

Enhance Professionalism

# License Law Amendments Benefit Consumers, Licensees

On April 1, 2006, North Carolina will take a big step toward enhancing professionalism in its real estate brokerage community and helping to assure that real estate consumers are served by better qualified practitioners. That is the implementation date for changes that rank as the most significant since enactment of the Real Estate License Law in 1957.

## Highlights of the Law Changes

- Increasing the education required to obtain a real estate license.
- Adding a substantial postlicensing education requirement that all new licensees must satisfy.
- Eliminating the "salesperson" license category as part of a "broker only" licensing system.
- Converting existing "salesperson" licenses to "broker" licenses and requiring licensees to either demonstrate substantial recent brokerage experience or take additional education.
- Requiring prospective brokers-in-charge of real estate offices to complete additional specialized education and possess substantial brokerage experience.

### NEW Interactive Forms Coming to Website

Interactive online forms are being added to the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) by April 1. The first form to be available is the Commission's Form 2.08 - Notification of Salesperson (Provisional Broker) Supervision/Notification of Broker Affiliation.

This form is used by brokers-in-charge to notify the Commission of salesperson (provisional broker) supervision and of broker affiliation.



At the website, click on Brokers-in-Charge from the choices on the left side of the home page. Then, click on the icon to open the online Notification of Salesperson Supervision(Provisional Broker)/Notification of Broker Affiliation (Form 2.08) form. Complete the form and then click on "Submit".

The Broker-in-Charge and the salesperson/provisional broker will both receive email confirmations that the form has been sent to the Commission. Once the form has been received and processed by the Commission, a Notice of Record Change will be generated and mailed to the broker-in-charge and licensee.

The paper version of the form will remain available under Licensee Forms on the forms page, and then clicking on "Notification of Salesperson/Provisional Broker supervision" or "Notification of

(See **Forms**, page 5)

Advisory committees of the Commission and the North Carolina Association of REALTORS® had reported to the Commission problems with brokers who had become brokers-in-charge of real estate offices with little or no actual real estate experience. They also expressed concern that many newly licensed salespersons did not appear to possess a thorough knowledge of some very important aspects of brokerage practice. It was further noted that real estate consumers did not differentiate between salespersons and brokers as to the level of service they expected. The Commission determined that the best solution was to adopt a "broker only" licensing system, to increase education requirements for new licensees, and to require brokers-in-charge to be better qualified. Legislation to accomplish these goals and objectives was proposed by the Commission and enthusiastically supported and promoted by the REALTORS® Association. The legisla-

tion was unanimously enacted by both houses of the General Assembly and signed into law by Governor Easley.

Since enactment of the law changes, the Commission and its staff have been working diligently to adopt the many rules and policies, develop courses, create computer programs and complete a multitude of other tasks necessary to implement this massive new program on April 1 - in addition to processing a record number of license applications and broker-in-charge declarations.

But perhaps the most challenging task which the Commission has encountered has been that of informing and educating licensees about the coming changes and how it will affect them. Articles have been published in this newsletter, information posted on the Commission's website, notices sent to real estate schools and instructors and letters sent to all salespersons and brokers-in-charge.

(See **License**, page 6)

## 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.

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Michael F. Easley, Governor

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### THOREN JOINS ARELLO

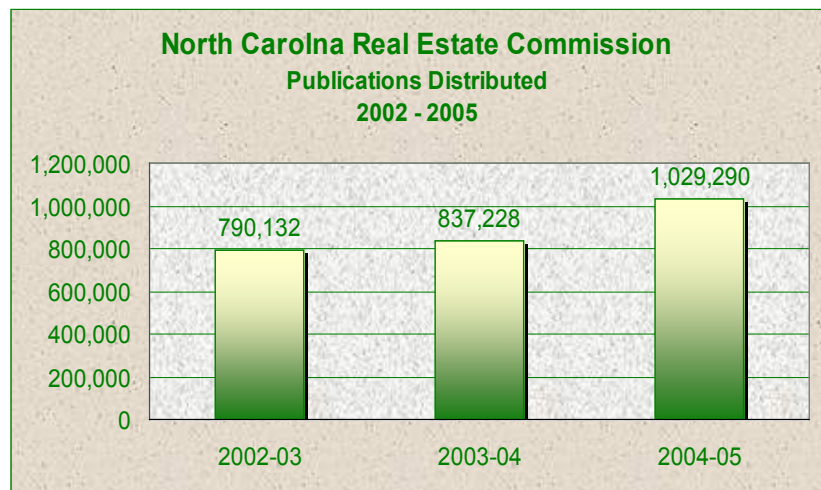
**Janet Thoren**, the Commission's Deputy Legal Counsel, has accepted a position with the Association of Real Estate License Law Officials (ARELLO) as its Director of Legal Resources. ARELLO is an international organization of real estate license law officials and administrators which supports its member jurisdictions in their administration and enforcement of license laws. The Commission recognized Ms. Thoren for her nine years dedicated service and wished her continued success in her new position.

*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).*

## Appearances

**Miriam J. Baer**, Assistant Director of Legal Services, spoke to a joint meeting of Chapel Hill real estate firms.

**Pamela V. Millward**, Auditor/Investigator, spoke to the Property Management Committee of the Fayetteville Association of REALTORS®.



### Publication Distribution Exceeds 1,000,000

*The Commission's publications for licensees and consumers encompass 19 brochures and booklets; the Real Estate Manual, a text book for use in broker licensing courses; and the Real Estate Bulletin, a thrice-yearly, 16-page, full color newsletter for licensees. Nine are available for purchase; 12 are free. Units distributed exceeded 1,000,000 in the last fiscal year. Distribution through the six months ending December 2005 is 25% greater than that for the same period a year earlier.*



March 15  
April 19  
May 17  
June 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.*

## Frequently Asked Questions About the Changes in License Law

*(More available on the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us))*

Q	How much real estate experience do I need to have the "provisional" status removed from my broker license?
A	For at least four of the last six years, you must have been engaged on a full-time (or equivalent part-time) basis in activities for which a real estate license is required.
Q	I have a real estate salesperson license and work full-time as an assistant for a very busy broker. Can I claim my experience as a "licensed assistant" as qualifying experience?
A	Yes, so long as your work included activities for which a real estate license is required.
Q	I work as a leasing agent for an apartment complex. I have a real estate salesperson license even though a license is not required for what I do. Can I claim this experience as qualifying experience?
A	No, because the work you perform does not require a real estate license.
Q	I have a real estate salesperson license and work as an office manager/bookkeeper for a real estate firm. Does this count as qualifying experience?
A	No. Working for a real estate firm as an office manager, bookkeeper, secretary or in any other ministerial capacity does not qualify because a real estate license is not required to perform the tasks and duties associated with these positions.
Q	If called upon by the Real Estate Commission to verify my experience, what documentation should I have?
A	In order of preference, written statements from your current and/or former brokers-in-charge or other firm officials giving the dates of your affiliation with the firm(s) and your activities there; and/or transaction documents from the period for which you are requesting credits; and/or a list of transactions you participated in during this period including dates, types of transactions, the parties and any other agents in the transactions, and your role in them.
Q	I have been a broker-in-charge for several years and took the <i>Broker-In-Charge Course</i> within the past five years. Do I have to retake it after April 1, 2006?
A	No, unless you have a "break in service" as broker-in-charge. However, you must take the <i>Broker-In-Charge Annual Review Course</i> each year beginning with the July 2006 – June 2007 license period.
Q	What is meant by a "break in service"?
A	If, at any time, you are NOT designated a broker-in-charge, you have experienced a "break in service". This would occur if you were replaced as broker-in-charge of a firm or office. Or if you ceased being broker-in-charge of an office and then later began serving as broker-in-charge at another firm or office (i.e., the changes were not <u>simultaneous</u> ). You would also experience a break in service if you fail to renew your license, or your license is made inactive because you did not take the annual <i>Broker-In-Charge Annual Review Course</i> or your continuing education <i>Update Course</i> . These are some examples of when a break in service will occur. If you then wish to be re-designated as a broker-in-charge, you must satisfy the new broker-in-charge education and experience requirements.

Register Online

## Trust Account Courses To Be Held Year-Round

The *Basic Trust Account Procedures* and the *Trust Account Procedures for Resort Property Managers* courses will be offered in varying locations throughout the state during the year in place of the annual *Spring Trust Account Caravan*, which is being discontinued.

For current locations and course offerings, please see the online course registration form at the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us). Both courses will continue to count as four hours of continuing education elective credit.

Brokers-in-charge are not required to take these courses, although the Commission recommends that BIC's who will not be taking the new 12-hour broker-in-charge course and their bookkeepers (licensed or unlicensed) attend them to ensure property maintenance of their trust account and related records.

## FREE PUBLICATIONS

### Questions and Answers on:

Fair Housing

Tenant Security Deposits

Condos and Townhouses

Residential Subdivisions and Planned Communities

Purchasing Coastal Real Estate in North Carolina

Renting Residential Real Estate

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)

Real Estate Licensing in North Carolina  
(Contains license application)

Residential Property Disclosure Statement  
(Please limit request to one copy; duplicate as needed.  
**Also available on the Commission's web site.)**

**Quantity  
Requested**

### How To Order:

Mail, fax or email this form to the Real Estate Commission.

#### Online:

[www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).

Select the publication icon on the home page. Complete the online form.

#### Mail to:

NC Real Estate Commission  
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P. O. Box 17100  
Raleigh, NC 27619-7100

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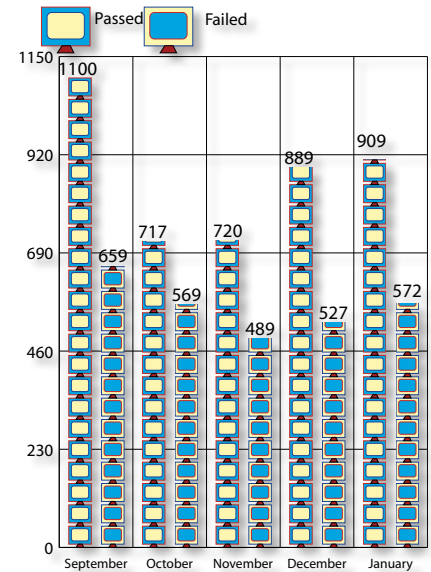
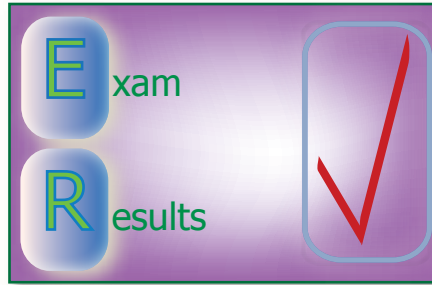
## Forms

(Continued from page 1)

Broker Affiliation" to open the file and print the document.

As noted in the page one article on changes to the license law (continued on pages 6, 7 and 8) an interactive form to certify experience to qualify for a change from "provisional broker" to "broker" will be available for your use on April 1.

More interactive forms will be added in the future.



## PURCHASE PUBLICATIONS

Publication	Quantity Requested	Totals
Residential Square Footage Guidelines (\$.65 per copy)	<input type="text"/>	\$ <input type="text"/>
Working With Real Estate Agents (\$.25 per copy)	<input type="text"/>	\$ <input type="text"/>
Questions and Answers on: Home Inspections (\$.25 per copy)	<input type="text"/>	\$ <input type="text"/>
Earnest Money Deposits (\$.25 per copy)	<input type="text"/>	\$ <input type="text"/>
Real Estate Closings (\$.25 per copy)	<input type="text"/>	\$ <input type="text"/>
Broker-in-Charge Guide (\$10 per copy)	<input type="text"/>	\$ <input type="text"/>
North Carolina Real Estate License Law and Commission Rules (\$3.00 per copy)	<input type="text"/>	\$ <input type="text"/>
Real Estate Agent Safety Guide (\$.25 per copy)	<input type="text"/>	<input type="text"/>
Amount Enclosed		\$ <input type="text"/>

### How To Order:

Mail, fax or email this form with method of payment indicated - check or credit card (MasterCard or Visa). Please do not remit cash.

#### Online:

[www.ncrec.state.nc.us](http://www.ncrec.state.nc.us)

Select the publication icon on the home page. Follow the instructions for ordering with your MasterCard or Visa credit card.

#### Mail to:

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Please allow 7 days from receipt of payment for delivery.



## License

(Continued from page 1)

To respond to the heavy volume of calls that this has generated, additional help has been recruited and trained. Nevertheless, you may still encounter delays contacting the Commission office. For this reason, the Commission requests your patience and understanding during this very busy time and asks for your cooperation by carefully reading this article, the letters to salespersons and brokers-in-charge reprinted in this *Bulletin* and other explanatory materials available to you on the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).

Following is a more detailed discussion of the new licensing requirements, the April 1 conversion of salesperson licenses to "provisional broker" licenses, and the new broker-in-charge requirements.

### NEW LICENSING REQUIREMENTS

Persons applying for real estate licenses on or after April 1, 2006 must first complete a 75-hour precursing course (currently 67 hours). Upon passing the license examination, they will be issued a "provisional broker" license (technically a broker license on "provisional" status) which is actually the same as a current salesperson license with regard to activities the provisional broker is authorized to perform. Thus, provisional brokers must continue to be supervised by a broker-in-charge and may not, of course, be broker-in-charge of their own or any other office. The license certificate will only say "Broker", but the pocket card will reflect that it is on "provisional" status.

**Persons with provisional broker licenses issued or reinstated on or after April 1 must complete three 30-hour postlicensing courses within three years after licensure (at least one course each year).** Upon completing the three postlicensing courses, the "provisional" status of the broker's license will be terminated. If a provisional broker fails to complete at least one course by the end of the first year

(or a second course by the end of the second year), his or her license will be placed on "inactive" status until the required education is completed. And if a provisional broker fails to complete all three postlicensing courses within three years, the license will be cancelled and the former licensee must satisfy the requirements for license reinstatement.

The postlicensing courses will be offered by the same schools that offer precursing courses and will include a final examination. When the Commission receives notice from the school that the provisional broker has completed the final course, it will terminate the "provisional" status of the license. [Nonresident North Carolina licensees can satisfy the postlicensing education requirement by taking courses or obtaining a broker license in another state. See the guidelines for nonresident licensees on the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).]

### CONVERSION OF SALESPERSON LICENSES TO PROVISIONAL BROKER LICENSES

Also on April 1, all salesperson licenses will be converted to "provisional broker" licenses. Persons **licensed as salespersons between October 1, 2005 and March 31, 2006** must satisfy the postlicensing education requirement described above to avoid having their "provisional" broker licenses placed on "inactive" status or eventually cancelled. Persons **licensed as salespersons before October 1, 2005** must, prior to April 1, 2008, either complete a 24-hour *Broker Transition Course* or demonstrate at least four years full-time (or equivalent) brokerage experience within the previous six years to avoid having their "provisional" broker licenses placed on "inactive" status.

#### How to Terminate "Provisional" Status by Taking the Broker Transition Course

If your salesperson license was issued before October 1, 2005 (look at the issuance date on your license certificate) and you cannot satisfy the experience option, you will need to take

the 24 classroom hour *Broker Transition Course*. This course will have no "end-of-course exam" and will count as your continuing education elective course for the license period in which you take it (or carryover credit if you have already taken your elective course for the period). The course will be offered by continuing education *Update Course* sponsors who will report your completion of the course to the Commission. So you will not need to request termination of "provisional" status upon completing this course. [Nonresident North Carolina licensees may take courses in another state to satisfy this requirement. See the guidelines for nonresident licensees on the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us).]

#### How to Terminate "Provisional" Status Based Upon Real Estate Experience

You may have the "provisional" status of your broker license terminated without taking the *Broker Transition Course* if:

1. Your salesperson license was issued before October 1, 2005; and
2. You have at least four years experience as a licensed broker and/or salesperson at the time you request termination of "provisional" status (which can include experience acquired between April 1, 2006 and April 1, 2008); and
3. Your experience was acquired within six years preceding the time you request termination of "provisional" status; and
4. You were working as a broker or salesperson on a full-time (or equivalent part-time) basis and your license was on active status when you acquired the experience. "Full-Time" means at least 40 hours per week. Only experience performing activities that require a real estate license (listing, selling, property management, etc.) is acceptable, including experience obtained in another state. Experience gained as a licensed real estate assistant is acceptable.

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## License

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able. But you cannot claim credit for work performed as a secretary, bookkeeper or manager of a real estate office, or as a leasing agent performing acts exempt from licensure - even though you were licensed as a broker or salesperson at the time.

To request the Commission to terminate the "provisional" status of your broker license:

1. Go to the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us)
2. On the website, go to "Licensee Login" and enter your license number and PIN.
3. From the "Menu", select "Provisional Broker Certification of Experience" which will contain a statement for you to certify to the Real Estate Commission that you possess the experience required to terminate the "provisional" status of your broker license.
4. Enter the information requested on the "Certification of Experience" screen, and you will be promptly sent a new license pocket card reflecting that your broker license is no longer on "provisional" status.

By submitting the above information to the Real Estate Commission, you are certifying to the Commission that you possess the experience required to terminate the "provisional" status of your broker license. You will not, at that time, be required to produce evidence of your experience, but you should be prepared if the Commission later asks you to do so. Here are some suggestions for records you may wish to have on hand should the Commission request you to verify your real estate experience. They are listed in the order preferred by the Commission.

1. Written statement(s) from your current and/or former broker(s)-in-charge or other firm officials giving the dates of your affiliation with the firm(s) and stating that during those dates, you were engaged in the business of a real estate broker and/or salesperson on a full-time basis (at

least 40 hours per week) or, if not full-time, the approximate number of hours worked per week; and/or

2. Transaction documents (copies of sales contracts, agency agreements, leases, etc.) from the period for which you are seeking credit; and/or
3. A list of transactions in which you participated during the period for which you are seeking credit giving the approximate dates of the transactions, types of properties involved, the names of the parties and any other agents in the transaction, and a description of your role in them (listing agent, rental agent, etc).

Due to the large number of persons expected to seek termination of the "provisional" status of their broker licenses based upon their real estate experience, **the Real Estate Commission staff will be unable to evaluate or comment on the adequacy of your experience.** Therefore, if you will not be able to produce for the Commission upon request documentation which reasonably demonstrates that you were engaged in the business of a licensed real estate broker and/or salesperson on a full-time (or equivalent part-time) basis for at least four out of the past six years prior to certifying your experience, you are advised to complete the 24-hour *Broker Transition Course*.

### NEW BROKER-IN-CHARGE REQUIREMENTS

Generally, all active real estate firms and sole proprietorships must have a broker-in-charge designated with the Commission for each real estate office. (There are exceptions for "sole practitioners" who have no associates, handle no trust monies, and don't advertise or otherwise promote their services as a broker in any way; and for certain Subchapter S corporations.)

#### Broker-In-Charge Qualification Requirements

If you want to become a broker-in-charge on or after April 1, 2006 you must:

1. Hold an active broker license which is not on "provisional" status; and

2. Possess two years full-time (or equivalent part-time) experience as a broker and/or salesperson in North Carolina or another state within the previous five years, or have equivalent education/experience; and
3. Complete the Commission's 12 classroom hour *Broker-In-Charge Course* within three years prior to or 120 days following your designation as broker-in-charge. You will receive continuing education elective course credit during the license period in which the course is taken. This course will be offered by the Commission at various locations each month. Brokers-in-charge may obtain the course schedule and register for the course via the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us). [Nonresident brokers-in-charge whose offices are in another state are exempt from the course requirement.]

#### How to Certify and Verify Broker-In-Charge Qualifying Experience

Beginning April 1, to designate yourself as a broker-in-charge, you should access the Commission's website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us), and complete online the "Broker-In-Charge Declaration Form". It will contain a statement for you to certify to the Real Estate Commission that you possess the experience required to qualify as a broker-in-charge. You will not be required to produce evidence of your experience at that time, but you may later be requested to do so by the Commission. For more information on what constitutes acceptable experience and how to verify it, see the previous discussion about how to terminate "provisional broker" status based on real estate experience and how to verify such experience.

#### Broker-In-Charge Continuing Education

Beginning July 1, 2006, all brokers-in-charge must complete a four classroom hour *Broker-In-Charge An-*  
(See **License**, page 8)

## License

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*nual Review Course* each full license period after being designated a broker-in-charge. When you take the review course, it will count as your continuing education elective course for the license period, but you must still complete the *Real Estate Update* continuing education course each license period. The content of the *Broker-In-Charge Annual Review Course* will change each year.

## Future Breaks in Service

If you are designated broker-in-charge before April 1, 2006 and have satisfied the current or new broker-in-charge education requirement, you may continue to serve indefinitely as broker-in-charge so long as there is no break in your service for any reason. If there is a break in service, and you subsequently want to again become a broker-in-charge, you must satisfy the education and experience requirements in effect at that time. If you terminate

yourself as broker-in-charge from one office and **simultaneously** designate yourself broker-in-charge of another office with the same or a different firm, this will not be considered a break in service.

Letters explaining the law changes were mailed to all licensees on February 1. The texts of those letters are reproduced below on pages 8 through 11. Please visit the Commission website, [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us), for more information about the changes in the Real Estate License Law and Commission rules.

## Broker-In-Charge

- According to our records, you are currently designated broker-in-charge of a real estate office. The Real Estate Commission wants to make you aware of Real Estate License Law amendments effective April 1, 2006. Beginning April 1, persons wishing to become brokers-in-charge must:
  - possess two years full-time (or equivalent part-time) experience as a broker and/or salesperson within the previous five years (or have equivalent education/experience); and
  - complete the Commission's *Broker-In-Charge Course* consisting of 12 hours of classroom instruction.
- Also, all brokers-in-charge, regardless of when they became a broker-in-charge, must complete a four classroom-hour *Broker-In-Charge Annual Review Course* each license period which will count as their continuing education elective course for the year. This course will be available beginning July 1, 2006. Course content will change each year. You also must continue to take the *Real Estate Update* continuing education course each license period.
- If you have already taken your *Broker-In-Charge Course* (four classroom hours now, 12 hours after April 1) or you take it within 120 days following your designation as broker-in-charge, **and you remain broker-in-charge without any**

**break in service, YOU WILL ONLY BE AFFECTED BY THE NEW CONTINUING EDUCATION REQUIREMENT.**

- However, if you are not designated a broker-in-charge on April 1 or if there is any period of time after April 1 when **for any reason** you are not designated a broker-in-charge, you will be required to satisfy the new education and experience requirements if you wish to again become a broker-in-charge. [**Note:** If after April 1, you terminate as broker-in-charge of one office/firm and, **AT THE SAME TIME**, designate yourself broker-in-charge of a different office/firm, this will not be considered to be a break in service.]

## RESIDENT

## Resident Salespersons with Active Licenses Issued Before October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your salesperson license will be converted to a broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be on "provisional" status. This means you must still be supervised by a broker-in-charge. Also, you will have two years to complete a *Broker Transition Course* or demonstrate a certain amount of real estate experience to avoid having your license placed on inactive status on April 1, 2008.
- The *Broker Transition Course* will be offered by continuing education course providers throughout the state after April 1. It will consist of 24 hours of classroom instruction, HAVE NO END-OF-COURSE EXAM, and will count as your continuing education elective course for the license period in which you take it (but you must still take the *Update Course* if you were licensed as a salesperson prior to July 1, 2005).
- You can skip the *Broker Transition Course* if/when you certify to us you have acquired at least four years full-time (or equivalent part-time) experience as a real estate broker and/or salesperson within the previous six years. "Full-time" means at least 40 hours per week. "Experience" includes any activity requiring a real estate license (listing, sales, property management, etc.). Experience acquired between April 1,

2006 and April 1, 2008 may count toward the four years. Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to certify your real estate experience.

- When you complete the *Broker Transition Course* (or certify you possess the required real estate experience), we will remove your license from "provisional" status. But if you have not completed the course (or certified you possess the required real estate experience) **by April 1, 2008**, your "provisional" broker license will be placed on inactive status and you must then complete 90 classroom hours of education to remove the "provisional" status and activate your license.



## RESIDENT

### Resident Salespersons with Active Licenses Issued on or After October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your salesperson license will be converted to a broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be on “provisional” status. This means you must still be supervised by a broker-in-charge. Also, to avoid cancellation of your license, you must complete three postlicensing real estate courses (at least one per year) **by April 1, 2009**.
- The three Commission-approved postlicensing courses will be offered by schools after April 1 and each will consist of at least 30 hours of classroom instruction (including a course exam). You may take them in any order, but you must complete your first course by April 1, 2007, your second course by April 1, 2008, and your third by April 1, 2009. If you prefer, you may take all three courses during the first year after April 1, 2006.
- When you complete the three postlicensing courses, we will remove your license from “provisional” status. If you fail to complete the required course(s) by the April 1 deadlines in 2007 or 2008, your (provisional) broker license will be placed on inactive status until you have completed the missed course(s). And if you have not completed all three postlicensing courses **by April 1, 2009**, your license will be **cancelled** and you must reapply if you wish to have it reinstated. Depending on how long your license remains “cancelled”, you may have to complete even more education and/or retake the license examination to reinstate your license.

### Resident Salespersons with Inactive Licenses Issued Before October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your inactive salesperson license will be converted to an inactive broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be on “provisional” status. This means that if you activate your provisional broker license, you must still be supervised by a broker-in-charge. You must complete a *Broker Transition Course* or demonstrate a certain amount of real estate experience by April 1, 2008 to terminate the “provisional” status and retain the right to activate your license by merely satisfying the continuing education requirement for the current and preceding license period.
- The *Broker Transition Course* will be offered by continuing education course providers throughout the state after April 1. It will consist of 24 hours of classroom instruction and HAVE NO END-OF-COURSE EXAM. You will receive continuing education elective course credit for the license period, but you may still need to complete additional continuing education to activate your license.
- You can skip the *Broker Transition Course* if/when you certify to us you have acquired at least four years full-time (or equivalent part-time) experience as a real estate broker and/or salesperson within the previous six years. “Full-time” means at least 40 hours per week. “Experience” includes any activity requiring a real estate license (listing, sales, property management, etc.). Experience acquired between April, 2006 and April 1, 2008 may count toward the four years. Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to certify your real estate experience.
- When you complete the *Broker Transition Course* (or certify you possess the required real estate experience), we will remove your license from “provisional” status. But if you have not completed the course (or certified you possess the required real estate experience) **by April 1, 2008**, you must complete 90 classroom hours of education to remove the “provisional” status and activate your license. Because your license was issued before October 1, 2005, you can keep it on inactive status indefinitely so long as you renew it each year.

### Resident Salespersons with Inactive Licenses Issued on or After October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your inactive salesperson license will be converted to an inactive broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be on “provisional” status. This means that if you activate your license, you must still be supervised by a broker-in-charge. Also, to avoid cancellation of your license, you must complete three postlicensing real estate courses (at least one per year) **by April 1, 2009**.
- The three Commission-approved postlicensing courses will be offered by schools after April 1 and each will consist of at least 30 hours of classroom instruction (including a course exam). You may take them in any order. If you wish to activate your license after April 1, 2007, you must have completed at least one course, and after April 1, 2008, at least two courses (in addition to your required continuing education). When you complete all three postlicensing courses, we will remove your license from “provisional” status.
- If you have not completed the three postlicensing courses **by April 1, 2009**, your license will be **cancelled** and you must reapply if you wish to have it reinstated. Depending on how long your license remains “cancelled”, you may have to complete even more education and/or retake the license examination to reinstate your license.

Letters to nonresident licensees follow on pages 10 and 11.

## NONRESIDENT

### Nonresident Salespersons with Active Licenses Issued Before October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your salesperson license will be converted to a broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be issued on “provisional” status. This means you must still be supervised by a broker-in-charge. Also, you will have two years to complete a *Broker Transition Course* or demonstrate a certain amount of real estate experience to avoid having your license placed on inactive status on April 1, 2008.
- The *Broker Transition Course* will be offered by continuing education course providers throughout North Carolina after April 1. It will consist of 24 hours of classroom instruction, HAVE NO END-OF-COURSE EXAM, and count as your continuing education elective course for the license year in which you take it. **The course will NOT be available by distance education (i.e. online, by correspondence, etc.). Recognizing it may be difficult for non-residents to take the *Broker Transition Course* in North Carolina, you have this option -- you may instead take courses approved by the licensing agency in another state (postlicensing, broker prelicensing, or continuing education) which together total at least 24 classroom hours. You may obtain credit for postlicensing and broker prelicensing courses completed within three years prior to your seeking credit for them. Continuing education courses must have been completed between April 1, 2006 and March 31, 2008 and must be in addition to any course(s) required to satisfy your state's continuing education requirement. Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to report your education taken in another state.**
- You can skip the *Broker Transition Course* if/when you certify to us you have acquired at least four years full-time (or equivalent part-time) experience as a real estate broker and/or salesperson within the previous six years. “Full-time” means at least 40 hours per week. “Experience” includes any activity requiring a real estate license (listing, sales, property management, etc.). Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to certify your real estate experience.
- We will remove your license from “provisional” status when you either ☐ complete the *Broker Transition Course*, or ☐ complete equivalent course(s) in another state, or ☐ certify you possess the required real estate experience, or ☐ **certify you have obtained a broker license in another state.** But if you have not done so **by April 1, 2008**, your “provisional” broker license will be placed on inactive status and you must then complete 90 classroom hours of education to remove the “provisional” status and activate your license.

### Nonresident Salespersons with Active Licenses Issued on or After October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your salesperson license will be converted to a broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be issued on “provisional” status. This means you must still be supervised by a broker-in-charge. Also, to avoid cancellation of your license, you must complete three postlicensing real estate courses (at least one per year) **by April 1, 2009.**
- The three Commission-approved postlicensing courses will be offered by schools throughout North Carolina after April 1, and each will consist of at least 30 hours of classroom instruction (including a course exam). You may take them in any order, but you must complete your first course by April 1, 2007, your second course by April 1, 2008, and your third by April 1, 2009. **The courses will NOT be available by distance education (i.e. online, by correspondence, etc.). Recognizing it may be difficult for nonresidents to take the broker postlicensing courses in North Carolina, you have this option -- you may instead take education (postlicensing, broker prelicensing or continuing education) approved by the licensing agency in another state. You may obtain credit for postlicensing and broker prelicensing courses completed within three years prior to your seeking credit for them. Continuing education courses must have been completed during the same one-year period in which you are seeking credit and must be in addition to any courses required to satisfy your state's continuing education requirement. Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to report your education taken in another state.**
- We will remove your license from “provisional” status when you either ☐ complete our three postlicensing courses, or ☐ complete equivalent courses in another state, or ☐ certify you possess the required real estate experience, or ☐ **certify you have obtained a broker license in another state.** But if you fail to complete the required education by the April 1 deadlines in 2007 or 2008, your provisional broker license will be placed on inactive status until you have completed the missed education. And if you have not completed the three postlicensing courses or equivalent education **by April 1, 2009**, your license will be **cancelled** and you must reapply if you wish to have it reinstated (which may require taking our license examination and/or meeting other requirements, depending on your particular circumstances).

## NONRESIDENT

### Nonresident Salespersons with Inactive Licenses Issued Before October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your inactive salesperson license will be converted to an inactive broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be on “provisional” status. This means that if you activate your provisional broker license, you must still be supervised by a broker-in-charge. Also, you will have two years to complete a *Broker Transition Course* or demonstrate a certain amount of real estate experience by April 1, 2008 to terminate the “provisional” status and retain the right to activate your license by merely taking four continuing education courses.
- The *Broker Transition Course* will be offered throughout North Carolina after April 1. It will consist of 24 hours of classroom instruction, HAVE NO END-OF-COURSE EXAM, and count as your continuing education elective course for the license year in which you take it. **The course will NOT be available by distance education (i.e. online, by correspondence, etc.). Recognizing it may be difficult for nonresidents to take the *Broker Transition Course* in North Carolina, you have this option -- you may instead take courses approved by the licensing agency in another state (postlicensing, broker prelicensing, or continuing education) which together total at least 24 classroom hours. You may obtain credit for postlicensing and broker prelicensing courses completed within three years prior to your seeking credit for them. Continuing education courses must have been completed between April 1, 2006 and March 31, 2008 and must be in addition to any course(s) required to satisfy your state’s continuing education requirement. Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to report your education taken in another state.**
- You can skip the *Broker Transition Course* if/when you certify to us you have acquired at least four years full-time (or equivalent part-time) experience as a real estate broker and/or salesperson within the previous six years. “Full-time” means at least 40 hours per week. “Experience” includes any activity requiring a real estate license (listing, sales, property management, etc.). Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to certify your real estate experience.
- We will remove your license from “provisional” status when you either complete the *Broker Transition Course*, or complete equivalent courses in another state, or certify you possess the required real estate experience, or **certify you have obtained a broker license in another state.** But if you have not done so by April 1, 2008, you must then complete 90 classroom hours of education to remove the “provisional” status and activate your license. Because your license was issued before October 1, 2005, you can keep it on inactive status indefinitely so long as you renew it each year.

### Nonresident Salespersons with Inactive Licenses Issued on or After October 1, 2005

- The Real Estate License Law was recently amended to help improve professional standards within the real estate industry. Under the revised law, your inactive salesperson license will be converted to an inactive broker license on April 1. However, you should be aware that salesperson licenses converted to broker licenses will be issued on “provisional” status. This means that if you activate your provisional broker license, you must still be supervised by a broker-in-charge. Also, to avoid cancellation of your license, you must complete three postlicensing real estate courses (at least one per year) by April 1, 2009.
- The three Commission-approved postlicensing courses will be offered by schools throughout North Carolina after April 1 and each will consist of at least 30 hours of classroom instruction (including a course exam). You may take them in any order. The courses will NOT be available by distance education (i.e. online, by correspondence, etc.). If you wish to activate your license after April 1, 2007, you must have completed at least one course, and after April 1, 2008, at least two courses (in addition to your required continuing education). If you have not completed the three postlicensing courses by April 1, 2009, your license will be cancelled and you must reapply if you wish to have it reinstated (which may require taking our license examination and/or meeting other requirements, depending on your particular circumstances).
- **Recognizing it may be difficult for nonresidents to take the broker postlicensing courses in North Carolina, you have this option -- you may instead each year take at least 30 classroom hours of education (postlicensing, broker prelicensing or continuing education) approved by the licensing agency in your resident state. To receive credit, salesperson postlicensing and broker prelicensing courses must have been completed within three years prior to your seeking credit for them. Continuing education courses must have been completed during the same one-year period in which you are seeking credit and must be in addition to any courses required to satisfy your state’s continuing education requirement. Beginning in April, you may access our website at [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us) for instructions on how to report your education taken in another state.**
- We will remove your license from “provisional” status when you either ☐ complete our three postlicensing courses, or ☐ complete equivalent courses in another state, or ☐ **certify you have obtained a broker license in another state.**



## Be Wary of Fictitious Vendors

*By Emmet R. Wood*

*Director, Audits and Investigations*

Does your real estate company manage a number of rental units or property owner associations? If so, do you maintain a list of vendors approved to provide products and services to them?

Special problems are posed when a real estate company pays various vendors to perform repairs on rental properties or to maintain the common elements of property owner associations. Consider, for example, the following scenario:

A real estate company that manages a number of property owner associations employs a bookkeeper who is authorized to write checks to pay the various vendors. Unknown to the company the bookkeeper obtains a post office box in the name of a fictitious maintenance company and then proceeds to embezzle money from the property owner associations by paying the fictitious company for work that was never performed.

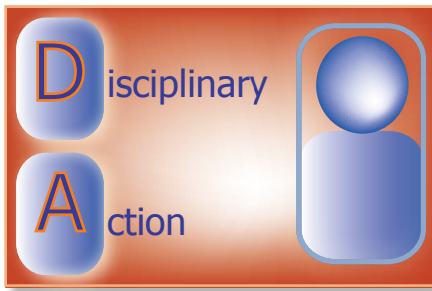
In this real-life example of a case that came before the Real Estate Commission, the embezzlement may have continued to go undetected had the bookkeeper's supervisor not noticed that checks written on the bank account of the property owners association were in whole dollar amounts (\$500, \$400, etc.) and that the vendor's address was a post office box.

Some basic internal controls could likely have prevented the embezzlement. The first internal control might have been for the company to maintain a vendor list with the vendors being approved by someone other than the person authorizing repairs. Another internal control would be for the supervisor of the bookkeeper or accounting clerk to monitor the vendor list for additions and deletions.

And always be alert to general warning signs that someone may be embezzling from your company. Is an employee living beyond his or her means? Do you have an employee whose personal problems suddenly disappear? Do you have a vendor with the same address or telephone number as an employee? Do you have a vendor whose address is a post office box only or does not have a telephone number? Are there missing invoices or other documentation?

Be on the look out for anything that appears suspicious or that simply doesn't make sense.





*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.*

**JAMES T. ANDERSON** (Fayetteville) – The Commission revoked the broker license of Mr. Anderson effective November 10, 2005. The Commission found that Mr. Anderson solicited the seller of a property to falsely induce a lender to make a loan secured by a first mortgage on the property by creating a false impression of equity or value in the secured property. The Commission also found that Mr. Anderson failed to deposit and maintain on deposit in a designated trust or escrow account, account for, or remit tenant security deposits collected on apartments for the owner. The Commission further found that Mr. Anderson unlawfully converted to his own use security deposits collected for the owner from apartment tenants.

**BRENDA F. ARNOLD** (Sunset Beach) – By Consent, the Commission suspended the broker license of Ms. Arnold for a period of one year effective July 1, 2005. The Commission found that Ms. Arnold, a licensed residential appraiser, was disciplined by the North Carolina Appraisal Board in 2003 as the result of a 2002 appraisal and waited more than 60 days to report this sanction to the Commission. The Commission also found in a separate transaction that Ms. Arnold, acting as a broker in a dual agency relationship, failed to complete the required agency agreements and deliver the *Working With Real Estate Agents* brochure to either buyer or seller.

**DONAVON D. BARNES** (Charlotte) – By Consent, the Commission suspended the salesperson license of Mr. Barnes for a period of 60 days effective December 15, 2005. The Commission then stayed the suspension for a probationary period of 60 days. The Commission found that Mr. Barnes

failed to report three convictions for Driving While License Revoked on his 1994 salesperson license application and, after licensing as a salesperson,

### 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.

failed to report other convictions.

**RICHARD W. BEALS** (Wilmington) – By Consent, the Commission reprimanded Mr. Beals effective January 10, 2006. The Commission found that Mr. Beals, a licensed real estate broker acting as a buyer agent, knew that his principals desired to purchase a single family residence for occupancy by four unrelated college students. This violated the county zoning ordinance limiting occupancy to no more than three unrelated persons. Mr. Beals negligently failed to inform his principals that their proposed use was not permitted under the ordinance.

**SANDRA A. BEALS** - By Consent, the Commission reprimanded Ms. Beals effective January 10, 2006. The

Commission found that Ms. Beals, a licensed real estate broker acting as a buyer agent, knew that her principals desired to purchase a single family residence for occupancy by four unrelated college students. This violated the county zoning ordinance limiting occupancy to no more than three unrelated persons. Ms. Beals negligently failed to inform her principals that their proposed use was not permitted under the ordinance.

**CHRIS T. BELIN** (Charlotte) – By Consent, the Commission suspended the broker license of Mr. Belin for a period of one year effective February 1, 2006. One month of the suspension was active with the remainder stayed for a probationary period of 11 months. The Commission found that Mr. Belin became aware that his buyer clients intended to break into a property to place furniture and other items in the residence prior to closing and failed to stop them or to immediately inform the listing agent or his broker-in-charge of the buyers’ actions. The Commission also found that the buyers caused certain damage to the property and never closed the transaction.

**RHONDA J. BENFIELD** (Mountain City, TN) – By Consent, the Commission suspended the salesperson license of Ms. Benfield for a period of one year effective January 1, 2006. Three months of the suspension were active with the remainder stayed for a probationary period of one year. The Commission found that Ms. Benfield, whose license has been on inactive status since November 2004, was convicted in July 2004 of communicating threats and injury to real property in connection with an incident that occurred in a local attorney’s office. The Commission (See **Disciplinary Action**, page 14)

## Disciplinary Action

(Continued from page 13)

sion also found that Ms. Benfield was ordered to serve 45 days in jail, but the sentence was suspended and she was instead placed on unsupervised probation for 18 months, ordered to pay fines and costs, and ordered not to be on the second floor of the office building in which the incident occurred.

**CAPPS & ASSOCIATES, INC.** (Raleigh) – By Consent, the Commission accepted the voluntary surrender of the firm license of Capps & Associates for a period of two years effective October 13, 2005. The Commission dismissed without prejudice allegations that Capps & Associates had violated provisions of the Real Estate License Law and Commission rules. Capps & Associates neither admitted nor denied misconduct.

**CYNTHIA H. CAPPS** (Raleigh) – By Consent, the Commission accepted the voluntary surrender of the broker license of Ms. Capps for a period of two years effective October 13, 2005. The Commission dismissed without prejudice allegations that Ms. Capps had violated provisions of the Real Estate License Law and Commission rules. Ms. Capps neither admitted nor denied misconduct.

**REBA M. CARDWELL** (Lenoir) – The Commission revoked the broker license of Ms. Cardwell effective January 1, 2006. The Commission found that Ms. Cardwell failed to provide records at the request of the Commission; failed to deposit monies received from a property owner into a designated trust account, instead unlawfully depositing the money into her operating account; and failed to produce records or to account for the funds of others held by her.

**JAMES J. CASTILLO** (Fayetteville) – By Consent, the Commission suspended the salesperson license of Mr. Castillo for one year effective October 1, 2006. The Commission found that Mr. Castillo, acting as both a listing and buyer agent in a transaction, arranged for \$50,000 in private financ-

ing for the buyers, and told the lender it would be a recorded second mortgage, but failed to facilitate or insure the recording of the Deed of Trust. The buyers later declared bankruptcy and the loan was unsecured.

**JEFFREY E. CHILDS** (Charlotte) – By Consent, the Commission reprimanded Mr. Childs effective April 1, 2006. The Commission found that

### 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.

Mr. Childs, between 1997 and 2002, was broker-in-charge of a real estate brokerage firm where a broker associate maintained a separate trust account and that the associate did not deposit monies into the firm's trust account. The Commission also found that Mr. Childs was unable to provide complete records of the associate's trust account. The Commission noted that the account was closed in 2002 and no consumers were harmed as a result.

**TERESA A. CLONTZ** (Carolina Beach) – By Consent, the Commission ordered the revocation of the broker license of Ms. Clontz with issuance of a sales license with conditions, effective December 1, 2005. The Commission found that Ms. Clontz, while engaged to administer a vacation rental business, failed to maintain trust account records in the manner required by Commission rule. The Commis-

sion also found that Ms. Clontz, after leaving that employment and opening a new firm where she was broker-in-charge, failed to maintain the vacation rental trust account and records in the manner required by Commission rule.

**DAVID W. COMBS** (Rocky Mount) – By Consent, the Commission reprimanded Mr. Combs effective July 1, 2005. The Commission found that Mr. Combs, as broker-in-charge of a real estate firm, failed to maintain records sufficient to identify the ownership of all funds belong to others in a manner such as to create a clear audit trail, resulting in a shortage. The Commission noted that Mr. Combs replaced the funds, balanced the account and corrected record-keeping deficiencies.

**LAURIE E. DINUNZIO** (Manteo) – By Consent, the Commission reprimanded Ms. Dinunzio effective October 13, 2005. The Commission found that Ms. Dinunzio, broker-in-charge of a licensed real estate firm, failed to maintain the trust account records for funds received at the office in the manner required by Commission rules. The Commission also found that Ms. Dinunzio allowed the firm to use rental management and lease agreements that did not comply with the Vacation Rental Act. The Commission noted that Ms. Dinunzio cooperated in correcting these problems.

**CARLTON ANDRÉ DOCKERY** (Charlotte) – By Consent, the Commission suspended the salesperson license of Mr. Dockery for one year effective November 2, 2005. The Commission then stayed the suspension for a probationary period of one year. The Commission found that Mr. Dockery failed to disclose on his 1998 salesperson application a conviction for driving without insurance and two civil judgments.

**SOLOMON R. ELLIS, JR.** (Research Triangle Park) – By Consent, the Commission suspended the broker license of Mr. Ellis for a period of one year effective June 1, 2005. The Commission then stayed the suspension for a probationary period of two years. The

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

## Disciplinary Action

(Continued from page 14)

Commission found that Mr. Ellis, as principal broker and broker-in-charge of a real estate brokerage firm, failed to maintain his trust account records in compliance with Commission rules. The Commission noted that Mr. Ellis engaged the services of a certified public accountant to assist in bringing his records into compliance.

**MARGARET ROSE H. ENGLISH** (Gold Hill) – The Commission accepted the permanent voluntary surrender of the salesperson license of Ms. English effective November 1, 2005. The Commission dismissed without prejudice allegations that Ms. English had violated provisions of the Real Estate License Law and Commission rules. Ms. English neither admitted nor denied misconduct.

**STEVEN D. EVANGELIST** (Charlotte) – By Consent, the Commission suspended the broker license of Mr. Evangelist for a period of two years effective September 1, 2005. The Commission then stayed the suspension for a probationary period of two years. The Commission found that Mr. Evangelist, a real estate broker and licensed appraiser, failed to disclose to the Commission in a timely manner a disciplinary action by the North Carolina Appraisal Board over allegations that he had used inappropriate comparable sales in appraisals. The Commission noted that Mr. Evangelist cooperated with the investigation in this matter.

**WALTER R. FERGUSON, JR.** (Sanford) – By Consent, the Commission revoked the broker license of Mr. Ferguson effective November 1, 2005. The Commission found that Mr. Ferguson leased property and accepted rent payments as property manager without the written authority of the legal owner and failed to maintain books and records in conformity with Commission rule. The Commission also found that Mr. Ferguson failed to disclose to the Commission as required by Commission rule a conviction for two counts

of misdemeanor embezzlement and the loss of his insurance license from the North Carolina Department of Insurance.

**GREGORY P. FULFORD** (Jacksonville) – By Consent, the Commission suspended the broker license of Mr. Fulford for a period of two years effective January 1, 2006 or until such time as Mr. Fulford has satisfied his debt to the Internal Revenue Service, whichever is sooner. The Commission found that in August, 2001, the Internal Revenue Service obtained a tax lien against Mr. Fulford in the amount of approximately \$47,766.46 and arising from the failure of Mr. Fulford's business and subsequent inability to pay federal income taxes when due.

**JUDY DELORES GARRETT** (Winston-Salem) – By Consent, the Commission reprimanded Ms. Garrett effective November 2, 2005. The Commission found that Ms. Garrett failed to disclose a 1991 DWI conviction on her 2000 salesperson license application.

**WALTER L. GORDY, JR.** (Charlotte) – By Consent, the Commission suspended the broker license of Mr. Gordy for a period of one year effective July 1, 2005. The Commission found that Mr. Gordy closed several transactions referred to him by a firm that Mr. Gordy knew was not licensed and assisted the firm in collecting a fee for brokerage services during the time the firm was unlicensed and the principal of the firm did not hold an active real estate license.

**DENNIS L. GREENE** (Boone) – By Consent, the Commission revoked the broker license of Mr. Greene effective October 20, 2005. The Commission found that Mr. Greene, who conducted a property management business, closed his business in August 2004, and was unable to provide most of the trust account records requested by the Commission; bank statements indicated numerous overdraft charges and negative balances between May and July 2004 in his trust account. The Commission noted that Mr. Greene did reimburse an owner's rent proceeds

and security and pet deposits after she complained.

**BEVERLY A. HATHCOCK** (Charlotte) – By Consent, the Commission reprimanded Ms. Hathcock effective April 1, 2006. The Commission found that Ms. Hathcock, as a licensed broker with a real estate brokerage firm between 1997 and 2002, maintained her own separate trust account although she was not the broker-in-charge and did not deposit trust monies into the firm's trust account. The Commission also found that Ms. Hathcock was unable to produce many records for her trust account. The Commission noted that Ms. Hathcock began using the firm's trust account in 2002 and that no consumers were harmed as a result of her conduct.

**TERRY W. LISK** (Supply) – By Consent, the Commission revoked the salesperson license of Mr. Lisk effective December 12, 2005. The Commission found that Mr. Lisk was convicted of two felony counts of Indecent Liberties with a Minor, sentenced to two consecutive sentences of 16-20 months in custody, suspended for 48 months of supervised probation on various conditions.

**ZAN P. LOVE** (Charlotte) – By Consent, the Commission suspended the salesperson license of Mr. Love for a period of one year effective December 15, 2005. The Commission then stayed the suspension for a probationary period of one year. The Commission found that, while acting as a seller subagent, Mr. Love failed to disclose to the buyers or buyers' agent complete information concerning the use of a substantial portion of their lot for storm water drainage. The Commission noted that Mr. Love cooperated with the Commission's investigation and entered into a civil settlement with the buyers. Mr. Love did not admit or deny, but did not contest the Commission findings.

**KAREN L. MAREADY** (Charlotte) – By Consent, the Commission reprimanded Ms. Maready effective November 1, 2005. The Commission  
(See **Disciplinary Action**, page 16)

## Disciplinary Action

(Continued from page 15)

found that Ms. Maready failed to meet Real Estate License Law and Commission requirements in the operation of an Internet website that advertised homes for lease with an option to purchase. The Commission noted that no consumers were harmed as a result.

**JAMES A. MOTLEY** (Raleigh) – By Consent, the Commission revoked the broker license of Mr. Motley effective January 1, 2006. The Commission found that Mr. Motley, as broker-in-charge and sole proprietor of a real estate brokerage office, could not account for the funds of others held by him as a real estate broker.

**RTA ASSOCIATES, INC.** (Research Triangle Park) – By Consent, the Commission suspended the firm license of RTA Associates for a period of one year effective June 1, 2005. The Commission then stayed the suspension for a probationary period of two years. The Commission found that RTA Associates, a real estate broker firm, failed to maintain its trust account records in compliance with Commission rules. The Commission noted that the firm engaged the services of a certified public accountant to assist in bringing its records into compliance.

**MARSHALL STEWART, III** (Raleigh) – The Commission accepted the voluntary surrender of the broker license of Mr. Stewart for a period of one year effective December 12, 2005. The Commission dismissed without prejudice allegations that Mr. Stewart had violated provisions of the Real Estate License Law and Commission rules. Mr. Stewart neither admitted nor denied misconduct.

**THE COMBS COMPANY, INC.** (Rocky Mount) – By Consent, the Commission reprimanded The Combs Company. The Commission found that The Combs Company failed to maintain records sufficient to identify the ownership of all funds belong to others in a manner such as to create a clear audit trail, resulting in a shortage. The Commission noted that the

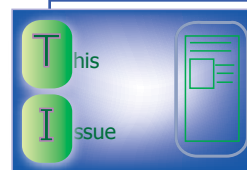
broker-in-charge of The Combs Company replaced the funds, balanced the account and corrected record-keeping deficiencies.

**WANDA S. WHEELER** (Carboro) – By Consent, the Commission revoked the broker license of Ms. Wheeler effective December 1, 2005. The Commission found that Ms. Wheeler, as broker-in-charge of a real estate brokerage firm, failed to make trust account books and records available for inspection upon Commission request.

**WHEELER PROPERTIES** (Chapel Hill) – By Consent, the Commission revoked the firm license of Wheeler Properties effective December 1, 2005. The Commission found that Wheeler Properties failed to make trust account books and records of property owner clients available for inspection upon Commission request.

**H. HARPER WHITLEY, JR.** (Smithfield) – By Consent, the Commission reprimanded Mr. Whitley effective October 13, 2005. The Commission found that Mr. Whitley, as broker-in-charge, failed to have the monthly reconciliations of trust accounts under

his control performed as required by Commission rule and, as a result, the ownership of \$16,000 in his trust accounts could not be determined. The Commission noted that this money has been paid to the Escheat Fund.



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