



NORTH CAROLINA REAL ESTATE COMMISSION Real Estate Bulletin

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Number 1

NEW RULES ADOPTED

Following a public hearing on April 19 in the Commission's Raleigh office, the Real Estate Commission voted to adopt and amend certain rules governing general real estate brokerage practice and real estate license applicants, subject to final review by the Administrative Rules Review Commission, effective July 1, 1989. These rules are summarized below:

1. Every written listing agreement must contain a clear statement that the listed property will be offered to buyers without respect to their *race, color, religion, sex, national origin, handicap or familial status*. Such statement must be set forth in a clear and conspicuous manner that distinguishes it from other contract provisions.
2. The business names of real estate firms (other than corporations) *cannot contain the name of a salesman or unlicensed person*.
3. Real estate agents who manage properties with tenancies of thirty days or less (e.g., resort rentals) will be allowed *up to thirty days to deliver copies of the rental agreements* to the owner, if the agent has been given written authority by the owner to enter into rental agreements on his behalf.
4. Real estate agents will be *prohibited from disbursing prior to closing any portion of an earnest money deposit for services performed in connection with the transaction* (e.g., surveys, termite inspections, etc.) without the written consent of the buyer and seller.
5. Real estate agents will be *prohibited from receiving any rebate or other compensation from a supplier of goods or services for expenditures made for his principal's property* without the written consent of the principal (e.g., "kickbacks" from contractors or repair-

men for repairs to a seller's or landlord's property.)

6. Real estate agents will be *prohibited from receiving any secret rebate or other compensation for recommending, procuring or arranging for services for others in connection with a real estate transaction* (e.g., recommending the services of a particular building contractor to construct a home on a lot sold by the agent).
7. Real estate agents are prohibited from inserting or causing to be inserted in offers and sales contracts provisions relating to the payment of brokerage fees and disclaimers as to the agent's liability; *even if the buyer, seller or their attorneys direct the agent to do so*.
8. Real estate agents who violate the State Fair Housing Act will be subject to disciplinary action by the Commission.
9. Time limitations have been established for requesting examination rescheduling and for requesting excused absences from scheduled examinations and examination review sessions.
10. Applicants whose applications have been deferred by the Commission because of a question concerning their moral character, must *request a hearing before the Commission within sixty days* after receiving notice from the Commission, if they want a hearing on their application.

Other rules were adopted by the Commission listing the various forms required by the Commission to be used in connection with licensing matters, applications to conduct pre-licensing real estate courses and applications for the registration, renewal and termination of time share projects.

A complete copy of the new rules may be obtained without charge by writing or calling the Commission office. ☐

RENEWAL APPLICATIONS IN THE MAIL

Residence Address Required

Forms have been mailed to North Carolina's 80,000 real estate brokers, salesmen and corporations to renew their real estate licenses. If you have not yet received your application form, immediately contact the Commission office.

To renew your license, simply check to see that your name, address and license number are correctly shown on the renewal application (strike through and correct any incorrect information), and return the form and your \$20 renewal fee check to the Commission in the return envelope provided. In addition, Brokers-In-Charge of real estate offices must verify that they are properly shown on the renewal application of each salesman working in their office, and Principal Brokers of real estate brokerage corporations must verify that they are properly shown on the renewal application of the corporation. For changes other than address, the Real Estate Commission will follow up and advise you as to any additional documentation which may be required in order to effect the change.

Attached to your renewal application form this year is a separate form for use in reporting your current residence address to the Commission. The Commission has directed that residence addresses be obtained for all licensees in order to improve its ability to locate and communicate with them, especially salesmen who have terminated their association with a real estate office.

Your properly completed renewal application form must be received in the Commission office by June 30 to avoid expiration of your license and late filing penalty. ☐

NEW MORTGAGE CREDIT CERTIFICATE PROGRAM AVAILABLE

More than 4,000 moderate-income North Carolinians will be able to buy their first home as the result of the North Carolina Housing Finance Agency's new Mortgage Credit Certificate (MCC) program.

Mortgage Credit Certificates reduce the amount of federal income tax that qualified homebuyers pay by providing a dollar-for-dollar reduction of tax liability. For example,

eligible homebuyers whose qualifying housing debt-to-income ratio is 28% or less for conventional loans (38% or less for FHA loans) will receive a federal income tax credit equal to 15% of the mortgage interest that they have paid, and the remaining 85% of their mortgage interest continues to qualify as an itemized tax deduction. A 25% tax credit

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ON THE INSIDE . . .

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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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EXAM RESULTS

	<u>Passed</u>	<u>Failed</u>
FEBRUARY 1989		
Brokers	118	60
Salesmen	281	280
MARCH 1989		
Brokers	122	106
Salesmen	533	357

BULLETIN BOARD

... Several members of the Real Estate Commission's staff were recognized by the Commission at a recent meeting for their long and faithful service. Field Representative **Rodolph Hill** and Applications Specialist **Gloria Williams** were each honored for twenty years service; Records Specialist **Naomi Cottle**, fifteen years; License Specialist **Vickie Crouse**, ten years; and License Examination Assistant **Herb Underwood**, five years.



Left to right, Vickie Crouse, Rodolph Hill, Herb Underwood, Commission Chairman J. Edward Poole, Gloria Williams and Naomi Cottle.

... In other news, Consumer Information Analyst **Sonny Lamar** left the Commission staff on April 21 to pursue other career objectives. She is succeeded by **Anita R. Burt** who joined the Commission staff in March. The Commission extended to Ms. Lamar their appreciation for her special contributions in the enforcement and administration of the Time Share Act . . . Commission Executive Director **Phillip T. Fisher** appeared before the North Carolina Society of Consulting Foresters in Rocky Mount to brief them on the proposed legislation to regulate North Carolina's real estate appraisers . . . **L. Ted Gayle**, Director of Audits and Investigations, spoke to a meeting of the Elizabeth City Board of REALTORS . . . **Larry A. Outlaw**, Director of Education and Licensing, addressed a combined meeting of seven Western North Carolina Boards of REALTORS in Franklin. □

MONTHLY TRUST ACCOUNT SHORT COURSE IN RALEIGH

Primary Date

June 13
July 11
August 8
September 12

Overflow Date

June 20
July 18
August 15
September 19

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. Participation is limited to real estate licensees and trust account bookkeepers. (No unlicensed prelicensing students please.)
3. These courses are FREE. Courses will be conducted at the Commission Office and will begin at 1:00 p.m. and end at approximately 4:30 p.m.
4. To register for the course, telephone the Real Estate Commission's Education Department (919-733-9580) at least 10 days prior to the course. Please have your real estate license number (if any) handy! A registration confirmation and directions to the Commission Office will be sent to each registrant.
5. Registrations will be accepted on a first-come, first-served basis. After the course scheduled for the "Primary Date" is full, additional registrants will be scheduled for the "Overflow Date."

APPRAISER REGULATION UPDATE

In the last issue of your *Bulletin*, it was reported that legislation would be introduced in the current Session of the North Carolina General Assembly to regulate North Carolina's real estate appraisers. The legislation, as described in the *Bulletin*, called for a two-tiered approach to regulation requiring real estate appraisers to be licensed as either real estate brokers or salesmen and creating a voluntary "certification" program for real estate appraisers.

This legislation, which was drafted by the Real Estate Commission following more than a year of study and discussions with representatives of appraisal organizations, thrift institutions, governmental agencies, and others, was introduced on March 9. However, major revisions to the bill were required in April. The revisions were necessary due to concerns expressed by many legislators over the proposed requirement that real estate appraisers obtain broker or salesman licenses, and because of legislation which was pending before Congress requiring states to establish special appraiser licensing and certification programs. [NOTE: Under the proposed federal legislation, after July 1, 1991, only "state licensed" or "state certified" appraisers who meet federal standards would be able to appraise real estate in any "federally related transaction," constituting approximately 87% of all real estate transactions.]

To address the concerns of the North Carolina General Assembly regarding mandatory real estate licensing for appraisers, and to comply with the pending federal legislation, a Committee Substitute to the Commission's bill was introduced.

Following is a summary of the major provisions of the Committee Substitute:

1. On January 1, 1991, a program would be available for persons who wish to become "state licensed" or "state certified" real estate appraisers. [Note: This program is totally voluntary. No North Carolina license or certificate would be required to appraise real estate.]
2. State licensed or certified appraisers could
 - a. Identify themselves to the public as being "state licensed" or "state certified" real estate appraisers.
 - b. Qualify to perform appraisals in federally related transactions. [Note: Pending federal legislation would require the use of state licensed or certified appraisers in all federally related transactions after July 1, 1991, including the sale, lease, financing, etc. of real estate in which the FDIC, FSLIC, FNMA, FHA, VA, etc. has an interest.]
3. Qualification requirements:
 - a. To become "state licensed," persons would be required to complete 90 classroom hours of instruction approved by the Real Estate Commission concentrating on residential appraising, or have equivalent appraisal education and/or experience; and pass an examination.
 - b. To become "state certified," persons

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NORTH CAROLINA REAL ESTATE EDUCATORS CONFERENCE

The Real Estate Commission, in conjunction with the North Carolina Real Estate Educators Association (NCREEA), sponsored a highly successful Real Estate Educators Conference in Raleigh on April 10 and 11. More than 120 instructors, administrators, and other persons interested in real estate education participated in this year's conference which featured a variety of excellent presentations and speakers, including:

- "Agency Relationships in Real Estate" presented by John Reilly of Honolulu, Hawaii. Mr. Reilly is President-Elect of the [National] Real Estate Educators Association, a prominent author, and the country's leading expert on Real Estate Agency Law.



John Reilly

- "Major Provisions of the Fair Housing Act Amendments of 1988" by Daniel Addison, Assistant Director and Legal Counsel for the North Carolina Human Relations Council.
- "Pitfalls for the Incompetent Agent" by Blackwell M. Brogden, Jr., Deputy Legal Counsel to the North Carolina Real Estate Commission.
- "Secrets for Teaching Success" presented by Joyce Franklin, Director of Continuing Education at McDowell Technical Community College; Walter LaRoque, Instructor at Lenoir Community College; and Everette Mogle, Instructor at Alamance Community College.

In addition to the above presentations, Larry A. Outlaw, the Real Estate Commission's Director of Education and Licensing, presented a status report on continuing education, appraiser regulation, and examination problem topics. Evelyn Johnston, the Commission's Education Coordinator, also discussed school performance and recently revised education rules.



Patrick K. Hetrick

At the NCREEA's Installation and Awards Banquet, participants were treated to an informative and entertaining presentation by Patrick K. Hetrick, Dean of the Campbell University School of Law. Mr. Hetrick is co-author of the Commission's textbook, *North Carolina Real Estate For Brokers and Salesmen*. Special appreciation awards were presented at the banquet to all of the NCREEA's past presidents, and new NCREEA officers and directors were installed. 1989-90 NCREEA officers are: Linda Dalrymple, Sanford, President; Patricia Green, Clinton, President-Elect; Angela Smith, Cashiers, Secretary-Treasurer; and Myra Day, Greenville, Assistant Secretary-Treasurer.



George Bell, 1988-89 NCREEA President, receives appreciation award from Linda Dalrymple, 1989-90 President.

Immediately following the Conference, 28 instructors attended an intensive two-day Instructor Development Workshop (IDW) sponsored by the NCREEA. Marie Spodek, owner of the Professional School of Real Estate in Charleston, South Carolina, was the senior instructor, and she was assisted by Chuck Wilcox of Marietta, Georgia. Both instructors hold the prestigious Designated Real Estate Instructor (DREI) designation awarded by the [National] Real Estate Educators Association.

The Commission and the NCREEA greatly appreciate the interest and participation of the instructors and others attending this year's Conference and IDW. □

COASTAL CONSUMER BOOKLET

Coastal area real estate firms are reminded that they may request copies of the FREE booklet, *Your Place at the Beach: A Buyer's Guide to Vacation Real Estate*, for distribution to their customers. This booklet, which is co-published by the Commission and the UNC Sea Grant College Program, contains helpful facts and advice for prospective buyers of all types of vacation real estate along North Carolina's coast.

The Commission will provide copies of this booklet free of charge to coastal area real estate firms who want to distribute it to their customers as a public relations gesture. Such firms are permitted to stamp or write "Compliments of [Firm Name]" on the booklet. Interested firms may order a supply of the booklets by calling Mrs. Faye Hewett in the Commission's Education Department at (919) 733-9580. □

FAIR HOUSING AMENDMENTS PROTECT HANDICAPPED, FAMILIES

People with handicaps and families with children are now protected from housing discrimination as of March 12, 1989. Under the Fair Housing Amendments Act of 1988, these two new protected classes were added to the Civil Rights Act of 1968. The Civil Rights Act prohibits discrimination in the sale, rental or financing of housing based on race, color, religion, sex or national origin.

The Act defines a handicapped individual as one with a physical or mental impairment which substantially limits one or more major life activities. It also defines family status as individuals under 18 years of age living with a parent or legal guardian.

It is now unlawful to refuse to permit, at the expense of the occupying handicapped person, reasonable modifications to property if the changes are necessary to provide for full enjoyment of the property. Additionally, property owners must make reasonable accommodations in their policies and practices to give the person equal opportunity to use the property.

Under the new amendments it is now also unlawful to discriminate against families with children in the sale, financing or rental of property. In addition, it is illegal to advertise or inform any person that a unit is not available because he or she has children in the household.

The 1988 Amendments clearly eliminate all adult-only apartment complexes, except for some housing for the elderly. Since all property must be made available to families with children on the same basis as they are made available to other individuals, a family with a child cannot be excluded. Similarly, this also prohibits age requirements for the residents.

An apartment complex, however, can establish reasonable occupancy requirements based on the number and size of the sleeping areas. For example, a one bedroom unit (depending on the size) could be restricted to two individuals as long as all property is made available on the same basis — such as two adults or one parent and one child. Therefore, if you would rent to two adults you would have to rent to an adult and child. Local ordinances may limit the maximum number of individuals that may occupy certain property.

The 1988 Amendments provide ways for administrative and judicial enforcement in handling cases that cannot be resolved informally. It also establishes financial penalties in cases where housing discrimination is found.

Under the law, the Department of Housing and Urban Development (HUD) has the authority to investigate complaints alleging discrimination. If a violation is found, an administrative law judge can impose a civil penalty of up to \$10,000 if the respondent has not committed any prior housing offense. The fine increases up to \$25,000 for a second discriminatory practice in the past five years and up to \$50,000 for three or more discriminatory practices within seven years.

Single individuals — rather than a real estate corporation — receive a \$25,000 or \$50,000 fine without regard to the time limits.

The Real Estate Commission provides this information to keep you informed of recent changes in federal civil rights law that affect you as licensees. Violations of this law can lead to the suspension or revocation of your real estate license.

For more specific information on the Fair Housing Amendments Act of 1988, contact the Department of Housing and Urban Development office nearest you or the North Carolina Human Relations Council.

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APPRAISER REGULATION UPDATE

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- would be required to complete 180 classroom hours of instruction approved by the Commission in general appraisal subjects (residential, commercial, farm and land, etc.) and have two years' appraisal experience, or equivalent appraisal education and/or experience; and pass an examination.
- c. Additional education and experience may be required, if necessary, to satisfy federal law.
 - d. Up to 12 hours per year continuing education could be required to retain an appraiser license or certificate.
4. Fees:
- a. Appraiser license or certificate (including examination): \$150 maximum.
 - b. Appraiser license or certificate annual renewal fee: \$100 maximum.
 - c. An additional fee (\$25 - \$50) could be collected and paid to the federal government from persons who wish to be

placed on the federal registry of appraisers qualified to perform appraisals in federally related transactions.

5. One member of the Real Estate Commission must be a state licensed or certified real estate appraiser, and a five-member Real Estate Appraisal Committee would be appointed by the Commission to assist in developing and administering the appraiser license and certification program.
6. "State licensed" and "state certified" appraisers who violate the Appraiser Act would be subject to disciplinary action by the Real Estate Commission, including:
 - a. Loss of their privilege to use the term "state licensed" or "state certified";
 - b. Loss of their eligibility to perform appraisals in federally related transactions; and
 - c. Loss of their real estate broker or salesman license (if they are so licensed). ☐

AS WE GO TO PRESS . . .

. . . the federal appraiser legislation has passed the U.S. Senate and is being considered by the House Banking Committee with enactment expected this summer. The state legislation described above has received a favorable report from the House Commerce Committee and is progressing through other various committees.

NEW MORTGAGE CREDIT

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is also available for homebuyers with higher debt-to-income ratios.

To qualify, a borrower must be a first-time homebuyer or not have owned a home as a principal residence during the past three years. The MCC Program also sets limits on household assets according to the borrower's age, and borrowers must not exceed certain household income and home price limits which vary on a county-by-county basis.

MCCs are available with conventional

fixed-rate loans, adjustable rate loans, FHA-insured loans, VA-guaranteed loans and privately insured loans through 372 lending institutions statewide. A \$275 nonrefundable processing fee is charged for an MCC, but it can be paid by any party in the mortgage transaction.

A brochure giving complete information about the MCC Program can be obtained by writing NCHFA, P.O. Box 28066, Raleigh, NC 27611. ☐

FACTS ABOUT FAX

By
Miriam J. Baer
Assistant Legal Counsel

Can facsimile ("FAX") machines be used to transmit offers and acceptances in real estate transactions? Will purchase contracts bearing only a "FAXed" signature be enforceable? These are only a few of the many questions which have arisen following the introduction of FAX machines in the modern real estate office.

Although FAX machines have been in existence for many years, their use has only recently become widespread. For this reason, there appears to be little or no law in North Carolina on the question of FAX machines. Therefore, the answers to questions about the enforceability of real estate purchase contracts transmitted by FAX machines must be derived from analogy to the law regarding the use of copies, carbons, telegrams, etc.

Any discussion regarding the "legality" of FAX machines must begin with an understanding of the enforceability of real estate purchase contracts in general. If all parties agree that they have a purchase contract and they go forward with a sale, then a sale may be accomplished *even if their documents are inadequate under the law*. It is only when a dispute arises between parties over the terms of the transaction that a problem occurs.

In order for a real estate purchase contract to be enforceable, the Statute of Frauds requires it to be in writing and signed "by the party to be charged therewith." Thus, if a seller and buyer have attempted to contract for the buyer's purchase of the seller's property and the buyer subsequently wants to back out of the deal, then the seller can force the buyer to go forward with the transaction only if there is a *written* purchase contract *signed* by the buyer. In addition, under North Carolina case law, a contract is not valid until an offer has been made and accepted in its exact terms, and acceptance of that offer has been *communicated* to the person making the offer.

In the context of most real estate transactions, it is not difficult to determine when an offer has been made. For example, in residential transactions, the selling agent normally assists the buyer in filling in the offer to purchase and contract form, and the buyer then signs the offer and submits it to the seller via the seller's agent. However, this process can be complicated by out-of-town buyers who desire to submit their offers with as much speed as possible; for example, by using a FAX machine. Likewise, a seller who is in receipt of an offer containing an original signature may desire to accept the offer as quickly as possible by signing the offer and "FAXing" a copy of the contract back to the buyer.

When the seller receives a written offer

containing an original signature, he may accept that offer by signing it and communicating acceptance to the buyer. To create a binding contract, communication of acceptance may be by FAX, oral communication, mail or otherwise. But suppose that in this situation, the offer had been delivered to the seller via FAX machine? The seller's document does not contain an original signature. Can the seller nevertheless sign the "FAXed" offer and create a binding contract?

In virtually every transaction involving a "FAXed" offer, a document actually exists which contains the offeror's original signature. This, of course, is the document which is placed in the FAX machine of the offeror (or his agent) to be "FAXed" to the other party. If the party receiving the "FAXed" offer makes no changes to its material terms and signs the document printed by his FAX machine and does nothing further, is there then an enforceable contract? No. Although there are two original signatures (the offeror's on the document that he has in his possession, and the other party's on the FAX copy he received in his office), communication of the acceptance has not yet been accomplished by the offeree; therefore, there is no enforceable contract. But once the offeree signs his copy of the document and "FAXes" it back to the offeror, or otherwise communicates acceptance either orally or in writing, then the acceptance has been communicated and an enforceable contract has been formed. *[Note: There is, however, no law that specifically supports this view.]* Although there are two separate writings which form the basis of the contract, the contract is enforceable. A contract may consist of several interconnected writings, if the contract terms can be determined from those writings and they are signed as required.

Under certain circumstances, communication of acceptance of an offer to a *real estate agent* can also create an enforceable contract. Since most real estate agents in North Carolina are the agents of the seller, a seller's acceptance of a buyer's offer is not considered *communicated* until it is passed directly from the seller (or the seller's agent or subagent) to the buyer. But where a *seller* makes an offer (i.e., a counteroffer), communication of the buyer's acceptance of the offer occurs and a binding contract is created when the buyer's acceptance is communicated to the *selling or listing agent* (assuming that neither the listing nor selling agents are agents of the buyers). However, if the party receiving the offer makes a material change to the offer, initials it, and "FAXes" it back to the party

making the offer, then no valid contract would exist, because there can be no contract until both parties have agreed to its material terms.

Summary

Based upon the foregoing, it appears that a valid contract can arise when the offer and/or acceptance is transmitted via a FAX machine, so long as all of the requirements of law are met including a *writing, signatures and communication of acceptance*. Should a dispute arise, FAXed transmittals may be admissible in court, but they will not generally be the "best evidence" of a contract. Therefore, parties who use FAX machines to transmit offers and acceptances should be aware that there may be a greater risk of problems with the transaction. And parties to a transaction should also be aware that, by using a FAX machine, they may bind themselves to a purchase contract even though their "original" signature does not appear on the recipient's copy of the FAXed document. The following "rules of thumb" should guide agents in the use of FAX machines to transmit offers and acceptances:

1. When using FAX machines to transmit an offer and/or acceptance, remember to always FAX the entire contract each time, including any standard provisions. Also clearly identify the total number of pages and indicate the specific FAX transmittal that each page is a part of by recording on each page "page one of three" and so on, as well as the time and date of each transmission. In addition, a good real estate agent will **always follow up the FAX copy with delivery of the original document via more traditional means, such as the mail or overnight delivery service.**
2. **Once a contract is finalized, a good agent will also obtain the actual signatures of both parties on the original document and on the necessary counterparts** so that the agent and each party will have in his or her possession a contract with the original signatures of all parties on it should questions arise in the future.
3. Commission Rule A.0108 requires agents to retain certain records for a period of three years. To satisfy this requirement, the agent should keep very careful records of the methods of delivery of offers, acceptance, purchase contracts, and, where FAX machines are used, copies of the FAX transmittals. □

DISCIPLINARY ACTION

Penalties for violations of the Real Estate License Law and Commission Rules 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.

GEORGE V. BLAIR (New Hanover County) — The Commission revoked Mr. Blair's broker's license effective February 15, 1989. The Commission found that Mr. Blair, as Broker-In-Charge of a real estate office, had failed to account for and remit tenant security deposits, failed to maintain trust monies in a designated trust or escrow account, failed to maintain records of the firm's sales and rental escrow accounts, and commingled the funds of others with funds of the corporate broker at the office which he supervised.

LORNE M. BLOOVOL (Wilmington) — By Consent, the Commission revoked Mr. Bloovol's broker's license effective May 1, 1989. The Commission found that Mr. Bloovol had acted as a real estate broker during a period in which his license had been suspended by the Commission, and that he had failed to account for funds received in his capacity as a real estate broker. Mr. Bloovol neither admitted nor denied the allegations of misconduct.

THE BRIAN MCKENZIE GROUP, LTD. (New Hanover County) — The Commission revoked the corporate real estate license of the Brian McKenzie Group, Ltd. effective February 15, 1989. The Commission found that the corporation had failed to account for and remit tenant security deposits, failed to maintain trust monies in a designated trust or escrow account, failed to maintain and produce records of their sales and rental escrow accounts, and commingled the funds of others with its own funds.

D. RAY ERICKSON (New Hanover County) — The Commission suspended Mr. Erickson's broker's license for two years effective February 15, 1989. The Commission found that Mr. Erickson, as Broker-In-Charge of a real estate office, had failed to account for and remit tenant security deposits, failed to maintain trust monies in a designated trust or escrow account, failed to maintain records of the firm's sales and rental escrow accounts, and commingled the funds of others with funds of the corporate broker at the office which he supervised.

HOWARD C. FODRIE (Carolina Beach) — The Commission revoked Mr. Fodrie's salesman's license effective April 1, 1989. The Commission found that Mr. Fodrie, as a salesman at a time share project, misrepresented the benefits accorded by membership in a time share exchange program and acted as a real estate salesman without the adequate, personal supervision of his supervising Broker-In-Charge.

DAVID L. FRIEDRICHS (Wrightsville Beach) — The Commission revoked Mr. Friedrichs' broker's license effective April 1, 1989. The

Commission found that Mr. Friedrichs, as Principal Broker and Broker-In-Charge of a real estate corporation, had failed to account for and remit funds which he held for others, failed to maintain trust monies in a trust or escrow account, and failed to maintain and produce adequate records of the funds of others which he handled. The Commission also found that he had commingled the funds of others with those of the corporation, and that he had expended trust funds for his personal and business expenses.

RAYMOND E. HAWKE, JR. (New Hanover County) — By Consent, the Commission suspended Mr. Hawke's salesman's license for four years effective April 15, 1989. The Commission found that Mr. Hawke had pleaded guilty to criminal offenses involving moral turpitude which would reasonably affect his performance in the real estate business; namely, possession with intent to sell and deliver a controlled substance and possession of a controlled substance and drug paraphernalia.

ERIC M. HENRY (Burlington) — By Consent, the Commission suspended Mr. Henry's broker's license for two years effective May 1, 1989. Two months of the suspension are to be active and one year suspended on condition that he complete the Commission's Trust Account Course. The Commission found that Mr. Henry had failed to maintain adequate records of real estate transactions, failed to remit trust funds to others in a timely manner, commingled the funds of others with his own funds, and maintained trust funds in an interest-bearing account without the authorization of the owners of the funds. No person lost monies as a result of Mr. Henry's conduct.

MICHAEL N. McELREATH (Asheville) — By Consent, the Commission suspended Mr. McElreath's salesman's license for six months effective July 1, 1989. The Commission found that Mr. McElreath had pleaded guilty to criminal offenses involving moral turpitude which would reasonably affect his performance in the real estate business; namely, two counts of sale and delivery of a controlled substance for which he was given work re-

lease. The Commission noted that he had subsequently been released from all obligations to the State.

MIKE MEANY (Brevard) — By Consent, the Commission suspended Mr. Meany's broker's license for thirty days effective April 7, 1989. The Commission then suspended its Order. The Commission found that Mr. Meany had omitted a material fact in a real estate transaction by acting as an agent in the transaction without properly disclosing to the seller that he was a director and stockholder of the corporation which purchased the seller's property.

GEORGE W. C. MORELAND, JR. (Charlotte) — The Commission revoked Mr. Moreland's broker's license effective April 1, 1989. The Commission found that Mr. Moreland, as Principal Broker and Broker-In-Charge of a real estate corporation, had failed to account for and remit funds which he held as Broker-In-Charge, and failed to exercise any authority or control over the corporation. The Commission also found that he had permitted an unlicensed person to act for the corporation in a capacity for which a real estate license was required.

JENNIFER M. STANLEY (New Hanover County) — By Consent, the Commission suspended Ms. Stanley's salesman's license for three years effective June 1, 1989. One year of the suspension is to be active and the remainder suspended for a probationary period of two years. The Commission found that Ms. Stanley had made a false representation on her application for a real estate license.

DALE H. WARD (Boone) — By Consent, the Commission suspended Mr. Ward's broker's license for six months effective April 1, 1989. Two months of the suspension are to be active and the remainder suspended for a probationary term of four months. The Commission found that Mr. Ward had pleaded guilty to a criminal offense involving moral turpitude which would reasonably affect his performance in the real estate business; namely, misdemeanor breaking and entering (into the office of another real estate agent). □

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