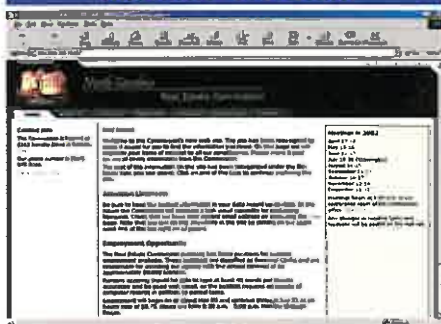




REAL ESTATE BULLETIN

Volume 33 • June 2002 • Number 1

Website Gets New Look

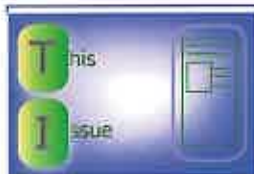


Turn on your browser and take a tour of www.ncrec.state.nc.us, the Commission's website. (And, while you're online, why not renew your license!)

You'll see a fresh, new design, experience improved ease and speed of navigation and notice the use of the site as an important communications center on matters of current interest to licensees.

A significant change is the use of tabs at the top of each page labeling the

(See **Web**, page 10)



June 2002

Commission Thanks Staff For Service
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Website Gets New Look

» Page 1

Commission Honors Senior Licensees

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Update Focus: "Offer to Purchase"

» Page 5

Avoid Choosing Closing Attorney

» Page 6

Tutorial: Improve Trust Account Skills

» Page 8-9

Renew Online: Five Easy Steps

» Page 11

Commission Thanks Staff for Service, Lt. Gov. Perdue Presents Service Pins

The Real Estate Commission gave a big "thank you" to staff members recently for their commitment and hard work, awarding service pins to 31 individuals with tenure ranging from five to 28 years.

Lieutenant Governor Beverly E. Perdue presented the service awards to each recipient.



Lt. Gov. Perdue

Commission Chairman Lanny T. Wilson said that expressing appreciation was "like insurance in that it

should be renewed on a regular basis."

Recipients and years of service were:

Five-year awards - Faye E. Ray, Receptionist, Vivian A. Sellers, License Specialist, Janet B. Thoren, Deputy Legal Counsel, Rebecca S. Wilkins, Auditor/Investigator, all five years; Michael B. Gray, Chief Auditor/Investigator, Pamela R. Rorie, Continuing Education Officer, Robin F. Tanner, Auditor/Investigator, Susie H. Viens, Assistant to the Director of Audits and Investigations, all six years; and Wanda E. Johnson, Chief License Specialist, nine years.

Ten-year awards - Jennifer K. Boger, Senior Auditor/Investigator,

(See **Thanks**, page 3)

Senior Licensees Honored

When John M. Dwelle entered the real estate business in Charlotte in 1936, the North Carolina population stood at just over 3.5 million. When J. C. Noggle entered the business in Hickory in 1950, it had risen to just over four million.

On May 15, with the state now home to more than eight million residents, the Commission honored Dwelle (Licensee #11) and Noggle (Licensee #10) along with Charles C. Cameron (Licensee #5) who was not

able to attend.

The occasion marked the 45th anniversary of the passage of the North Carolina Real Estate License Law that governs the actions of the state's nearly 80,000 active and inactive broker and salesperson licensees.

To find the honorees, the Commission searched its records of the first 45 real estate licenses issued to determine those whose licenses are still current and had not during any period become expired.

The Real



Senior Licensees - John M. Dwelle (left) and J. C. Noggle (center), receive commemorative plaques from Commission Chairman Lanny Wilson (right). Commission members (l. to r.) are Marsha Jordan, Rick Watts, William Lackey, Raymond Bass, Allan Dameron, Sang Hamilton and Mona Hill.

(See **Licensees**, page 10)

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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Joan H. Floyd	Consumer Protection Officer
Peter C. Evans, III	Information Officer
Carolyn A. Haase	Information Officer

Editor-In-Chief
Phillip T. Fisher

Editor
Robert L. Forshaw



Appearances

Thomas R. Miller, Legal Counsel, spoke to the Real Property Section of the North Carolina State Bar on the regulation of real estate agents.

Miriam J. Baer, Assistant Director of Legal Services, spoke to the Winston-Salem Regional Association of REALTORS® as part of a panel on issues of concern to the Commission.

Blackwell M. Brogden, Jr., Chief Deputy Legal Counsel, spoke to the Durham Lions Club on "real estate trials and tribulations," the Multiple Listing Service meeting of the Win-

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.

ston-Salem Regional Association of REALTORS® on general topics of concern to the Commission, the Richmond County Board of REALTORS® on real estate agency, the Charlotte Apartment Association on topics of special interest to apartment managers and the Triangle Sales and Marketing Council on new home sales issues.

Joan H. Floyd, Consumer Protection Officer, and **Carolyn A. Haase**, Information Officer spoke to the Greenville Area Property Management Association on security deposits and related property management issues.



Commission, Lieutenant Governor Thank Staff For Service

Real Estate Commission members and Lieutenant Governor Beverly Perdue honored the Commission staff for its work and commitment. Thirty-one staff members received special pins for service ranging from 5 to 28 years.



June 12
July 18
(Wilmington)
August 14

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.

Thanks

(Continued from page 1)

and Stephen L. Fussell, Consumer Protection Officer, both 10 years; Gary R. Caddell, Senior Auditor/Investigator, Training Officer, and Paula L. Ricard, Financial Officer, both 11 years; Ronald G. Duranske, Examination Assistant., Wendy C. Harper, Technical Support Manager, Sammye G. Isenhour, Legal Secretary, and Johnsie V. Jefferys, Legal Secretary/Time Share Clerk, all 12 years; Brenda H. Badger, Chief Records Specialist, and Anita R. Burt, Education and Examination Officer, both 13 years; Miriam J. Baer, Assistant Director of Legal Services, 14 years' service.

Fifteen-year awards – Frances N. Johnson, Assistant to the Director of Legal Services, 16 years; and Blackwell M. Brogden, Jr., Chief Deputy Legal Counsel, 17 years.

Twenty-year awards – Thomas R. Miller, Legal Counsel, Director, Special Deputy Attorney General, and Emmer R. Wood, Director, Audits and Investigations, both 20 years; Vickie R. Crouse, Data Processing Administrator, Larry A. Outlaw, Director, Education and Licensing, and Mary Frances Whitley, Director of Administration, all 23 years; Penny S. Childress, Assistant to the Director of Education and Licensing, 24 years.

Twenty-Five year awards – Jeanette H. Hamm, Assistant to the Executive Director, 25 years; Phillip T. Fisher, Executive Director, 26 years; and Gloria T. Williams, License Applications Specialist, 28 years.

2002 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.

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"/> June 4 | <input type="checkbox"/> July 9 | <input type="checkbox"/> August 6 |
| <input type="checkbox"/> September 10 | <input type="checkbox"/> October 8 | <input type="checkbox"/> November 5 |
| | <input type="checkbox"/> December 10 | |

Name _____

Address _____

City _____ State _____ Zip _____

Phone (____) _____

☐ 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.**

MANUFACTURED HOMES: REAL OR PERSONAL PROPERTY?

By Blackwell M. Brogden, Jr., Chief Deputy Legal Counsel

Long time readers of the Bulletin and those who have reviewed the articles posted on the Commission website (www.ncrec.state.nc.us) will be aware of the article discussing the legal nature of manufactured housing (formerly known as mobile homes) found in the Fall 1992, Vol. 23, #2, issue, and titled Mobile Homes: Real or Personal Property? In essence, manufactured homes begin their existence as items of personal property but can lose that status upon being permanently affixed to real property. Their status can change back upon being severed from the improved real estate to which a manufactured home was once affixed.

Reforms Introduced

Recent statutory changes by the General Assembly have introduced reforms into the process of determining whether a particular manufactured home is real or personal property. One of the changes provides for creation and filing of affidavits with the Division of Motor Vehicles and the county Register of Deeds to identify manufactured homes that have been legally classified as real property. Additionally, these changes will provide for uniform treatment of manufactured homes for ad valorem tax purposes.

The legal difference between the treatment of manufactured homes either as real property or personal property is important in real estate transactions. For example, a contract that listed no personal property to be conveyed when at the time of execution there was a manufactured home on the property would not convey title to the home if the unit was personal property. That same contract, under the same cir-

cumstances would include conveyance of the home if the unit had been permanently affixed so as to become real property. The legal difference also affects the method for obtaining and perfecting liens on units and determining who owns a unit.

The distinction between whether a manufactured home is real or personal property has no bearing on the separate issue of the type of construction of buildings assembled off the property and subsequently transported to a site. Whether real or personal property, a manufactured home is still a manufactured home and this fact should be disclosed. (If a modular home is constructed to the state building code standard, the home is incorporated into, and becomes part of, the real property upon installation. See the Bulletin, Summer 1995, Vol. 26, #2 issue, article entitled When the Homes Come Rolling In.)

Know the Difference

Licensees will not typically review title records or participate in the process of changing personal property to real property. However, completing sales contracts in a proper manner to protect the interests of the parties is important. Thus it is important to know whether a manufactured home is real or personal property.

Practice Tip: If the parties intend that a manufactured home be transferred as part of their sales contract, whether or not the unit is real or personal property, the licensee should include sufficient information in the personal property portion of the sales agreement to cover the specific unit present on the property. If the unit is

already classified as real property, no harm is done. If the unit is still personal property, then the intent of the parties will be adequately reflected in the contract.



REAL ESTATE COMMISSION HANDY REFERENCE LIST

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(919) 875-3700

FAX

(Area Code 919)

Administration	877-4217
Audits/Investigation	877-4218
Education/Licensing	877-4216
Legal Services	877-4220
Records	877-4221

WEB SITE

www.ncrec.state.nc.us

EMAIL

All@ncrec.state.nc.us

Executive	exec@
Administration	admin@
Education/Licensing	educ@
Audits/Investigation	ai@
Legal Services	legal@
Records	records@



Disclosure Not Required For Presence Of Pressure-Treated Lumber on Property

By Miriam J. Baum, Assistant Director, Legal Services

In February of this year, the EPA announced that the use of most pressure-treated lumber will be phased out of residential use. Why? It contains chromated copper arsenate ("CCA"), an arsenic-based pesticide. Studies have found that regular contact with CCA-treated lumber can result in high arsenic exposure, especially in children.

According to the federal Office of Pesticide Programs, "EPA has not concluded that CCA-treated wood poses any unreasonable risk to the public or the environment. Nevertheless, arsenic is a known human carcinogen and, thus, the Agency believes that any reduction in the levels of potential exposure to arsenic is desirable."

Historically, CCA-treated lumber has had wide-ranging uses, including:

- Decks
- Picnic tables
- Landscaping timbers
- Gazebos
- Fences
- Boardwalks
- Play structures

However, as a result of an agreement between the EPA and the pressure-treated lumber industry, after December 2003, CCA will not be used to treat wood intended for these purposes.

Does this mean that residential owners should tear down existing structures made of pressure-treated lumber, such as decks, play sets or fences? According to Stephen Johnson, the EPA's chief of pesticide regulation (as quoted in the February 13, 2002 edition of USA Today), "we don't believe there's any reason to remove or replace existing structures...or to disturb surrounding soils." Rather, the EPA suggests the following steps to reduce potential exposure to CCA.

- Do wash hands thoroughly after contact with the wood, especially

prior to eating and drinking;

- Do clean up all sawdust and construction debris after construction;
- Do coat pressure-treated wood regularly with a penetrating coating such as oil-based semi-transparent stains.
- Don't burn treated wood;
- Don't bring food into direct contact with the wood;
- Don't use mulch made of pressure-treated lumber, especially in vegetable gardens.

At a recent meeting, the Real Estate Commission considered whether the

presence of CCA-treated lumber on a property should be considered a material fact which licensees must disclose to prospective buyers and/or tenants. In light of the fact that the federal government has not concluded that CCA-treated wood poses any unreasonable risk to the public, the Commission concluded that disclosure is not required at this time.

Offer-to-Purchase Form Primary Focus Of 2002-03 Update Course

The primary focus of the mandatory 2002-2003 Real Estate Update Course will be how to correctly complete the newly revised standard Offer to Purchase and Contract form which will be available July 1, 2002. This form which, along with various standardized form addenda, is jointly approved by the North Carolina Association of REALTORS® and the North Carolina Bar Association, and is used in a vast majority of residential sales transactions in the state.

The Real Estate Commission continues to find that many licensees do not have a good understanding of the provisions in the standard sales contract form and addenda, and that improper use and completion of these forms is still very commonplace. To help address this problem, nearly three hours of the four-hour course will be devoted to the revised Offer to Purchase and Contract form and the guidelines for use and completion of the form. Instruction will involve a detailed line-by-line form review, noting common mistakes and pitfalls to avoid. Related relevant form addenda, such as the Contingent Sale Addendum, New Construction Addendum, Additional Provisions Addendum and others, will be included in the written materials and discussed in class as time permits.

The Real Estate Update course also will briefly summarize significant changes in Commission rules that are scheduled to become effective September 1, 2002. Another short segment of the course will acquaint licensees with the Commission's revised website, the wealth of information which can be found there, and functions licensees can perform online, such as license renewal and verification of license status. Lastly, there will be a brief discussion of the competence level expected of licensees who engage in the specialized areas of commercial brokerage and property management, with emphasis on the importance of obtaining additional education in order to be competent to practice in these specialty areas.

Best Practice for Agents: Parties Should Choose Closing Attorney

By Blackwell M. Brogden, Jr., Chief Deputy Legal Counsel

Recent inquiries and complaints to the Commission indicate that there is some degree of confusion and misunderstanding, both in the industry and the general public, on the issues of who decides the time and place of closing and who decides the closing attorney to be used by the Buyer or Seller.

The time and place of closing should be negotiated by the parties. An agent may make suggestions about these choices but cannot make a decision.

Likewise, choosing an attorney is the decision of the party desiring representation. While an agent may certainly make a recommendation, an agent cannot make this choice for a party.

The standard "Offer to Purchase and Contract" form recommended by the North Carolina Association of REALTORS® and the North Carolina Bar Association contains two paragraphs addressing these closing issues. Paragraph (8) allocates closing expenses between the Seller and Buyer. Paragraph (14) defines closing, establishes an approximate date, and designates how the deed is to be made. Nothing in the standard form requires the Seller or Buyer to use a particular closing attorney.

There are a number of other sales contract forms in use, typically created by volume sellers such as developers, builders, and in recent years, relocation firms that purchase and re-sell homes on behalf of employers who are moving employees. Often these forms offer no choice or negotiation about time or place of closing but specify circumstances dictated by the seller. The "closing" itself may be defined differently from the standard form. Frequently, such volume sellers offer to bear some of the buyer's closing costs *if the buyer allows the seller to provide or designate the closing attorney for the buyer.*

An agent should be aware of what an offer provides on the issues of time and place of closing and choice of legal representation. Disagreements over time and place of closing, while minor, are important and should be resolved. *If the offer specifies one party can designate the closing attorney for the other party, make sure the other party is aware of the*

provision and freely decides to accept it.

Where payment of expenses at closing is a sales concession from a volume seller, a buyer who insists on securing his or her own legal representation usually will have to give up the offered concession. In other words, the buyer will have to pay his or her own closing costs. If the parties cannot agree on these issues, the offer may never become a contract.

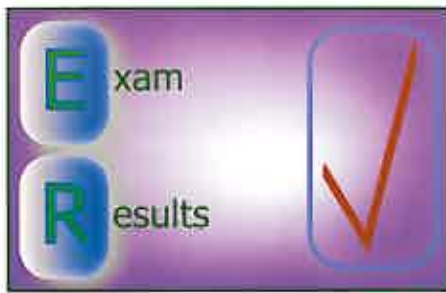
Another source of controversy arises when an agent directs or attempts to direct the choice of attorney for a party without specific authority from that party to do so. It appears most agents in these situations simply "take" a transaction to an attorney in order to get the sale closed.

Where an agent selects and engages the services of a closing attorney without proper authority from the party on whose behalf the agent purports to act, the agent can be held personally responsible for the value of the services rendered by the attorney and may be subject to discipline by the Commission.

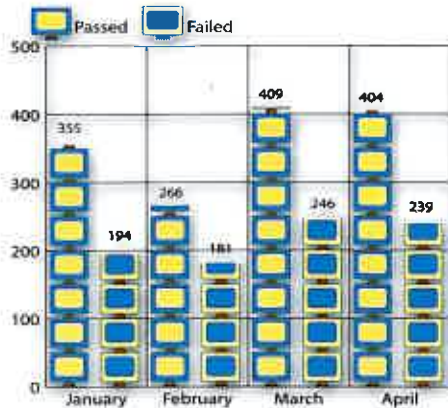
To avoid complaints involving the selection of a closing attorney, explain to the seller and buyer their respective obligations under the contract with regard to closing, and the services their attorney will perform. Whenever possible, have the Seller and Buyer contact their respective attorneys themselves in preparation for closing.

If an agent is authorized by a party to select or engage an attorney, the party should be placed in direct contact with the attorney as soon as possible to prevent any misunderstandings. An agent should consider obtaining written documentation from any party for whom the agent employs an attorney stating the extent of the agent's authority and that the party will be financially responsible for the services obtained by the agent..

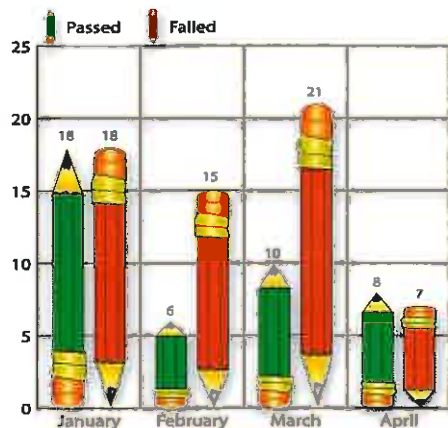
Controversy and consumer dissatisfaction over the agent's role in finding a closing attorney can be avoided by a careful professional approach to addressing these issues during the negotiation of a contract, with full disclosure to the parties of the agent's reasons for suggesting a particular attorney.



By Computer



By Paper and Pencil



PUBLICATIONS ORDER FORM

Quantity
Requested

Residential Square Footage Guidelines

(One free copy per agent per firm; \$.65 each additional copy.)

Working With Real Estate Agents

(One free copy per agent per firm; \$.20 each additional copy.)

Amount Enclosed:

\$

Checks only. We cannot take credit card orders for publications.

The following publications are free of charge:

Residential Property Disclosure Statement and Guidelines

(Please limit request to one copy; duplicate as needed.)

Also available on the Commission's web site.)

Questions and Answers On:

Fair Housing

Tenant Security Deposits

Condos and Townhouses

Residential Subdivisions and Planned Communities **(New)**

Purchasing Coastal Real Estate in North Carolina

Renting Residential Real Estate

Home Inspections

Spanish Translations

Trato Con Agentes de Bienes Raíces

(Working With Real Estate Agents)

Preguntas y Respuestas sobre: (Questions and Answers On:)

Vivienda Justa

(Fair Housing)

El Depósito de Seguridad del Inquilino

(Tenant Security Deposits)

Alquiler de Inmuebles para Viviendo

(Renting Residential Real Estate)

Name

Phone (include area code)

Street Address (NOT P.O. BOX)

City

State

Zip

Please allow two weeks for delivery.

Return the completed form to:

North Carolina Real Estate Commission

ATTN: Publications

P. O. Box 17100

Raleigh, NC 27619-7100

AUDITOR'S CORNER

By Emmet R. Wood
Director, Audits and Investigations

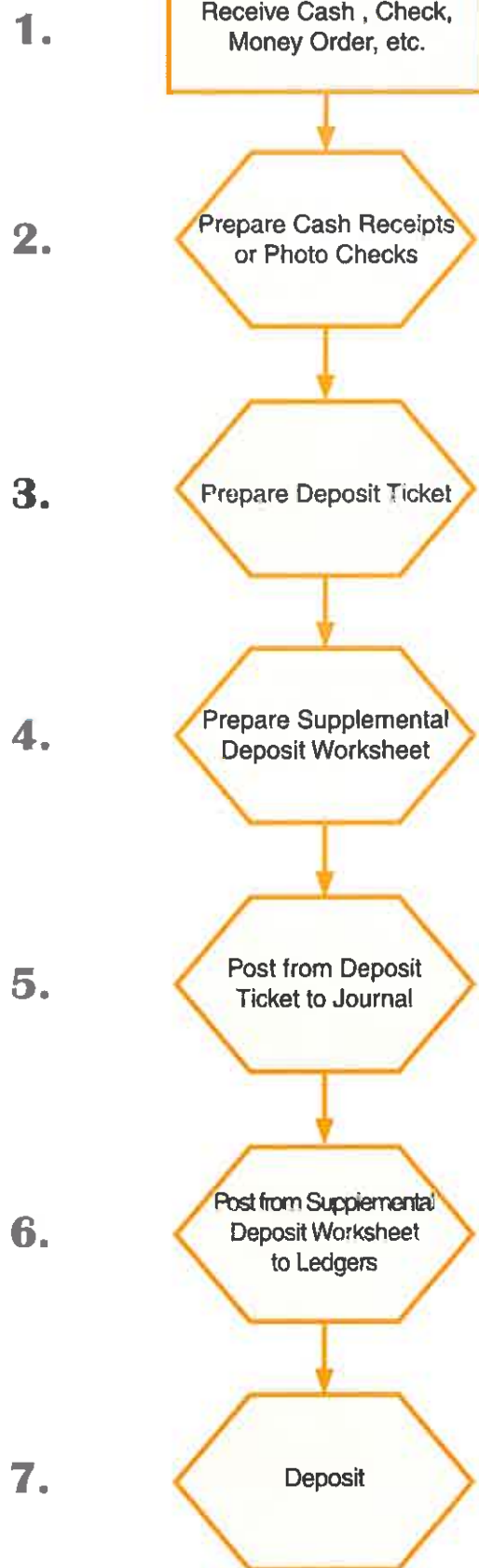
(This is the first in a series of three articles about the process of maintaining rental trust account records. The subjects are "Deposit Cycle", "Disbursement Cycle" and "Monthly Reconciliation".)

To the right is a flow chart detailing the six steps in recording the receipt of trust money. The numbers by the chart correspond to those by the examples of forms on the facing page. Following is an explanation of each step:

1. The first step is the receipt by your brokerage firm of a check, money order, cash or other negotiable instrument.
2. Prepare a cash receipt for all cash received. Photocopy all checks received and maintain these copies with deposit tickets.
3. Prepare a Deposit Ticket for your bank (and keep a copy of a bank-validated deposit ticket in your trust account files).
4. Prepare a Supplemental Deposit Ticket detailing the remitter/tenant, property, purpose and amount. Balance cash receipts and check copies with the Deposit Ticket and Supplemental Deposit Ticket.
5. Post the date, amount of funds deposited and reference the Deposit Ticket on the Journal.
6. Record the details of the transaction on the appropriate ledger.
7. Deposit within three banking days following receipt (earnest money and tenant security deposits three banking days following acceptance of the Offer to Purchase or Lease.)

Rental Trust Account Deposit Cycle

First of a three-part series



1. Receive Trust Funds

\$	Cash, Check, Money Order, etc.	\$
\$		\$

2. Cash Receipt (or photocopy checks)

Your Realty Company
Your address
Anytown, NC 12345

Date 1/04/0X

Received of Blake Stephens \$ 1,100⁰⁰

The Sum of Eleven hundred & 00/100 DOLLARS

Memo 2500 Johnson St John Broker

3. Deposit Ticket

DEPOSIT TICKET		
YOUR REALTY COMPANY, INC. TRUST ACCOUNT		
DATE	1/04/0X	
	# DE-2	
CURRENCY	SEAM	\$2,800.00
COIN		
CHECKS		
1.		
2.		
3.		
4.		
TOTAL		\$2,800.00

4. Supplemental Deposit Worksheet

SUPPLEMENTAL DEPOSIT WORKSHEET			
Deposit Ticket #2 1/04/0X			
REMITTANCE/DEPOSIT	PROPERTY	PURPOSE	AMOUNT
Check	143 North Boulevard	Security Deposit	\$600.00
Check	143 North Boulevard	Ten-Rent	\$600.00
Stephens	2500 Johnson Street	Security Deposit	\$550.00
Stephens	2500 Johnson Street	Ten-Rent	\$550.00
TOTAL			\$2,800.00

5. Trust Account Journal

YOUR REALTY COMPANY, INC. TRUST ACCOUNT JOURNAL					
NC Insured Bank A/C# 123-456-7890					
DATE	DESCRIPTION	NUM	DEPOSITS	CHECKS	BALANCE
1/03/0X	DEPOSIT	OX-1 (A)	\$2,600.00		\$2,600.00
1/04/0X	DEPOSIT	OX-2	\$2,300.00		\$4,900.00
1/11/0X	Apex Plumbing - 143 N. Blvd.	101		\$75.00	\$4,825.00
1/22/0X	Gerald Howard - 143 N. Blvd. Net Ten-Rent to Owner	102		\$400.00	\$4,425.00
1/23/0X	Your Realty Company, Inc. 3/0X Mgt Fee	103		\$115.00	\$4,310.00
1/22/0X	Jack Thomas - NSF - 1162 Main St	DM		\$2,500.00	\$1,810.00
1/30/0X	F. Lee Bailey, Attorney 119 Maple Closing	104		\$1,000.00	\$810.00
1/31/0X	DEPOSIT	OX-3	\$2,500.00		\$3,310.00
1/31/0X	NC Insured Bank Check-Printing Charges	DM		\$25.00	\$3,285.00

(A) - Referenced to sequentially numbered deposit tickets
(B) - Debit Memo

6. Trust Account Ledger

NAME: Allen Ward, Owner - Stephens Tenant					ACCOUNT NO.
ADDRESS: 2500 Johnson Street					SHEET NO.
DATE	ITEMS		DEPOSITS	CHECKS	BALANCE
1/04	OX Blake Stephens Security Deposit	OX-1	\$550.00		\$550.00
1/04	OX Blake Stephens Ten-Rent	OX-2	\$550.00		\$1,100.00
1/23	OX Your Realty Co., Inc. Jan Management Fee	103		\$55.00	\$1,045.00

Licensees

(Continued from page 1)

Estate License Law became effective on July 1, 1957, with 2,300 persons receiving licenses by year's end under the law's "grandfather clause." In December 1957, the first licensing examination was administered. Fifty brokers and twenty-six salespersons passed and were licensed. By comparison, 1,476 have passed the examination in the first four months of 2002. The number of licenses issued since 1957 now nears 200,000.

Both Dwelle and Noggle reminisced with Commission members about their early years in the business.

Dwelle recalled his first job in real estate at the age of 13 in 1927 riding his bike to collect monthly rents from tenants for his uncle. He was paid \$1 for each collection.

Noggle, the first licensee and GRI from Hickory, remembers an unscrupulous practitioner offering to veterans for \$100 "100% VA loans" that never materialized. It was this type of activity, he said, that motivated him to work for several years during the 1950's for the establishment of the license law.

Because of the date of his entry into the business in 1936, Dwelle actually held a very early real estate license that had been legislated in 1927. That state law, however, covered only eight counties – Buncombe, Durham, Forsythe, Guilford, Henderson, Lee, Rowan and Wake – and was declared unconstitutional in 1939.

Over six-and-a-half decades as a licensee, Dwelle was always in business for himself as the broker for his firm, John M. Dwelle Company. A generalist, he was involved with residential and commercial sales and rentals, property management and property insurance. He joined the Charlotte Board of REALTORS® in 1941 when, he recalls, there were about 60 members and contributed to the founding of the board's MLS in the late 1940s.

Noggle has been a major developer in Hickory and Catawba County. He built the first office building in Hickory and the first shopping center

along with planning and building a number of residential subdivisions. Active with the North Carolina Association of REALTORS®, he attended 30 state conventions, and in 1956-57 worked on the legislative committee to move the new license law through the legislature. He helped found the Hickory-Catawba Valley MLS and was twice president of its board.

Both honorees, now in their 80s, still use their licenses to help with transactions from time to time.

Web

(Continued from page 1)

major sections of the website: Home (page), About Us, Licensees, Applicants, Consumers, Rules/Laws and Schools. Text explains each section's content with quick links to frequently accessed material.

Also, no matter where you are on the website, at the top right hand corner of each page above the Real Estate Commission name are the links for "Login", "Site Map" and "Email". Thus, for example, you can reach your records through the "Login" link from any page on the website.

The site's major sections and the content of each are outlined in a site

map. In general, the sectional content is as follows:

Home – Topics of current import fill the center of the page. Commission office address and phone number and a link to a map showing the office location appear in the upper left corner. The Commission meeting calendar appears on the right with a link for more information. Any changes in meeting dates will be communicated here.

About Us – Everything you want to know about the Commission is located here: Members, Mission and Goals, Frequently Asked Questions, Education Programs and Publications and other material.

Licensees – Clicking on this tab leads you to Licensee Records and Searches, Forms, Education Registration and Class Schedules, and Publications. You can login here to renew online, review your continuing education credits, update your records or change your PIN number. There are a dozen forms that can be printed out, completed and mailed in. Publications will enable you to order the Real Estate Manual, search past Bulletin content, and read and/or print out publications including four in Spanish.

Applicants – Here you'll find the sections of the Real Estate Licensing in North Carolina book including exam schedules, study guide and other topics of interest to individuals considering becoming a licensed salesperson.

Consumers – Publications are repeated here. In addition, licensee searches and various forms are available.

Rules/Laws – Included here are the Real Estate Law, Commission rules, Fair Housing Act, and Trust Account Guidelines.

Schools – The links to Upload CE Rosters and Download Licensing Rosters are here along with forms to order candidate and licensee rosters.



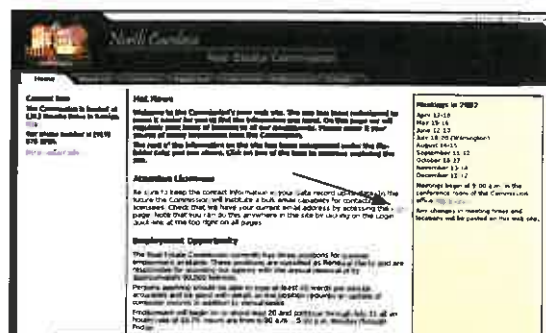
Two Minutes,
Two Bucks,
You're Done!

Renew Your License Online In Five Fast, Real Easy Steps

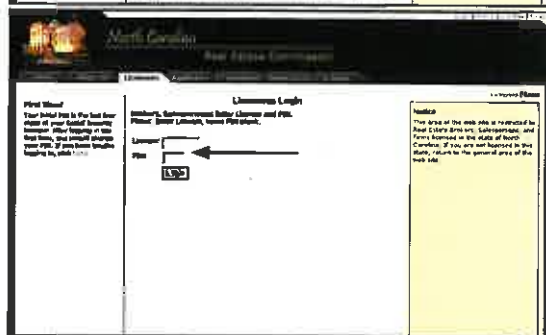
(Your must have an email address to renew your license online.)

Place your credit card (Visa or MasterCard only) in front of you. Know your card's billing address (your home address or your business).

1 Go to the North Carolina Real Estate Commission Web site at ncrec.state.nc.us and click on log-in.



2 Enter your license number and your PIN number and click on Login. Your initial PIN number is the last four digits of your Social Security number. We recommend that you change it after logging in for the first time and an option to do so appears on the next screen.



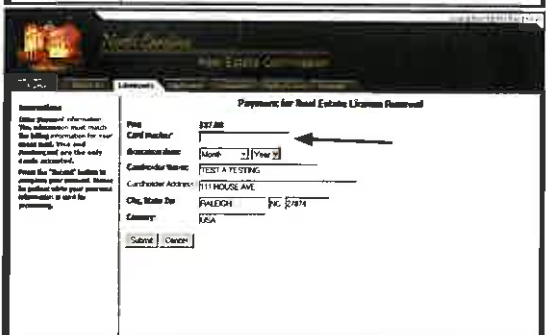
3 Click on Renew, the first of five choices on this screen. (Take note that on this screen you can also view and update your data record and/or report changes to the Commission, display your continuing education information, change your logon PIN and logout.)



4 Update, if needed, your residence and email addresses and/or fax number. You must have an email address to renew your license online. Then, click on Next to proceed to the screen that will take your credit card information.



5 Your license renewal fee will show with a \$2 processing fee added to it. Enter your credit card number and the expiration date (the drop-down menus will enable you to enter the date in the correct format). *Be certain that the information shown for your address is the same as the billing address for your credit card. If not, change it on this screen.* Click on the Submit button. The message "Please wait..." will appear as the credit card charge is processed. When this is complete, a final screen will appear confirming your license renewal and asking you to print it out as a receipt. That's it! You're done!



Educators Conference Focuses On Instructional Techniques

By Ginger L. Britt, Licensing and Education Officer Photograph by: Mike Britt

On February 28 and March 1 the Commission's 2002 Educators Conference provided a forum for prelicense and CE instructors, school directors, CE sponsors, community college administrators, and publishers to learn more about current education and license law issues. Everyone was welcomed to the SouthPark Suite Hotel in Charlotte on Thursday morning by the Director of Education and Licensing, Larry A. Outlaw, who discussed general education issues.

Ginger L. Britt, Licensing and Education Officer, discussed the schools' obligation to provide quality education to students attempting to qualify and prepare for license examinations. Ms. Britt reminded instructors of rule changes that hold approved instructors personally accountable for examination performance. Previously, instructors were approved in connection with schools. Ms. Britt also addressed renewal of instructor approval and the new instructor CE requirement that is in addition to an instructor's individual license CE requirement. Attendees were cautioned to comply with course prerequisites and rules regarding instruction and examination security. Ms. Britt closed with an update of staff's reviews of videotapes submitted in connection with instructor applications and an overview of the Commission's New Instructor Seminar (NIS). The NIS is an orientation conducted by Ms. Britt and Vicki Ferneyhough, DREI, that provides training on teaching techniques, materials, available resources, and discussion on rules and license application procedures. Intended for newly approved prelicense

instructors, it is also available to previously approved instructors based upon space availability and is provided at no cost to attendees.

Anita Burt, Education and Examination Officer reported on the license examination program, including school and instructor examination performance. Ms. Burt also reported that 95% of license applicants are taking the license examination by computer



through Psychological Services, Inc. (PSI).

Vicki Ferneyhough, DREI, and Bill Gallagher, DREI, livened up the conference with a humorous presentation entitled *How to Cure Insomnia in 67 Hours or Less* that demonstrated undesirable techniques. Newly approved instructors Anjie Grady and Steven A. Parsons demonstrated more desirable methods. The session concluded with a discussion of the most common mistakes made by instructors.

Pamela R. Rorie, CE Officer, addressed issues of particular importance to CE sponsors and instructors. Ms. Rorie gave attendees an overview of the CE program over the years and discussed the changes. One recent innovation is the new system of electronic reporting of course completion information. Further changes were explained and discussed. Ms. Rorie focused on the proposed topics for the 2002-2003 Update Course. Instructors in attendance provided their views

on the topics. Ms. Rorie closed with a reminder regarding renewal deadlines.

Emmet R. Wood, Director of Audits and Investigations, related events of cases of trust account mismanagement in his presentation entitled *They Should've Counted on an Audit*. Mr. Wood acknowledged that his investigations sometimes prove facts stranger than fiction. This concept was further supported when Pamela V. Millward, Associate Legal Counsel, discussed case histories surrounding license applications in which applicants should have chosen truth rather than consequences during her session of *Truth or Dare (to be Denied a License)*.

The Commission hosted a buffet luncheon during which the North Carolina Real Estate Educators' Association (NCREEA) held a chapter meeting and selected new officers. NCREEA presented awards of special recognition. Tim R. Terry was named "N.C. Educator of the Year." "Program of the Year" went to Bill Gallagher for his CE elective course entitled, *REALTOR® Ethics*. The election determined that Sandy Williams will follow Deborah Carpenter as president-elect when Ms. Carpenter accepts the presidency from Kimberly D. Stotesbury. Linda Adams remains secretary/treasurer while Bill Gallagher, Sandra Martin, and Mark Brothers were elected as directors.

This year's conference attendance exceeded 150. Assisting with registration were Commission staff members Penny Childress and Wanda Johnson.



HARRY F. ANDERSON (Whittier) – The Commission revoked the broker license of Mr. Anderson effective April 22, 2002. The Commission found that while his firm was no longer authorized to conduct business in North Carolina because of the suspension of its corporate charter by the state in 1991 and its administrative dissolution in 1993, Mr. Anderson continued to renew the firm license annually until its expiration June 30, 2001. The Commission further found that Mr. Anderson failed to enter into a written listing agreement for property he advertised and sold, misrepresented the true condition of property to buyers, failed to obtain the buyers' signatures on and to deliver a Residential Property Disclosure Statement and employed an unlicensed receptionist, to whom he paid commissions on firm transactions.

ARRAN REALTY, INC. (Fayetteville) – By Consent, the Commission reprimanded Arran Realty effective February 15, 2002. The Commission found that the firm failed to maintain accurate trust account records and perform monthly reconciliations in accordance with Commission rules. The Commission noted that Arran Realty cooperated fully in the inquiry and implemented requested bookkeeping improvements.

B & B ON THE BEACH, INC. (Corolla) – By Consent, the Commission suspended the firm license of B & B On The Beach, Inc., for a period of two years effective March 1, 2002. The Commission then stayed the suspension for a probationary term of three years. The Commission found that the firm had failed for a period of two years to perform the monthly reconciliation

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.

of its trust accounts required by Commission rules. The Commission further found that, as a result, the firm had not properly applied funds held for others to the purposes for which those funds were held. The Commission noted that B&B undertook to remedy the situation and implement required record keeping procedures.

CENTRAL REAL ESTATE CORP. d/b/a **HARVEST TIME REAL ESTATE CENTRAL** (Rocky Mount) – The Commission revoked the firm broker license of Central Real Estate Corp., effective March 8, 2002. The Commission found that the firm failed to accurately account for and remit funds it held for others as a broker, failed to maintain a system of ledgers, journal and monthly reconciliation, could not account for funds of others it received in the course of its brokerage business, and continued to deposit and disburse trust money from accounts with insufficient funds to meet liabilities. The Commission further found that the firm failed to maintain records of the transactions it conducted, allowed its broker to submit false documents to obtain loan approval, and unlawfully allowed unlicensed persons affiliated with it to engage in conduct for which a real estate license was required.

DANE Z. CLAY (Fayetteville) – By Consent, the Commission revoked the salesperson license of Mr. Clay effective March 1, 2002. The Commission found that Mr. Clay failed to submit himself to the supervision of his broker-in-charge in multiple transactions. The Commission further found that after leaving the broker-in-charge, Mr. Clay failed to submit himself to the supervision of his next broker-in-charge when acting as a licensed agent.

EARLY AMERICAN HOMES, INC. (Whittier) – The Commission revoked the firm broker license of Early American Homes, Inc., effective April 22, 2002. The Commission found that while the firm was no longer authorized to conduct business in North Carolina because of the suspension of its corporate charter by the state in 1991 and its administrative dissolution in 1993, the firm continued to renew its license annually until its expiration June 30, 2001. The Commission further found that Early American Homes, Inc., failed to enter into a written listing agreement for property it advertised and sold, misrepresented the true condition of the property to buyers, failed to obtain the buyers' signatures on and to deliver a Residential Property Disclosure Statement and employed an unlicensed receptionist to whom it paid commissions on firm transactions.

JONATHAN H. ELLIOT (Fayetteville) – By Consent, the Commission reprimanded Mr. Elliot effective February 15, 2002. The Commission found that Mr. Elliot failed to maintain accurate trust account records and perform monthly reconciliation in accordance with Commission rules. The Commission noted that Mr. Elliot cooperated fully in the inquiry and implemented requested bookkeeping improvements.

MICHAEL J. FOX AND ASSOCIATES REALTORS, LLC (Charlotte) – The Commission accepted the voluntary surrender of the Michael J. Fox and Associates Realtors' firm license for a period of one year effective April 1, 2002. The Commission dismissed without prejudice allegations

(See **Disciplinary**, page 15)

Disciplinary

(Continued from page 14)

that the firm violated provisions of the Real Estate License Law and Commission rules. The firm neither admitted nor denied misconduct.

ROBERT E. GARDINIER, JR. (Atlantic Beach) – By Consent, the Commission revoked the broker license of Mr. Gardinier effective May 1, 2002. The Commission found that Mr. Gardinier failed to disclose on his 1997 license application that he then had a forgery charge pending against him in South Carolina. The Commission further found that Mr. Gardinier was convicted of the forgery charge and was subsequently convicted in North Carolina of other unrelated criminal charges. Mr. Gardinier was allowed to apply for a new license on certain conditions including that he make a complete and accurate application.

JON C. GILLMAN (Charlotte) – By Consent, the Commission revoked the salesperson license of Mr. Gillman effective March 1, 2002. The Commission found that, in his application for licensure, Mr. Gillman failed to make a full disclosure of his criminal history. Mr. Gillman was allowed to apply for the reinstatement of his salesperson license thirty days following its revocation on certain conditions including that he provide the Commission with complete information concerning his criminal convictions.

JAMES E. HARRISON (Fayetteville) – By Consent, the Commission revoked the broker license of Mr. Harrison effective April 1, 2002. The Commission found that Mr. Harrison failed to properly account for monies coming into his possession and failed to adequately maintain his trust account records as required by Commission rules. The Commission also found that Mr. Harrison failed to reconcile his trust accounts on a monthly basis and that liabilities of his two trust accounts exceeded funds in those accounts. The Commission noted that Mr. Harrison

since reimbursed those accounts and no consumer was harmed as a result.

SUSAN C. HASTY (Raleigh) – The Commission revoked the broker license of Ms. Hasty effective December 15, 2000. The Commission found that Ms. Hasty failed to accurately account for and remit to others funds held for them as a broker, failed to maintain a system of ledgers, journal and monthly reconciliations, continued to deposit and disburse trust funds from accounts with insufficient funds to meet liabilities, used a bookkeeping system that did not comply with Commission rules and used funds of some owners to pay expenses of other owners. The Commission also found that Ms. Hasty failed to supervise a firm salesperson and misrepresented to the Commission her supervision of that salesperson. Ms. Hasty appealed to the Superior Court of Wake County, which upheld the order of the Commission.

JAY C. JOHNSON (Fayetteville) – The Commission accepted the voluntary surrender of the broker license of Jay C. Johnson for a period of two years effective February 19, 2002. The Commission dismissed without prejudice allegations that the firm violated provisions of the Real Estate License Law and Commission rules. Mr. Johnson neither admitted nor denied misconduct.

NEW DIMENSIONS REALTY, INC. (Fayetteville) – The Commission accepted the permanent voluntary surrender of the firm license of New Dimension Realty, Inc., effective February 19, 2002. The Commission dismissed without prejudice allegations that the firm violated provisions of the Real Estate License Law and Commission rules. The firm neither admitted nor denied misconduct.

LOU ANN NORRIS (Emerald Isle) – By Consent, the Commission revoked the salesperson license of Ms. Norris effective April 1, 2002. The Commission found that Ms. Norris

pled guilty in United States District Court, Eastern District of North Carolina, to Bank Larceny in violation of federal law.

PINNACLE INN RESORT RENTALS & SALES, INC. (Banner Elk) – By Consent, the Commission suspended the firm license of Pinnacle Inn Resort Rentals & Sales effective April 1, 2002 for a period of three years. The Commission then stayed the suspension effective April 1, 2002, for a probationary period of five years. The Commission found that Pinnacle Inn contracted with an individual to act as its broker-in-charge who did not properly maintain its trust accounts as required by Commission rules. The Commission further found that Pinnacle allowed the situation to continue for six months before taking remedial action.

RENTAL RESOURCES INTERNATIONAL, INC. (Raleigh) – The Commission revoked the firm broker license of Rental Resources effective December 15, 2000. The Commission found that the firm failed to accurately account for and remit to others funds held for them as a broker, failed to maintain a system of ledgers, journal and monthly reconciliations, continued to deposit and disburse trust funds from accounts with insufficient funds to meet liabilities, used a bookkeeping system that did not comply with Commission rules and used funds of some owners to pay expenses of other owners. The firm appealed to the Superior Court of Wake County, which upheld the order of the Commission.

MELANIE C. SHANNON (Oak Island) – The Commission accepted the voluntary surrender of the salesperson license of Ms. Shannon for a period of one year effective March 15, 2002. The Commission dismissed without prejudice allegations that Ms. Shannon violated provisions of the Real Estate License Law and Commission rules. Ms. Shannon neither admitted nor denied misconduct.

(See Disciplinary, page 16)

Disciplinary

(Continued from page 15)

GLENN A. SHORT (Shelby) – By Consent, the Commission suspended the salesperson license of Mr. Short effective April 1, 2002 for a period of 12 months. The Commission then stayed the suspension effective May 1, 2002 for a probationary term of 12 months. The Commission found that Mr. Short, during the final examination of a pre-licensing broker course, consulted course preparation materials contrary to the instructor's policy for the examination and the rules of the Real Estate Commission.

SUGAR MOUNTAIN LODGING, INC. (Banner Elk) – By Consent, the Commission reprimanded Sugar Mountain Lodging effective March 27, 2002. The Commission found that Sugar Mountain Lodging, at a time when it had no principal broker or broker-in-charge, continued to conduct its rental management business through its unlicensed officers and employees.

T&T RENTALS, INC. (Washington) – By Consent, the Commission revoked the firm license of T&T Rentals effective April 18, 2002. The Commission found that the firm issued a check in the amount of \$25,000 to clients against insufficient trust account funds to reimburse security deposits for property managed by the firm. The Commission also found that a salesperson issued a personal check in the amount of \$52,000 also against insufficient funds to the same clients to be held as collateral for rental income from the property. Neither the security deposits nor the rental income have been reimbursed.

SHERRY T. TOLER (Washington) – By Consent, the Commission revoked the salesperson license of Mrs. Toler effective April 18, 2002. The Commission found that Ms. Toler managed a brokerage firm without the supervision of a broker-in-charge. The Commission also found that Ms. Toler

issued a firm check in the amount of \$25,000 to clients against insufficient trust account funds to reimburse security deposits for property managed by the firm and a personal check in the amount of \$52,000 also against insufficient funds to the same clients to be held as collateral for rental income from the property. Neither the security deposits nor the rental income have been reimbursed.

VIRGINIA S. WARREN (Washington) – By Consent, the Commission revoked the broker license of Ms. Warren effective April 1, 2002. The Commission found that Ms. Warren, as broker-in-charge of a firm, failed to perform the duties of broker-in-charge.

CHRISTOPHER S. WEBB (Rocky Mount) – The Commission revoked the broker license of Mr. Webb effective March 8, 2002. The Commission found that Mr. Webb, while in actual control of a real estate firm's trust account records and, later, after becoming the broker-in-charge of the firm, failed to accurately account for and remit to others funds the firm held for them as a broker, failed to maintain a system of ledgers, journal and monthly reconciliations, could not account for funds of others received by him and his firm in the course of their

brokerage business, and continued to deposit and disburse trust money from accounts with insufficient funds to meet liabilities. The Commission further found that Mr. Webb engaged in a series of two real estate transactions in which he acted both as agent for another and as a principal in which he falsified documents submitted to obtain loan approval, misrepresented material facts about the transactions to different parties, and failed to maintain or produce for inspection by the Commission the records required to be kept concerning these transactions.



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