



NORTH CAROLINA  
REAL ESTATE LICENSING BOARD

# Real Estate Bulletin

VOLUME 9

SPRING QUARTER 1978

NUMBER 1

## Applications For License Renewal Mailed

See Page 3 For Important Information

### "SPOT" INSPECTION OF REAL ESTATE OFFICES

While investigating complaints against real estate brokers and their salesmen, it has regrettably been discovered that an alarming number of brokers still have not established an escrow or trust account as required by the Licensing Law; therefore, in an effort to assess the severity of the problem, the Licensing Board's field representatives have now been directed to conduct unannounced "spot" inspections of real estate offices to ascertain whether brokers are, in fact, maintaining the proper escrow or trust account.

The Licensing Board is very much disturbed over what appears to be a widespread lack of understanding and concern on the part of brokers regarding the proper handling of client funds. Records relative to the deposit, maintenance and withdrawal of trust monies are not being properly maintained as required by the Licensing Law, and instances of commingling trust funds with personal or business funds have become almost commonplace. Such laxity and carelessness on the part of brokers in this most critical area of their practice cannot be tolerated by the Licensing Board if the public interest is to be adequately protected.

Read and study with utmost care the various trust account articles appearing in your Bulletin, and do not hesitate to contact our office or one of our field representatives if you have questions or doubts as to whether you are fully complying with the Licensing Law and the Board's Rules and Regulations. □

### AGE OF COMPUTERIZATION

Since its creation by the General Assembly in 1957, the Licensing Board and its staff has conscientiously endeavored to provide prompt, courteous and personalized assistance to licensees and consumers alike. However, faced with an ever-increasing volume of licensees, the Board has become more heavily dependent upon computers to perform many routine, standardized clerical functions.

For instance, to aid our records clerk, the Board recently installed a computer terminal linked by telephone to a central file storage system located several miles away. At Princeton, New Jersey, one computer schedules candidates for our licensing examinations, while another one grades the examinations and reports scores to the candidates. Computers print all license renewal applications and pocket renewal cards. Your Bulletin was addressed and sorted for mailing by a computer, and in many states, computers actually issue real estate licenses — an idea which is presently being considered in North Carolina.

An unfortunate by-product of computerization, however, is that numbers begin to assume more importance than names because computers can identify a unique number more easily than a common name, and this in turn results to some degree in a loss of personalization which is regrettably unavoidable.

#### The Bottom Line:

1. During our transition from man to machine, we request your patience and in-

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### BULLETIN NEWS

#### Salesmen To Receive Bulletin

Beginning with this issue, licensed real estate salesmen will be mailed a copy of the Real Estate Bulletin.

If the salesman's license is active, the Bulletin will be sent to his/her supervising broker's address of record, but if the salesman's license is on Inactive Status (Licensing Board Rule .0504), it will be mailed to the salesman's last known residence address.

Although salesmen will now have direct access to these Bulletins, supervising brokers should continue to review and discuss the various Bulletin articles with their salesmen.

#### Your Bulletin

The Real Estate Bulletin is an educational publication of the North Carolina Real Estate Licensing Board published quarterly as a service to licensees.

As you will notice, your Bulletin is not aimed at that specialized segment of the industry engaged in one of the more technical fields of real estate such as syndicating, shopping center management, condemnation appraisals, etc., but rather it is designed for the use and benefit of those brokers and salesmen who are perceived as representing the vast majority of real estate practitioners in North Carolina — brokers and salesmen primarily involved in the sale and leasing of residential property. In this regard, the editor and authors of your Bulletin articles at-

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# 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

115 Hillsborough St.  
Raleigh, North Carolina 27602  
James B. Hunt, Jr., Governor

### BOARD MEMBERS

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Blanton Little ..... Sec'y. Treas.  
Phillip T. Fisher ..... Admin. Asst.

### AGE OF COMPUTERIZATION

(Continued From Page 1)

dulgence for any resultant delays in service especially during the upcoming renewal season; and

- We request that you **state your license number (not pocket card number) when communicating or corresponding with our office.** This will enable us to retrieve and process your records more quickly and efficiently.

### EXAM RESULTS

Exam — March, 1978

	Passed	Failed
Brokers	405	493
Salesmen	44	28

### REALTORS' INSTITUTE

Courses A, B, & C — June 11-17  
Graduate Course — June 12-14

## QUESTIONS AND ANSWERS ON TRUST ACCOUNTS

- Q. After closing the sale of a listed property, I transfer funds received in the transaction from my escrow account to my business account for final disbursement (e.g., to pay miscellaneous expenses for the buyer and seller such as recording fees, revenue stamps, survey, etc.). Is this permissible?
- A. **No. All monies received by a real estate broker while acting in said capacity must be deposited into and disbursed directly from an escrow or trust account in accordance with the terms of the sales contract, lease, option, or other instrument. To temporarily transfer such money to a business or personal account for final disbursement would constitute a commingling of funds while such funds were on deposit in the broker's business account.**

Many brokers appear to be operating under the misconception that upon tender of the deed and purchase price, the transaction is "closed"; that funds received by the broker during the transaction which are on deposit in the broker's escrow account should thereafter cease to be considered trust funds; and that the broker should treat this money as non-trust funds by transferring the funds (in one check) to his/her business account for final disbursement. In fact, however, the transaction has not been consummated or "closed" until all terms and conditions of the agreement have been satisfied and all moneys received by the broker in the transaction have been disbursed to the persons entitled thereto in accordance with the provisions of such agreement. A complete detailed closing statement showing all of these receipts and disbursements must then be furnished to the buyer and seller or within five days of the closing (G.S. 93A-6(a) (14), Licensing Board Rule .0107(b)).

The fact that such funds remain in the broker's business account for only a very brief period of time is of no consequence. For example, should the broker become involved in legal action or should he become incapacitated or die while such funds are on deposit in his business account, these trust funds may be "frozen" notwithstanding the fact that they were only to remain there temporarily.

It should be remembered, however, that earned commissions or other brokerage fees must be promptly disbursed from the escrow account as with any other expense of the sale. To allow such commissions to remain and accumulate indefinitely in the escrow account would cause a commingling of funds similar to that which would occur when non-trust funds are deposited into a trust account.

**Simply stated: Never commingle the money of your principals with your own business or personal money.**

### YOUR BULLETIN

(Continued From Page 1)

tempt to identify many of the problems and complications which frequently arise in such transactions and to educate brokers as to their responsibilities to the different parties under the Real Estate Licensing Law, and the Rules and Regulations of the Licensing Board.

In addition to promoting a better understanding of the Licensing Law, Rules and Regulations, your Bulletin contains information on court decisions and laws affecting the practice of real estate brokerage; administrative policies and procedures which brokers and salesmen must follow to enable the Board to maintain accurate, up-to-date records regarding their licensure; articles designed to alert licensees to certain illegal or improper practices which have been observed by or called to the atten-

tion of the Board, its field representatives and staff; and a variety of other topics concerning your real estate license.

The Board, however, enlists your aid and assistance, your opinions and even your criticism to help improve your Bulletin and tailor it to fit your particular needs. Tell us what you think of your Bulletin. What types of articles do you find most helpful? Most interesting? What specific subjects would you like discussed or elaborated upon? Perhaps you would like to submit an article for possible publication. Or you have an experience that you would like to share with other brokers and salesmen about a real estate related matter. If so, address your comments to:

North Carolina Real Estate  
Licensing Board  
Post Office Box 266  
Raleigh, North Carolina 27602  
Attn: Bulletin Editor

# License Renewals

Real Estate Licenses Expire on June 30, 1978

Applications for renewal of real estate licenses have been mailed to all brokers, salesmen, and corporations of record. If you have not received your renewal application by June 1, you should contact the Board office for a duplicate form.

Each year the Licensing Board receives numerous telephone calls from licensees inquiring as to whether we have received their renewal applications and fees. However, since we are processing more than 34,000 renewals during this short period of time, please allow several weeks for receipt of your renewal pocket card. During this period the cancelled check for your renewal fee will serve as evidence that your license has been renewed for the year 1978-79.

Since incomplete and incorrectly completed renewal applications cannot be accepted, you are advised to carefully read the instructions on the renewal application and the following examples:

**BROKER**  
Make Address Changes if Necessary

**APPLICATION FOR REAL ESTATE LICENSE RENEWAL**  
FOR THE YEAR ENDING JUNE 30, 1978 (S. 33A-4C)  
YOUR REAL ESTATE LICENSE WILL EXPIRE ON JUNE 30, 1978.  
FILE RENEWAL APPLICATION PRIOR TO EXPIRATION.

1978 - 79

MAKE ADDRESS CHANGES BELOW

Robert S. Broker  
Broker Realty, Inc.  
P.O. 44111 Maple St.  
Anywhere, N. C. 21110

APPLICANT PLEASE SIGN  
*Robert S. Broker*

MAIL THIS APPLICATION AND (\$10.00) REMITTANCE TO N. C. REAL ESTATE LICENSING BOARD, P. O. BOX 266 RALEIGH, N. C. 27602  
AFTER EXPIRATION DATE ADD (\$5.00) LATE FILING FEE

Broker Must Sign

**SALESMAN**  
Make Address Changes if Necessary

**APPLICATION FOR REAL ESTATE LICENSE RENEWAL**  
FOR THE YEAR ENDING JUNE 30, 1978 (S. 33A-4C)  
YOUR REAL ESTATE LICENSE WILL EXPIRE ON JUNE 30, 1978.  
FILE RENEWAL APPLICATION PRIOR TO EXPIRATION.

1978 - 79

MAKE ADDRESS CHANGES BELOW

Samuel Salesman  
Broker Realty, Inc.  
P.O. 44111 Maple St.  
Anywhere, N. C. 21110

SALESMAN MUST HAVE SPONSORING BROKER COMPLETE THIS CERTIFICATE FOR SPONSORING BROKER: I CERTIFY THAT I AM THE SPONSORING BROKER OF THE NAMED SALESMAN APPLICANT AND HAVE APPLIED FOR RENEWAL OF MY LICENSE FOR YEAR ENDING JUNE 30, 1978.

SALESMAN SIGNATURE: *Samuel Salesman*  
BROKER SIGNATURE: *Robert S. Broker*  
Robert S. Broker

MAIL THIS APPLICATION AND (\$10.00) REMITTANCE TO N. C. REAL ESTATE LICENSING BOARD, P. O. BOX 266 RALEIGH, N. C. 27602  
AFTER EXPIRATION DATE ADD (\$5.00) LATE FILING FEE

Salesman Must Sign

Supervising Broker of Salesman Must Sign

**CORPORATION**  
Make Address Changes if Necessary

**APPLICATION FOR REAL ESTATE LICENSE RENEWAL**  
FOR THE YEAR ENDING JUNE 30, 1978 (S. 33A-4C)  
YOUR CORPORATION LICENSE WILL EXPIRE ON JUNE 30, 1978.  
FILE RENEWAL APPLICATION PRIOR TO EXPIRATION.

1978 - 79

MAKE ADDRESS CHANGES BELOW

Broker Realty, Inc.  
Robert S. Broker  
P.O. 44111 Maple St.  
Anywhere, N. C. 21110

PRINCIPAL BROKER PLEASE SIGN  
*Robert S. Broker*  
Robert S. Broker

MAIL THIS APPLICATION AND (\$10.00) REMITTANCE TO N. C. REAL ESTATE LICENSING BOARD, P. O. BOX 266 RALEIGH, N. C. 27602  
AFTER EXPIRATION DATE ADD (\$5.00) LATE FILING FEE

Principal Broker of Corporation Must Sign

**FEE**  
Make Check Payable to N. C. Real Estate Licensing Board

1086

June 4 1978 66-1039 531

PAY TO THE ORDER OF N. C. Real Estate Licensing Board \$ 10.00

Ten and 00/100 DOLLARS

**BB&T**  
BANK OF BRANCH & TRUST COMPANY  
RALEIGH, NORTH CAROLINA 27608

MEMO: 1978-79 license renewal *Robert S. Broker*

⑆ 1053 1 1039 1 303 1 4086 3 ⑈ 086

\$10 Renewal Fee  
(Add \$5 Late Filing Fee After June 30, 1978)

# Transacting Business With The Buyer

Good business practices are essential in operating a real estate business and will help you avoid future complaints by the buyer. Here are a few tips designed to promote good relations with the buyer.

Remember that you are being paid by the seller to bring about a trouble-free sale, and to do this you must give accurate information to the prospective buyer. General statements to the buyer such as "this house is just right for you" or "this property is a good investment" are harmless and even if untrue cannot be cited by the average buyer as a misrepresentation; the law regards such sales talk as "puffing your wares". On the other hand, specific statements such as "the storage building is within the boundary line", or "the roof is only five years old", or "the walls are fully insulated" are representations of fact which, if untrue, may render the sales agent liable for misrepresentation.

Here are some simple "do's" and "don'ts" which should help you maintain the buyer's trust and good will:

## DON'T . . .

- . . . rush the buyer. An unhappy buyer is not worth the commission you will receive.
- . . . make statements about the house and lot unless you personally know them to be true. If your statements are based upon what the owner has told you or what you have read in the MLS, make this clear to the buyer.
- . . . tell the buyer to sign a sales agreement merely to take the house off the market while the buyer makes a final decision. A sales agreement is not an option to purchase — it is an important legal document which obligates the buyer to purchase.
- . . . ignore the buyer after sales agreement has been signed. Promptly answer the buyer's calls and letters. Problems which arise in a transaction will not go away, they will only grow larger. If the buyer com-

plaints that you have not answered his letters or phone calls, you can be sure this office will want to know why.

## DO . . .

- . . . investigate to make sure you are giving the buyer correct information. This is your job and the buyer will expect you to do it well.
- . . . advise the buyer to obtain a survey if there is any question about the location of the boundary lines.
- . . . take your time and make sure that the sales agreement is prepared properly. This document should contain the **entire** agreement of the parties right down to who gets the curtains and dog house if there was an agreement on this.
- . . . be careful if the buyer is moving into the house on a rental basis prior to closing. The Licensing Board constantly receives complaints from sellers and buyers in such cases.
- . . . keep a complete file on each transaction including a record of each phone call and letter. Failure to keep adequate business records is automatically reported to the Licensing Board by our field representatives.

# Disciplinary Action

WALLACE HAROLD BARRON — Fayetteville — Broker's License No. 35399 — Suspended for ninety (90) days for violating G.S. 93A-6(a) (12) — Commingled \$50.00 with his own money and temporarily converted it to his own use.

DOROTHY T. JACOBS — Durham — Broker's License No. 14198 — Reprimanded for violation of G.S. 93A-6(a) — miscalculated the balance on an assumed loan, requiring purchaser to pay \$1,317.60 in additional cash to assume loan.

GEORGE C. HOOD — Sanford — Broker's License No. 21865 — suspended for thirty (30) days for violation of G.S. 93A-6(a) (8) and 93A-6(a) (10) — engaged in improper conduct in that he promoted the use of dual contracts and did nothing to prevent the giving of false information to the lender.

MARY SUE MacLAMROC — Salisbury — Broker's License No. 35982 — suspended for thirty (30) days for violation of G.S. 93A-6(a) (8) — offer to purchase incorrectly showed a \$1,000.00 cash deposit when \$500.00 was cash and the remaining \$500.00 consisted of a purported promissory note.

**RENEW  
EARLY!**

NORTH CAROLINA  
REAL ESTATE LICENSING BOARD  
P. O. BOX 266  
RALEIGH, N. C. 27602

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