



NORTH CAROLINA  
REAL ESTATE LICENSING BOARD

# Real Estate Bulletin

VOLUME 3

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NUMBER 2

## The Realtor's Code of Ethics

### PREAMBLE

Under all is the land. Upon its wise utilization and wide-spread ownership depend the advancement of national well-being and the perpetuation of the free institutions that go to make the American way of life.

Through the Realtor, the land resource of the nation has been husbanded and developed; and through him ownership has attained its widest distribution – a distinguishing mark that differentiates this from other civilizations and provides the real safeguard against radical impenetrations.

The Realtor is a creator of homes, both urban and rural, and by his activities molds the form of his future city, not only in the living of its people, but in its commercial and industrial aspects.

Such functions impose obligations beyond those of ordinary business; they impose grave social responsibilities which the Realtor can meet only by diligent preparation and by dedicating himself as a patriotic duty, to their fulfillment.

Therefore must the Realtor be zealous to maintain and continually improve the professional standards of his calling. He shares with his fellow-Realtors a common responsibility for the integrity and honor of that calling. No safer guide for his conduct exists than that counsel, handed down through the centuries, and embodied in the Golden Rule:

**"Whatsoever ye would that men should do unto you, even so do ye also unto them."**

Accepting this counsel as his gauge, every Realtor pledges himself to observe its spirit in all his dealings and to conduct his business in accordance with the following Code of Ethics, adopted by the National Association of Real Estate Boards:

(Continued in next issue)

## REAL ESTATE BULLETIN

Published quarterly as a service to real estate licensees to promote a better understanding of the Real Estate Licensing Law, Rules and Regulations, and proficiency in ethical real estate practice.

### NORTH CAROLINA REAL ESTATE LICENSING BOARD

813 BB&T Bldg.

Raleigh, North Carolina 27602

Robert W. Scott, Governor

#### BOARD MEMBERS

Henry C. Doby, Jr.,

Chm. .... Albemarle

Brantley Poole, V. Chm. .... Raleigh

A. P. Carlton ..... Greensboro

J. Bart Hall ..... Belmont

John W. Olive ..... Mt. Airy

J. F. Schweidler ..... Sec'y.-Treas.

Blanton Little ..... Admin. Asst.

#### — CHAIRMAN'S COMMENTS —

As my term as Chairman of the North Carolina Real Estate Licensing Board is completed, I wish to express my thanks to the Board for the opportunity to serve in this capacity during the past year. The help received from Board members and licensees throughout the State has made the year both memorable and productive.

Although we have made progress in almost every phase of the profession, it is obvious that we still need to be cognizant of the fact that many licensees are failing to operate under the Rules and Regulations of the Licensing Board. A much smaller group of licensees are also failing to operate within the framework of the Licensing Law insofar as ethics is concerned.

It is my hope that each of us will constantly review both the Licensing Law and the Rules and Regulations of the Board in order that we may see the real estate industry in North Carolina become a profession in the strictest sense of the word.

I congratulate Henry Doby on his election as Chairman of the Board for the coming year. I know that each of you will do your part to make 1972-73 the best year ever for real estate in North Carolina.

*Brantley Poole*

### DOBY ELECTED BOARD CHAIRMAN

Henry C. Doby, Albemarle, was elected to serve as Chairman of the Licensing Board for the year beginning August 1, 1972.

Brantley Poole, Raleigh, immediate past Chairman, was elected to serve as Vice Chairman.

#### CODE OF ETHICS

The cover of this and succeeding issues of the Bulletin will carry the Realtor's Code of Ethics. This code was adopted in 1913 by the National Association of Real Estate Boards. It is without doubt, one of the finest standards of conduct developed by any professional organization.

Although the term "Realtor" is copyrighted and may lawfully be used only by members of the National Association of Real Estate Boards, there is no reason why the many brokers and salesmen who are not Realtors may not subscribe to the Code as their personal guide to integrity and fair-dealing in real estate practice. All licensees, both Realtors and non-Realtors, are urged to follow the spirit and letter of the Code.

### LICENSE STATISTICS

Licensees as of June 30, 1972

Brokers	10,698
Salesmen	3,150
Total	13,848

Licenses Renewed July 1, 1972

Brokers	10,068
Salesmen	2,502
Total	12,570

Examination — April 1972

	Passed	Failed
Brokers	389	208
Salesmen	113	99

Examination — May 1972

	Passed	Failed
Brokers	183	76
Salesmen	104	52

Examination — June 1972

	Passed	Failed
Brokers	271	192
Salesmen	129	110

### LICENSES SUSPENDED-REVOKED

EARL F. COE — Boone, Broker —  
One year suspension, suspended  
on conditions (appealed to Superior Court).

### INDUSTRIAL DEVELOPMENT SEMINAR

WHERE Downtowner Motor Inn  
Fayetteville, N. C.

WHEN: Thursday & Friday  
September 14 & 15, 1972

FEE: \$30 per person includes all sessions, coffeebreaks,  
social hour, two luncheons

#### — CO-SPONSORS —

N. C. Association of Realtors, Inc.  
Division of Commerce & Industry,  
N. C. Dept. of Natural & Economic Resources

### ADVERTISING RULE ADOPTED

The Licensing Board adopted a new rule, to become effective August 1, 1972, to regulate real estate advertising by brokers and salesmen. Licensees are urged to review their advertising to avoid any violation which may result in license suspension or revocation. The rule is as follows:

#### RULE NO. 15

A broker shall not advertise the sale, purchase, exchange, rent or lease of real estate, for another or others, in a manner indicating the offer to sell, purchase, exchange or lease is being made by a principal. Every such advertisement shall clearly indicate that it is the advertisement of a broker or brokerage firm and shall not be confined to publication of only a post office box number, telephone number, or street address.

A salesman shall not advertise the sale, purchase, exchange, rent or lease of real estate, for another or others, without his broker's consent and without including in the advertisement the name of the broker or firm with whom he is associated.

A broker shall not display a "For Sale" or "For Rent" sign on any real estate without the consent of the owner or his authorized agent.



# Attorney General's Opinion

## QUESTIONS:

1. Does a corporation require a license which is separate and distinct from the individual licenses required of the persons who operate the corporation?
2. If so, is the corporation required to pay an application fee and an annual renewal fee?
3. What type of license (broker or salesman) is required for the officers who are active in real estate for the corporation? For example: Is it sufficient for one officer or the principal executive officer or manager to be licensed as a broker and the other officers as salesmen under his supervision or should all the active officers be licensed as brokers?
4. As a further licensing requirement, must the charter of the corporation authorize it to engage in the real estate business and, in the case of a foreign corporation must it become domesticated?

## OPINION:

Pursuant to your letter of recent date and several conversations subsequent thereto, you have raised several questions concerning the necessary procedure which a corporation must follow in order to become licensed under the North Carolina Real Estate Licensing provisions.

In this regard, it is apparent from G. S. 93A-1 and G. S. 93A-2 that the General Assembly contemplated the specific licensing of corporations for purposes of dealing in real estate. G. S. 93A-1 makes it unlawful for a corporation in North Carolina to act either as a real estate broker or salesman or to engage in real estate business without first obtaining a license issued by the North Carolina Real Estate Board. In addition, G. S. 93A-2(a) defines a real estate broker in part as "any person, partnership, association, or **corporation** . . ." [Emphasis added]

It is apparent, therefore, that if a corporation desires to engage in the business of real estate transactions in North Carolina, it must first obtain a license from the North Carolina Real Estate Licensing Board. Such a license would have to be sep-

arate, and distinct from any individual license which is required of the persons who operate the corporation. In addition, it is apparent that the corporation, since it would have to obtain a separate and distinct license, would be required to pay an application fee and an annual renewal fee.

Further, Rule 7 of the Rules and Regulations adopted by the North Carolina Real Estate Licensing Board pursuant to G. S. 93A-3(c) provides in pertinent part as follows:

"Any corporation desiring to obtain a license as a real estate broker shall make written application to the Board upon forms prescribed which shall be supplied in accordance with Rule 2 hereof. And upon a showing that at least one executive officer of said corporation holds current broker's license in good standing, the corporation will be licensed provided it appears that the applicant corporation employs and is directed by personnel possessed of the requisite truth, honesty and integrity."

Under the above guideline, it is clear that at least one executive officer of the corporation must hold a North Carolina broker's license at the time application by the corporation is made to the Licensing Board. While it is not necessary for the oth-

er officers to have a broker's license in order for the corporation to obtain one, any officer or member of the corporation who actively engages in real estate business in North Carolina must, of course, have the appropriate license to do so.

Finally, you have raised the question as to whether the charter of the corporation must authorize it to engage in the real estate business and, in a case of a foreign corporation, must it become domesticated. I would not think that a corporation should properly be allowed to carry on any business transactions, such as dealing in real estate, unless it is authorized to do so by its charter. If the corporation is a foreign one, then the Licensing Board could lawfully require such corporation to file, with its application for license, a copy of its certificate of authority to transact business in this State issued by the North Carolina Secretary of State.

Very truly yours,

ROBERT MORGAN  
Attorney General

James L. Blackburn  
Assistant Attorney General

## CORPORATION LICENSES

The preceding opinion from the Attorney General clarifies several items concerning the licensing of corporations which engage in the business of real estate brokerage. It should be noted that persons engaging in business as a corporation not only must hold a corporation license but must also be licensed individually.

Many persons who become licensed as brokers subsequently incorporate but fail to notify the Licensing Board and fail to apply for the corporate licenses. Brokers are urged to immediately review their organizations and, if not properly licensed, contact the Licensing Board. The application fee for the corporation license is \$25.00 and the annual renewal fee is \$10.00.

A foreign corporation (one which is organized under the laws of another state) is also required to procure, from the North Carolina Secretary of State, a certificate of authority to transact business in this state and otherwise comply with the North Carolina Business Corporation Act, Chapter 55 of the General Statutes.

# FROM THE MAIL BAG

Attn.: Editor, "Real Estate Bulletin"  
Dear Sir:

As a North Carolina real estate broker, I am a subscriber and reader of the "Real Estate Bulletin", your quarterly publication. It is in reference to this publication that I address these thoughts. Recently, I found myself in the starring role of a real estate transaction which seemed to be a "first" for our area; in short, the story involves the sale of a house to a couple who were totally blind. Because of the unusual circumstances and the consequent questions that arose, I thought that this incident might be of interest and perhaps benefit to your readers. Here are some of the details of the account:

The couple arrived at my office one afternoon by taxi, accompanied by their 3 year old daughter who served as their guide. I greeted them at the door and helped them to my office. They told me that they were looking for a small house to buy (They were presently renting) and wanted to keep their monthly payments at roughly \$65.00 per month. We had a listing that met their requirements, so I asked if they would care to inspect the property. They seemed very interested, and I drove them to the house. Inside the house, I took them through each of the rooms where they felt the walls, floors, and windows, and stepped off the size of the room and closets. Outside the house, they inspected the exterior walls and we stepped off the property lines from corner to corner. Satisfied with their findings, they paid a deposit on the home, handing me \$50.00 in cash. Sensing their high degree of independence, I hesitated to ask them if they would like for a friend or relative to see the house; I did, however, ask the question to which they replied, "We trust you".

I proceeded to fill out the case, learning that their only source of income was Social Security allotments. I felt that this allotment was sufficient to "qualify" them for the house, and, therefore, submitted the case to ..... Savings and Loan association, a local lender. The loan went through normal processing procedures, was readily approved, and a closing date set. The necessary insurance for the house was easily obtained. We consulted our at-

torney to see what special precautionary measures should be taken at the closing; he explained that he had never encountered this problem, and thus contacted several other attorneys; they too had not handled such a case but agreed on a course of action:

At the loan closing, the loan officer carefully and thoroughly read each instrument, and I contacted a local minister to represent the purchasers and witness their "mark". They marked each document, and everyone present was satisfied that they understood the details and obligations of the transaction. Although lengthy, the loan closing went very smoothly.

This couple and their child will soon be moving into their new house. I have visited them once since the loan closing, and I found them at their new home — they were mowing the lawn.

This story is not intended to exalt or draw attention to extraordinary efforts put forward by the lender or the broker involved in this matter. On the contrary, I hope that this article illustrates the ease with which such a case can be handled. Hopefully, this may encourage other realtors who find themselves in a similar situation and who have reservations concerning the ability of persons who are blind to contract and buy real property, to view these individuals as they view themselves — as "normal" human beings who simply lack the faculty of sight and who entertain the universal desire to join the membership of those persons owning a piece of the world they live

on. In this way, we can better fulfill the first covenant of the Realtors Code of Ethics: "To protect the individual right of real estate ownership," and especially, "to widen the opportunity to enjoy it."

Permission to print this subject matter has been obtained from the purchasers, the seller, the consulting attorney, the lender, and our brokerage office if you decide that it is worthy of publication. In any event, it has been a pleasure for me to share this experience with you.

Sincerely,  
P. T. F.

## ROBBERY

Jim Clinard, Field Representative for the Licensing Board, while in Charlotte recently was in the right place at the wrong time. During a visit to the office of the Austin & Associates realty firm, two masked gunmen walked in and robbed the firm of an undetermined amount of money. Clinard was ordered to step to a restroom where, it is reported, he sat out the robbery.

## RULE 11.

A Salesman's license is valid only while he is associated with or engaged by a broker. Upon termination of such association, the broker shall immediately endorse the back of the salesman's license, showing date of termination, and return same to the Board for cancellation or transfer. The salesman concerned may have his license re-issued and transferred to a new broker by filing a prescribed transfer form with \$1.00 duplicate license fee.

NORTH CAROLINA  
REAL ESTATE LICENSING BOARD  
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RALEIGH, N. C. 27602

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