



**North Carolina
Postlicensing Course Syllabus**

**SELECTED TOPICS
COURSE**

March 2011 Edition

**North Carolina Real Estate Commission
P.O. Box 17100
Raleigh, NC 27619
(919) 875-3700
Email: educ@ncrec.gov**

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Superior School of Real Estate
14815 Ballantyne Village Way, Suite 270
Charlotte, NC 28277
Phone: 704-944-4260
Toll Free: 877-944-4260
Fax: 704-944-4261
www.superiorschoolnc.com

INTRODUCTION

Course Description: The *Selected Topics Course* is one of the three 30-classroom hour mandatory postlicensing courses that must be completed by newly licensed North Carolina provisional brokers within three years after licensure. The primary objective of the course is to provide instruction at a level beyond that provided in prelicensing courses on topics deemed to be of special importance to licensees. Topics addressed in this course include commercial real estate brokerage, residential property management, land use controls, loan fraud, brokerage compensation issues, license law issues and case studies, selected fair housing issues and case studies, establishing a brokerage firm, manufactured and modular homes and issues relating to short sales.

Requirements for Teaching the Course: This course may only be taught by schools and instructors approved by the North Carolina Real Estate Commission to teach prelicensing and postlicensing courses. Rules governing the conduct of the course, including scheduling, course completion standards, course delivery, course completion reporting and other related matters may be obtained from the Commission. Course must be taught as prescribed by this syllabus.

Prerequisite: Possession of a North Carolina broker license (either provisional or non-provisional).

Textbook: *North Carolina Real Estate Manual*, most current edition.

Course Final Examinations and Completion Standards: Schools and instructors are required to utilize course final examinations provided by the Commission in accordance with Commission rules for such examinations. The confidentiality of examinations provided by the Commission must be protected at all times by schools and instructors. The examination minimum passing standard is 75%. Schools and instructors may, in their discretion, also require completion of in-class or out-of-class graded assignments that may count for up to 25% of a student's grade for the course.

Order of Topic Presentation and Recommended Topic Emphasis: Instructors may present the topics in the order they deem most appropriate. Instructors may make reasonable minor adjustments in subject area emphasis as needed to facilitate instruction, but should be careful not to devote undue overemphasis or underemphasis to any topic.

General Instructional Approach: Instructors are expected to utilize "real world" illustrative examples, to employ instructional techniques that encourage active student participation in class and to employ practical in-class and out-of-class work assignments to the maximum extent possible in this course.

Syllabus Copies: Copies of this syllabus will be provided by the Commission only for use by school officials and instructors. Schools are authorized to reproduce all or part of this syllabus for student use at their own expense, and may charge students for the cost of reproduction.

SELECTED TOPICS

POSTLICENSING COURSE

RECOMMENDED TOPIC EMPHASIS

	Hours
I. Introduction to Commercial Real Estate Brokerage	5
II. Landlord-Tenant Law & Residential Property Management	6
III. Land Use Controls and the Real Estate Agent	2
IV. Loan Fraud	2
V. Brokerage Compensation Issues	3
VI. Miscellaneous License Law and Rule Issues	1
VII. License Law Case Studies	4
VIII. Fair Housing Case Studies	2
IX. Legal Requirements for Establishing a Real Estate Brokerage Firm	1
X. Manufactured and Modular Homes	0.5
XI. Issues Related to Short Sales	1
XII. Local Issues	1
Final Examination	1.5
Total Hours	30

Selected Topics

Postlicensing Course Outline

References to “*Manual*” in this outline refer to the *North Carolina Real Estate Manual*, which is the prescribed text for this course. Page references in the syllabus are to the 2011-2012 edition of the *Real Estate Manual*.

Section 1: Introduction to Commercial Real Estate Brokerage *Manual, Chapter 19, and section of Chapter 16*

I. Introductory Concepts and Issues (pp. 727-748)

- A. Basic Distinctions Between Residential and Commercial Practice (pp. 727-737)
 - 1. Multiple Product Types and Specialized Areas of Practice
 - 2. Transaction Cycle Time
 - 3. Multiple Listing Service (MLS)[®] vs. Database
 - 4. Special Importance of Zoning and Other Land Use Restrictions
 - 5. Leasing
 - 6. Contracts and Contract Forms
 - 7. Financing
 - 8. Higher Stakes
 - 9. Business Relationships
 - 10. Working Hours
 - 11. Cooperating with Out-of-State Brokers & Licensing Requirements

- B. Special Considerations in Commercial Practice (pp. 738-748)
 - 1. Zoning and Other Land Use Restrictions
 - 2. Financing
 - 3. Client and Customer Perspectives

II. Commercial Property Classifications, Features and Market Factors (pp. 748-767)

- A. Office Properties or Space (pp. 749-754)
 - 1. Office Space Classifications
 - 2. Factors Affecting Value/Desirability
 - 3. Common Special Office Lease Provisions

- B. Retail Properties or Space (*pp 754-759*)
 - 1. Retail Space Classifications
 - 2. Factors Affecting Value/Desirability
 - 3. Understanding the Market for Retail Space
 - 4. Common Special Retail Lease Provisions

- C. Industrial Properties (*pp. 759-762*)
 - 1. Industrial Property Classifications
 - 2. Factors Affecting Value/Desirability
 - 3. Leases for Industrial Properties

- D. Land (*Pp. 763-766*)
 - 1. Factors Affecting Value/Desirability
 - 2. Marketing Considerations

- E. Specialty Properties (*p. 766*)

III. Market Comprehension and Analysis (*pp. 767-769*)

- A. Understanding Market Factor Concepts
 - 1. Linkages
 - 2. Demographics
 - 3. Absorption
 - 4. Others

- B. Understanding Your Market

IV. Pricing and Analysis Issues (*pp. 769-777*)

- A. Sale Pricing
- B. Lease Pricing
- C. Lease versus Purchase Analysis
- D. Investment Analysis [*Brief Introduction Only*]
- E. Like-kind (Section 1031) Exchange [*Brief Introduction Only*]

V. The Commercial Transaction Cycle (*pp. 777-783*)

- A. The Typical *Sales* Transaction Cycle (*pp. 777-781*)

- B. The Typical Lease Transaction Cycle (*pp. 781-783, see also pp. 637-642, 651-657*)

VI. Securities Law and the Commercial Real Estate Broker [CAUTION!]
(*pp. 783-785*)

Section 2: Landlord-Tenant Law & Residential Property Management
Manual, Chapters 16 & 17

I. Laws Governing Residential Tenancies (*pp. 611-633*)

- A. Residential Rental Agreements Act
- B. Act Prohibiting Retaliatory Eviction
- C. Tenant Security Deposit Act
- D. Eviction Procedures (*pp. 622-629*)
- E. Sexual Harassment
- F. Public Housing (Section 8 Housing) Tenants
- G. Servicemembers Civil Relief Act (federal law)
- H. Protecting Tenants at Foreclosure Act (federal law) (*pp. 631-633*)

II. Residential Leases (*pp 643-651; 654-660*)

- A. Common Residential Lease Provisions
- B. Review and Proper Completion of Standard Form #410-T – Residential Rental Contract (*pp 644-649*)
- C. Statute of Frauds & Recordation of Leases (*pp 660-662*)
- D. Compliance with Lead-Based Paint Hazard Reduction Act (pre 1978 housing); *see* disclosure form on p. 240.

III. North Carolina Vacation Rental Act (pp. 662-666)

IV. Introduction to Property Management (pp. 675-679)

- A. What Constitutes “Property Management” (pp. 675-676)
- B. Licensing Requirement for Property Managers (pp. 676-677)
 - 1. General Requirement
 - 2. Exemption for Certain W-2 Employees of *Brokers* Acting as Property Managers
- C. Laws/Rules Governing Property Manager Relationships (p 678)

V. Property Management Agreements (pp. 679-685)

VI. Principal Functions of Property Managers (pp. 686 - 695)

- A. Preparing a Management Plan
- B. Establishing a Rental Schedule
- C. Preparing an Operating Budget (*see sample Operating Budget, p. 690*)
- D. Marketing and Renting the Property
- E. Collecting Rents and Security Deposits
- F. Maintaining and Protecting the Property
- G. Preparing and Enforcing Rules and Regulations
- H. Performing Landlord’s Duties under Leases
- I. Instituting Legal Actions
- J. Maintaining Property Insurance
- K. Maintaining Records and Accounting to Owner

Section 3: Land Use Controls and the Real Estate Broker *Manual, Chapter 7*

I. Public Land Use Controls (pp 141-165)

- A. Zoning authority, districts, & administration (pp. 143-148)
- B. Concepts and Terms (pp. 149-158)
- C. Subdivision Statutes and Regulations (pp. 158-162)

II. Private Land Use Controls (pp 171-177)

- A. Restrictive and Protective Covenants
- B. NC Planned Community Act
- C. Conservation and Preservation Agreements

- Duty to verify permitted land use (zoning, protective covenants, etc.) prior to making any representation about such permitted use.
- Duty to recognize potential land use problems (“red flag” situations), to check the zoning, protective covenants, etc. and disclose any discovered problem.
- Duty to be aware of planned major land use changes that would substantially affect a property (e.g., major planned highway change, major planned commercial/industrial development, etc.) and to disclose such information.
- Duty to recognize potential flooding problems, to check flood hazard area maps and to disclose any discovered problem.

See pp 142 and 174-175.

Section 4: Loan Fraud *Manual, Chapter 13*

I. What is Loan Fraud?

- A. Background (*pp. 511-513*)
- B. North Carolina Legislation (*pp. 492-496*)
- C. Elements of Loan Fraud (*pp. 512-513*)

II. Common Loan Fraud Schemes (*Pages 513-517*)

Section 5: Brokerage Compensation Issues

Manual, Chapter 21 & section of Chapter 9 & 2008-09 Real Estate Update Course Materials (specifically pages 34-43 as to Rule A.0109©) issues)

I. Compensation for Brokerage Services Requires a Real Estate License (*pp 801-807*)

- A. General Prohibition of Compensating Unlicensed Persons
- B. Exceptions
 - 1. Sharing Compensation with Parties to the Transaction
 - 2. Payments to Travel Agents for Vacation Rentals

II. Earning a Real Estate Sales Commission (*pp 263-273*)

- A. As a Listing Broker
- B. “Ready, Willing, and Able” and Procuring Cause
- C. As a Buyer’s Broker

III. Compensating Affiliated Licensees (*pp 808-815*)

- A. Licensee Eligibility for Compensation
- B. Payment of Compensation to Provisional Brokers
- C. Payment of Compensation to Brokers NOT on Provisional Status

- D. Payment of Compensation to Licensees No Longer Affiliated w/Firm, Inactive Licensees or Expired Licensees
- E. Miscellaneous Situations
- F. Payment of Compensation to Business Entities Created by Broker Associates for Compensation Purposes
- E. Broker Compensation “Protection Period”
- F. Antitrust Laws

IV. Sharing Compensation with Non-Affiliated Brokers or Firms
(pp 808-823)

- A. Basic Requirements
- B. Sharing Brokerage Fees through Cooperative Listing Services
- C. Sharing Brokerage Fees Outside of Cooperative Listing Services
- D. Requirement of Compensation Agreements to be “Written”
- E. Limitations on Sharing Compensation
- F. Sharing Compensation with Foreign Brokers
- E. Commercial Brokerage
- F. Limited Non-Resident Commercial License

V. Third Party Payments to Licensees *(pp 824-833)*

- A. Review of Rule 21 NCAC 58A.0109 and the Basic Requirements
- B. Discussion of 2008 Rule Changes
- C. RESPA Restrictions on Referral Fees and Kickbacks
- D. Compensation, Incentives Bonuses, etc. to Broker From Anyone Other Than Broker’s Principal

Section 6: Miscellaneous License Law and Rule Issues

Manual, Appendix A, B & C - North Carolina License Law and Commission Rules and Comments. RELINC (Real Estate Licensing in North Carolina) booklet must be used for III E.

I. Broker-in-Charge Overview

- A. When Broker-in-Charge Designation Required
- B. General Duties of Broker-in-Charge
- C. Education and Experience Requirements

II. Using Unlicensed Personal Assistants [See “License Law and Rule Comments” in *Manual*.]

- A. Permitted Duties
- B. Prohibited Activities

III. License Status and Education Issues

- A. License Status: Meaning of provisional broker, active, inactive, expired, suspended, revoked, and canceled status.
- B. Postlicensing Education Requirement (and consequences of failure to satisfy)
- C. Continuing Education Requirement (and consequences of failure to satisfy)
- D. Requirements and procedures to activate an inactive license
- E. Requirements and procedures to reinstate an expired license (**current *RELINC***)

Section 7: License Law Case Studies

Chapter 20 & Appendix F

Review and discussion of disciplinary case summaries of actual cases handled by the Real Estate Commission.

Section 8: Fair Housing Case Studies

Chapter 18 & Appendix F

Review and discussion of fair housing laws and practices illustrated by the case studies provided.

Section 9: Legal Requirements for Establishing a Real Estate Brokerage Firm

Appendix D

I. Forms of Business Ownership (and Basic Characteristics)

- A. Sole Proprietorship_____
- B. Partnership
- C. Corporation
- D. Limited Liability Company (LLC)

II. Business Registration Requirement (Office of the Secretary of State)

III.. Registration of Assumed Name (if needed)

IV. Real Estate FIRM License (Real Estate Commission) [Rule 58A.0502]

- A. Separate firm application must be filed.
- B. Firm must be legally formed and authorized by NC Secretary of State to do business in NC. Name on firm application must be identical to name registered with the Office of the Secretary of State.
- C.. One principal of the business entity (a general partner of a partnership, a manager of an LLC, or an officer of a corporation) must serve as “Qualifying Broker.”
- D. Firm must have a broker-in-charge for each office. (Exception for certain Subchapter S corporations.)
- E. All principals must satisfy “character” requirement.
- F. Firm licensure does not extend to any individual.
- G. Firm license must be renewed just like an individual license.

V. Qualifying Broker Duties

Section 10: Manufactured and Modular Homes

Chapter 1: pp 7-8

I. Characteristics of Manufactured and Modular Homes

II. How to Determine if a Manufactured Home is Real or Personal Property

Section 11: Issues Relating to Short Sales

Selected Portions of Chapters 8, 9 & 13

- I. What is a Short Sale** (*pp 517-519*)
- II. Determining a Principal's Ability to Close** (*pp 208, 307, 312-314*)
 - A. What Is and Is Not a Material Fact
 - B. Listing Agent's Responsibilities
 - C. Obtaining Approval for a Short-Sale Workout Program
- III. Home Foreclosure Rescue Scams** (*p. 519*)
- IV. Selected Resources**

Section 12: Local Issues

Instructor discretionary time for discussion of real estate issues of particular interest and significance in the local area where the course is being taught. Examples: Vacation Rental Act in areas with a lot of vacation rental property; special considerations in the sale or purchase of coastal property in coastal areas; local zoning issues; and local school reassignment issues and the impact on a particular address's assigned base schools.

End of Syllabus