EQUITIES, INC. (Yaupon Beach)—By Consent, the Commission fined Island Equities, Inc., developer of the time share project Island Resort, \$4,000 effective October 7, 1987. The Commission found that Island Equities, Inc. failed to comply with Chapter 75 of the General Statutes in its solicitation of persons to attend a time share sales presentation and that such solicitation contained misrepresentations and false promises. The Commission also found that the corporation had paid sales commissions to unlicensed persons.

GAIL W. JONES (Erwin)—By Consent, the Commission revoked Ms. Jones' salesman's license effective August 21, 1987. The Commission found that Ms. Jones, while acting as an on-site apartment manager, failed to deposit and maintain rent monies in a trust or escrow account.

WANDA N. JORDAN (Monroe)—The Commission reprimanded Ms. Jordan for failing to properly review and inspect information which she furnished to the multiple listing service which incorrectly reported that certain property was served by a community sewer system, when, in fact, the property was served by a septic tank. Ms. Jordan appealed the Commission's decision to Wake County Superior Court which affirmed the Commission's decision.

TRUDY KEARNEY (Durham)—By Consent, the Commission suspended Ms. Kearney's salesman's license for thirty days effective November 1, 1987. The Commission found that Ms. Kearney had failed to disclose to purchasers material facts concerning a property as to its unsuitability for a septic tank and the fact that the well did not meet County Health Department standards.

LINWOOD D. KING, JR. (Yaupon Beach)—By Consent, the Commission suspended Mr. King's broker's license for six months effective October 1, 1987. The Commission found that Mr. King had failed to satisfactorily carry out his duties and responsibilities as a Broker-In-Charge, including permitting unlicensed persons to engage in the sale of time shares.

ROBIN E. RAMIREZ (Fayetteville)—By Consent, the Commission reprimanded Ms. Ramirez for acting as a real estate salesman without being supervised by her designated Broker-In-Charge.

JAMES R. SAMS (Beech Mountain)—By Consent, the Commission suspended Mr. Sams' broker's license for one year effective January 1, 1988. Two months of the suspension are to be active and ten months on probation on condition that he complete the Commission's Trust Account Course. The Commission found that Mr. Sams had failed to properly account for and remit monies received from others.

KENNETH K. SCHOWALD (Winston-Salem)—The Commission revoked Mr. Schowald's salesman's license effective August 1, 1986. Mr. Schowald's appeal of the Commission's decision was dismissed in Forsyth County Superior Court on August 3, 1987. The Commission found that Mr. Schowald knew or should have known that information he obtained on a property and furnished to the purchaser did not accurately reflect the true condition or value of the property. The Commission also found that he had represented and received commissions from both the seller and the purchaser in the transaction without disclosing this fact to all parties.

MITCHELL D. SECHRIEST (Dare County)—By Consent, the Commission reprimanded Mr. Sechriest for failing to disclose the purchaser's right of cancellation in two time share sales transactions.

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DISCIPLINARY ACTION

(Continued from page 5)

DOUGLAS GENE STALLINGS (Raleigh)—The Commission suspended Mr. Stallings' broker's license for thirty days effective October 1, 1987. The Commission then suspended its Order and placed Mr. Stallings on probation for six months. The Commission found that Mr. Stallings had failed to verify the square foot heated area of a property listed in the multiple listing service, and as a result, misrepresented the area to a subsequent purchaser.

BONNER LEE STILLER (Brunswick County)—By Consent, the Commission reprimanded Mr. Stiller. The Commission found that Mr. Stiller, without any intent to defraud or deceive, placed a "for sale" sign on and sold a lot adjacent to the one which he had listed for sale.

TIMOTHY L. WALKER (Winston-Salem)—By Consent, the Commission suspended Mr. Walker's license for thirty days effective September 25, 1987. The Commission found that Mr. Walker had made a false representation on his application for a real estate license.

WILLIAM T. WEBSTER (Maggie Valley)—By Consent, the Commission reprimanded Mr. Webster for negligently misrepresenting the right of rescission to a time share purchaser.

SUSAN L. WILLIS (Morehead City)—By Consent, the Commission reprimanded Ms. Willis for failing to apply rental proceeds to the satisfaction of an outstanding deed of trust guaranteed by the Veterans Administration.

THEODORE S. WOOD (Yaupon Beach)—By Consent, the Commission suspended Mr. Wood's salesman's license for six months effective November 1, 1987. The Commission found that Mr. Wood engaged in a promotional scheme to induce purchasers to attend a time share sales presentation which was in violation of Chapter 75 of the General Statutes. The Commission also found that there was an inadequate supply of premium gifts on hand for persons who responded to the solicitation, and that Mr. Wood employed five unlicensed persons to sell time shares at the project. □

NOTE

In the Disciplinary Action Section of the previous *Real Estate Bulletin*, the places of business of two licensees were incorrectly reported as being in Carolina Beach. □

BROKERAGE COMMISSIONS

(Continued from page 1)

eration as a real estate salesman for the performance of any acts [which require a real estate license], *from any person except the licensed broker by whom he is employed.*" (Emphasis added). A salesman accepting compensation from someone other than his broker-in-charge would also violate Section 93A-6(a)(15) of the License Law and Commission Rule 21 NCAC 58A .0506 regarding supervision of salesmen. Similarly, the salesman's broker-in-charge can be disciplined for failure to properly supervise the salesman if he allows the salesman to accept direct payment of a brokerage fee or commission from other persons. Additionally, a broker-in-charge who pays a brokerage fee or commission directly to a salesman supervised by another broker-in-charge violates Section 93A-6(a)(9) of the License Law.

Especially in "soft" real estate markets, when properties are slower to sell and business becomes more competitive, sellers and listing agents are inclined to offer bonuses to selling agents to promote their properties. This bonus may be in the form of cash or something other than money (dinner for two, tickets to a Broadway show, a new BMW, etc.). Apparently there is a misconception in the industry that these "non-cash" prizes or bonuses are not commissions, but a review of the License Law proves this theory wrong.

The License Law is triggered whenever a person receives or expects to receive money, a gift, a prize, or any other valuable consideration for performing acts or services which require a real estate license. Put another way, *compensation in any form is considered to be the same as a regular commission if it is paid or promised to a person for using his real estate license.*

As for payment of a bonus or prize to a salesman by someone other than the salesman's broker-in-charge, this is prohibited by the statutory and rule provisions previously cited. The following examples may help to clarify this matter.

Assume that a listing company is offering a new BMW to any agent who sells one

of its specified listings and whose name is chosen at a drawing. Assume also that the lucky agent who sold one of the specified properties and who won the drawing is a *salesman* employed by another firm. Can the listing company's broker-in-charge have the car title transferred directly to the salesman rather than to the salesman's broker-in-charge? The answer is "NO."

As another example, assume that a developer (who does not hold a real estate license) is aggressively marketing a new subdivision. As an extra incentive, the developer offers a trip to Europe to any agent who sells a particular house in the subdivision. If a licensed *salesman* sells the house, can the developer award the trip directly to the salesman? The answer is again "NO." If a developer were to award such prizes to salesmen, the Real Estate Commission would advise the developer to discontinue awarding the prizes directly to salesmen. Should the developer refuse to comply with this request, then the Commission could seek legal redress in the form of an injunction or even refer the matter to the District Attorney for criminal prosecution.

By incorporating in the License Law and the Commission's Rules these provisions governing the procedure for compensating salesmen, it was not the intent of the General Assembly or the Real Estate Commission to interfere with or otherwise curb the ability of property owners to expedite the sale of their properties. Rather, these provisions are designed and intended to better ensure that the activities of real estate salesmen are being adequately supervised by their broker-in-charge.

To avoid misunderstandings, controversy, disputes, and possible disciplinary action by the Real Estate Commission, brokers-in-charge and their salesmen are advised to enter into mutually agreeable arrangements providing for the division and payment of fees and any other compensation earned, including any non-cash bonuses or sales incentives offered by sellers and co-brokers. □

71,300 copies of this public document were printed at a cost of 7 cents per copy.

NORTH CAROLINA
REAL ESTATE COMMISSION
P.O. Box 17100
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BULK RATE
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