

Commission Supports**Single License,  
Changes in License  
Requirements  
Proposed**

• *Today's real estate consumers neither know nor care whether their agent has a broker license or salesperson license - they expect the same level of service;*

• *Persons choosing real estate brokerage as a career would benefit from additional real estate education focusing especially on practical aspects of real estate transactions; and*

• *Brokers who open and manage real estate offices need more training and experience.*

These were some of the conclusions reached by the Real Estate Commission's 2004 *Broker-in-Charge Advisory Committee*. In its report to the Commission<sup>1</sup>, the committee made several recommendations to address these concerns. Generally, they would create a single (broker) license, require future licensees to complete post-licensing education, and increase the qualification requirements to become broker-in-charge of a real estate office. The Commission concurred with the committee's recommendations and will seek enabling legislation during the 2005 Session of the North Carolina General Assembly.

(See **License**, page 4)

**Register Now!****Spring Trust Account Caravan  
March 15 - May 9****Registration Form, Page 10**

## Commission Assists Feds, State To Combat Mortgage Loan Fraud

*By Janet B. Thoren, Deputy Legal Counsel*

The Real Estate Commission is aggressively applying its investigative, prosecutorial and educational resources to assist federal and state authorities in curbing the rising volume of loan fraud in North Carolina.

Within the past three years, the FBI's mortgage fraud caseload in North Carolina has tripled. Promoters of these schemes have siphoned off millions of dollars from fraudulently obtained loan funds. The impact on North Carolina's real estate market has been tremendous.

The Commission has established two priorities with regard to stemming loan fraud: (1) educating agents as to what situations might be "red flags" (see "*The Many Faces of Loan Fraud*", Bulletin, May 2004) that require further inquiry by the agent in order to avoid becoming innocently entangled in a fraudulent transaction; and (2) the investigation and prosecution of loan fraud cases.

Commission staff has cooperated with and assisted both federal and state agencies in connection with the investigation and disciplinary action or crimi-

nal prosecution of various individuals and entities involved in loan fraud.

• The Commission has sponsored interagency meetings to discuss the issues surrounding the recent surge of loan fraud in North Carolina and to foster cooperation between various agencies, including the United States Attorney's Office, the SBI, FBI, the Consumer Protection Section of the North Carolina Attorney General's Office, and other licensing boards.

• Staff members meet on a regular basis with groups of federal and state law enforcement agencies as well as other licensing agencies to discuss pending and potential loan fraud cases.

• Members of the Audits and Investigations Division have been subpoenaed to testify in federal criminal trials and in disciplinary hearings for other

(See **Commission**, page 5)

## Commission Investigations Reveal Web of Fraud

The Commission's Audits and Investigations Division investigated a series of transactions involving unlicensed corporations that purchased properties or offered to purchase properties at a price at or just below market value and then immediately resold these properties to investors for a profit of anywhere from \$30,000.00 to \$55,000.00 per property.

Appraisers were paid to artificially inflate the values of the properties in order to support the higher purchase price. Closing attorneys paid the profit to the unlicensed corporations, showing the payments on the closing statements as either false assignment fees or false payoffs of second mortgages.

The corporations promised the investors that they would place tenants in the properties after closing and use the tenants' rent to cover the investors' mortgage payments. The tenants were promised that a portion of their rent would be used as a down payment and they would be qualified to purchase the property after one year of renting. The tenants could not qualify, rents were not reserved

(See **Fraud**, page 5)

**Employment Opportunity! See Page 2 for details**

## REAL ESTATE BULLETIN

Published as a service to real estate licensees to promote a better understanding of the Real Estate License Law and Commission rules, and proficiency in 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 Commission's Real Estate Bulletin.

### NORTH CAROLINA REAL ESTATE COMMISSION

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Raleigh, North Carolina 27619-7100  
Phone (919) 875-3700

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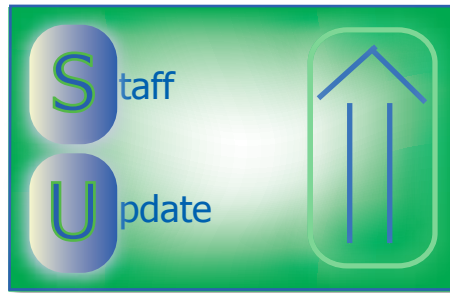
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**Editor-In-Chief**  
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## Appearances

**Miriam J. Baer**, Assistant Director of Legal Services, spoke to the Greensboro Regional REALTORS® Association.

**Blackwell M. Brogden, Jr.**, Chief Deputy Legal Counsel, spoke to the Durham Lions Club on the activities of the Real Estate Commission, to the Wilmington Regional Association of REALTORS® Professional Development Seminar on "How to Lose Your License" and related topics and to the Auctioneers Association of North Carolina.

**Janet B. Thoren**, Deputy Legal Counsel, spoke at a "Loan Fraud Awareness Seminar" for real estate

*To request a speaker from the Commission, please submit the "Request for Program Presenter" form available on the Commission's Web site, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).*

agents and lenders and the Professional Home Mortgage Lenders and Prudential Carolinas Realty seminar on mortgage fraud and related topics.

**Pamela V. Millward**, Assistant Legal Counsel, spoke to the Fayetteville Association of REALTORS® Property Management Seminar on complaint issues and other subjects of interest.

**Peter C. Evans**, Legal Services Information Officer, appeared on WT-KF-FM's Coastal Daybreak show in Morehead City to discuss real estate topics of interest to consumers and the work of the Real Estate Commission.

## Education and Licensing Officer

Please contact Ms. Mary Frances Whitley ([admin@ncrec.state.nc.us](mailto:admin@ncrec.state.nc.us)) for an application package.

**DUTIES:** Supervises real estate licensing activities. Specific duties include: Coordinating the processing of license applications; reviewing applications that require special consideration; and handling inquiries regarding license qualification requirements. Coordinates the administration of the Commission's real estate prelicensing education program. Assists with the administration of the Commission's education and examination programs.

**MINIMUM QUALIFICATIONS:** A Master's Degree in the field of education; two years experience in adult education or three years experience in secondary or elementary education; a real estate broker license and one year of experience in real estate brokerage; or an equivalent combination of education and experience. Course work and/or experience in adult education, especially real estate education, is preferred.

**SALARY:** \$37,003 - \$44,404

**OTHER APPLICATION MATERIALS:** In addition to a properly completed Application for Employment form, applicants must submit a writing sample (articles, reports, papers, etc. prepared by the applicant), and may submit a Resume'.

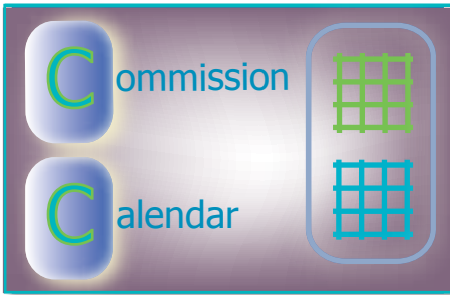
### EMPLOYMENT SCHEDULE:

Application Deadline: March 29, 2005

Interviews: April 15, 2005

Employment Date: May 2, 2005

Equal Opportunity Employer



March 9  
 April 13  
 May 11  
 June 8

*All meetings, unless otherwise noted, begin at 9 a.m. and are held in Raleigh in the Commission's Conference Room at 1313 Navaho Drive (27609). Occasionally, circumstances necessitate changes in meeting times and locations.*

## Commission Real Estate Task and Knowledge Survey

The Real Estate Commission needs your assistance with a study to assure that the real estate license examination continues to be current and appropriate.

If you have an active broker or salesperson license and the Commission has your current email address, you will soon receive an email from the Commission requesting your participation in an online survey to identify and assess the various tasks performed by real estate licensees and the real estate knowledge needed by beginning salespersons to function in a manner that protects the interests of real estate consumers. The survey results will be used as the basis for updating the license examination.

If you receive the email requesting your participation, please help us by clicking on the survey link provided in the email and completing the survey. We know you are busy, but your assistance in helping us to maintain a high quality license examination would be greatly appreciated.



### 2005 REGISTRATION FORM

## BASIC TRUST ACCOUNT PROCEDURES COURSE MONTHLY - RALEIGH

CONTINUING EDUCATION ELECTIVE CREDIT: FOUR HOURS  
 TIME: 1:00—5:00 P.M.

LOCATION: MCKIMMON CENTER AT NCSU

TUITION: \$45.00

Each session is limited to 40 participants, scheduled according to the date the registration information is received.

The fastest way to register is online at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).

Otherwise, complete and mail this form with a check for the tuition fee to the NC Real Estate Commission at the address below. Receipt must be no later than seven (7) days prior to the date of the preferred session. (Make additional copies, if needed.) Walk-ins accepted on a space available basis only.

- |                                    |                                     |                                      |
|------------------------------------|-------------------------------------|--------------------------------------|
| <input type="checkbox"/> March 3   | <input type="checkbox"/> May 17     | <input type="checkbox"/> June 7      |
| <input type="checkbox"/> July 6    | <input type="checkbox"/> August 2   | <input type="checkbox"/> September 6 |
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Broker     Salesperson     Bookkeeper

(Lic # \_\_\_\_\_)

Mail to: NC Real Estate Commission,  
 Audits and Investigations Division  
 P. O. Box 17100  
 Raleigh, NC 27619-7100

**Registering online is easier, faster. Just have your credit card information and license number available.**

## License

(Continued from page one)

Here is a brief description of how the proposed changes in license structure and requirements would affect you:

<p>IF YOU HAVE A <b>BROKER LICENSE</b> (or obtain one before March 1, 2006),</p>	<p>you would <b>NOT</b> be affected.</p>
<p>IF YOU HAVE A <b>SALESPERSON LICENSE</b> (or obtain one before October 1, 2005),</p>	<p>your license would, on March 1, 2006, be converted to a broker license on “provisional” status--active salesperson to active broker and inactive salesperson to inactive broker. While on provisional broker status, you must continue to be supervised by a broker-in-charge when performing brokerage activities, and you could not yourself become broker-in-charge of a real estate office. Your license would remain on provisional status until you either (1) certify to the Commission that you have at least four years full-time (or equivalent part-time) experience as a real estate salesperson and/or broker within the past six years, or (2) complete a 24 classroom hour “broker transition course” for which you would receive some continuing education credit. If you do not complete the transition course or satisfy the experience alternative by March 1, 2008, your license would be placed on inactive status, and you would be required to complete a 90-hour course(s) to activate it <sup>2</sup>.</p>
<p>PERSONS WHO APPLY FOR <b>REAL ESTATE BROKER LICENSES</b> AFTER MARCH 1, 2006</p>	<p>would be required to complete a 90-hour pre-licensing course (currently 67 hours), pass the licensing examination and satisfy the character requirements to obtain a “provisional” broker license. Their licenses would remain on provisional status until they complete an additional 90-hour post-licensing course(s), and if they do not complete the course within two years, their licenses would be cancelled.</p>
<p>IF YOU WANT TO BE DESIGNATED <b>BROKER-IN-CHARGE</b> OF A REAL ESTATE OFFICE AFTER MARCH 1, 2006,</p>	<p>you would be required to complete (within 120 days following designation) an eight-hour “Broker-in-Charge Course” and four-hour “Basic Trust Account Course”. Additionally, you must possess at least one year full-time (or equivalent part-time) experience as a broker and/or salesperson, or have real estate education/experience equivalent to such experience. Also, while designated as a broker-in-charge, you must each year complete a special continuing education course for brokers-in-charge which would satisfy your continuing education elective course requirement for the year.</p>

The Real Estate Commission believes that moving towards “all-broker offices”, strengthening the requirements for opening and managing real estate offices, and requiring practice-oriented post-licensing education for future licensees not only reflects marketplace realities but will promote professionalism in the real estate business. The Commission commended the advisory committee members for their vision and suggestions for bringing about this transition in a thoughtful and balanced manner.

The members of the 2004 *Broker-in-Charge Advisory Committee* were Benjamin K. Ball (Morehead City), W. Laynie Beck, Jr. (Fayetteville), John W. Carroll (Asheville), Paul G. Gilmer, Sr. (Greensboro), Philip M. Guy, Sr. (Fayetteville), Commission Member William C. Lackey, Jr. (Cornelius), Robert W. Lawing (Charlotte), Carol H. Lesley (Concord), William H. Lucas (Rich Square), NCAR General Counsel Will Martin, Assistant Attorney General Harriet Worley, and Vance B. Young (Wrightsville Beach).

<sup>1</sup>A copy of the report is available at the Commission’s website ([www.ncrec.state.nc.us](http://www.ncrec.state.nc.us)). Go to the site map and look under “Reports”.

<sup>2</sup>Persons who obtain salesperson licenses between October 1, 2005 and March 1, 2006 would also have their licenses converted to broker licenses on “provisional” status on March 1, 2006; however, their licenses would remain on provisional status until they have completed a 90-hour course(s), and if they do not complete the course(s) by March 1, 2008, their licenses would be placed on inactive status.

## Commission

*(Continued from page 1)*

licensing boards involving defendants or licensees whose conduct was also the subject of one of the Commission's investigations.

- Upon request, attorneys in the Commission's Legal Services Division have assisted prosecutors in the preparation of their cases.

In addition to using its investigative and prosecutorial resources to curb the volume of loan fraud in North Carolina, the Commission has also attempted to educate real estate agents on the new loan fraud schemes and their duty to protect consumers from such fraud whenever possible.

- Commission staff members have made speeches to various groups across the state on the subject of loan fraud and have attempted to identify "red flags" that, if present, should cause an agent to at least inquire further about a transaction before going forward.

- An article on loan fraud was published in the *Bulletin* (May 2004) in an effort to reach even more agents.

- Course providers have also begun offering courses on loan fraud to help educate agents on the subject.

Educating agents has proved to be a successful approach. As a result, licensees have begun recognizing and reporting potential loan fraud situations. In one situation, Commission staff acted as a liaison between a licensee report-

## Janet Thoren Receives Federal Designation

Janet B. Thoren, Commission Deputy Legal Counsel, has been designated a Special Assistant United States Attorney in the Western District of North Carolina by the U.S. Department of Justice.

Thoren received this designation because of her experience in real estate mortgage fraud cases as well as knowledge of North Carolina Real Estate License Law and procedure.

She will appear on behalf of the United States in the federal district courts, assist in trials and continue as a member of the joint mortgage fraud initiative in the Western and Eastern Districts of the state.

ing a potential loan fraud and state and federal authorities who were able to organize an operation that resulted in the arrest of the promoter of the loan fraud scheme. In another situation, the Commission's staff was able to assist a licensee acting as a seller's agent in identifying a potential loan fraud on the part of the buyer and advising her seller to seek legal advice and ultimately decline the offer being made to purchase the seller's property on questionable terms.

The effects of loan fraud can be devastating in many ways. Taxpayers ultimately bear the burden of losses on government-insured loans. When spe-

cific subdivisions are targeted for loan fraud, inflated appraisals cause tax values to soar, leaving homeowners being taxed on the inflated values and paying on a mortgage that is often greater than the actual value of the property. In order to sell or even refinance the property, the owner often must take a significant loss and bring a large sum of money to closing. Most owners cannot do this, making foreclosure the only option in many cases.

The cooperative efforts of state and federal agencies, as well as licensing boards, seems to be both effective and efficient. Dozens of individuals have been prosecuted in the federal and state criminal justice system, and many others remain targets of ongoing investigations. Even more have lost their professional licenses and can no longer hold themselves out as being in positions of trust. Most importantly, real estate agents and other professional licensees are beginning to understand the importance of their roles as guardians of the system and to take affirmative steps to ensure that transactions in which they participate are handled in a professional and legal manner. Only the continuous combination of all of these ongoing efforts will bring about the end of mortgage loan fraud in North Carolina.

## Fraud

*(Continued from page 1)*

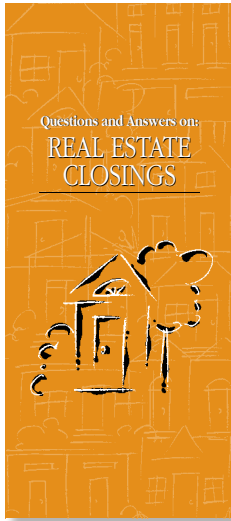
for down payments, mortgage payments were not made in a timely manner or at all, and in many cases tenants were never even placed in the properties. Most of these properties went into foreclosure, stigmatizing neighborhoods and ruining the credit of the investors.

The Commission revoked the licenses of the real estate agents involved and authorized its attorneys to seek injunctive relief against the unlicensed persons and firms involved. The Appraisal Board revoked the licenses of the appraisers, and the North Carolina State Bar disbarred closing attorneys who knowingly designated payoffs as false second mortgages or assignment fees. The United States Attorney's Office, Western District of North Carolina, obtained indictments against key players in the loan frauds, including real estate agents, attorneys, and appraisers, and obtained plea agreements for all those indicted. Sentencing is pending. Loan fraud is a federal crime, punishable by up to 30 years in prison and \$1 million in fines.

## School Performance Data On Website

To assist prospective salespersons in choosing a prelicensing school, the Real Estate Commission has begun posting data on its website regarding how well students attending the various approved prelicensing schools perform on the real estate license examination. School performance data for the previous year is posted in summary form by school and is updated quarterly. To access this information, go to the Commission's website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) and click on "Schools."

# New Q&A on: Real Estate Closings Provides Important Information to Buyers



*(Published in November, the new Questions and Answers on: Real Estate Closings gives buyers a comprehensive overview of the process of closing on a home purchase. Following are excerpts from the publication.)*

**Q: What is title insurance?**

**A:** The lender will probably require you (the borrower) to purchase title insurance to protect its interests from potential title problems. Before issuing a title insurance policy, the title company will

require the closing attorney to perform a title search to discover any problems with the title to the property. Problems found during the title search (such as unpaid judgments, taxes, mortgages, etc. on the property) must be corrected before closing.

For a few dollars more you can also purchase your own title insurance policy to cover you from title problems with the property which may not have been discovered prior to closing. If a problem

*(See Closings, page 5)*

## FREE PUBLICATIONS

	Quantity Requested
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Trato Con Agentes de Bienes Raíces (Working With Real Estate Agents)	_____
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El Depósito de Seguridad del Inquilino (Tenant Security Deposits)	_____
Alquiler de Inmuebles para Viviendo (Renting Residential Real Estate)	_____
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## Closings

(Continued from page 4)

covered by your policy is discovered after closing, the title insurance company will help clear up the problem or compensate you for any losses you have sustained. Like any insurance policy, there may be exceptions in your coverage, so it is critical that you carefully read your policy and refer any questions to the closing attorney.

**Q: What are special assessments?**

**A:** Local governmental units can assess property owners for certain improvements to their property such as sidewalks, sewer lines, street repairs, and

drainage systems. Since these assessments run with the property, you should verify with the closing attorney before closing that there are no existing special assessments (either pending or confirmed).

**Q: What if I can't close by the time stated on the contract?**

**A:** If your purchase contract states that "time is of the essence" as to the closing date and you fail to close on that date (regardless of the reason), you will probably be considered in breach of the contract. Consequently, if your lender fails to provide the closing package in time for closing, you may unintentionally lose your chance to purchase the property.

Likewise, if the seller cannot complete a major required repair prior to the stated closing date, the seller may lose the sale. If the contract does not have a "time is of the essence" provision and the party who is having trouble is making a good-faith effort to close, courts have allowed the contract to remain viable for a reasonable period of time after the designated closing date.

Consequently, buyers and sellers who are considering including a "time is of the essence" provision in the purchase contract should consult with their attorney to be sure they understand its full impact.

## PURCHASE PUBLICATIONS

<b>Publication</b>	<b>Quantity Requested</b>	<b>Totals</b>
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Working With Real Estate Agents (\$ .25 per copy)	_____	\$ _____
Questions and Answers on: Home Inspections (\$ .25 per copy)	_____	\$ _____
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Real Estate Closings (\$ .25 per copy) <b>NEW!</b>	_____	\$ _____
Broker-in-Charge Guide (\$10 per copy) <b>NEW!</b>	_____	\$ _____
North Carolina Real Estate License Law and Commission Rules (\$3.00 per copy)	_____	\$ _____
Real Estate Agent Safety Guide (\$ .25 per copy)	_____	_____
Amount Enclosed		\$ _____

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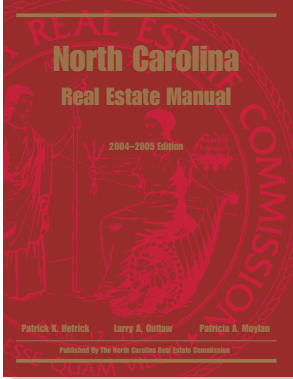
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**2004-2005 Edition**

# NORTH CAROLINA REAL ESTATE MANUAL

The *North Carolina Real Estate Manual*, published by the Real Estate Commission, is a comprehensive reference addressing real estate law and brokerage practice, North Carolina Real Estate License Law and Commission rules. It serves as the authorized textbook for the real estate broker pre-licensing course and is highly recommended for licensees, attorneys, instructors and anyone else engaged or interested in real estate law and brokerage practice.

## HOW TO ORDER:



### ONLINE

Go to the Commission's web site, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us), select either "Licensees" or "Applicants" and click on NC Real Estate Manual to link directly with the book distributor. Follow the instructions for ordering using your MasterCard or Visa credit card.

### BY MAIL OR FAX

Mail or fax an order form with payment. For credit card payments, only MasterCard and Visa are accepted. For checks, please send only cashier's or certified check or money order, payable to: North Carolina Real Estate Manual. (The Manual sales price is \$34.95 plus sales tax and shipping.)

#### MAILING ADDRESS:

North Carolina Real Estate Manual  
P. O. Box 7484  
Winston-Salem, NC 27109

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### Order Form

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Single Manual @ \$43.40\* (incl. Tax, Shipping)

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Quantity

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## Broker Owners Must Not Commingle Trust Monies

*By Emmet R. Wood, Director, Audits and Investigations*

**B**rokers who sell their own property must not commingle earnest money deposits received in connection with their own properties with funds they hold in trust for other third party clients.

If you are a broker in business as a sole proprietor and you receive an earnest money deposit on a house that you own, it would be commingling to deposit that earnest money deposit into your sole proprietorship's trust account that contains trust monies for your third party clients. In this situation, you have several options to prevent commingling.

- You could have an attorney hold the deposit but be sure that the contract clearly identifies who is holding the money.
- You could open another trust account to deposit the earnest money deposit on your personally owned property making sure you do not deposit in it any trust monies for third party clients.

Now suppose you have incorporated your real estate business and want to sell a property you own personally. When you receive an earnest money deposit on your personally owned property, you can deposit that earnest money deposit into the corporate trust account and it would not be commingling. But be sure to execute a signed written listing agreement between the corporation and yourself to comply with the Commission's Rules.

To determine if you would be commingling or not, you need to answer two questions:

- 1) Who owns the real estate?
- 2) Who owns the real estate company?

If the two entities are the same legal entity, then it would be commingling to deposit an earnest money deposit on a property owned by that entity into a trust account that maintains earnest money deposits for its third party clients. In the first example, the owner of the property (you) and the real estate company (you as a sole proprietor) are the same legal entity; thus you would be commingling. In the second example, the owner of the property (you) is a separate legal entity from the real estate company (a corporation); thus, you would not be commingling.

What if in the second example, the owner of the property was your real estate corporation? Would it be commingling to deposit the earnest money deposit into the corporate trust account that contained earnest money deposits held for the corporation's third party clients? Yes, because the entity that owns the real estate is the same legal entity as the real estate company.

## 2005 Trust Account Caravan Registration Form

Four (4) hours continuing education credit will be awarded for completion of each course.

### **Murphy** *The Ballroom, 51 Hiawassee Street*

- March 15, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures  
 March 16, 2005 9 a.m. - 1 p.m. Trust Account Procedures for Resort Property Managers

### **Greensboro** *Ramada Inn-Greensboro Airport, 7067 Albert Pick Road*

- March 22, 2005 1 p.m. - 5 p.m. Basic Trust Account Procedures  
 March 23, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures

### **Huntersville** *Country Inn & Suites Lake Norman, 16617 Statesville Road*

- April 5, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures  
 April 6, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures

### **Greenville** *Greenville Hilton, 207 SW Greenville Blvd.*

- April 11, 2005 1 p.m. - 5 p.m. Basic Trust Account Procedures

### **Wilmington** *Coast Line Convention Center, 501 Nutt Street*

- April 18, 2005 1 p.m. - 5 p.m. Basic Trust Account Procedures  
 April 19, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures  
 April 20, 2005 9 a.m. - 1 p.m. Trust Account Procedures for Resort Property Managers

### **Asheville** *Holiday Inn East - Blue Ridge Parkway, 1450 Tunnel Road*

- April 26, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures  
 April 27, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures  
 April 28, 2005 9 a.m. - 1 p.m. Trust Account Procedures for Resort Property Managers

### **Kill Devil Hills** *Ramada Inn Outer Banks Resort & Conference Center, 1701 South Virginia Dare Trail*

- May 4, 2005 9 a.m. - 1 p.m. Basic Trust Account Procedures  
 May 5, 2005 9 a.m. - 1 p.m. Trust Account Procedures for Resort Property Managers

### **Fayetteville** *Clarion Prince Charles, 450 Hay Street*

- May 9, 2005 1 p.m. - 5 p.m. Basic Trust Account Procedures

**The fastest way to register is online at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).** Otherwise, please complete this form (*make copies for additional persons*) and mail with a check for the \$45 tuition fee. Each session is limited to 40 participants.

NAME \_\_\_\_\_ PHONE (     ) \_\_\_\_\_

ADDRESS \_\_\_\_\_  
Street, P. O. Box City State Zip

LICENSE NO. \_\_\_\_\_

**MAIL TO: North Carolina Real Estate Commission  
ATTN: Audits and Investigations Division  
P. O. Box 17100  
Raleigh, NC 27619-7100**

**Save Time!**  
Register online. Just have your Visa or MasterCard information and license number available.

Licensees who are thinking of establishing a real estate firm will want to first understand what is required of them by the North Carolina Real Estate License Law and Commission rules.

There is only one instance where a firm license is not required: a sole proprietorship, which is a business owned and managed by one person who is personally liable for all of its

## What You Need to Know When Starting A Firm

By Brenda H. Badger, Records Officer

debts and obligations. Every other business entity must be licensed by the Commission and meet various other requirements as outlined below.

The first step in the firm licensing process is to fully complete the "Application for Real Estate Firm License", which you can obtain by calling the Commission or by emailing a request to [educ@ncrec.state.nc.us](mailto:educ@ncrec.state.nc.us). Submit it with any related documents indicated in the application and a fee of \$30 to the Commission.

Information required on the application includes:

- Legal name of the applying firm.
- Type of business entity (corporation, partnership, limited liability company or other).
- Address of the firm's principal office.
- Foreign (out-of-state) firm's principal office address in North Carolina.

- Secretary of State Identification Number (SOSID).
- Principal broker of the firm and broker license number.
- Names and real estate license numbers of corporate officers and shareholders, partners, managers and members, or principals.

• Designation of a broker-in-charge for each office and a "Broker-in-Charge Declaration" form for each one. (If firm licensure is solely for the purpose of receiving compensation for brokerage services performed by the principal broker through another firm, a broker-in-charge designation is not required.)

• History of any criminal convictions and/or charges pending and professional license disciplinary actions relating to any person listed on the application.

• Business intent, if any, to sell or market time shares in North Carolina.

In conjunction with the application, the broker-in-charge must assure that Commission records show an affiliation with the new firm of each broker or salesperson and supervision of each salesperson by the broker-in-charge. A form for these purposes is available from the Commission and on its website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).

Further details of the firm licensing requirements are described in the application itself and in Commission rules, especially rules A.0502 Business Entities, A.0506 Salesperson To Be Supervised By Broker, and A.0110 Broker-in-Charge.

## Frequently Asked ??

• *Is errors and omissions insurance required?* – No.

• *Can I work from home?* – Yes,

but your home becomes the legal address of the licensed entity and, thus, the legal address on Commission records of any licensed salespersons or brokers affiliated with your firm.

• *What type of firm should I establish?* – That is a business decision that you make depending upon what business and/or financial goals you wish to accomplish. We ask only that you describe the type of firm you are establishing on the application and provide the Commission with a SOSID (Secretary of State Identification Number), if required by state law, and have available any organization documents for Commission review.

• *Can a sole proprietor supervise agents?* – Yes, as a broker-in-charge.

• *As a sole proprietor can I use an assumed name for my business that is different from the legal name?*

– If you are a sole proprietor using a name that does not set forth your surname, you must first register your assumed name with the County Register of Deeds. You should not include the name of a salesperson or unlicensed person in the name of your sole proprietorship.

• *Must I declare myself as broker-in-charge?* – A licensed real estate firm is not required to have a broker-in-charge if it:

• Has been organized for the sole purpose of receiving compensation for brokerage services furnished by its principal broker through another firm or broker.

• Is designated a Subchapter S corporation by the United States Internal Revenue Service.

• Has no branch office; and

• Has no person associated with it other than its principal broker.

• *Is a "privilege license" required for my firm?* – The Commission does not issue "privilege licenses". For information concerning privilege licenses, contact the North Carolina Department of Revenue, (919) 733-3673.

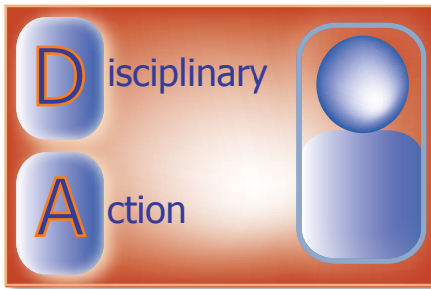
## Commonly Used Terms

**Principal broker:** a principal of a business entity who holds a broker license on active status and in good standing.

A firm must have a principal broker to receive a firm license.

**Broker-in-charge:** an individual who holds a broker license and is so identified to the Commission as such on the Broker-in-Charge Declaration form.

**Sole proprietorship:** a firm owned and managed by one individual who is solely responsible for all of its debts and obligations.



**AMERICAN SOUTH, INC.** (Greensboro) – By Consent, the Commission revoked the firm license of American South effective November 1, 2004. The Commission found that American South, acting as brokers and agents for tenants, property owners, buyers and sellers in real estate transactions, failed to maintain trust money in a properly designated trust account, to properly maintain records of the funds held for others and to properly reconcile its records with bank statements. The Commission noted that there was no evidence of misappropriation of monies belonging to clients or customers.

**TAYLOR C. BARBOUR** (Leland) – By Consent, the Commission permanently revoked the broker license of Ms. Barbour effective November 22, 2004. The Commission found that Ms. Barbour, as a broker-associate with a real estate firm, wrote checks from the operating account at the direction and for the benefit of the firm's broker-in-charge, but without the firm's authorization. The Commission also found that Ms. Barbour accepted a washer and dryer for her own benefit, which she paid for with company funds without the authorization of the company. Ms. Barbour neither admitted nor denied the Commission's findings. The Commission noted that Ms. Barbour subsequently made full restitution to the firm for the cost of the washer and dryer.

**JOHN A. BAYNES** (Charlotte) – By Consent, the Commission reprimanded Mr. Baynes effective January 13, 2005. The Commission found that Mr. Baynes, as principal broker of a real estate firm, continued to renew the license of the firm after it had been dissolved by the North Carolina Secretary of State and under that renewed license

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*Penalties for violations of the Real Estate 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.*

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operated another firm, which had not been licensed by the Commission. The Commission also found that Mr. Baynes allowed a salesperson affiliated with another firm to act on behalf of the firm he supervised before affiliating with his firm. Mr. Baynes neither admitted nor

Black neither admitted nor denied but did not contest the findings.

**ELIZABETH W. BLAND** (Wilmington) – By Consent, the Commission suspended the broker license of Ms. Bland for a period of 120 days effective March 1, 2005. The Commission then stayed the suspension for a probationary period of one year on certain conditions. The Commission found that Ms. Bland developed a tract of land to subdivide and sell individual lots for residential purposes and then entered into a contract with a purchaser for the sale of a lot prior to obtaining final subdivision approval from the local municipality.

**BLUE RIDGE RENTALS, LLC** (Blowing Rock) – By Consent, the Commission accepted the permanent voluntary surrender of the firm license of Blue Ridge Rentals effective November 18, 2004. The Commission dismissed without prejudice allegations that Blue Ridge Rentals had violated provisions of the Real Estate License Law and Commission rules. Blue Ridge Rentals neither admitted nor denied misconduct.

**JACKIE C. CLANTON** (Statesville) – By Consent, the Commission suspended the broker license of Mr. Clanton for a period of one year effective December 1, 2004. The Commission then stayed the suspension for a probationary period of one year. The Commission found that Mr. Clanton listed a tract of land during 1997 and 1998 and then, after a preliminary plat was drawn to subdivide the property, solicited buyers and sold lots in the subdivision prior to receiving final subdivision approval from Iredell County.

**JANE H. CREECH** (Winston-  
(See **Disciplinary Action**, page 13)

### Licensees Must Report Convictions

Commission Rule A.0113 requires any licensee who is convicted of a misdemeanor or felony or who has disciplinary action taken against him or her by any occupational licensing board to file a report with the Real Estate Commission.

The reporting requirement includes convictions for driving while impaired ("DWI"). The report must be filed within sixty (60) days of the final judgment or board action.

If you have questions about this rule, please call the Commission's Legal Services Division at 919-875-3700 for more information.

denied but did not contest the findings.

**DANIEL M. BLACK** (Charlotte) – By Consent, the Commission reprimanded Mr. Black effective January 13, 2005. The Commission found that Mr. Black, while acting as broker-in-charge of a real estate firm, failed to prevent a salesperson affiliated with another firm and not yet under his supervision from bringing prospective customers to the office Mr. Black supervised and placing those prospects with another agent in the office without the knowledge or consent of the firm with which the salesperson was then affiliated. Mr.

## Disciplinary

(Continued from page 12)

Salem) – By Consent, the Commission suspended the broker license of Ms. Creech for a period of six months effective November 18, 2004. Ninety days of the suspension were active with the remainder stayed for a probationary term. The Commission found that Ms. Creech failed to disclose a 1987 impaired driving conviction on her 1999 salesperson and 2000 broker license applications. The Commission also found that Ms. Creech failed to report in timely manner July 2003 and April 2004 convictions for impaired driving.

**WILLIAM S. CROWE** (Sapphire) – By Consent, the Commission accepted the permanent voluntary surrender of the broker license of Mr. Crowe effective November 18, 2004. The Commission dismissed without prejudice allegations that Mr. Crowe had violated provisions of the Real Estate License Law and Commission rules. Mr. Crowe did not admit misconduct.

**OWEN G. DEVEAUX** (Charlotte) – By Consent, the Commission permanently revoked the salesperson license of Mr. Deveaux effective January 13, 2005. The Commission found that Mr. Deveaux, while affiliated with a licensed real estate firm, procured a buyer who agreed to purchase a property at a price of \$159,900, then persuaded the seller to accept \$31,900 less for the property and arranged for the closing attorney to pay this amount from the loan proceeds to Mr. Deveaux's unlicensed business as a second mortgage payoff. This second mortgage fee was false, as the seller did not owe a second mortgage fee to Mr. Deveaux or his business. The Commission also found that Mr. Deveaux did not have an agency agreement to represent anyone in the transaction.

**DAVID L. DICKEY** (Wrightsville Beach) – By Consent, the Commission censured Mr. Dickey effective December 11, 2004. The Commission found that Mr. Dickey, as broker-in-charge of a real estate firm, failed to properly supervise trust account record keeping

in the manner required by Commission rule. The Commission noted that, after a Commission audit, the trust account was brought into balance by the firm and that no consumer lost any money and no funds were misappropriated.

**DUFFUS REALTY, INC.** (Greenville) – By Consent, the Commission reprimanded Duffus Realty effective November 1, 2004. The Commis-

### Continuing Education Checklist

✓ Check your course completion certificate to see that it has your correct and current license number.

✓ Check your continuing education credits online at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) to confirm their accuracy.

sion found that Duffus Realty failed to maintain its trust accounts in compliance with Real Estate License Law and Commission rules and held approximately \$4,000 in unidentified funds in a rental trust account for which the firm could not account. The Commission noted that Duffus Realty corrected its accounting errors and that its sales account is now in full compliance.

**STEVE J. EVANS** (Greenville) – By Consent, the Commission suspended the broker license of Mr. Evans for a period of one year effective December 31, 2004. The Commission then stayed the suspension for a probationary period of four years effective November 25, 2003 on certain conditions. The Commission found that Mr. Evans, as broker-in-charge of a sole proprietorship, failed to keep his trust account records in com-

pliance with Commission rules.

**DORISTINE F. FAULK** (Fairmont) – By Consent, the Commission reprimanded Ms. Faulk effective January 18, 2005. The Commission found that Ms. Faulk failed to disclose a 1995 conviction of misdemeanor worthless check on her 1997 salesperson application and a 1998 conviction for a similar offense within 60 days of final judgment as required by Commission rule. The Commission noted that Ms. Faulk disclosed both convictions on her 2004 broker license application.

**JAMES R. HADEN** (Statesville) – By Consent, the Commission suspended the broker license of Mr. Haden for a period of one year effective December 1, 2004. The Commission then stayed the suspension for a probationary period of one year. The Commission found that Mr. Haden listed a tract of land during 1997 and 1998 and then, after a preliminary plat was drawn to subdivide the property, solicited buyers and sold lots in the subdivision prior to receiving final subdivision approval from Iredell County.

**MONICA M. HAWKE** (Southern Pines) – By consent, the Commission suspended the salesperson license of Ms. Hawke for a period of six months, effective December 1, 2004. The Commission then stayed the suspension for a probationary period of one year. The Commission found that Ms. Hawke entered the premises of a former employer without permission from the employer.

**JOHNNY E. HEFFNER, SR.** (Conover) – By Consent, the Commission suspended the broker license of Mr. Heffner for period of three years effective July 1, 2005. One month of the suspension is to be active with the remainder stayed for a probationary period of three years. The Commission found that Mr. Heffner was twice disciplined by the North Carolina Appraisal Board for, first, performing appraisals that did not comply with the applicable standards and, subsequently, while his

(See **Disciplinary Action**, page 14)

## Disciplinary

(Continued from page 13)

appraisal license was suspended as a result of the first action.

**DANIEL O. HENNIGAN** (Charlotte) – The Commission suspended the broker license of Mr. Hennigan for a period of one year effective November 1, 2004. The Commission then stayed the suspension of a period of two years. The Commission found that Mr. Hennigan was disciplined by the North Carolina Appraisal Board, willfully inflated appraisals and failed to report the suspension of his appraisal certificate to the Commission within 60 days as required by Commission rules.

**HUGH M. HOWARD** (Durham) – By Consent, the Commission accepted the permanent voluntary surrender of the broker license of Mr. Howard effective November 1, 2004. The Commission dismissed without prejudice allegations that Mr. Howard had violated provisions of the Real Estate License Law and Commission rules. Mr. Howard did not admit misconduct.

**JAMES R. HUNT, JR.** (Greensboro) – By Consent, the Commission suspended the broker license of Mr. Hunt for a period of 24 months effective November 1, 2004. At least, three months of the suspension were to be active with the remainder stayed for a probationary period of 24 months under Mr. Hunt's completion of the Basic Trust Account Course. The Commission found that Mr. Hunt, acting as principal broker and broker-in-charge of a real estate firm, and as agents for tenants, property, owners, buyers and sellers in real estate transactions, failed to maintain trust money in a properly designated trust account, to properly maintain trust account records of the funds held for others and to properly reconcile those records with bank statements. The Commission noted that there was no evidence of misappropriation of monies belonging to clients or customers.

**SHERWOOD D. JOHNSON, JR.** (Currituck) – By Consent, the Com-

mission suspended the broker license of Mr. Johnson for a period of three years effective October 14, 2004. The suspension was to be active for a period of 18 months with the remainder stayed for a probationary period of 18 months under certain conditions. The Commission found that Mr. Johnson, as broker-in-charge of a real estate firm, deposited the funds of others in his operating account rather than a trust account, thereby commingling the funds of others with his own. The Commission also found that Mr. Johnson failed to retain copies of his trust account records and to produce them for inspection at the request of the Commission and permitted a person not licensed as a broker to oversee the day-to-day operation of the firm without appropriate supervision. The Commission noted that Mr. Johnson made efforts to correct his records and cooperated with Commission auditors.

**THOMAS S. LEACH** (Gastonia) – By Consent, the Commission suspended the broker license of Mr. Leach for a period of two years effective December 1, 2004. The Commission then stayed the suspension for a probationary period of four years under certain conditions. The Commission found that Mr. Leach improperly combined two forms to create a lease/purchase agreement which did not adequately address the needs of the parties and failed to properly complete those forms. The Commission also found that Mr. Leach failed to account for monthly payments to be applied to the purchase price for the buyer and disbursed a \$5,000 deposit for items not permitted under the terms of the contract. Mr. Leach reimbursed the buyer for the deposit.

**TAMMITHA L. LEWIS** (Charlotte) – By Consent, the Commission suspended the broker license of Ms. Lewis for a period of one year effective October 14, 2004. Three months of the suspension were active with the remainder stayed for a probationary period of nine months under certain conditions. The Commission found that Ms. Lewis was charged with larceny while her bro-

ker license application was pending and did not disclose the charge at that time. The Commission also found that Ms. Lewis was convicted of larceny in September 2002 and failed to disclose the conviction within 60 days of the final judgment. The Commission noted that Ms. Lewis later disclosed the conviction of her own volition.

**THERESA M. LEWIS** (Charlotte) – By Consent, the Commission permanently revoked the salesperson license of Ms. Lewis effective October 13, 2004. The Commission found that Ms. Lewis operated an unlicensed real estate brokerage firm and failed to submit to the supervision of her broker-in-charge. The Commission also found that Ms. Lewis refused to provide either transaction documentation or trust account records to the Commission related to a particular transaction where she had falsely informed the seller that the buyers had deposited a \$50,000 earnest money deposit into her trust account. Finally, the Commission found that, in another transaction, Ms. Lewis made changes in the MLS to another agent's listing without either the agent's or seller's permission. In multiple transactions involving a seller, Ms. Lewis failed to provide material facts to the bank, the buyers or the buyers' lender and gave the bank a contract and closing statement that were different than the documents created by the closing attorney.

**STANLEY L. LONG** (Matthews) – By Consent, the Commission permanently revoked the broker license of Mr. Long effective January 13, 2005. The Commission found that Mr. Long, as principal broker and broker-in-charge of a real estate firm, procured a buyer who agreed to purchase a property at a price of \$164,900, got the seller to accept \$27,400 less for the property, and arranged for the closing attorney to pay the difference to Mr. Long as an "assignment fee" from the loan proceeds, a fee that was false. The Commission also found that Mr. Long did not have an agency agreement to represent anyone in the transaction.

(See **Disciplinary Action**, page 15)

## Disciplinary

*(Continued from page 14)*

**LONG REAL ESTATE INVESTMENTS LLC** (Matthews) – By Consent, the Commission permanently revoked the firm license of Long Real Estate Investments effective January 13, 2005. The Commission found that Long Real Estate Investments procured a buyer who agreed to purchase a property at a price of \$164,900, got the seller to accept \$27,400 less for the property, and arranged for the closing attorney to pay the difference to Long Real Estate Investments as an “assignment fee” from the loan proceeds, a fee that was false. The Commission also found that Long Real Estate Investments did not have an agency agreement to represent anyone in the transaction.

**DELORES MAPP** (West Kenly) – By Consent, the Commission revoked the salesperson license of Ms. Mapp effective November 1, 2004. The Commission found that Ms. Mapp acted as a buyers’ agent for a group of investor-purchasers who contracted to buy a property for \$348,000 but the closing statement showed the purchase price as \$450,000. The difference was paid back to the investors as a second mortgage payoff; in fact, there was no second mortgage.

**WILLIE C. MATTHEWS** (Charlotte) – By consent, the Commission suspended the salesperson license of Mr. Matthews for a period of six months effective December 15, 2004. The Commission then stayed the suspension for a probationary period of six months. The Commission found that Mr. Matthews failed to disclose on his 1998 salesperson application that he had been convicted of driving while license revoked on several occasions between 1987 and 1994, although he did disclose other convictions. The Commission also found that Mr. Matthews failed to disclose on his 2003 application for a broker license certain convictions for driving while license revoked, although he did disclose others, and that he failed to promptly respond to Letters of Inquiry concerning these matters.

**PAULETTE ROGERS MCKOY** (Garner) – By Consent, the Commission revoked the broker license of Ms. McKoy effective November 1, 2004. The Commission found that Ms. McKoy, as broker-in-charge of a real estate firm, failed to maintain trust account records in the manner required by the Real Estate License Law and Commission rules and that, as a result, funds for an investment group were not properly accounted for while under her control. The Commission also found that Ms. McKoy failed to respond to formal Letters of Inquiry from the Commission in a timely manner. Ms. McKoy will be eligible to apply for reinstatement of her salesperson license after 60 days, upon certain conditions.

**PAUL L. MILLER** (Winston-Salem) – By Consent, the Commission suspended the broker license of Mr. Miller for a period of one year effective February 1, 2005. Two months of the suspension are to be active with the remainder stayed for a probationary period of three years. The Commission found that Mr. Miller failed to maintain records of receipt, deposit and disbursement of the funds held for others in the manner required by the Real Estate Law and Commission rules. The Commission noted that Mr. Miller took immediate steps to remedy the problems and completed the Commission’s Basic Trust Account Course.

**NATIONS PROPERTY** (Raleigh) – By Consent, the Commission revoked the firm license of Nations Property effective November 1, 2004. The Commission found that Nations Property failed to properly maintain trust account records in the manner required by Commission rules.

**CHARLENE D. NIELSEN** (Greenville) – By Consent, the Commission reprimanded Ms. Nielsen effective November 1, 2004. The Commission found that Ms. Nielsen, as a real estate broker and the bookkeeper of a real estate brokerage firm, failed to maintain the trust accounts in compliance with the Real Estate License Law and Commission rules. The rental trust account

contained approximately \$4,000 in unidentified funds for which she could not account. The Commission noted that Ms. Nielsen corrected her accounting errors and the trust account is now in full compliance.

**DARRELL S. PENDERGRAPH** (Haw River) – By Consent, the Commission revoked the broker license of Mr. Pendergraph effective December 1, 2004. The Commission found that Mr. Pendergraph was convicted in U.S. District Court of 10 counts of mail fraud, seven counts of Making, Possessing, and Altering Forged Securities, and two counts of Transporting Fraudulent Securities in Interstate Commerce. The Commission also found that Mr. Pendergraph was ordered to serve 60 months of incarceration followed by three years of probation, participate in a substance abuse treatment program, refrain from opening new lines of credit without the approval of his probation officer and pay restitution in the amount of \$1,431,166.69.

**TAM H. PHAN** (Raleigh) – By Consent, the Commission suspended the broker license of Mr. Phan for a period of two years effective January 31, 2005. Twelve months of the suspension are to be active and the remainder stayed for a probationary period of two years. The Commission found that Mr. Phan undertook to represent buyers in the purchase of two properties, but failed to disclose to the sellers of one of the properties that he represented the buyers. The Commission also found that Mr. Phan counseled the sellers of that property to cancel their listing contract with the listing broker, counseled one seller to sign the name of the other seller to a contract and to deeds, did not inform his broker of the transaction and misrepresented his relationship with the buyers to the Commission.

**SONIA H. RADENCOVICI** (Charlotte) – By Consent, the Commission revoked the salesperson license of Ms. Radencovici effective January 18, 2005. The Commission found that the U.S. District Court of Connecticut  
*(See Disciplinary Action, page 16)*

## Disciplinary

*(Continued from page 15)*

adjudged Ms. Radencovici guilty of money laundering and of violating the federal Racketeer Influenced and Corrupt Organizations Act (RICO Act) and sentenced Ms. Radencovici to 48 months of incarceration and three years of supervised probation on each count, with the sentences to run concurrently.

**STEPHENSON & ASSOCIATES LTD.** (Raleigh) – By Consent, the Commission revoked the firm license of Stephenson & Associates effective November 1, 2004. The Commission found that Stephenson & Associates, through its principal broker and broker-in-charge, Thomas A. Stephenson, both a licensed real estate broker and licensed appraiser, relied on representations of the buyer and/or representatives of the buyer in appraising three properties to the effect that numerous and substantial improvements to the properties would be made after closing and then appraised the properties as if the improvements were already in place. The Commission also found that the buyer did not make the improvements after each closing.

**THOMAS A. STEPHENSON** (Raleigh) – By Consent, the Commission revoked the broker license of Mr. Stephenson effective November 1, 2004. The Commission found that Mr. Stephenson, both a licensed real estate broker and licensed appraiser, relied on representations of the buyer and/or representatives of the buyer in appraising three properties to the effect that numerous and substantial improvements to the properties would be made after closing and appraised the properties as if the improvements were already in place. The Commission also found that the buyer did not make the improvements after each closing.

**C. ELIZABETH SUCHER** (Sanford) – By Consent, the Commission revoked the broker license of Ms. Sucher effective November 5, 2004. The Commission found that Ms. Sucher, as broker-in-charge of a real estate firm between June,

1987 and July, 2001 and again from July, 2002 through June 2004, failed to retain and maintain trust account records in compliance with the Real Estate License Law and Commission rules.

**LARRY J. TORRENCE** (Sanford) – By Consent, the Commission revoked the salesperson license of Mr. Torrence effective January 13, 2005. The Commission found that Mr. Torrence, as an owner and sales associate with a real estate firm, failed to maintain the trust accounts of the real estate firm in compliance with the Real Estate License Law and Commission rules. The Commission noted that it is unaware of any consumers who were injured as a result of the issues with regard to maintenance of the trust accounts.

**BRENDA L. VENABLE** (Wake Forest) – By Consent, the Commission revoked the salesperson license of Ms. Venable effective January 18, 2005. The Commission found that Ms. Venable failed to disclose on her salesperson license application misdemeanor convictions that occurred between 1982 and 1993 and, after being licensed, failed to disclose a 2000 conviction relating to a

domestic dispute. Ms. Venable will be eligible to apply for reinstatement of her license after three months upon certain conditions.

**LAWRENCE WILLIAMS** (Winston-Salem) – By Consent, the Commission revoked the salesperson license of Mr. Williams effective January 1, 2005. The Commission found that Mr. Williams failed to advise the seller of two parcels of land to seek subdivision approval by the county prior to subdividing the two lots into five and listing them for sale. Mr. Williams also failed to verify that the subdivision was approved. The Commission also found that Mr. Williams failed to properly identify the first lot being sold and, as a result, the buyer received one of the original parcels, thus making the other lots shown on the proposed subdivision layout unable to be separately marketed.

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