



NORTH CAROLINA REAL ESTATE COMMISSION Real Estate Bulletin

Volume 20

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Number 3

NEW COMMISSION MEMBER

Governor James G. Martin has appointed Ms. Patrice P. Carter of Raleigh to the North Carolina Real Estate Commission for a three-year term commencing August 1, 1989. Ms. Carter succeeds Mr. Chandler B. Lee whose term expired July 31.



Patrice P. Carter

A native of Paterson, New Jersey, Ms. Carter graduated Cum Laude from Spelman College in Atlanta. She then attended North Carolina Central University Law School, receiving her Juris Doctor degree in May of 1988. At North Carolina Central Law School, Ms. Carter was recipient of American Jurisprudence Awards in both Domestic Relations and Insurance Law.

Since receiving her license to practice law in August, 1988, she has served as Law Clerk to North Carolina Court of Appeals Judge Robert F. Orr. Ms. Carter is a member of both the North Carolina Bar Association and the North Carolina Association of Black Lawyers. □

POOLE REAPPOINTED



Commission member **J. Edward Poole** has been reappointed by Governor Martin to the Real Estate Commission for a three-year term commencing August 1, 1989. Mr. Poole has twice served as Chairman of the Commission and is the designated "appraiser member" of the Commission as required under the recent North Carolina Real Estate Appraisers Act. □

COMMISSION NAMES APPRAISAL COMMITTEE

See Page 4 for Details

NEW COMMISSION EMPLOYEES



Johnsie V. Jefferys has joined the Commission staff as a Legal Secretary. Johnsie brings to the Commission nearly seven years' secretarial experience, including more than five years with various state governmental agencies. In her new position, she will provide secretarial support to the Commission's legal and investigative staff.



Ann K. Roman also joins the Commission as a Legal Secretary. A 1982 graduate of East Carolina University, Ann has more than five years administrative and secretarial experience. As Legal Secretary, she will provide secretarial support to the Commission's legal and investigative staff.



Wendy H. Moore joins the Financial Section of the Commission staff as Accounting Secretary. She is a 1988 graduate of Louisburg Junior College and was previously employed as Protocol Administrator for Rex Hospital in Raleigh. As Accounting Secretary, Wendy will assist the Commission's Accountant as well as provide secretarial support for the Director of Administration.



Frances N. Johnson has been promoted to the position of Senior Legal Secretary succeeding **Nancy Ross** who will retire from the Commission staff at the end of this year. Frances joined the Commission staff in 1986 after having taught various secretarial courses for ten years at a Raleigh business college. In her new position, Frances will supervise the Commission's legal secretarial staff. □

MONTHLY TRUST ACCOUNT SHORT COURSE IN RALEIGH

Primary Date

December 12
January 9
February 13
March 13

Overflow Date

December 19
January 16
February 20
March 20

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 3:30 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."

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

COMMISSION MEMBERS

Elmer C. Jenkins Blowing Rock
Chairman
Grace T. Steed Randleman
Vice-Chairman
Gilbert L. Boger Mocksville
Patrice P. Carter Raleigh
Patricia B. Casey Raleigh
June P. Mooring Goldsboro
J. Edward Poole Spring Lake

Phillip T. Fisher
Executive Director

Larry A. Outlaw Dir. Education/Lic.
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Mary Frances Whitley Dir. Admin.
James E. Poole, Jr. Dir. Appraiser
Lic./Cert.
Thomas R. Miller Legal Counsel
Asst. Attorney General
Blackwell M. Brogden, Jr. Dep. Lgl.
Counsel
Miriam J. Baer Asst. Lgl. Counsel
John H. Zollicoffer, III Information Off.
Anita R. Burt Cons. Prot. Officer
Ann R. Britt Exam/Lic. Officer
Evelyn Johnston Education Officer

EXAM RESULTS

	Passed	Failed
JULY 1989		
Brokers	109	130
Salesmen	446	357
AUGUST 1989		
Brokers	90	122
Salesmen	327	328
SEPTEMBER 1989		
Brokers	87	100
Salesmen	391	248

FIND THE ERRORS (ANSWERS)

Following are explanations of those provisions of the Offer to Purchase found on page 3 of this **Bulletin** which contain errors. For more complete information on the proper completion of the North Carolina Bar Association/North Carolina Association of REALTORS, Inc. Offer to Purchase and Contract form, you are referred to the "Guidelines for Completing Offer to Purchase and Contract Form" available from the North Carolina Association of REALTORS, Inc. office, P.O. Box 7918, 2901 Seawall Road, Greensboro, North Carolina 27407 (919/294-1415).

- Buyers' and Sellers' Names.** The name of the Buyer should be specific — full name (not nickname) of Buyer *and spouse* if the spouse is to acquire an interest in the property. Always find out the Seller's marital status and, if married, include the spouse's full name. Ask for a copy of the deed by which the Seller acquired title and ask about any life estates or partial interests.
- Property Location.** Include the full street address and especially the legal description of the property to be sold. An adequate legal description would include *reference to a recorded plat or map* (lot, block number and name of subdivision, and book and page number of Book of Maps as recorded in the Register of Deeds office); *reference to a recorded deed* (book and page number); or a *metes and bounds description* prepared from a survey. The description, on its face, should identify a particular parcel of land as distinguished from all other land. The street address alone will not suffice, nor will a mere reference to a tax map.
- Personal Property.** List all personal property which is to be included with the sale of the real property. Don't use general references — describe each item with particularity. If you are unsure as to whether a particular item is legally classified as personal or real property, list it on the contract and specify whether it is to be sold with the property. And if the Seller wishes to exclude certain items that are usually considered to be real property (ceiling fan, light fixtures, etc.), list each item and state that it is to be excluded.
- Purchase Price.** Check your arithmetic carefully to make certain that the sum of the earnest money, any borrowed monies or assumed loans, and the balance of the purchase money equal the total purchase price of the property. Also, state whether the earnest money is being paid in the form of cash, guaranteed funds, personal check, etc., and insert the name of the real estate *firm* designated to hold the earnest money (usually the listing firm) — not the name of an individual agent of the firm.
- Conditions.** If the Buyer is to obtain financing to complete the purchase, include a specific date by which the Buyer must obtain a firm commitment on the loan. Also specify the type of financing being sought (FHA, VA, Conventional, etc.), the exact term of the loan

(15 years, 30 years, etc.), the maximum interest rate which the Buyer will agree to pay, the maximum loan discount points which the Buyer or Seller is willing to pay, and any closing costs which the Seller will be expected to pay. Never use the terms "prevailing rate," "market rate," "to be negotiated," or similar indefinite terms, and avoid using any real estate jargon or abbreviations which are not generally understood. The Buyer's intended use of the property (single-family residential, multi-family residential, commercial, etc.) should also be stated.

- Other Provisions and Conditions.** Review every provision of the offer with the Buyer and Seller (including those listed on the reverse side of the Standard Form), and make sure that they understand each one. Delete any standard provisions that do not apply or are inconsistent with any special provisions which are inserted. Never leave unused blanks unfilled, indicate inapplicable provisions with "N/A," and insert the word "None" where appropriate. When adding provisions or conditions, be extremely careful to properly identify them and clearly state them. And never include commission arrangements in offers to purchase (*Rule A .0112(b)(1)*).
- Closing.** Be specific as to the date and place of the closing of the transaction. The closing date should be realistic, taking into consideration the time required for loan approval, inspections, preparation of closing documents, etc. Also recite exactly the names which are to be included on the deed.
- Possession.** Be specific as to when the Buyer can take possession of the property. If the Seller is to continue to occupy the property after closing, then include the daily rental amount which the Seller is to pay to the Buyer during this period. The rent should be commensurate with the Buyer's new house payment.
- Execution.** If the Seller is married, both the husband and wife must *always* sign the contract. Also, since this contract contains a financing contingency provision, the Buyer's spouse should sign the contract obligating the spouse to subsequently sign the deed of trust. Have them personally sign their full names or payroll signatures to the offer — do not sign for the Buyer or Seller. However, the Broker-in-Charge or other responsible agent for the firm designated to hold the earnest money should sign for the firm (the same firm listed in the "Purchase Price" provision). Also be specific in identifying the listing and selling agent/firm.
- General.** Whenever possible, type the offer or at least print neatly *in ink* when filling in the blanks. Don't attempt to draft offers and contracts "from scratch" (this constitutes the unauthorized practice of law), and refrain from giving any legal advice to clients and customers — refer them to their own attorneys. □

FIND THE ERRORS

The proper completion of offer to purchase forms is an essential ingredient for successful real estate sales transactions. The following exercise is designed to help you hone your skills. Find the errors, then refer to page two of this **Bulletin** for the correct answers and explanations.

OFFER TO PURCHASE AND CONTRACT

"Snuffy" Smith and wife _____, as Buyer,
 hereby offers to purchase and Owner of Record _____, as Seller,
 upon acceptance of said offer, agrees to sell and convey, all of that plot, piece or parcel of land described below, together with all improvements located thereon and such personal property as is listed below (the real and personal property are collectively referred to as "the Property"), in accordance with the Standard Provisions on the REVERSE SIDE HEREOF and upon the following terms and conditions:

1. **REAL PROPERTY:** Located in the City of Millmont, County of Wake
 State of North Carolina, being known as and more particularly described as:
 Street Address Unit 3B Zip _____
 Legal Description Tax Book 142 page 3

2. **PERSONAL PROPERTY:** All personal property to be included in sale except extreme personal items

3. **PURCHASE PRICE:** The purchase price is \$ 117,000 and shall be paid as follows:
 (a) \$ 7,000 in earnest money paid by Buyer (cash, bank, certified, or personal check) with the delivery of this contract, to be held in escrow by Bruce R. Broker, as agent, until the sale is closed, at which time it will be credited to Buyer, or until this contract is otherwise terminated and it is disbursed in accordance with the Standard Provisions on the REVERSE SIDE HEREOF.
 (b) \$ _____ by assumption of the unpaid principal balance and all obligations of Seller on the existing loan secured by a deed of trust on the Property.
 (c) \$ _____ by a promissory note secured by a purchase money deed of trust on the Property with interest prior to default at the rate of _____ % per annum payable as follows: _____
 Prepayment restrictions and/or penalties, if any, shall be _____
 Assumption or transfer rights, if any, shall be _____

(d) \$ 109,000 the balance of the purchase price in cash at closing

4. **CONDITIONS:** (State N/A in each blank of paragraph 4(a) and 4(b) that is not a condition to this contract.)
 (a) The Buyer must be able to obtain a firm commitment on or before Spring of 1990, effective through the date of closing for a new loan in the principal amount of \$ 80,000 for a term of 15-20 year(s), at an interest rate not to exceed market % per annum, with mortgage loan discount points not to exceed + 2 % of the loan amount. Buyer agrees to use his best efforts to secure such commitment and to advise Seller immediately upon receipt of the lender's decision. If Seller is to pay any loan closing costs, those costs are as follows: To be negotiated
 (b) The Buyer must be able to assume the unpaid principal balance of the existing loan described in paragraph 3(b) above for the remainder of the loan term, at an interest rate not to exceed _____ % per annum fixed (or describe type of loan) _____ with mortgage loan assumption and/or discount points not to exceed _____ % of the loan balance. (See Standard Provision No. 2) If such assumption requires the lender's approval, approval must be granted on or before _____. Buyer agrees to use his best efforts to secure such approval and to advise Seller immediately upon his receipt of the lender's decision. If Seller is to pay any loan assumption costs, those costs are as follows: _____
 (c) There must be no restriction, easement, zoning or other governmental regulation that would prevent the reasonable use of the real property for Buyers purposes

5. **ASSESSMENTS:** Seller warrants that there are no special assessments, either pending or confirmed, for sidewalk, paving, water, sewer or other improvements on or adjoining the Property, except as follows: None (Insert "None" or the identification of such assessments, if any. The agreement for payment or proration of any assessments indicated is to be set forth in paragraph 6 below.)

6. **OTHER PROVISIONS AND CONDITIONS:**
 (a) All of the Standard Provisions on the REVERSE SIDE HEREOF are understood and shall apply to this instrument, except the following numbered Standard Provisions shall be deleted (If none are to be deleted, state "None") 4% commission to be paid to selling firm.

IF THERE ARE ANY ADDENDA TO THIS CONTRACT, INDICATE ABOVE AND ATTACH HERETO.

7. **CLOSING:** All parties agree to execute any and all documents and papers necessary in connection with closing and transfer of title on or before ASAP, at a place designated by closing attorney
 The deed is to be made to Buyers

8. **POSSESSION:** Possession shall be delivered when seller vacates property
 In the event that Buyer has agreed that possession is not delivered at closing, then Seller agrees to pay to Buyer the sum of \$ _____ per day from and including the date of closing to and including the date that possession is to be delivered as above set forth.

9. **COUNTERPARTS:** This offer shall become a binding contract when signed by both Buyer and Seller. It is to be signed in _____
 Date of Offer September 29, 1989 Date of Acceptance September 30, 1989
 Buyer Snuffy Smith (SEAL) Seller Danuel B. Seller (SEAL)
 Buyer _____ (SEAL) Seller _____ (SEAL)

I hereby acknowledge receipt of the earnest money herein set forth and agree to hold and disburse the same in accordance with the terms hereof
 Date 9/29/89 Firm Norcal Realty
 By Bruce R. Broker

Name of Selling Agent/Firm Marty Macon
 Name of Listing Agent/Firm Same as above



This Standard Form has been approved jointly by the

NORTH CAROLINA BAR ASSOCIATION
 NORTH CAROLINA ASSOCIATION OF REALTORS®, INC.

Standard Form No. 2
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APPRAISERREPORT

COMMISSION APPOINTS APPRAISAL COMMITTEE

The Real Estate Commission is pleased to announce the formation of the first Real Estate Appraisal Committee.



Left to right, (seated) **Tom J. Keith** (Chairman), **Jack A. Underdown** (Vice-Chairman), (standing) **Robert L. Byrd, Jr.**, **John P. Robinson, Jr.**, **F. Bruce Sauter**.

In accordance with the recently enacted North Carolina Real Estate Appraisers Act, this five-member Committee will advise and assist the Commission on the implementation and administration of the Appraisers Act, including the promulgation of rules regarding standards of conduct and qualification requirements for State-licensed and State-certified real estate appraisers.

The Commission was gratified to have received so many letters from persons expressing their willingness to serve on the Appraisal Committee. The following appointments span six different appraisal organizations and collectively represent approximately 130 years' experience in real estate appraising:

Robert L. Byrd, Jr. (Mount Pleasant) is president of Piedmont Real Estate Services, Inc., a real estate appraisal and land surveying firm. Mr. Byrd has been engaged in real estate appraising for more than 30 years, including 22 years as an appraiser for Duke Power Company. He is a Senior Member of International Right-of-Way Association. Mr. Byrd will serve a one-year term which commenced October 1, 1989.

Tom J. Keith (Fayetteville) is owner of Tom Keith & Associates, Inc. Mr. Keith has been engaged in real estate appraising for 24 years. He is a member of the American Society of Appraisers, the National Association of Review Appraisers, and is a member and Past-

Chapter President of the Appraisal Institute and the Society of Real Estate Appraisers. Mr. Keith will serve a three-year term which commenced October 1, 1989.

John P. Robinson, Jr. (Salisbury) is owner of Robinson Associates, a real estate appraisal and consulting firm. Mr. Robinson has more than 30 years' experience in the appraisal of residential, commercial and farm properties. He is a member of the Society of Real Estate Appraisers, currently serving as a Director of its Piedmont Chapter. Mr. Robinson will serve a two-year term which commenced October 1, 1989.

F. Bruce Sauter (Greenville) is Senior Partner of Sauter, Phelan & Associates, a regional appraisal and consulting firm. Mr. Sauter has 18 years' experience in real estate appraising. He is a member of both the Appraisal Institute and the Society of Real Estate Appraisers and is a Past-Chapter President of the Institute. Mr. Sauter will serve a three-year term which commenced October 1, 1989.

Jack A. Underdown (Elkin) is owner of Jack A. Underdown, Inc. Mr. Underdown has more than 27 years' experience in real estate appraising. He is a member and Past-Chapter President of the Society of Real Estate Appraisers and is a lecturer on real estate appraising at Appalachian State University. Mr. Underdown will serve a two-year term which commenced October 1, 1989. □

APPRAISAL COMMITTEE HOLDS FIRST MEETING

The Commission's recently appointed Real Estate Appraisal Committee held its first meeting in the Commission's Raleigh office on October 25 and 26. Commission Chairman Elmer Jenkins, on behalf of the Commission, welcomed the members, who then elected Tom J. Keith, Fayetteville, as their Chairman and Jack A. Underdown, Elkin, as Vice-Chairman for one-year terms.

After reviewing in detail the recently enacted Federal and State legislation affecting real estate appraisers, the Committee began discussing sev-

eral of the many issues which they must consider and make recommendations to the Commission, including the content of appraisal courses, standards for evaluating *equivalent* appraisal education/experience, licensing and certification examinations, and related subjects.

The product of their deliberations and the Commission's actions will be manifest in proposed rules which will be published in future issues of the "Bulletin" and considered by the Commission at a February rulemaking hearing. □

COMMISSION NAMES APPRAISER DIRECTOR



James E. Poole, Jr. has been employed by the Real Estate Commission as its Director of Appraiser Licensing and Certification. Jim is a graduate of Atlantic Christian College and attended the Campbell University

School of Law. He is a licensed real estate salesman and a Graduate of the REALTOR Institute (GRI). In addition to having completed various real estate appraisal courses Jim has more than 14 years experience in general real estate appraising. Jim served four years with the North Carolina Department of Transportation as a Right-of-Way Agent.

As Director of Appraiser Licensing and Certification, Jim will supervise the administration of the State's real estate appraisal licensing and certification program and will act as liaison between the Real Estate Commission and the Real Estate Appraisal Committee.



Jo Anne H. Teague has been employed by the Real Estate Commission as Appraiser Secretary. Jo Anne is a graduate of Peace College in Raleigh and has completed numerous computer courses. In addition to

serving as an Administrative Secretary in the North Carolina Department of Labor, she has also been employed as secretary and office manager for a real estate appraisal firm.

As Appraiser Secretary, Jo Anne will serve as personal secretary to the Director of Appraiser Licensing and Certification. □

CAPITOL HILL MEETINGS

Commission Chairman Elmer C. Jenkins, Vice-Chairman Grace T. Steed, Members Gilbert L. Boger and June P. Mooring, and Executive Director Philip T. Fisher have met with members of North Carolina's Congressional Delegation and officers of the Federal Financial Institutions Examination Council in Washington to discuss the future implementation of the Federal Appraisers Act.

The results of this very productive series of meetings was reported to the Commission's Appraisal Committee at the Committee's October 25 meeting. □

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.

WILLIAM J. BRINN (Lee County) — By Consent, the Commission suspended Mr. Brinn's broker's license for four years effective September 15, 1989. Two years of the suspension are to be active and two years on probation. The Commission found that during Mr. Brinn's tenure as Broker-In-Charge of a licensed real estate corporation, unlicensed employees of the corporation had listed real estate for resale and had engaged in a pattern of deliberate misrepresentation concerning property sold by the corporation. The Commission also found that the corporation, through various employees, had engaged in a pattern or practice of discouraging sales to or purchases by members of recognizable minority groups. Mr. Brinn neither admitted nor denied any misconduct.

CAROLINA LAKES CORPORATION (Lee County) — By Consent, the Commission revoked the corporate real estate license of Carolina Lakes Corporation effective September 15, 1989. The Commission found that unlicensed employees of the corporation had listed real estate for resale and had engaged in a pattern of deliberate misrepresentation concerning property sold by the corporation. The Commission also found that the corporation, through various employees, had engaged in a pattern or practice of discouraging sales to or purchases by members of recognizable minority groups. The corporation neither admitted nor denied any misconduct.

WENDY L. (BAGBY) BROOKSHIRE (Lee County) — By Consent, the Commission suspended Ms. Brookshire's salesman's license for six months effective October 1, 1989. The Commission then suspended its Order and placed Ms. Brookshire on probation for six months. The Commission found that Ms. Brookshire had acted as a real estate salesman with the understanding that her seller-principal intended to discriminate and did discriminate against prospective real estate purchasers because of their race, color, and national origin. Ms. Brookshire neither admitted nor denied any misconduct.

THOMAS P. BROWN, JR. (New Hanover County) — The Commission revoked Mr. Brown's broker's license effective August 1, 1989. The Commission found that Mr. Brown had failed within a reasonable time to remit or account for tenant security deposits, and had failed to maintain the funds of others on deposit in a designated trust account. The Commission also found that Mr. Brown had expended trust funds of owners on the debts and obligations of others, and had failed to keep records of trust funds and to provide such records to the Commission's agent upon request.

PATRICIA K. BURTON (Durham) — By Consent, the Commission revoked Ms. Burton's salesman's license effective August 16, 1989. The Commission found that Ms. Burton had failed to remit rental monies to the owner.

JOHN M. CRAIG (Holden Beach) — By Consent, the Commission suspended Mr. Craig's broker's license for one year effective October 1, 1989. Two months of the suspension are to be active and one year on probation. The Commission found that Mr. Craig, as an officer of a corporate owner of a subdivision, caused a plat to be recorded showing an entrance road across a right-of-way to which there was no legal right of access.

The Commission also found that this inaccurate plat had been used in the sale of lots in the subdivision until 1985 when an amendment to the plat was recorded showing a different right-of-way and a new entrance to the subdivision. Mr. Craig neither admitted nor denied any misconduct.

KENNETH W. DUNCAN (Dare County) — The Commission suspended Mr. Duncan's broker's license for five years effective September 1, 1989. One year of the suspension is to be active and four years on probation. The Commission found that Mr. Duncan, as Broker-In-Charge and Principal Broker of a licensed real estate corporation, had allowed unlicensed employees to prepare deeds in violation of law; had failed to properly maintain funds on deposit in an escrow account, applying such funds to the debts of the corporation; had failed to properly supervise certain unlicensed employees of the corporation; had commingled trust funds with the operating funds of the corporation; and had failed to maintain adequate records of his trust account transactions. The Commission also found that Mr. Duncan had failed to record lien-free time share instruments in the time allowed by law and to promptly pay those fees for legal services necessary to procure title insurance.

HENRY EILY (Roxboro) — By Consent, the Commission suspended Mr. Eily's broker's license for 18 months effective October 1, 1989. Two months of the suspension are to be active and one year on probation on condition that Mr. Eily complete a Commission-approved Brokerage Operations Course. The Commission found that Mr. Eily had failed, within a reasonable time, to account for or to remit monies belonging to others and that he had commingled his personal property with the property of his principals. The Commission also found that Mr. Eily had failed to maintain sufficient records to verify the adequacy and proper use of his trust account.

ROBERT T. FISHER (Chapel Hill) — By Consent, the Commission accepted the voluntary surrender of Mr. Fisher's broker's license for three years effective October 1, 1989 and dismissed without prejudice certain charges against Mr. Fisher alleging that he had failed to deposit and maintain rents and security deposits in a designated trust account, that he had failed to maintain adequate records of his rental brokerage business, and that he had supervised unlicensed persons who had performed acts for which a license was required.

R.T. FISHER PROPERTIES, INC. t/a CAROLINA MANAGEMENT (Chapel Hill) — By Consent, the Commission accepted the voluntary surrender of the corporate real estate license of R.T. Fisher Properties, Inc. for three years effective October 1, 1989 and dismissed without prejudice certain charges against the corporation alleging that the corporation had failed to maintain adequate records of its rental brokerage business and that it had supervised unlicensed persons who had performed acts for which a license was required.

STEVEN B. FREE (Lee County) — By Consent, the Commission suspended Mr. Free's salesman's license for one year effective October 1, 1989. The Commission then suspended its Order and placed Mr. Free on probation for one year. The Commission found that Mr. Free had acted as a real estate salesman with the understanding that his seller-principal intended to discriminate and did discriminate against prospective real estate purchasers because of their race, color, and national origin. Mr. Free neither admitted nor denied any misconduct.

JAMES L. HUMPHRIES (Raleigh) — The Commission suspended Mr. Humphries' broker's license for one year effective October 1, 1989. Two

months of the suspension are to be active and one year on probation. The Commission found that Mr. Humphries had misrepresented to a prospective purchaser certain restrictive covenants applicable to the property which the purchasers had proposed to buy and that he had failed to disclose to a lender the conflict between the restrictive covenants and the purchasers' intended use of the property. Mr. Humphries appealed the Commission's Order to the Wake County Superior Court which affirmed the Commission's Order on August 1, 1989.

HALE K. JOHNSON (New Hanover County) — By Consent, the Commission revoked Mr. Johnson's broker's license effective July 7, 1989. The Commission found that Mr. Johnson had failed to account for and remit a security deposit to a property owner.

WILLIAM R. LEWIS (Marion) — By Consent, the Commission suspended Mr. Lewis' salesman's license for one year effective August 9, 1989. The Commission found that Mr. Lewis had been convicted of a criminal offense involving moral turpitude which would reasonably affect his performance in the real estate business; namely, involuntary manslaughter.

LIFESTYLE HOMES, INC. (Dare County) — By Consent, the Commission fined Lifestyle Homes, Inc., developer of the time share project Golden Strand, \$1000 effective July 13, 1989. The Commission found that Lifestyle Homes, Inc. had failed to file lien-free time share instruments in favor of consumer purchasers within the prescribed 45 days of the date of the purchasers' execution of the sales contract. The Commission noted that the corporation subsequently cleared title to the various time shares.

LIGHTHOUSE REALTY, INC. (Dare County) — The Commission suspended the corporate real estate license of Lighthouse Realty, Inc. for five years effective September 12, 1989. One year of the suspension is to be active and four years on probation. The Commission found that Lighthouse Realty, Inc. had allowed unlicensed employees to prepare deeds in violation of law; had failed to properly maintain funds on deposit in a trust account, applying such funds to the debts of the corporation; had failed to properly supervise its unlicensed employees; had commingled trust funds with its operating funds; had failed to maintain adequate records of its trust account transactions; and had failed to promptly pay those fees for legal services necessary to procure title insurance.

BRET M. LINDSEY (Cumberland County) — The Commission revoked Mr. Lindsey's salesman's license effective July 5, 1989. The Commission found that Mr. Lindsey had been convicted of certain criminal offenses involving moral turpitude which would reasonably affect his performance in the real estate business; namely, uttering a forged instrument, breaking and entering, and damage to real property.

ROY J. MOORE, JR. (Durham) — By Consent, the Real Estate Commission suspended Mr. Moore's broker's license for four years effective September 1, 1989. Eighteen months of the suspension are to be active and thirty months on probation. The Commission found that Mr. Moore had failed to properly account for and remit trust funds, deposited such funds in an account which was not designated as a trust or escrow account, transferred portions of the funds to an interest-bearing account without the consent of his principal, and converted certain funds to his own use. While deposited into the account which was not designated a trust or escrow account, the funds were
(Continued on Page 6)

DISCIPLINARY ACTION

(Continued from Page 5)

attached in connection with a lawsuit against Mr. Moore. However, the funds were subsequently released by court action, and Mr. Moore has entered into an agreement with the principals to repay all funds.

DAVID S. PAYNE (Raleigh) — By Consent, the Commission suspended Mr. Payne's broker's license for two years effective September 1, 1989. Six months of the suspension are to be active and one year on probation on condition that he complete the Commission's Trust Account Course. The Commission found that Mr. Payne, as Broker-In-Charge of a real estate office, had failed to ensure that all deposit tickets properly identified the funds being deposited; had failed to maintain adequate records concerning account liabilities; had improperly disbursed funds; had failed to deposit all trust funds into a trust or escrow account; had commingled trust funds with company and personal funds; and had withdrawn commissions from the firm's property management account in excess of commissions earned. The Commission also found that Mr. Payne had failed to properly supervise a salesman associated with the office for which he served as Broker-In-Charge. The Commission noted, however, that no customer or client lost any funds as a result of Mr. Payne's conduct.

RELIABLE PROPERTIES, INC. (Wake County) — By Consent, the Commission accepted the voluntary surrender of the corporate real estate license of Reliable Properties, Inc. for one year effective October 1, 1989 and dismissed without prejudice certain charges against the corporation alleging that the corporation had failed to account for the monies of others, had failed to maintain records of its transactions, and had failed to provide those records to the Commission upon request. The corporation neither admitted nor denied any misconduct.

ROY L. ROBERTS (Raleigh) — By Consent, the Commission suspended Mr. Roberts' salesman's license for 18 months effective September 1, 1989. Six months of the suspension are to be active and one year on probation on condition that he complete the Commission's Trust Account Course. The Commission found that Mr. Roberts, while licensed as a salesman, failed to deliver an earnest money deposit to his supervising Broker-In-Charge. The Commission noted, however, that the customer who made the earnest money deposit received a refund from Mr. Roberts.

WILLIAM A. SCURRY (Mecklenburg County) — By Consent, the Commission suspended Mr. Scurry's broker's license for 30 days effective October 1, 1989. The Commission then suspended its Order and placed Mr. Scurry on probation for one year. The Commission found that Mr. Scurry had acted for more than one party in a HUD transaction without the knowledge of all parties. Mr. Scurry neither admitted nor denied any misconduct.

STRAND SOUTH, LTD. (Dare County) — By Consent, the Commission fined Strand South, Ltd., developer of the time share project Strand South, \$1,000 effective July 13, 1989. The Commission found that Strand South, Ltd. had failed to file lien-free time share instruments in favor of consumer purchasers within the prescribed 45 days of the date of the purchasers' execution of the sales contract. The Commission noted that the corporation subsequently cleared title to the various time shares.

THATCHER L. TOWNSEND, JR. (Winston-Salem) — By Consent, the Commission accepted the voluntary surrender of Mr. Townsend's broker's license for two years effective September 1, 1989 and dismissed without prejudice certain charges against him alleging that he had received compensation in real estate transactions without the knowledge or approval of his principals.

NANCY A. VOGL (Mecklenburg County) — By Consent, the Commission suspended Ms. Vogl's salesman's license for 30 days effective October 1, 1989. The Commission then suspended its Order and placed Ms. Vogl on probation for one year. The Commission found that Ms. Vogl had acted for more than one party in a HUD transaction without the knowledge of all parties. Ms. Vogl neither admitted nor denied any misconduct.

CONNIE C. WARD (Wake County) — By Consent, the Commission accepted the voluntary surrender of Ms. Ward's broker's license for one year effective October 1, 1989 and dismissed without prejudice certain charges against her alleging that she had failed to account for the monies of others, had failed to maintain records of her transactions, and had failed to provide those records to the Commission upon request. Ms. Ward neither admitted nor denied any misconduct.

THOMAS A. WILLIAMS (Raleigh) — By Consent, the Commission suspended Mr. Williams' broker's

license for five years effective November 1, 1989. However, Mr. Williams may apply for the reinstatement of his license after one year's active suspension upon satisfying certain terms and conditions imposed by the Commission. The Commission found that Mr. Williams, as Broker-In-Charge and Principal Broker of a real estate corporation primarily engaged in development and management of rental property, had failed to properly supervise the employees responsible for maintaining trust accounts and records. The Commission also found that Mr. Williams, as managing partner of numerous limited partnerships which utilized the services of the corporation, benefited from the misapplication of trust funds held by the corporation. The Commission noted that during the course of its audit of the corporation's records, the corporation provided a correct accounting and remitted monies due to the Complainant.

THOM WILLIAMS & ASSOCIATES, INC. (Raleigh) — By Consent, the Commission suspended the corporate real estate license of Thom Williams & Associates, Inc. for five years effective November 1, 1989. The Commission then suspended its Order and placed the corporation on probation for five years subject to certain terms and conditions imposed by the Commission. The Commission found that the corporation, in managing certain rental property for others, did not use adequate internal audit controls, did not maintain adequate records, could not demonstrate from its records that it had properly maintained client funds, and that it did, in fact, improperly disburse the funds of certain principals for the expenses of others. The Commission noted that, during the course of its audit of the corporation's records, the corporation provided a correct accounting and remitted monies due to the Complainants.

DOUGLAS G. WINNER (Wake County) — The Commission suspended Mr. Winner's broker's license for one year effective August 15, 1989. Two months of the suspension are to be active and one year on probation. The Commission found that Mr. Winner had misrepresented to a prospective purchaser certain restrictive covenants applicable to the property which the purchasers proposed to buy and had failed to disclose to a lender the conflict between the restrictive covenants and the purchasers' intended use of the property. Mr. Winner appealed the Commission's Order to the Wake County Superior Court which affirmed the Commission's Order on August 1, 1989. □

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