



NORTH CAROLINA REAL ESTATE COMMISSION REAL ESTATE BULLETIN

Volume 32

Summer 2001

Number 2

Commission Elects Lanny Wilson, Chairman, Allan Dameron, Vice Chairman for 2001-2002

Lanny T. Wilson of Wilmington was elected Chairman and Allan R. Dameron of Holden Beach, Vice Chairman, of the Real Estate Commission at its June meeting. Both terms are effective August 1, 2001 for a period of a year.

Mr. Wilson, appointed to the Commission in 1998 as a public member, is associated with several family-owned businesses, serving in capacities that include President



Wilson



Dameron

and Managing Partner.

A magna cum laude graduate of East Carolina University, Mr. Wilson received a law degree from Wake Forest University School of Law. He worked as a law clerk for the North Carolina Attorney General's Office and for the firm of Woods, Rogers & Hazelgrove in Roanoke, Virginia.

In 1991, he became General Counsel and Vice President of Boney Wilson & Sons, Inc. (Wilson's Supermarkets) in Wilmington.

Mr. Wilson is the son of Allan and Laura Wilson of Wilmington.

Mr. Dameron, appointed to the Commission in 1999, is Broker As-

sociate with Alan Holden Realty/RE/Max at Holden Beach where he has been affiliated since 1984.

A former Dean of the REALTORS® Institute, he is currently serving as President of the North Carolina Real Estate Education Foundation and is past President of the Brunswick County Board of REALTORS®. He was recently elected to the North Carolina Association of REALTORS® "Hall of Fame" and serves on the Holden Beach Board of Adjustment.

A native of Elkin, he is a graduate of Guilford College in Greensboro with a degree in Administrative Science. He and his wife, Lydia, reside in Holden Beach.

Governor Reappoints Hamilton to Commission

As we go to press, Governor Michael F. Easley has reappointed Sang J. Hamilton, Sr., of Winton to the Commission for a new three-year term effective August 1, 2001.

This Issue



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Vice Chairman Page 1

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How to Get the New Brochure, Working With Real Estate Agents

You can purchase copies of the two-color version from the Real Estate Commission. Or you can print your own from artwork and text provided on the Commission Web site (www.ncrec.state.nc.us) and in a May mailing to Brokers-in-Charge.

To Order

To order the new, two-color brochure, complete an order form that can be found on page 7 of this Bulletin or on the Commission's Web site under
(See Brochure, page 4)

REAL ESTATE BULLETIN

Published quarterly 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

1313 Navaho Drive
P. O. Box 17100
Raleigh, North Carolina 27619-7100
Phone (919) 875-3700
Michael F. Easley, Governor

COMMISSION MEMBERS

Lanny T. Wilson, Chairman	Wilmington
Allan R. Dameron, Vice Chairman	Holden Beach
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Sang J. Hamilton, Sr.	Winton
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Janet B. Thoren	Deputy Legal Counsel
Pamela V. Millward	Associate Legal Counsel
Stephen L. Fussell	Consumer Protection Officer
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

Staff Update



New to the Commission



Patti Bottomlee has assumed the position of License Specialist in the Licensing and Education Division. She processes applications for the salesperson and broker examinations and fields calls regarding licensure in North Carolina. Patti is a licensed salesperson. Before joining the Commission, she worked as an office manager for an electrical apprenticeship program and also as an office staff LPN in an orthopedic practice.

Awards

Rebecca S. Wilkins, Auditor/Investigator in the Audits and Investigations Division, has been designated as a Certified Real Estate Investigator by the Association of Real Estate License Law Officials.



To request a speaker from the Commission, please submit the "Request for Program Presenter" form, which is available by calling Fax-on-Demand at (919) 850-2757 for Document No. 510.

Appearances

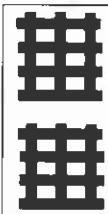
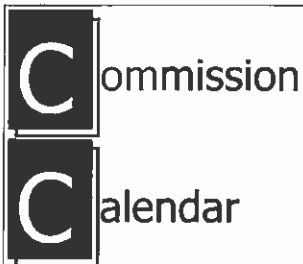
Thomas R. Miller, the Commission's Legal Counsel, spoke on agency and other topics to the *Chapel Hill Board of REALTORS®* and at a Legal Issues Seminar sponsored jointly by the *Durham* and *Chapel Hill Boards of REALTORS®*.

Blackwell M. Brogden, Jr., Chief Deputy Legal Counsel, spoke on tenant security deposits and other topics to the *Greenville Property Managers Association* and on topics of general interest to the *Elkin-Jonesville Board of REALTORS®*.

Pamela V. Millward, Associate Legal Counsel, discussed the recently adopted rules governing agency disclosure and agreements with the *Wilmington Regional Association of REALTORS®* and spoke on potential problem areas for real estate practitioners, material facts and other topics to the *Outer Banks Association of REALTORS®*.

Janet B. Thoren, Deputy Legal Counsel, spoke to the *Brunswick County Board of REALTORS®* and addressed the Association of Real Estate License Law Officials, Eastern District 2001 meeting in Niagara Falls on Ethics Considerations for Regulators.

Peter C. Evans, Information Officer, spoke on "red flags" and other topics to the *Thomasville Board of REALTORS®*.



September 5

October 2

November 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.

www.ncrec.state.nc.us

Trust Account Registration

If you will be attending a session in Raleigh on one of the dates listed, please use the registration form to the right. ➡

If you would find it convenient to attend the Basic Trust Account Procedures course at the North Carolina Association of REALTORS® Annual Convention, please use the registration form below. ⬇

Thank you.

BASIC TRUST ACCOUNT PROCEDURES COURSE AT THE NORTH CAROLINA ASSOCIATION OF REALTORS® ANNUAL CONVENTION

LOCATION: WYNDHAM MYRTLE BEACH RESORT
DATE/TIME: OCTOBER 7, 2001, 1:00—5:00 P.M.
TUITION: \$35.00 (NEW FEE EFFECTIVE FOR REGISTRATIONS RECEIVED AFTER OCTOBER 1: \$45.00)
CONTINUING EDUCATION ELECTIVE CREDIT:
FOUR (4) HOURS

Name _____

Address _____

City _____ State _____ Zip _____

Phone _____
Include Area Code

☐ 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.

2001-2002 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: \$35.00 (NEW FEE EFFECTIVE FOR REGISTRATIONS RECEIVED AFTER OCTOBER 1: \$45.00)

The course is intended for brokers and trust account bookkeepers. 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.

☐ September 4 ☐ October 9 ☐ November 6
☐ December 4 ☐ January 15 ☐ February 5
☐ March 5

Name _____

Address _____

City _____ State _____ Zip _____

Phone _____
Include Area Code

☐ 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.



**Bookmark This
REAL ESTATE COMMISSION
Handy Reference List**

MAIL

1313 Navaho Drive
P. O. Box 17100
Raleigh, NC 27619-7100

PHONE

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

FAX-ON-DEMAND

919/850-2757

WEB SITE

www.ncrec.state.nc.us

EMAIL

All [@ncrec.state.nc.us](mailto:all@ncrec.state.nc.us)

Executive [exec@](mailto:exec@ncrec.state.nc.us)

Administration [admin@](mailto:admin@ncrec.state.nc.us)

Education/
Licensing [educ@](mailto:educ@ncrec.state.nc.us)

Audits/
Investigation [ai@](mailto:ai@ncrec.state.nc.us)

Legal Services [legal@](mailto:legal@ncrec.state.nc.us)

Records [records@](mailto:records@ncrec.state.nc.us)

Brochure

Continued from page 1

"Forms", then "Publications Order Form".

BE SURE TO WRITE IN YOUR STREET ADDRESS, NOT P.O. BOX and include your check for the number you wish to order times 20 cents each. IMPORTANT: *The Commission cannot accept credit card orders for this publication.*

To Print Your Own

As an alternative to ordering this brochure, you can use the reproducible artwork under Publications on the Commission's Web site or as provided in the mailing to Brokers-in-Charge in May. Both of these versions are in convenient "legal" size—8 1/2" x 14".

Please remember that the text must remain as written without any changes and that the Commission's identity as the provider of the text must be maintained as it is now on the last panel.

Whether you order copies from the Commission or print your own, feel free to place your firm's logo, name, address and telephone number on the brochure. A good spot to do this is on the last panel in the space above the Commission's name and address.



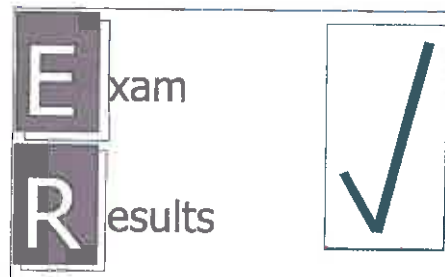
IN MEMORIAM

Edwin W. Tenney, Jr., of Chapel Hill, a former member and chairman of the Real Estate Licensing Board (predecessor of the Real Estate Commission) in the 1970s has died. The Commission expressed its condolences to Mr. Tenney's family.

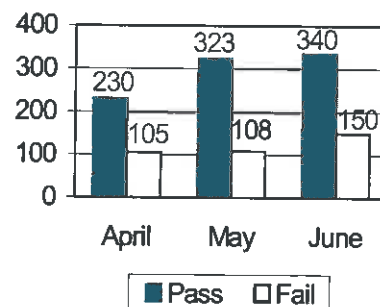
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In
Mind...



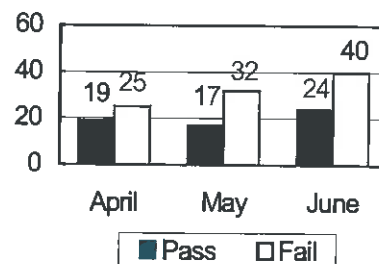
Register, renew, review -
do all of this faster and
easier online at the
Commission's Web site,
www.ncrec.state.nc.us.



By Computer



By Paper and Pencil



This Substitute Section on Agents Responsibilities is to be used as an insert in the *Residential Square Footage Guidelines* booklets you already have in your possession.



The 2001-2002 Update Course will include coverage of this topic.

Summary of Changes

In response to concerns expressed by many licensees, the Commission recently amended its *Residential Square Footage Guidelines* to describe a wider range of circumstances under which the Commission would consider it to be reasonable for an agent, especially a listing agent, to rely on the expertise of others with regard to square footage to be reported. Under the revised version, it is generally reasonable to rely on square footage determined by other persons if: (1) The other person possesses *special expertise* in determining square footage; (2) the other person utilizes the Commission's *Guidelines*; (See **Summary**, page 6)

NORTH CAROLINA REAL ESTATE COMMISSION

Substitute Section on "Agents' Responsibility" for the Commission's *Residential Square Footage Guidelines*

The North Carolina Real Estate Commission approved the following revised section on "Agents' Responsibility" for its *Residential Square Footage Guidelines* effective May 9, 2001. This replaces the section on "Agents' Responsibility" in the July 1, 1999 edition of the *Guidelines*.

AGENTS' RESPONSIBILITY

Real estate agents are expected to be able to accurately calculate the square footage of most dwellings. When reporting square footage, whether to a party to a real estate transaction, another real estate agent, or others, a real estate agent is expected to provide accurate square footage information that was compiled using these *Guidelines* or comparable standards. While an agent is expected to use reasonable skill, care and diligence when calculating square footage, it should be noted that the Commission does not expect absolute perfection. Because all properties are unique and no guidelines can anticipate every possibility, minor discrepancies in deriving square footage are not considered by the Commission to constitute negligence on the part of the agent. Minor variations in tape readings and small differences in rounding off or conversion from inches to decimals, when multiplied over distances, will cause reasonable discrepancies between two competent measurements of the same dwelling. In addition to differences due to minor variations in measurement and calculation, discrepancies between measurements may also be attributable to reasonable differences in interpretation. For instance, two agents might reasonably differ about whether an

addition to a dwelling is sufficiently finished under these *Guidelines* to be included within the measured living area. Differences which are based upon an agent's thoughtful judgment reasonably founded on these or other similar guidelines will not be considered by the Commission to constitute error on the agent's part. Deviations in calculated square footage of less than five percent will seldom be cause for concern.

As a general rule, the most reliable way for an agent to obtain accurate square footage data is by personally measuring the dwelling unit and calculating the square footage. It is especially recommended that listing agents use this approach for dwellings that are not particularly unusual or complex in their design.

As an alternative to personally measuring a dwelling and calculating its square footage, an agent may rely on the square footage reported by other persons when it is reasonable under the circumstances to do so. Generally speaking, an agent working with a buyer (either as a buyer's agent or as a seller's agent) may rely on the listing agent's square footage representations except in those unusual instances when there is an error in the reported square footage that should be obvious to a

Continued

RESIDENTIAL SQUARE FOOTAGE GUIDELINES • SUBSTITUTION INSERT

reasonably prudent agent. For example, a buyer's agent would not be expected to notice that a house advertised as containing 2200 square feet of living area in fact contained only 2000 square feet. On the other hand, that same agent, under most circumstances, would be expected to realize that a house described as containing 3200 square feet really contained only 2300 square feet of living area. If there is such a "red flag" regarding the reported square footage, the agent working with the buyer should promptly point out the suspected error to the buyer and the listing agent. The listing agent should then verify the square footage and correct any error in the information reported.

It is also appropriate for an agent to rely upon measurements and calculations performed by other professionals with greater expertise in determining square footage. A new agent who may be unsure of his or her own calculations should seek guidance from a more experienced agent. As the new agent gains experience and confidence, he or she will become less reliant on the assistance of others. In order to ensure accuracy of the square footage they report, even experienced agents may wish to rely upon a competent state-licensed or state-certified appraiser or another agent with greater expertise in determining square footage. For example, an agent might be confronted

with an unusual measurement problem or a dwelling of complex design. The house described in Figure 8 in these *Guidelines* is such a property. When an agent relies upon measurements and calculations personally performed by a competent appraiser or a more expert agent, the appraiser or agent must use these *Guidelines* or other comparable standards and the square footage reported must be specifically determined in connection with the current transaction. An agent who relies on another's measurement would still be expected to recognize an obvious error in the reported square footage and to alert any interested parties.

Some sources of square footage information are by their very nature unreliable. For example, an agent should not rely on square footage information determined by the property owner or included in property tax records. An agent should also not rely on square footage information included in a listing, appraisal report or survey prepared in connection with an earlier transaction.

In areas where the prevailing practice is to report square footage in the advertising and marketing of homes, agents whose policy is not to calculate and report square footage must disclose this fact to prospective buyer and seller clients before entering into agency agreements with them.

May 9, 2001

RESIDENTIAL SQUARE FOOTAGE GUIDELINES • SUBSTITUTION INSERT

This Substitute Section on Agents Responsibilities is to be used as an insert in the *Residential Square Footage Guidelines* booklets you already have in your possession.



The 2001-2002 Update Course will include coverage of this topic.

Summary

Continued from page 5

(3) the square footage determination is made in connection with the *current transaction* (not a previous transaction); and (4) the other person *personally* measured the dwelling and calculated the square footage. The revised version also provides an expanded discussion of the degree of accuracy required when determining square footage and those very limited circumstances when it is *not* reasonable for an agent working with a buyer to rely on square footage reported by the listing agent.

Travel Agents Fee Bill Passes

By Thomas R. Miller,
Legal Counsel

In July, the North Carolina General Assembly passed House Bill 558 enabling the Real Estate Commission to adopt rules authorizing brokers to pay fees to travel agents who book short-term vacation rentals. Governor Easley signed the bill into law on July 21, 2001.

Under the current Real Estate License Law, such payments have been forbidden as unlawful because travel agents are not themselves licensed as real estate brokers and salespersons.

Request by Licensees

The Commission supported the new legislation in response to a request by licensees engaged in vacation rental management who were concerned that their inability to work with travel agents put North Carolina at a competitive disadvantage as a national vacation venue.

The vacation rental managers impressed the Commission with how important it is for North Carolina tourism that the state's privately owned vacation rental properties have full access to both traditional and emerging travel markets.

New Rules Considered

Since the passage of the new law, the Commission has begun its consideration of new rules which, if adopted, will expressly permit brokers to pay fees to travel agents for vacation bookings. The new rules will also regulate the conduct and scope of those transactions to ensure that consumers who choose North Carolina as a vacation destination are properly protected.

Under the Commission's current schedule, the text for the new rules will be available in September. The Commission will hold a rule-making hearing on the rules in November, but will welcome comment from licensees and the public at any time prior to the hearing.

REAL ESTATE COMMISSION 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

Purchasing Coastal Real Estate in North Carolina

Renting Residential Real Estate

Home Inspections **NEW**

Spanish Translations

Trato Con Agentes de Bienes Raices **NEW**
(Working With Real Estate Agents)

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

Vivienda Justa **NEW**
(Fair Housing)

El Depósito de Seguridad del Inquilino **NEW**
(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



Commission Publications Guide Consumers, Applicants and Licensees

The Commission's array of publications for real estate consumers, license applicants and practitioners may well be the most extensive library of its kind produced by a real estate regulatory agency. Easily read, yet comprehensive in their approach, the brochures, booklets and newsletter pictured above provide essential information on a broad variety of topics. Consumers can learn about the laws and rules governing different aspects of the home buying or renting process. Four of these are now avail-

able in both English and Spanish. Applicants for real estate licensing read the Commission's *Real Estate Licensing in North Carolina* booklet and the *Real Estate Manual* is used in the broker pre-licensing course as a reference by licensees. Practitioners receive the *Real Estate Bulletin*, published quarterly to disseminate information essential to the conduct of the business. A total of 550,000 copies of these publications was distributed during the 12 months from May 1, 2000 to April 30, 2001.

Brochures Serve Hispanic, Coastal, Condo Markets, Inform About Home Inspections

Since May, the Commission has published two new brochures, *Working With Real Estate Agents* and *Questions and Answers on: Home Inspections*.

It has also produced Spanish translations of *Working With Real Estate Agents* (*Trato Con Agentes Bienes Raices*) and *Questions and Answers on: Fair Housing and Tenant Security Deposits* (*Preguntas y Respuestas sobre: Vivienda Justa and El Depósito de*

Seguridad del Inquilino).

In addition, several Commission brochures have been revised. *Questions and Answers on: Purchasing Coastal Real Estate in North Carolina* and *Condos & Townhouses* have been updated.

Inserts containing recent revisions have been added to the *Residential Square Footage Guidelines* booklets. And the information booklet, *Real Estate Licensing in North Carolina*, has undergone ex-

tensive revision.

Also on the horizon is a new informational brochure, *Questions and Answers on: Subdivisions and Planned Communities*.



Numbers Add Up to Busy Year for Commission

By Mary Frances Whitley, Director of Administration

Each year, the Real Estate Commission reviews what it has done during the 12-month period from May 1 to April 30. And each year, the result is an impressive array of statistics that together speak to the breadth and complexity of its role in working with the North Carolina real estate industry.

Here's a sampling of Commission activity from May 1, 2000 to April 30, 2001:

Contact

- 159,000 telephone calls (a 49% increase over the previous period)
- 19,482 information requests via its "Interactive Voice Response" and "Fax on Demand" systems...
- 86,630 website "hits" (a 144% increase)

159,000

1

####.###

144

29

%

Publications

- 550,000 publications distributed to licensees, consumers, applicants (See photo and story, page 8)

151,389

29

25

Technology

Developed and implemented systems to:

- Image 151,389 records
- Register persons for the *Broker-in-Charge Course* and *Trust Account Course* via the Commission's website
- Enable continuing education course providers to electronically transmit their student course completion information to the Commission
- Make license applicant and licensee information available on the Commission's website

Continued conversion of the licensee database to Oracle for improved access and more efficient storage

Employment

- 213 applications for employ-

ment received

- 71 applicant interviewed
- 16 positions filled

Licensing

- 9,000 applications processed for licenses by examination
- 8,290 license examinations administered (6,558 by paper and 1,732 by computer)
- 4,778 licenses by examination issued

sessions conducted for 1,469 licensees

Audits/Investigations

- 101 case investigations completed
- 102 trust accounts examined
- 549 persons interviewed
- 28 trust account courses conducted for 961 students
- 32 "spot inspections" performed on 47 different trust accounts

Legal

- 818 case (complaint) files opened and 864 closed
- 29 licensees reprimanded
- 29 licenses suspended
- 25 licenses revoked
- 15 licenses surrendered

550,000

614

- 42 cases utilized conditional remedies
- 1 Recovery Fund hearing conducted
- 12 license application hearings held

Timeshares

- 34 projects renewed
- 7 new projects registered



Education

- 160 pre-licensing instructors issued regular or temporary approvals
- 65 new continuing education elective courses approved (for a total of 334 courses)
- 7 new continuing education *Update Course* instructors approved (for a total of 116)
- 24 *Broker-in-Charge Course*

2002 Trust Account Caravan Registration Form

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

Asheville Renaissance Asheville Hotel, 1 Thomas Wolfe Plaza

- ☐ March 19, 2002 9 am – 1 pm Basic Trust Account Procedures
☐ March 20, 2002 9 am – 1 pm Basic Trust Account Procedures
☐ March 21, 2002 9 am – 1 pm Trust Account Procedures for Resort Property Managers

Greensboro Ramada Inn-Greensboro Airport, 7067 Albert Pick Road

- ☐ April 2, 2002 9 am – 1 pm Basic Trust Account Procedures
☐ April 3, 2002 9 am – 1 pm Basic Trust Account Procedures

Charlotte Hilton Charlotte University Place, 8629 J.M. Keynes Drive

- ☐ April 4, 2002 9 am – 1 pm Basic Trust Account Procedures
☐ April 5, 2002 9 am – 1 pm Basic Trust Account Procedures

Boone Quality Inn Appalachian Conference Center, 949 Blowing Rock Road

- ☐ April 9, 2002 9 am – 1 pm Basic Trust Account Procedures
☐ April 10, 2002 9 am – 1 pm Trust Account Procedures for Resort Property Managers

Fayetteville Holiday Inn Bordeaux, 1707 Owen Drive

- ☐ April 15, 2002 1 pm – 5 pm Basic Trust Account Procedures
☐ April 16, 2002 9 am – 1 pm Basic Trust Account Procedures

Wilmington Coast Line Convention Center, 501 Nutt Street

- ☐ April 22, 2002 1 pm – 5 pm Basic Trust Account Procedures
☐ April 23, 2002 9 am – 1 pm Trust Account Procedures for Resort Property Managers

Morehead City Crystal Coast Civic Center, 3505 Arendell Street (Highway 70)

- ☐ April 24, 2002 9 am – 1 pm Basic Trust Account Procedures
☐ April 25, 2002 9 am – 1 pm Trust Account Procedures for Resort Property Managers

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

- ☐ April 30, 2002 9 am – 1 pm Basic Trust Account Procedures
☐ May 1, 2002 9 am – 1 pm Trust Account Procedures for Resort Property Managers

The fastest way to register is online at www.ncrec.state.nc.us. Otherwise, please complete this form (*make copies for additional persons*) and mail with a check for the \$35 tuition fee (**New Fee Effective For Registrations Received After October 1: \$45.00**). Each session is limited to 40 participants

NAME _____ PHONE(____) _____

ADDRESS _____

Street, P. O. Box

City

State

Zip

LICENSE NO. _____

MAIL TO: North Carolina Real Estate Commission

ATTN: Audits and Investigations Division

P. O. Box 17100

Raleigh, NC 27619-7100

Save Time!
Registering online is
easier, faster. Just have
your credit card infor-
mation and license
number available.

Spring 2001 Trust Account Caravan Breaks Attendance Record Again

By Gary R. Caddell, Auditor/Investigator Training Officer

For the second year in a row, the Real Estate Commission's *Trust Account Caravan* set a record for attendance with 570 persons compared with 505 in 2000 and 291 in 1999.

The *Spring 2001 Trust Account Caravan* made stops in Asheville, Banner Elk, Charlotte, Fayetteville, Greensboro, Kill Devil Hills and Wilmington. Twelve "Basic Trust Account Procedures" courses and four "Trust Account Procedures for Resort Property Managers" courses were offered—three more than last year.

Held annually, the *Caravan* was instituted by the Commission in 1982 to provide courses to people statewide who cannot attend the monthly courses in Raleigh.

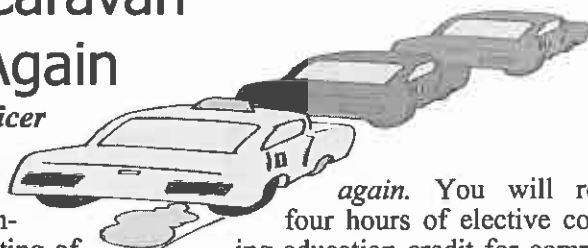
Record Preparation

Designed with Brokers-in-charge and trust account bookkeepers in mind, the "Basic Trust Account Procedures" course provides instruction in the preparation of trust account journals, ledgers

and related records for the proper maintenance and accounting of the funds of others. Related topics include the proper handling of owner/broker trust funds and the Tenant Security Deposit Act.

The "Trust Account Procedures for Resort Property Managers" course covers issues specific to resort property management, such as the Vacation Rental Act, sales taxes and subsidiary ledgers. It is offered only during the *Spring Caravan*. The Commission recommends taking the "Basic Trust Account Procedures" course before attending this course.

Both courses were developed and are taught by members of the Commission's Audits & Investigations Division. In an effort to ensure that the information is current and easy to understand, several important revisions have been made over the last three years. *If you attended either course prior to 1998, you might want to take it*



again. You will receive four hours of elective continuing education credit for completing the course.

Register Early

Plans are already underway for the *Spring 2002 Trust Account Caravan*, which will make stops in Asheville, Boone, Charlotte, Fayetteville, Greensboro, Kill Devil Hills, Morehead City and Wilmington. [See the registration form on page 10 for dates and locations.] Please remember that class size is limited. Despite the expanded schedule, several of the classes in the *2001 Caravan* were sold out. To ensure your spot in next year's caravan, be sure to register early.

[Note: To register for one of the monthly "Basic Trust Account Procedures" courses in Raleigh or for the 2002 Spring Caravan, please register online at www.ncrec.state.nc.us, use Fax-On-Demand or complete the registration form on page 3 of this *Bulletin*.]

Legal Services Summer Intern Finds Working With Commission Interesting and Challenging

Te-Hyee Kim (pronounced Tā-Hē) of Seoul, South Korea, finds working as a summer intern in the Legal Services Division of the Real Estate Commission interesting, challenging and a great opportunity to explore a possible future in public sector law.

Since coming to the Division in early June, this budding lawyer has conducted preliminary research into complaints, reviewed cases to determine probable cause, assisted in Commission hearing preparations and various legal research projects.

It is her second internship, the first having been last summer with the federal Equal Employment Opportunity Commission in Raleigh.

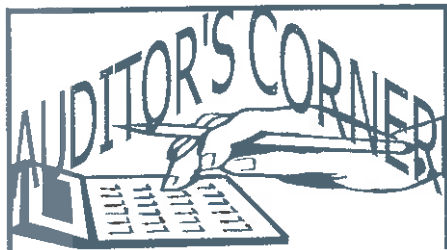
Law has always been Te-Hyee's first choice of vocation. But, when



applying for admission to Yonsei University in Seoul, she had to settle for her second choice – Child and Family Studies – in which she earned both Bachelors and Masters of Arts degrees. At the same time, her husband, Tae-Yeol, who is considering an academic career, earned his undergraduate and masters degrees in business.

Just two years ago, Te-Hyee and Tae-Yeol moved from South Korea to the United States. He had been accepted into the doctoral program in business with a concentration in organizational behavior at the University of North Carolina at Chapel Hill. She began law studies at Indiana University, a best choice from her vantage point in Korea when searching for an American school. Their infant son, Dong-Wook, remained with his grandmother in Seoul while they settled into their new life.

For the 2000-2001 academic year, Te-Hyee moved from Indianapolis to take her second year of law classes at the UNC where she awaits word on formally transferring. It was there that she applied for the Commission's internship. Dong-Wook, now two years old, joined his parents last December.



Look for tips in the Auditor's Corner on how to properly maintain your trust account records. This month's article describes the information that must appear on every trust account deposit ticket.

By Gary R. Caddell, Auditor/Investigator Training Officer

When depositing trust monies, you probably don't spend a lot of time thinking about the information you enter on the trust account deposit ticket. You may have even figured out some shortcuts so that you only enter codes or abbreviations.

But did you know that Commission Rule A.0107(e)(3) states that the following specific information must be identified on every trust account deposit ticket?

In Sales Transactions

- Purpose (typically an earnest money deposit).
- Remitter of (person paying) the funds must be identified.
- Property and a reference to the corresponding sales transaction ledger.
- Parties to the transaction.

In Rental Transactions

- Purpose (typically a security deposit or rent).
- Remitter of the funds deposited.
- Tenant (if different from the remitter).
- Corresponding property or owner ledger entry.

By entering the required information on your deposit tickets, you will help establish the "clear audit trail" required by the Commission.

DATE



PARTIES INVOLVED⁽¹⁾



PURPOSE



PROPERTY & REFERENCE TO CORRESPONDING SALES TRANSACTION LEDGER



TENANT⁽²⁾



PURPOSE



REFERENCE TO CORRESPONDING PROPERTY LEDGER



YOUR REALTY COMPANY, INC. TRUST ACCOUNT DATE <u>1/3/00</u> # 00-1		
	DOLLARS	CENTS
CURRENCY		
COINS		
CHECKS		
1 Jones to Wood	\$1,000	00
2 EMD		
3 119 Maple St		
4		
5		
6 Clark	\$600	00
7 Jan Rent		
8 143 North Blvd		
9		
TOTAL	\$1,600	00

- (1) If the person paying the earnest money deposit is not the buyer, that person should also be listed on the deposit slip.
- (2) If the person paying the rent is not the tenant, then that that person should be listed on the deposit slip.

**Prior Preparation Prevents
Poor Performance!**

The Audits and Investigations Division conducts "spot" audits. Are your records ready for review?

COMMISSION HOSTS UKRANIAN DELEGATION

By Phillip T. Fisher, Executive Director

Government officials from Ukraine visited the Real Estate Commission office May 11 to discuss the process of business registration and licensing in the United States. The visit was arranged by the International Visitors Council whose mission is to increase global understanding by arranging for distinguished international visitors to meet with their American counterparts to exchange ideas and information.



The delegation included the Chief Advisor to the Presidential Administration of Ukraine, the Head and Deputy Director of the Department of State Licensing and Registration, the Head of the Licensing Chamber, and the Editor in Chief of the Ukrainia.

Members of the Commission staff shared with the representatives information and materials about licensing requirements for real estate agents, administrative processes and procedures, and regulation of real estate practitioners. The staff members learned that the Ukrainian government (formerly a part of the Soviet Union) is currently deregulating the economy and facilitating the formation of private businesses. Simplifying the licensing and registration of businesses is a part of this process.

The Real Estate Commission was honored to have been selected as host for these distinguished international visitors.

ARELLO, NAR Developing Web Site To Check Active Licensee Information

The Association of Real Estate License Law Officials (ARELLO) and the National Association of REALTORS® (NAR) have signed an agreement to develop a web site as a searchable licensee database to verify basic information about real estate licensees, especially current license status.

NAR's contribution to the web site will be its member data. ARELLO organizations will also provide member data as well as all of the other web site contents. The address of the site, to be owned by ARELLO, will be www.ARELLO.com.

Initial data on each licensee will

include (when available from the licensing jurisdictions) **name**, office name and **address**, phone and fax number, **email** address, license number, type, status and expiration and renewal dates.

Content will consist of a Home Page where a search form will be displayed, consumer protection information, directory of regulatory agencies, rules and law through links to appropriate web sites, real estate professional organizations and other links to be developed. North Carolina will provide only information on licensees on Active Status.

Ways the Commission Web Site Makes Things Faster and Easier for You!

- 1) Renew your license online in minutes.
- 2) Change your residence and email address, phone and fax numbers.
- 3) Check on your completed continuing education credits.
- 4) Plan class attendance with the frequently updated continuing education schedule.
- 5) Also, plan class attendance and register online with the complete Broker-in-Charge course schedule.
- 6) Register for the Basic and Resort Trust Account courses.
- 7) Download any of 20 forms.
- 8) Research past issues of the Bulletin.
- 9) Purchase rosters of new licensees and/or applicants.



www.ncrec.state.nc.us

NORTH CAROLINA REAL ESTATE MANUAL

The *North Carolina Real Estate Manual* is a publication of the North Carolina Real Estate Commission. The *Manual* addresses the basics of the state's real estate law and brokerage practice. It is intended to serve both as the textbook for the real estate broker pre-licensing course (60 hours) and as a reference book for licensees, attorneys, instructors and anyone else engaged or interested in real estate law and brokerage practice.

HOW TO ORDER:

ONLINE

At the Commission's web site, www.ncrec.state.nc.us, select the *Manual* icon to link directly with the book distributor. Follow the instructions for ordering with your MasterCard or Visa credit card.

BY MAIL, FAX OR EMAIL

Mail, fax or email the form below with payment. For credit card payments, MasterCard and Visa are accepted. For checks, please send only cashier's or certified check or money order, payable to: North Carolina Real Estate Manual.

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North Carolina Real Estate Manual P. O. Box 7484 Winston-Salem, NC 27109	1-800-529-9162	manual@ncrec.state.nc.us

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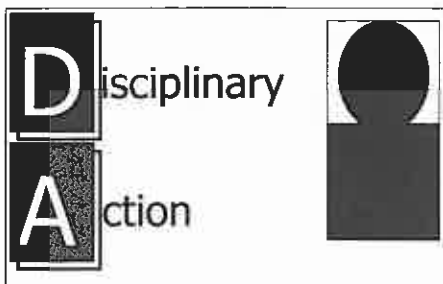
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Signature: _____

*Manual sales price is \$29.95 plus tax at \$1.80 and shipping. Please allow 7 business days from receipt of payment for delivery.



DAVID P. CHEEK (Lewisville) – By Consent, the Commission accepted the permanent voluntary surrender of Mr. Cheek's broker license effective July 16, 2001. The Commission dismissed without prejudice allegations that Mr. Cheek violated provisions of the Real Estate License Law and Commission rules. Mr. Cheek neither admitted nor denied any misconduct.

DPC PROPERTY MANAGEMENT COMPANY (Lewisville) – By Consent, the Commission accepted the permanent voluntary surrender of DPC Property Management Company's corporate license effective July 16, 2001. The Commission dismissed without prejudice allegations that DPC Property Management Company violated provisions of the Real Estate License Law and Commission rules. DPC Property Management Company neither admitted nor denied any misconduct.

MICHAEL JONES (Hendersonville) – By Consent, the Commission suspended Mr. Jones broker license for a period of 30 days effective June 1, 2001. The Commission then stayed the suspension for a probationary period of one year. The Commission found that Mr. Jones misinformed a property owner about trees cut on the owner's property.

STEPHEN ALLEN LUCION (Snow Hill, MD) – By Consent, the Commission accepted the permanent voluntary surrender of Mr. Lucion's salesperson license effective July 17, 2001. The Commission dismissed without prejudice allegations that Mr. Lucion violated provisions of the Real Estate License Law and Commission rules. Mr.

Penalties for violations of the Real Estate License Law and Commission rules vary depending upon the particular facts and circumstances present in each case. Due to space limitations in the Bulletin, a complete description of such facts cannot be reported in the following Disciplinary Action summaries.

Lucion neither admitted nor denied any misconduct.

JAMES E. MCCURRY, JR. (Charlotte) – By Consent, the Commission suspended Mr. McCurry's broker license for a period of 30 days effective May 1, 2001. The Commission then stayed the suspension for a probationary term of one year. The Commission found that Mr. McCurry, as broker-in-charge, allowed an unlicensed person to engage in negotiating lease terms and in similar acts for which a real estate license is required.

MCCURRY PROPERTIES, INC. (Charlotte) – By Consent, the Commission reprimanded McCurry Properties effective April 12, 2001. The Commission found that McCurry Properties, a licensed brokerage firm, paid an unlicensed person to engage in negotiating lease terms and similar acts for which a real estate license is required.

WALKER L. MILES (Wilmington) – By Consent, the Commission revoked Mr. Miles' broker license effective March 22, 2001. The Commission found that Mr. Miles failed to deposit funds from a buyer for a listed property into a trust account, instead converting the funds for his own personal use. The Commission also found that Mr. Miles failed to maintain and produce trust account records for this transaction and to provide a written response to letters from the Commission's staff. The Commission further found that in a separate transaction, Mr. Miles failed to deposit a tenant security deposit into a trust account, to account to the tenant for the deposit and to pay a judgment the tenant obtained against him for the deposit.

PIONEER REAL ESTATE (Wilmington) – By Consent, the Commission revoked the corporation license of Pioneer Real Estate effective March 22, 2001. The Commission found that Pioneer failed to deposit funds from a buyer for a listed property into a trust account, instead allowing its Broker-In-Charge to convert the funds to his own personal use. The Commission also found that Pioneer failed to maintain and produce trust account records for this transaction and to provide a written response to letters from the Commission's staff. The Commission further found that in a separate transaction, Pioneer failed to deposit a tenant security deposit into a trust account, to account to the tenant for the deposit and to pay a judgment the tenant obtained against him for the deposit.

KYLE S. REA (Fayetteville) – By Consent, the Commission reprimanded Mr. Rea effective July 16, 2001. The Commission found that Mr. Rea, as broker-in-charge of his sole proprietorship, failed to implement a trust account record keeping system as required by Commission rules. Mr. Rea cooperated with the Commission staff to implement correct record keeping methods. There was no evidence of any mishandling of funds of others by Mr. Rea.

MICHAEL T. RICHARDSON (Ramseur) – The Commission accepted the permanent voluntary surrender of Mr. Richardson's broker license effective June 7, 2001. The Commission dismissed without prejudice allegations that Mr. Richardson violated provisions of the Real Estate License Law and Commission rules. Mr. Richardson did not admit any misconduct.

(See Disciplinary, page 16)

Disciplinary Action

Continued from page 15

VERNON J. VERNON (Raleigh) – The Commission suspended the broker license of Mr. Vernon for a period of two years effective June 1, 2001. Eleven months of the suspension are to be active and the remaining period stayed for a probationary term of thirteen months. The Commission found that Mr. Vernon, while under a stayed suspension of his broker license and on probation, failed to disclose this disciplinary action to the North Carolina Licensing Board of General Contractors on two separate renewal forms that required him to disclose this information. The Commission further found that Mr. Vernon failed to conduct himself in a competent and worthy manner during resolution of title issues relating to two adjoining properties, one of which was owned by the firm with which Mr. Vernon was affiliated.

JOHN R. WADE (Pinehurst) – The Commission accepted the voluntary surrender of Mr. Wade's broker license for a period of one year effective June 1, 2001. The Commission dismissed without prejudice allegations that Mr. Wade violated provisions of the Real Estate License Law and Commission rules. Mr. Wade neither admitted nor denied any misconduct.

JAN L. WEEKS (Murphy) – By Consent, the Commission reprimanded Ms. Weeks effective April 12, 2001. The Commission found that Ms. Weeks accepted a deposit and contracted with buyers to sell property that she did not own. Although Ms. Weeks later obtained an installment contract to purchase the property from the sellers, that agreement did not give her possession rights and the seller refused to acknowledge the buyers' possession. The Commission noted that Ms. Weeks has entered into a settlement with the buyers in civil action over the same issues.

Commission's Educators Conference Focuses on Many Program Changes

By Larry A. Outlaw, Director of Education and Licensing

The focus of the 23rd annual North Carolina Real Estate Commission-sponsored Real Estate Educators Conference in Raleigh March 26-27 was on the many education program changes begun in 2000.

Real estate instructors, administrators and exhibitors – totaling 148 this year – regularly attend the conference for updating, progress reports and teaching tips.

After welcoming participants to the two-day event, Larry Outlaw, Director of Education and Licensing, provided a report on implementation of the pre-licensing education program changes begun last fall. He also briefed instructors on common deficiencies in teaching skills that the Commission staff finds during its reviews of instructor videotapes.

Ginger L. Schultz-Lamitie, Licensing and Education Officer, discussed the recently implemented and revised pre-licensing instructor approval requirements and procedures, the *New Instructor Seminar* now required of all new pre-licensing instructors and various related issues.

Anita Burt, Examination and Education Officer, and Tadas Dabys of Psychological Services, Inc., which administers the license examination by computer for the Commission, reported on the license examination program.

A program on "Teaching the New Broker Prelicensing Course," featured a course syllabus review and discussion on course completion standards by Outlaw. Instructors Anne Rasheed, Tom Mangum and Gary Taylor then made presentations on how to effectively teach selected major topics.

Pam Rorie, Continuing Education Officer, opened the second day with an update on the continuing education program. She discussed electronic reporting of course completion, administrative problems and the Commission's newly-developed "Distance Education Guidelines for Continuing Education Elective Courses."

Patricia Sullivan, Legal Education Officer, reviewed the agency agreements and disclosure rules changes effective July 1, 2001.

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