

STUDENT ADVENTURE GUIDE NOTEBOOK

Welcome to Superior School's Post 301 – Graduate Program



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Postlicensing 301: Broker Relationships & Responsibilities

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North Carolina Postlicensing Course Syllabus Post 301: Broker Relationships & Responsibilities (Student Version)

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Introduction

Course Description: The *Post 301 – Broker Relationships and Responsibilities* course is one of the three 30-classroom hour courses in the North Carolina mandatory Postlicensing education program. At least one course must be completed annually by North Carolina provisional brokers within three (3) years after initial licensure to remain eligible for active license status. 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. Topics addressed in this course include:

- a review of agency relationships in real estate residential and commercial sales and commercial property management transactions,
- a real estate broker's legal duties to clients and customers,
- a step-by-step review and discussion of the functions and responsibilities of a real estate broker when working with sellers and buyers,
- a review of issues associated with transactions in progress when a broker leaves a firm, and
- a review of license status and education issues.

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. The *Post 301 – Broker Relationships and Responsibilities* course must be taught as prescribed by this syllabus.

Prerequisite: Per Rule 58H .0209, a school shall not enroll an individual in a Postlicensing course if:

- the first day of the Postlicensing course occurs while the individual is enrolled in a Prelicensing course;
- that individual has not passed the license examination; or
- the first day of the Postlicensing course occurs while the individual is taking another Postlicensing course at the same school or a different school if such enrollment results in the individual being in class more than 30 instructional hours in any given seven day period

Textbooks: The current editions of:

- *North Carolina Real Estate Manual* (hereinafter called *Manual*) and
- the Commission's *Residential Square Footage Guidelines* booklet.

Page references throughout the syllabus are for the 2017 edition of the *Manual*.

Course Final Examinations and Completion Standards: Schools and instructors are required to utilize end-of-course examinations provided by the Commission in accordance with Commission rules. Schools and instructors shall safeguard and protect at all times the confidentiality of examinations provided by the Commission. The examination minimum passing standard is 75%. Students must be required to pass the end-of-course examination and to satisfactorily complete any required activities and homework exercises. (Class time should include introduction of the assignment and review upon completion.) 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 final grade for the course.

Commission Rule 21 NCAC 58A .0304: Instructor Conduct and Performance

- (a) All instructors shall ensure that class sessions are conducted at the scheduled time and for the full amount of time that is scheduled or required. Instructors shall conduct courses in accordance with the Commission's rules, and any applicable course syllabi, instructor guide, or course plan. Instructors shall conduct classes demonstrating the ability to:
 - (1) state student learning objectives at the beginning of the course and present accurate and relevant information;
 - (2) communicate correct grammar and vocabulary;
 - (3) utilize a variety of instructional techniques that require students to analyze and apply course content, including teacher-centered approaches, such as lecture and demonstration, and student-centered approaches, such as lecture discussion, reading, group problem solving, case studies, and scenarios;
 - (4) utilize instructional aids, such as:
 - (A) whiteboards;
 - (B) sample forms and contracts;
 - (C) pictures;
 - (D) charts; and
 - (E) videos;
 - (5) utilize assessment tools, such as:
 - (A) in-class or homework assignments, and
 - (B) quizzes and midterm examinations for Prelicensing and Postlicensing courses;
 - (6) avoid criticism of any other person, agency, or organization;
 - (7) identify key concepts and correct student misconceptions; and
 - (8) maintain control of the class.
- (b) Instructors teaching Prelicensing, Postlicensing, or Update courses shall interact with students either in person in a classroom setting or through an interactive telecommunication system, or comparable system, that permits continuous mutual audio and visual communication between the instructor and students. The school shall provide monitoring and technical support for the instructors or students.

Introduction (CONTINUED)

- (c) Instructors teaching Prelicensing or Postlicensing courses shall:
 - (1) safeguard and protect the security of course examinations;
 - (2) not allow students to review or retain copies of end-of-course examinations and any materials used during the examination; and
 - (3) only use guest lecturers that have been approved by the school director pursuant to Rule .0204(d) of this Section.
- (d) Instructors shall not obtain, use, or attempt to obtain or use, in any manner or form, North Carolina real estate license examination questions.

Syllabus Copies: The Commission provides this Syllabus 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.

Order of Subject Area Presentation: The order in which subject areas are presented in the Syllabus is the recommended order. Instructors and schools may make reasonable adjustments in the order of presentation, but should retain a logical order of presentation.

Recommended Major Subject Area Emphasis: Recommended emphasis by major subject area (i.e., preceded by a Roman numeral) has been provided in this Syllabus in the form of recommended number of instructional hours to be devoted to each major subject area.

Competency and Instructional Levels: Each major topic (i.e., preceded by a letter) in this Syllabus has been assigned a competency and instructional level of 1-3 to indicate the appropriate level of emphasis and instruction. In some instances where a subtopic should be afforded significantly greater or lesser emphasis than the major topic under which it is listed, the subtopic has been assigned a different level that applies to that subtopic only.

Competency and instructional levels have been assigned based on the relative importance of the topic and the degree of knowledge or skill needed by real estate brokers with regard to the topic. Schools and instructors are **REQUIRED** to comply with the assigned competency and instructional levels (and special notes to instructors) when teaching this course.

Shown on the next page are the three (3) competency and instructional levels used in the Course Syllabus and the meaning of each. The term *competency* refers to the cognitive level expected of students with regard to a particular topic, while the term *instruction* refers to the depth of instruction and the instructional methods that should be utilized. Level 1 is the lowest level and Level 3 is the highest level. **The majority of Postlicensing topics should be taught at a Level 3; therefore, assume the topic is a Level 3 topic if no level is noted.**

Competency and Instructional Levels

Level 1 – Recall

Competency: Student should possess a basic level of knowledge of the topic that is sufficient to recall, recognize, identify, list, describe, etc. definitions of common terms, basic facts/concepts/principles, and basic procedures/ methods.

Instruction: Instructor should review and discuss the appropriate basic definitions, facts, concepts, procedures, etc. No in-depth instruction required.

Level 2 – Application

Competency: Student should possess a moderately comprehensive level of knowledge and understanding of the topic that is sufficient to explain, discuss, interpret, restate, summarize, apply, etc. facts, principles, procedures, etc. and how they relate to real estate brokerage practice.

Instruction: Instructor should review and discuss the topic in moderate depth sufficient to reasonably assure substantial comprehension, using examples (as appropriate) to illustrate and enhance understanding of facts, principles, procedures, etc. and their relevance to real estate brokerage practice.

Level 3 – Analysis

Competency: Student should possess a substantial working knowledge and understanding of the topic that is sufficient to compare/contrast, analyze, etc. relevant facts, principles, procedures, etc. in a variety of common fact situations likely be encountered in real estate brokerage practice.

Instruction: Instructor should review and discuss the topic in substantial depth, using examples (as appropriate) to reinforce understanding of ideas, principles and practices, and requiring students to complete practical work assignments (as appropriate) to demonstrate both their understanding of the topic and their ability to apply their knowledge to common fact situations that will be encountered in real estate brokerage practice.

Post 301: Broker Relationships & Responsibilities

Postlicensing Course

RECOMMENDED TOPIC EMPHASIS

Section Title	Hours
Section 1: Agency Relationships & Duties – A Practical Review	4
Section 2: Working With Residential & Commercial Sellers	16.5
Section 3: Working With Residential & Commercial Buyers	5
Section 4: Working as a Dual Agent	1.5
Section 5: Working as a Property Manager	1.5
Section 6: Other Topics	0.5
End-of-Course Examination	1
TOTAL HOURS	30

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus

Section 1: Agency Relationships & Duties – A Practical Review

(4 hours) (Manual, Chapter 8, pp. 135-193)

I. Duties of Real Estate Agents (*Manual*, pp. 135-168)

A. Duties to Principal under the Common Law of Agency

1. Definition of Fiduciary: A relationship of trust and confidence wherein one person is usually entrusted to hold or manage property or money for another. A fiduciary (e.g., agent) is bound to act primarily for the benefit of the beneficiary (e.g., client)
2. Basic Agency Duties [G.S. 93A-6] (OLD CAR acronym)
 - a. Obedience to client's lawful instructions [Rule A .0104 & .0115]
 - b. Loyalty to client's best interests over and above interests of others including those of agent [Rule A .0104(d) & (i)]
 - i. Avoidance of *self-dealing*
 - ii. Written client consent to represent adverse interests (e.g., dual agency) [Rule A .0104(d),(i),(o),(p)]
 - c. Disclosure of Information to include agent's affirmative duty to discover and disclose all transactional information including, but not limited to, *material facts*
 - d. Confidentiality of client's personal information that would hurt the client's bargaining position, unless disclosure is required by law or rule [Rule A .0104(k) & (n)]
 - e. Accounting for safeguarding goods & funds handled plus retention of transactional records [Rule A .0106, .0109, .0116, .0117]
 - f. Reasonable Skill, Care and Diligence in delivery of brokerage services to the standard of other competent brokers
3. Agent's Duty to Principal after Termination of Agency Relationship

B. Duties to Third Persons under the Common Law

1. Honesty
2. Fairness

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Postlicensing Course Syllabus (CONTINUED)

- C. Duties to Principals and Third persons under the Real Estate License Law and Commission Rules [G.S.93A-6(a)] (*Manual*, pp. 156-165)
 - 1. Duty to avoid any willful or negligent misrepresentation or omission [G.S. 93A-6(a)(1) and (3)]
 - a. Willful Misrepresentation
 - b. Negligent Misrepresentation
 - c. Willful Omission
 - d. Negligent Omission
 - 2. Stigmatized/Psychologically Impacted Properties are NOT material facts in NC [G.S. 39-50; 42-14.2]
 - a. Previous occupant died or had a serious illness while occupying the property
 - b. Convicted sex offender resides near a property
 - c. Reputation as a haunted property
 - 3. Miscellaneous Disclosure Concepts
 - a. Puffing
 - b. Representation Made without Regard for the Truth
 - c. The “Reasonableness” Factor in Negligent Omission
 - d. Disclaimers are seldom a Defense
 - e. Standards for Listing Agents vs. Selling Agents
- D. Other Issues Affecting a Real Estate Broker’s Duties [*Level 2*]
 - 1. Unfair and Deceptive Trade Practices Act [G.S. 75-1.1] (*Manual*, pp. 165, 286)
 - a. Applies to real estate brokers
 - b. Possibility of treble damages

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Postlicensing Course Syllabus (CONTINUED)

2. *Doctrine of Caveat Emptor* (*Manual*, pp. 166-167)
 - a. Burden of discovery is on the buyer to investigate the property
 - b. Seller could be held liable if he/she
 - i. Engages in fraud
 - ii. Induces buyer to forego an inspection
 - iii. Does not provide RPOADS prior to presentation of 1st offer
3. Sale of Property “As Is”

Note: Broker’s disclosure responsibilities under Real Estate License Law not affected by doctrine of caveat emptor or “as is” status.

II. Agency Relationships in Residential & Commercial Sales Transactions (*Manual*, pp. 139-143)

A. Agency Options for Real Estate Companies

1. Exclusive Seller Agency
2. Exclusive Buyer Agency
3. Both Seller Agency and Buyer Agency with Dual Agency for “In-House” Sales
[Brief introduction only at this point.] [G.S. 93A-6(a)(4) & (5); Rule A .0104(d) and (i) - (n)]

Required Activity: Have students compare & contrast each agency option and the advantages and disadvantages of each.

B. Agency Relationships When Brokers/Firms Cooperate

1. Exclusive Agency
2. Seller Subagency

III. Disclosure of Agency Relationships in Residential & Commercial Sales (*Manual*, pp. 179-185)

A. The Commission Agency Rule 58A .0104

B. *Working with Real Estate Agents* Brochure

C. “First Substantial Contact”

1. Definition: Point at which a consumer begins to
 - a. Act as if an agency relationship exists;

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Postlicensing Course Syllabus (CONTINUED)

- b. Disclose their particular needs, desires, or wants about property to be sold or purchased; or
 - c. Disclose any confidential information, such as motivation, financial or family circumstances, or acceptable price or terms
- 2. Compliance in person vs. by electronic or telephonic device
- D. Disclosure in Various Situations
 - 1. Listing Agent Working with a Prospective Seller
 - 2. Working with a Prospective Buyer
 - 3. Disclosure by Buyer's Agent to Seller/Seller's Agent
 - 4. Disclosure of and Consent to Dual Agency

Required Activity: Have students role play agency disclosure in a variety of residential and commercial scenarios. Extensive class discussion should be utilized to assure a full understanding of when disclosure is required and what constitutes *first substantial contact* in various situations (e.g., in-person contact, telephone and email contact, open houses, etc.).

Section 2: Working With Residential & Commercial Sellers (17 hours)

(*Manual*, pp. 220-236, 658-659)

- I. Solicitation of Listings
 - A. Soliciting Listings of Other Firms/Brokers
 - 1. Violates the Code of Ethics (Article 16) of the National Association of REALTORS®
 - 2. May constitute *tortious interference with contractual relations* which may be a basis for a civil lawsuit
 - B. "Do Not Call" Laws and Rules (Federal & NC) [Level 2]
 - 1. *Do Not Call Registry*
 - a. Check the *Registry* once every 31 days
 - b. Maintain a company "Do Not Call" list for consumers who asked to not be called

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Postlicensing Course Syllabus (CONTINUED)

2. Brokers may not make telephone calls to anyone whose name appears on the *Do Not Call Registry* (with limited exceptions) for the purpose of soliciting a listing
 - a. Exemptions
 - i. Express permission or invitation
 - ii. Established business relationship (Note: 18-month limit)
 - iii. Personal relationship
 - b. Penalties
3. Prohibition includes calls to *solicit listings* made to *for sale by owner* (FSBO) if the owner's name is on the registry; however, brokers may call a FSBO owner on behalf of a prospective buyer-client who is interested in the FSBO property
- C. "Do Not Fax" Laws and Rules (Federal & NC) [Level 2]
 1. Restricts unsolicited fax transmissions without recipient's permission
 2. Requires prominent *opt out* notice on fax cover sheet
 3. Business relationship exemption (no time limit)
- D. CAN-SPAM Act [Level 2]
 1. Restricts spamming by email
 2. *Opt out* option required

Note: Brokers should keep abreast of any restrictions on email solicitations that might affect their solicitation of business in that manner. Mass electronic newsletters or "just listed" emails would be subject to such restrictions.

II. Preparing for Prelisting Meeting with Prospective Seller

- A. Documents to be Provided by Listing Agent:
 1. Well-drafted listing agreement form (such as NCAR Standard Forms 101 or 103 (residential) or 570 or 571 (commercial))
 2. The Commission's *Working with Real Estate Agents* brochure

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Postlicensing Course Syllabus (CONTINUED)

3. *Residential Property and Owners' Association Disclosure Statement (RPOADS)* and *Mineral and Oil and Gas Rights Disclosure (MOG)* forms, if applicable to the property (Form REC 4.22 is available at www.ncrec.gov; REALTORS® may use NCAR Standard Form 140)
 4. Property listing data sheet (especially if property will be placed in MLS or commercial listing databank)
- B. Advise Seller to Gather the Following Documents/Information
1. Copy of Seller's Deed
 2. Copy of Survey
 3. Copy of Restrictive (Protective) Covenants
 4. Copy of HOA Bylaws, Rules and Regulations, Dues and Assessment Info
 5. Balance Due on Seller's Mortgage(s) and Status of Mortgage(s)
- III. Prelisting Meeting with Prospective Seller (*Manual*, pp. 224-229;168-176)
- A. Explain Agency Relationship and Company Policies/Services
1. Make required agency disclosure
 2. Caution seller against providing confidential information to any potential listing agent prior to signing a listing contract and explain why
 3. Determine if and how the broker/company will represent the seller (e.g., exclusive seller's agent or possibly as a dual agent)
 4. Advise seller of firm's proposed brokerage fee for listing and selling the seller's property and negotiate within parameters established by company policy
 5. Discuss marketing options, such as MLS
 6. Explain briefly how MLS works and its benefits for both sellers and buyers
[Level 2]
- B. Review Documents/Information Obtained from Seller
- C. Inspect Property and Verify Questionable Information
1. Inspect the property, noting all features that will be needed for the listing data sheet
 2. Identify personal property to be conveyed and fixtures NOT to be conveyed with the property

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Postlicensing Course Syllabus (CONTINUED)

3. Note all significant defects; remind seller of broker's duty to disclose all material facts about the seller's property to prospective buyers
 4. Suggest needed repairs and improvements to make the property more marketable
 5. Inquire as to whether any construction/alterations/repairs have been done and whether any required permits were obtained
 6. If property is served by a septic system, verify the system's capacity with the county health department; obtain a copy of the septic permit if available (*The 4S's: Septic, Streets, Underground Storage Tanks and Square Footage section of the 2016-2017 General Update course*)
- D. Advise seller of his/her rights and obligations under the *Residential Property Disclosure Act* and assist the seller in fulfilling the statutory obligations [Rule A .0114 & .0019] (*Manual*, pp 168-173)

Required Activity: Provide students with current *RPOADS* & *MOG* disclosure forms. Discuss the purpose of each form and the correct way to advise property owners about completion and delivery of the forms. Discuss pros and cons of seller using "No Representation".

1. Advise the seller as to whether the *RPOADS* statement is required
 - a. Requirement for most sellers of 1-4 residential units to provide completed disclosure forms to prospective buyers prior to presentation of first offer
 - b. Applicability of and exemptions to the law
 - c. Broker's responsibilities to advise seller of disclosure requirement, the need for continued accuracy, and to assure timely delivery of disclosure forms

Note: Agent must NOT complete the form for the seller
2. Advise the seller as to whether the *Mineral and Oil and Gas Rights Disclosure Statement* is required
 - a. Same requirements as for *RPOADS*
 - b. Different applicability of and exemptions to the law
 - c. Broker's responsibilities to advise seller of disclosure requirement, the need for continued accuracy, and to assure timely delivery of disclosure forms

Note: Agent must NOT complete the form for the seller

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3. Advise the seller of a buyer's 3-day right to rescind a sales contract if the seller (or seller's agent) fails to deliver a completed disclosure statement to the buyer no later than the time the buyer makes an offer
4. Inform the seller of his/her answer completion options and the right to choose *No Representation* since the seller is NOT required to make any representations regarding the property's condition
5. Explain to the seller that a real estate broker's disclosure responsibilities under Real Estate License Law are not affected by sellers' disclosure under this Act; broker must disclose to any prospective buyer any material fact regarding a listed property about which the broker knows or should reasonably be expected to be aware, even if the seller legally chooses not to disclose such material fact or makes no representation regarding the matter
6. If the seller demands that the listing agent agree not to disclose a material defect (or other material fact) as a condition of granting the listing, the listing should be refused!
7. Assist the seller with understanding how to complete the *Residential Property and Owners' Association Disclosure Statement* and the *Mineral and Oil and Gas Rights Disclosure* forms - but require the seller to complete the forms

Required Activity: Facilitate a discussion regarding how a broker should handle a situation in which the seller balks at completing the disclosure forms or wants to misrepresent a fact about the property with or without the broker's cooperation.

- E. Comply with Federal *Residential Lead-Based Paint Hazard Reduction Act of 1992* and updated HUD & EPA Rules (if applicable) (*Manual*, pp 173-176) [Level 2]
1. Disclosure requirement
 2. Application – *target* housing
 3. Agents' responsibilities (under federal rules and NC Real Estate License Law)
 4. Enforcement and penalties
 5. N.C. Lead-Based Paint Hazard Management Program
 - a. Inspectors and firms/individuals performing renovation, repair and painting projects for compensation in homes and day-care facilities built before 1978 must be certified

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Postlicensing Course Syllabus (CONTINUED)

- b. Fines for violations up to \$750 per day
 - c. Do-it-yourself homeowners are exempt from certification requirement
 - F. Verify the acreage of the lot or tract from seller's deed and/or a current survey
 - 1. Brokers are NOT expected to measure lots or tracts and calculate the acreage, although licensees should be able to convert acreage to square footage, and vice-versa
 - 2. Walk the lot or tract with the seller and locate corners and property lines, if possible, in order to avoid misrepresentation to a prospective buyer about such matters

IV. Verify and Report Building Square Footage in Accordance with NC Real Estate

Commission's *Residential Square Footage Guidelines* (*Manual*, pp. 228-229; Guidelines booklet)

Mandatory Student Homework Assignment: Students must independently complete an exercise in determining square footage in order to satisfactorily complete the course. The problem in the *Guidelines* booklet may be utilized as part of in-class instruction but should NOT be used for the homework assignment since the booklet also includes the solution to this problem.

Suggested Approaches: (1) Provide students with diagrams and measurements for one or two houses and have students submit the detailed calculations as a homework assignment.

Reserve a portion of the allotted classroom time in a later class (not necessarily the next class) to review students' results and to discuss common mistakes. Students should be provided the correct solution. (2) If feasible, a class field trip (e.g., to a building near the classroom) to obtain the on-the-ground measurements and calculations is recommended. (3) Have students personally measure and submit diagrams with measurement calculations of their personal home; then, have students exchange homework and double-check each other's calculations. (This approach will usually provide class with examples of many types of residential units [e.g., condo, townhouse, single family] and the measurement challenges of each. Have students that live in apartments treat their unit as a condo for measurement purposes.)

V. Perform a Comparative Market Analysis (CMA) for the Residential & Commercial Seller (*Manual*, pp 229-230; 511-533)

- A. Laws and Rules Governing Broker Price Opinions (BPOs) and Comparative Market Analyses (CMAs) Performed by Real Estate Brokers [G.S. 93A-82, Article 6; G.S. E-1-3(c); Rule A .2202; A .0108]
 - 1. Summary / Key Points
 - 2. Review Complete Text of Article 6 of License Law
 - 3. Review and Discuss Commission Rules 58A. 2201 & .2202 and 58A. 0108

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- B. Broker's Duty with Regard to Providing a CMA/BPO to a Client (*Manual*, pp. 522-523)
 - 1. Duty under the Law of Agency
 - 2. Duty under the License Law
 - 3. CMA/BPO of:
 - a. Residential 1-4 Unit Properties
 - b. Residential 5+ Unit Properties and Other Income-Producing Properties
 - C. Performing a CMA/BPO
 - 1. Steps in the CMA/BPO Process
 - a. Expectations for Brokers Performing BPOs/CMAs with Regard to Selecting and Making Adjustments to Comparables as Compared to the standards for Appraisers Performing an Appraisal (*Manual*, pg. 520)
 - b. Assuring the Broker is Qualified
 - c. Identifying the Assignment
 - d. Collecting Data on Subject and Local Market
 - e. Analysis
 - i. Using the Sales Comparison Approach
 - ii. Analysis Using the Gross Rent Multiplier Approach
 - iii. Analysis Using the Income Capitalization Approach
- Required Activity: Have students, independently or in groups, complete an Income Capitalization work problem to arrive at the probable sales price for an income producing property.
- iv. Analysis Relating to Estimating a Probable Leasing Price (Lease Rate) (*Manual*, pg. 527)
 - f. Reporting Probable Selling/Leasing Price as a "Range" (*Manual*, pg. 527)

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- g. The BPO/CMA Report (*Manual*, pp. 527-528)

Important Note: The Commission expects every CMA/BPO to be performed in a competent manner, even if no fee is received for the CMA/BPO. Thus, a licensee performing a CMA/BPO shall abide by the standards set in Rule A .2202, especially those relating to local market knowledge/experience, the necessity for objective independent judgment, personal inspection of the subject property, and the use of the sales comparison, gross rent multiplier, and income capitalization approaches in deriving an estimate of probable selling/leasing price.

Mandatory Student Homework Assignment: Students must independently complete at least one CMA of a single-family property as a mandatory homework assignment in order to satisfactorily complete the course. Because some students may not have access to MLS data, Instructor shall develop at least one CMA exercise with data on a subject property and a substantial number (e.g., 8-10) of potential comps. Have the students prepare a CMA (showing the adjustments made) as a homework assignment which will be critiqued and discussed during a subsequent class session (not necessarily the next class). Instructor should have a best solution to provide to the students following the class discussion.

VI. Assist the Seller in Setting an Appropriate Listing Price

A. Advise the Seller on Factors to Consider to set Appropriate Listing Price

1. Estimated Probable Selling Price (or range) of Property (per CMA)
2. Current Market Conditions
3. Pros and Cons of setting listing price at “high” vs. “low” end of range of estimated value
4. Seller’s Needs and Desires
5. Possibility of “Short Sale” (*Manual*, pp. 230, 434-437)

B. Review How to Estimate Seller’s Net Proceeds

Required Activity: After reviewing this calculation, assign practice problems to assure students have mastered the calculation.

C. Review How to Calculate a Seller’s Net Profit

Required Activity: After reviewing this calculation, assign practice problems to assure students have mastered the calculation.

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

VII. Review and Complete the Listing Contract (*Manual*, pp. 196-198; 210-218)

- A. General Requirements for All Agency Contracts [G.S. 93A-13; Rule 58A .0104(a) and (b)]
 - 1. Agency contracts with property owners must be in writing from the outset of the relationship; oral listing agreements are unlawful in NC
 - 2. Listing contracts must
 - a. Have a definite expiration date
 - b. Contain the anti-discriminatory language prescribed by rule
 - c. Be signed by the parties; and
 - d. Include the listing broker's license number
- B. Listing Contract Provisions-Standard "Full-Service" Listing Contract

Required Activity: Provide students with current NCAR commercial listing agreements and any available Guidelines for completion. Have students compare and contrast provisions in residential and commercial listing agreements. Discuss the purpose of each provision and the correct way to complete the forms.
- C. Selected Points about Listing Contract Completion
 - 1. When to complete the listing contract
 - 2. All provisions should be filled in prior to having the seller(s) sign (Seller should never be asked to sign an incomplete listing contract, e.g., one without the listing price filled in)
 - 3. Names and Signatures
 - a. All co-owners should sign
 - b. Where only one spouse is the titled owner, best practice is to have the non-titled spouse also sign
 - c. Listing agent signs on behalf of his/her firm and includes his/her license number
 - 4. Provide seller(s) a copy of the signed listing agreement [Rule A .0106(a)]
- D. Additional Best Practice: Provide seller with a copy of the standard Offer to Purchase and Contract form at time of listing and familiarize seller with major provisions so seller knows what to expect when an offer is received

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

VIII. Working as a Limited Services Broker (*Manual*, pp. 207-209) [*Level 2*]

- A. Limited Services Listing Contract – Common Approaches
- B. Limitations Apply Primarily to Services, Not Duties
- C. Duties of Limited Services Listing Broker under the Real Estate License Law, Commission Rules and the Common Law of Agency [G.S.93A-6(a)(1-4, 7-8, 12-14); Rules A .0104, .0106, .0116, .0117]
- D. Protection Agreement
 - 1. Purpose – agreement with seller for a single transaction, usually when dealing with a FSBO situation
 - 2. See NC NCAR's *Unrepresented Seller Disclosure and Fee Arrangement* Standard Form #150

IX. Submitting Property Data to MLS; MLS Operations; Antitrust Laws (*Manual*, pp. 218-220; 233)

- A. A listing agent will be held personally responsible for the accuracy of property data reported in MLS; this responsibility cannot be delegated; a mistake made by an assistant or information supplied by a seller will not excuse the listing agent from responsibility
- B. Overview and discussion of typical MLS operational rules [Mandatory training on MLS use is standard among the various MLS operations.] [*Level 2*]
- C. Antitrust Laws
 - 1. Price fixing; any broker collaboration in setting fees
 - 2. Boycotting (e.g., joining to boycott certain service providers, such as certain appraisers, attorneys, home inspectors, etc.; excluding certain categories of brokers, such as limited service listing brokers, from MLS membership)

X. Marketing Listed Property (*Manual*, pp. 233-235; 404-405)

- A. Legal Compliance in Marketing/Advertising
 - 1. Owner's written permission to advertise or place signage [Rule A .0105(a)(2)]
 - 2. Comply with laws/rules on signage placement
 - 3. Prohibition of "blind" ads [Rule A .0105(b)]

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

4. Comply with Truth-in-Lending advertising requirements
 - a. Trigger Terms
 - b. Required Disclosures
 - c. How to Avoid Violating Regulation Z
 5. Fair Housing Considerations in Advertising (*Manual*, pp.613-614)
 - a. Protected Classes
 - b. Advertising Guidelines
 6. Internet & Social Media Advertising – Same rules apply
- B. Fulfilling Listing Agent's/Firm's Agency and Contractual Duties Relating to Marketing a Property
1. Review customary practices
 2. Other Points to Consider with Caution
 - a. A listing agent might want to obtain permission from his/her seller-client prior to using photographs (or videos) of the inside of a seller's home in advertising (e.g., in flyers, on websites, etc.).
 - b. Providing Copy of Seller's Survey with Promotional Flyer: While this common practice is not objectionable, brokers working with buyers should make certain this does not mislead buyers into thinking they should not obtain a new or updated survey.
 3. Educating Sellers on their Role
- XI. Working with a Seller/FSBO as a Buyer's Agent
- A. Acting as Buyer's Agent Only. Broker is required to provide and explain *Working with Real Estate Agents* brochure and fully disclose status as buyer's agent.
[Rule 58A .0104(c) and (f)]
 - B. Acting as Disclosed Dual Agent
 - C. Buyer Agent working with a seller who listed with a limited services broker

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

Section 3: Working with Residential & Commercial Buyers (5½ hours)

(*Manual*, pp. 236-245)

- I. Agency Disclosure to Buyers – Basic Requirements [Rule 58A .0104(c)]
- II. Working with Buyers as Seller’s Agent or Subagent
 - A. Disclose and Document Agency Relationship in writing using the Seller Subagency check box on the acknowledgement panel of the *Working with Real Estate Agents* brochure [Rule 58A .0104(e)]
 - 1. Co-brokerage Subagency Situations; subagency may not be offered or allowed by listing firm
 - 2. In-house Situations; may remain exclusive seller’s agent or act as a dual agent with authorization of both parties
 - B. Switching from seller’s subagent to buyer’s agent requires seller’s consent
- III. Working with Buyers as a Buyer’s Agent
 - A. Basic Requirement for Express Agreement from the start of the relationship [Rule 58A .0104(a)]
 - B. Temporary Oral Buyer Agency Agreement Option
 - 1. Requirements for temporary oral buyer agency agreement
 - a. Must be non-exclusive; buyer may work with multiple brokers at the same time
 - b. May NOT bind the buyer for any specific period of time
 - c. All terms of the written agency agreement must be addressed in the oral agreement
 - d. If the buyer is asked to limit the oral agreement to a specific firm or for a specific time period, agency must be reduced to a written agreement
 - 2. Must be reduced to writing no later than the time an offer to purchase is made by any party

Required Activity: Engage students in a discussion of their experiences with buyers who are reluctant to sign a written agreement and how they were able to success fully deal with the situations, such as limiting the agreement to a short time period or to a particular property.
--

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

3. Switching from buyer's agent to seller's subagent
4. Firms are not required to allow the practice of oral agency
- C. Review of Essential Elements of a Written Agency Agreement [Rule 58A .0104(a)]
 1. Written and signed by all parties
 2. Has a definite term that expires without prior notice
 3. Includes the broker's license number
 4. Contains prescribed non-discrimination language [Rule 58A .0104(b)]
- D. Types of Buyer Agency Agreements [*Level 2*]
 1. *Exclusive Buyer Agency Agreement* (e.g., NCAR Standard Form 201 and 201-G – *Guidelines for Completing the Exclusive Right to Represent Buyer Form*)
 2. *Non-Exclusive Buyer Agency Agreement* (e.g., NCAR Standard Form 203)

Required Activity: Perform a detailed line-by-line review of these NCAR forms and completion guidelines, discussing appropriate completion of each provision in various circumstances.

3. Alternate Options for Working with Buyers
 - a. Limit duration of agreement
 - b. Limit agreement to specific properties
 - E. Duties to Buyer: Buyer's Agent versus Seller's Subagent Working with a Buyer
- #### IV. Practices of Brokers Working With Buyers
- A. Comply with Agency Disclosure and Buyer Agency Contract Requirements
 - B. Educating Buyer and Soliciting Information on Buyer's Needs and Desires
 - C. Qualifying the Buyer (Manual, Chapter 13, pp. 412-419, 421-423)

Required Activity: Teach loan prequalification procedures (for a conventional-conforming loan) and have students work sample prequalification problems sufficient to assure the students' competence in prequalifying buyers in common situations.

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

- D. Perform a Comparative Market Analysis (CMA) for Buyer
- E. Discover and Disclose Material Facts
- F. Check Land Use Restrictions and Compliance with Related Requirements
(*Manual*, pp. 102-110, 119-124, 445-448)
 - 1. Protective (Restrictive) Covenants
 - 2. Zoning
 - 3. Flood Hazard Area
 - 4. Check Septic System's Authorized Capacity (if applicable)
 - 5. Inquire about Permits for Renovations, Additions, Major Repairs
- G. Additional Buyer Agent Responsibilities and Practices

Section 4: Working as a Dual Agent (1½ hours) (*Manual*, pp. 245-253)

- I. Review of Dual Agency Basics [G.S. 93A-6(a)(4)]
 - A. Requirements for Brokers in Dual Agency Situations
 - 1. Disclosure to and consent of both parties
 - 2. Requirement for written agreement (with oral agreement permitted in certain situations) [Rule 58A .0104(d)]
 - 3. Authorization of dual agency in listing and buyer agency agreements
 - a. Advance consent by both seller and buyer
 - b. Advance consent by one party only
 - c. No advance consent by either party
 - B. The Conflicting Duties of a Dual Agent
- II. Dual Agency Solutions
 - A. Limiting the Dual Agent's Duties by Contract
 - 1. Limiting disclosure of certain information to principals
 - 2. Limiting the duties of loyalty and skill, care and diligence
 - 3. Effect of this approach

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

- B. Designated Agency [Rule 58A .0104(i)-(n)]
 - 1. Basic concept
 - 2. Major rule provisions
 - 3. Special features of designated agency
 - 4. Protecting confidential information in general plus small office considerations
- C. Individual Broker Dual Agent [Rule 58A .0104(n)]
- D. Alternatives to Dual Agency in Other States
- E. Dual Agency Agreement without Pre-existing Agency Relationship

Section 5: Working as a Residential or Commercial Property Manager (1½ hour)

(*Manual*, pp. 583-599, 693-714)

- I. Introduction to Property Management
 - A. What Constitutes AProperty Management@
 - B. Licensing Requirement for Property Managers
 - 1. General Requirement
 - 2. Exemption for Certain W-2 Employees of Brokers Acting as Property Managers
 - C. Laws Governing Property Management Relationships
- II. Property Management Agreements
- III. Principal Functions of Property Managers [*Level 2*]
 - A. Preparing a Management Plan
 - B. Establishing a Rental Schedule
 - C. Preparing an Operating Budget
 - D. Marketing and Renting the Property
 - E. Collecting Rents and Security Deposits

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

- 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 6: Other Topics (½ hour) [Level 2]

- I. When Brokers Leave/Change Firms
 - A. Required Notice to Commission within 10 days [Rule A .0103]
 - B. Handling of Transactions in Progress when Brokers leave/change Firms
(*Manual*, pp. 741-742))
- II. License Status and Education Issues [G.S. 93A-4; Rules A .0503, A .0504, A .0505, & A .0506]

Refer to the <i>Licensing & Education Review</i> section of the most recent Real Estate Update course.
--

- 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) Issues [Rule A .1902]
- C. Continuing Education Requirement (and consequences of failure to satisfy) Issues [Rules A.0504(b), A .1702]
- D. Requirements and procedures to activate an Inactive license [Rules A.0504(c) & (d), A .1703]

Post 301: Broker Relationships & Responsibilities

Postlicensing Course Syllabus (CONTINUED)

- E. Requirements and procedures to reinstate an Expired license
 - 1. License expired for not more than 6 months [Rules A.0505(c) & (h)]
 - 2. License expired between 6 months and 2 years [Rules A.0505(d) & (h)]
 - 3. License expired more than 2 years [Rules A.0505(e), (f) & (h)]

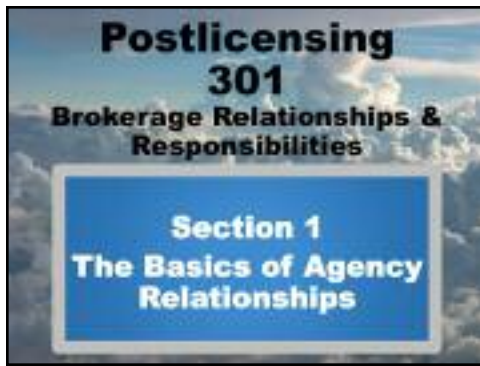
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MODULE 1: AGENCY RELATIONSHIPS & DUTIES

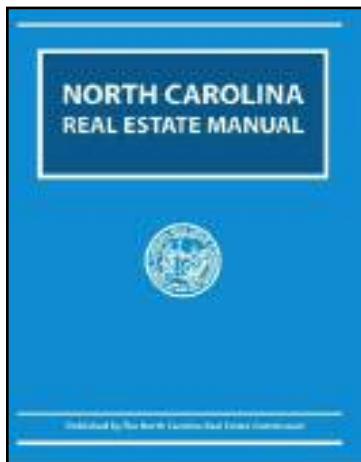
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MODULE 1: AGENCY RELATIONSHIPS & DUTIES

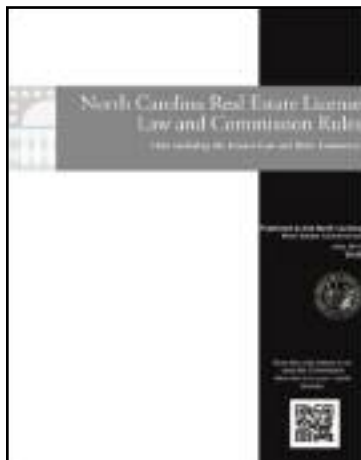


Section 1: The Basics of Agency Relationships

Critical Reading Information



- Chapter 8 – Relationships in Brokerage Practice
 - Pages 135–138
 - Pages 139–143
 - Pages 156–165
 - Pages 166–167
 - Pages 179–185



- §93A-6 – OLD CAR Acronym
- Rule A.0104 – Agreements & Disclosure
- Rule A.0106 – Delivery of Instruments
- Rule A.0115 – Disclosure of Offers
- Rule A.0116 – Handling of Trust Money
- Rule A.0117 – Accounting for Trust Money

The Importance of Agency Relationships



Agency obligations come from three sources:

1. _____
2. _____
3. _____

When a licensee breaches agency obligations, all of the following are potential consequences:

4. _____
5. _____
6. _____
7. _____

The NCREC, as part of a disciplinary action, can revoke, suspend, reprimand, or censure a licensee. The Commission may never 8. _____ a licensee as part of a disciplinary action.

Fiduciary duties and obligations are important in the real estate industry because they impact the 9. _____ that consumers have in working with real estate professionals.



Rank the Following Professions from 1–10

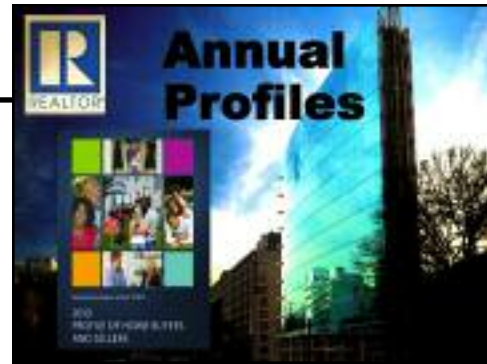
1 – The Profession You Trust the Most

10 – The Profession You Trust the Least

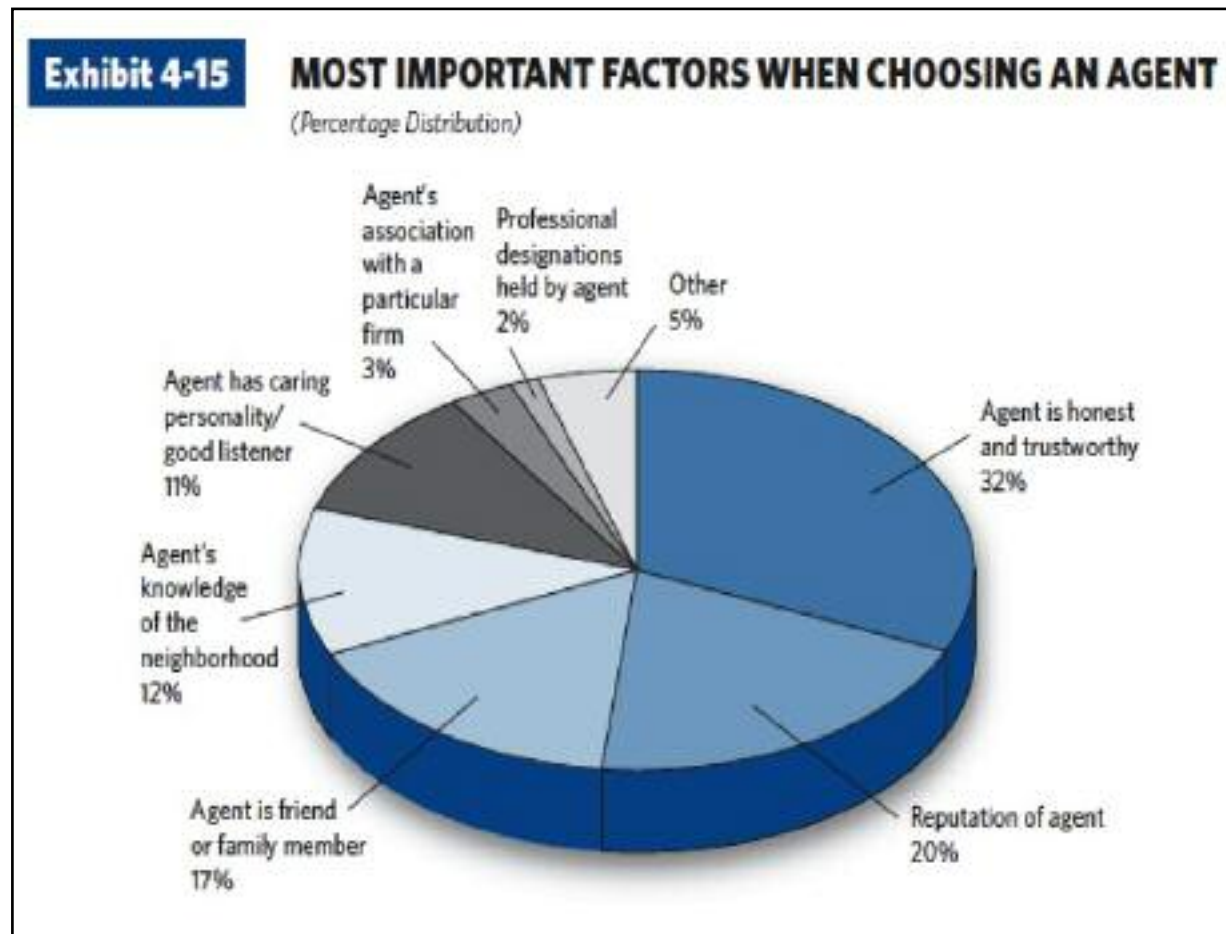
- ☐ Military Officers
- ☐ Lawyers
- ☐ Teachers
- ☐ Nurses
- ☐ Congressional Members
- ☐ News Reporters
- ☐ Real Estate Professionals
- ☐ Doctors
- ☐ Police Officers
- ☐ Clergy

Annual Profiles

Every year the National Association of REALTORS® asks our past clients and consumers why they choose to work with a particular agent. The surveys appear in NAR's Annual Profile of Home Buyers & Sellers and are available at REALTOR.Org. Get the full report from REALTOR.Org for approximately \$50.



Here is what our clients said:



Building Trust in Agency Relationships



List 3 things you could do to build TRUST with clients quicker and easier.

1. _____

2. _____

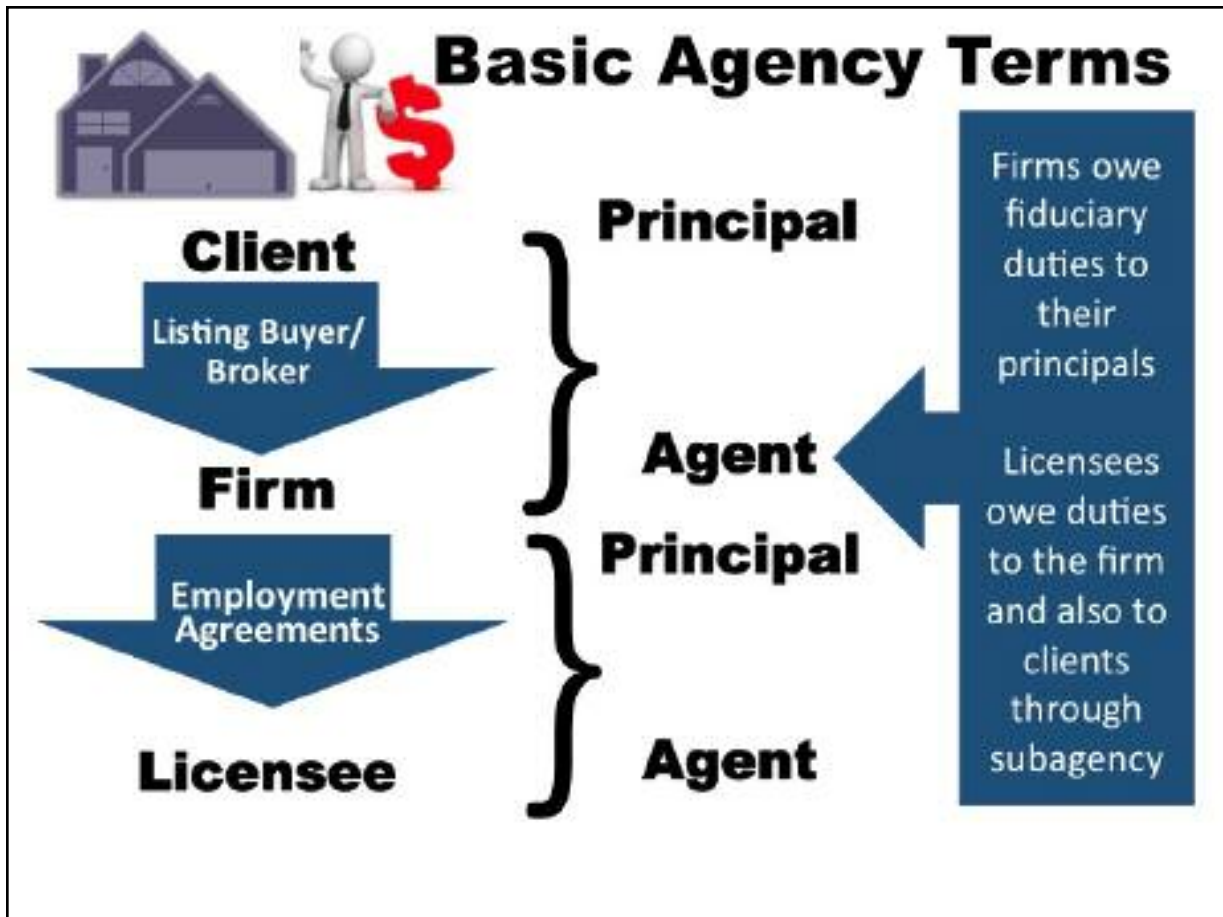
3. _____

How do these three things relate to agency?

Flight Simulator

How do you start your listing and buyer presentations?

[illegible]



Student Notes

O.L.D.C.A.R.

The fiduciary duties which a licensee owes to a client (through the concept of subagency) include all of the following responsibilities:



O – 10. _____

L – 11. _____

D – 12. _____

C – 13. _____

A – 14. _____

R – 15. _____

The Obligation of Obedience

Real estate licensees are required to follow the instructions and direction of the

16. _____ unless those instructions 17. _____.

If the instruction given is illegal, then a real estate professional should take the following action. 18. _____.

Typical agency relationships in real estate DO NOT permit the agent to:

19. _____

20. _____

21. _____

The Obligation of Loyalty

The obligation of loyalty requires a real estate professional to put the

22. _____ interest above all others, including

23. _____.

The Obligation of Disclosure

A licensee has many obligations of disclosure. Disclosure includes:

24. _____

25. _____

26. _____

27. _____

The Obligation of Confidentiality

A licensee must keep confidential all of the following of their client:

28. _____

29. _____

30. _____

31. _____

The Obligation of Accounting

A licensee has an obligation to 32. _____ and

33. _____ handled in a real estate transaction.

The Obligation of Reasonable Care & Skill

A real estate licensee is required to not be 34. _____ and

possess reasonable 35. _____.

Flight Simulator

Postlicensing Meets the Real World

REAL WORLD Agency Choices



Fiduciary Duties: Duties to Clients – Confidentiality

Ken Smith, a buyer, tells Pluribus Homey, a broker from MYsecret Realty, that he will offer \$152,000 for a property at 124 A Street, but will go as high as \$157,000 if necessary.

1. In this scenario, if Pluribus is representing Ken Smith, what is Pluribus's duty?
 - a. Keep Ken's comment confidential
 - b. Tell the seller what Ken said
2. In this scenario, if Pluribus is representing the seller, what is Pluribus's duty?
 - a. Keep Ken's comment confidential
 - b. Tell the seller what Ken said
3. If Pluribus represents Ken, and Pluribus represented a different buyer who previously negotiated with the seller of 124 A Street, should Pluribus tell Ken about those previous negotiations?
 - a. Yes
 - b. No
 - c. Only if Ken asks MYsecret Realty about previous negotiations
 - d. Only after obtaining the consent of the previous buyer/client
 - e. Only after obtaining the consent of the seller
4. If Pluribus represented the seller of 124 A Street in a previous negotiation, should Pluribus tell Ken, Pluribus's new buyer/client about those previous negotiations?
 - a. Yes
 - b. No
 - c. Only if Ken asks Pluribus about previous negotiations
 - d. Only after obtaining the consent of the previous buyer
 - e. Only after obtaining the consent seller

Duties to Clients – Undivided Loyalty

Constance Gripper, a new homebuilder, has hired Matt to represent her in acquiring properties, which contain a house and at least one subdividable lot on which she can build. Matt, who is a salesperson with MYsecret Realty, takes Constance to a property that is listed with GottaSell Realty. Matt believes the property may have as many as four subdividable lots.

While showing the property to Constance, the seller, a 76-year-old widow, tells Matt and Constance that she does not want to move, but her Social Security is not sufficient to meet her living expenses. Matt does not know if GottaSell Realty has discussed alternative solutions with the seller, which may enable her to stay in her home. Matt's buyer/client, Constance, wants to make an offer immediately because this is the best deal she has seen in years.

1. How should Matt proceed?
 - a. Before discussing the property with Constance, call GottaSell Realty to see if anyone from GottaSell Realty discussed alternative solutions with the seller.
 - b. Before discussing the property with Constance, call the seller to see if anyone from GottaSell Realty discussed alternative solutions with her.
 - c. The seller is not Matt's client. He should provide whatever assistance is required to help Constance decide how she wants to proceed.

Flight Simulator (CONTINUED)

Duties to Clients – Undivided Loyalty, Confidentiality

Jayne and Chris have chosen MYsecret Realty to represent them in the purchase of a property. The provisional broker, Matt Gainer, agrees to help Chris and Jayne find a home.

Jayne tells Matt that she has always loved Cottonwood Manor Estates, but no homes have gone on the market in Cottonwood Manor Estates for more than 2 years. Matt tells the buyers he will call the owners in Cottonwood Manor Estates and inquire if anyone is interested in selling their home. Matt is able to discover that Mario and Ruby Needago, who are legally separated, are contemplating selling their property in Cottonwood Manor Estates. When Matt calls the sellers, he identifies himself as a buyer's representative and learns they are not represented by a real estate brokerage company and are seeking a firm to sell their property.

1. Does the fact that a real estate brokerage company is not representing the seller affect Matt's ability to show the property to Chris and Jayne?

_____ Yes _____ No

2. If Matt does set an appointment to show the property, who would be Matt's client and who would be Matt's customer?
 - a. Chris and Jayne would be Matt's client, and the Ruby and Mario would be Matt's customer.
 - b. Ruby and Mario would be Matt's client, and Chris and Jayne would be Matt's customer.

3. Should Matt tell Chris and Jayne that he has heard that the Sellers are getting a divorce?

_____ Yes _____ No

4. Should Matt tell the seller about Jayne's love of the Cottonwood Manor Estates houses?

____ Yes ____ No

5. The property owner proceeds to tell Matt they are interested in selling and they want \$250,000 for the property. Matt takes Chris and Jayne to see the seller's property. Chris and Jayne love the property and tell Matt they want to make an offer. What does Matt do next?

6. The highest sale in Cottonwood Manor Estates has been \$195,000. Chris and Jayne make an offer of \$195,000, but Mario and Ruby counteroffer at \$250,000. Chris and Jayne tell Matt they will not make a counteroffer. They said they would give the sellers a few weeks and then decide if they want to make another offer on the property. Can Matt now show this property to another buyer client?

____ Yes ____ No

Flight Simulator (CONTINUED)

Duties to Clients – Disclosure, Reasonable Care and Diligence

MYsecret Realty is representing buyers Rick and Bobbi in the purchase of a property. Rick and Bobbi are unfamiliar with the area but have found Plum Creek subdivision and like it very much. The Plum Creek subdivision is half in Cabarrus County and half in Mecklenburg County. Property values in Cabarrus County are substantially higher than similar properties in Mecklenburg County. The Plum Creek properties in the Cabarrus County portion of Plum Creek have been selling between \$235,000 and \$250,000, while the homes in the Mecklenburg County portion of Plum Creek have been selling between \$210,000 and \$215,000. Two of the properties for sale are in the Cabarrus County portion of Plum Creek for \$265,000 and two properties in the Mecklenburg County portion of Plum Creek are listed for \$223,500 and \$225,000.

After seeing the four houses, the buyers tell their agent the two Cabarrus County properties are not of interest to them, but do think the Mecklenburg County properties are possibilities. When Rick and Bobbi's broker calls the listing broker for more information about the property, the listing broker says that the sellers have authorized him to tell the buyer that they do not even want to see offers under \$220,000. Also, if they receive no offers over \$220,000, they will simply take their home off the market.

The buyers view the Mecklenburg County property for a second time; they are considering an offer of \$216,000 for the property contingent on obtaining a \$195,000 mortgage. Rick and Bobbi's broker has not told them about the property value difference between the two counties.

Flight Simulator (CONTINUED)

1. If MYsecret Realty tells the buyers about the discrepancy in property values between the two counties, this may:
 - a. Lead the buyers toward an offer to purchase with the sellers.
 - b. Lead the buyers away from an offer to purchase with the sellers.

2. How should MYsecret Realty proceed?
 - a. Because MYsecret Realty is in the business of listing and selling real estate, they should withhold the information from the buyers.
 - b. Because MYsecret Realty is representing the buyers, they should tell them about difference in property value and allow the buyers to make an informed purchase decision.

3. If you were the broker for MYsecret Realty, what would be your recommendations to the broker dealing with these buyers client?

4. If the buyer still wants to make an offer, what should their broker do?

Flight Simulator (CONTINUED)

Responsibilities to a Customer – Fairness, Honesty and Disclosure

What responsibility does the seller's representative have to a buyer customer?

1. The seller's property borders on a land fill.
 - a. Should be disclosed
 - b. Should not be disclosed without the client's consent

2. The basement of the seller's property is dry, except on days when it rains, snows, or sleets.
 - a. Must be disclosed
 - b. Should not be disclosed without the client's consent

3. The fact that the seller will take less money for his property.
 - a. Should be disclosed
 - b. Should not be disclosed without the seller's consent

4. The seller has overpriced his home.
 - a. Should be disclosed
 - b. Should not be disclosed

5. There is a major highway being built 400 yards beyond the seller's backyard within the year.
 - a. Should be disclosed
 - b. Should not be disclosed without seller's permission



Understanding Material Facts

Material facts must be disclosed to 36. _____
in the transaction. A licensee must disclose 37. _____
and 38. _____

Material facts generally fall into four categories, which include:

- 39. _____
- 40. _____
- 41. _____
- 42. _____

NC state law exempts a licensee from liability for failing to disclose the following three things:

- 43. _____
- 44. _____
- 45. _____

Listing property "AS IS" in NC likely means:

- 46. _____

When dealing with an "AS IS" property the licensee:

- 47. _____

Foreclosure in North Carolina becomes a material fact:

- 48. _____

Flight Simulator

Potential Red Flags

Indicate whether the following items are material facts, and if so, what about them should agents and clients know?



1. Manufactured homes and manufactured buildings _____

2. Modular homes _____

3. Polybutylene pipes _____

4. Square footage of heated area _____

5. Synthetic stucco _____

6. Real stucco _____

7. Asbestos siding not friable _____

8. Hardboard _____

9. Pressure treated lumber _____

10. Radon gas _____

11. Lead paint disclosure _____

Flight Simulator (CONTINUED)

12. "Meth" houses _____

13. Subdivision streets: private or public maintained _____

14. Zoning _____

15. Flood plains _____

16. SWIM buffer (stormwater infrastructure management) _____

17. Onsite septic system _____

18. "Straight-piping" _____

19. Pending foreclosure _____

20. Seller behind on house payments by 4 months _____

21. "Short sale" _____

22. Buyer's failure to qualify for a loan _____

23. Death or serious illness _____

24. Murder on the property _____

Flight Simulator (CONTINUED)

25. Suicide on the property _____

26. Person with AIDS/HIV positive _____

27. Pending highway expansion near a property _____

28. Presence of registered sex offenders _____

29. Gravesites on property _____

30. Lack of homeowner's insurance due to property being uninsurable by HO _____

31. Unpermitted additions/improvements _____

32. Partial destruction of property by fire and was repaired and remodeled _____

33. Partial destruction of property by flood and was repaired and remodeled _____

34. Haunted houses _____

35. Buried oil tank in ground _____

36. Aluminum wiring _____



Pilot Training

Identify current HOT issues in real estate disclosure, and discuss how they should be approached in order to fulfill agency obligations.

Hot Issue or Topic

Fiduciary Obligation Approach

Misrepresentations & Omissions

Real estate licensees can be held liable for both misrepresentations and omissions.

A misrepresentation is 49. _____

They can be either: 50. _____ or 51. _____

Make a list of some common examples of misrepresentations in real estate:

An omission is 52. _____

They can be either 53. _____ or 54. _____

Make a list of some common examples of omissions in real estate:

Real estate professionals are permitted to make generalized statements about the property that do not create liability. This is called: 55. _____.

Examples of puffing include all of the following:

56. _____



Section 1: The Basics of Agency Relationships Notebook Guide

1. Common law
2. General statutes
3. Commission rules
4. Civil liability
5. Criminal liability
6. Ethical violations
7. NCREC disciplinary actions
8. Fine
9. Trust
10. Obedience
11. Loyalty
12. Disclosure
13. Confidentiality
14. Accounting
15. Reasonable care
16. Client's
17. They violate the law
18. Explain the illegality and may have to terminate relationship
19. Make decisions for the client
20. Sign the client's name
21. Make offers or accept offers on behalf of the client
22. Client's
23. Including your own
24. Agency explanations
25. Material facts
26. Interests in the transaction (Yours and your family members)
27. Status as a licensee
28. Motivations

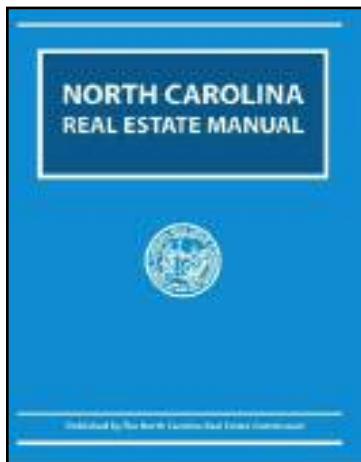
Section 1: The Basics of Agency Relationships Notebook Guide (CONTINUED)

- 29. Finances
- 30. Amount Willing to Pay or Accept
- 31. Personal Information
- 32. Safeguard
- 33. Document
- 34. Negligent
- 35. Knowledge and skill
- 36. All parties in the transaction
- 37. Everything you know
- 38. Everything you should have known
- 39. Facts about the property itself
- 40. Facts that affect the property
- 41. Inability of any party to perform
- 42. Facts known to be of particular interest to a party
- 43. Death in a property
- 44. Serious illness of a previous owner
- 45. Proximity of sex offenders
- 46. May mean seller not willing to consider any repair request
- 47. Disclose all material facts
- 48. Once legal notice has been file or recorded
- 49. Any statement that is incorrect
- 50. Negligent
- 51. Willful
- 52. Information that should have been conveyed but was not
- 53. Negligent
- 54. Willful
- 55. Puffing
- 56. Nice house
 - Great neighborhood
 - Wonderful opportunity
 - Luxurious living

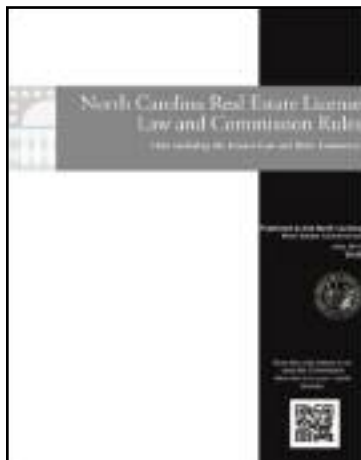


Section 2: The Rules of Agency Relationships

Critical Reading Information



- Chapter 8 – Relationships in Brokerage Practice
Read Pages 245–253



- §93A-6 Licensing Obligations
- §93A-4 – Applications & Reinstatement
- Rule A.0101 – Proof of Licensure
- Rule A.0103 – Broker Name & Address
- Rule A.0104 – Agreements & Disclosure

Agency Classifications



Property managers have

1. _____ agency relationships.

Sales agents have

2. _____ agency relationships

North Carolina requires written agency agreements.

For property management and listings, the agreement must be in writing:

3. _____

For buyers, there can be an oral agency relationship while showing properties, but the buyer broker agreement must be in writing: 4. _____

When the buyer and seller are represented by separate firms, it is

5. _____ agency and full fiduciary duties are owed to each client.



Understanding Limited Dual Agency

When the same firm represents the buyer and seller it is

6. _____

Dual agency can occur in either of the following two scenarios:

7. _____

8. _____

Dual agency always requires 9. _____

and 10. _____

Consent should be obtained before 11. _____

The consent can either be obtained 12. _____

or 13. _____

The consent for dual agency must be in writing when

14. _____

Because dual agency creates an inherent conflict of interest, the WWREA brochure makes the following statement regarding dual agency:

15. _____

When acting as a dual agent, the licensee's representation is limited because they cannot:

16. _____

17. _____

18. _____

This means that dual agency is a 19. _____

that 20. _____

Acting as an undisclosed dual agent can result in the following:

21. _____

22. _____

23. _____

Practicing Designated Agency

Designated agency is still a form of 24. _____
and requires 25. _____ and 26. _____.

Designated agents are selected and chosen in either of the following ways:

27. _____

28. _____

Not all real estate offices or agents practice designated agency. In order to practice designated agency, the real estate commission requires each of the following:

29. _____

30. _____

31. _____

Student Notes

[illegible]



Pilot Training

Discuss the pros and cons of dual and designated agency

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Proper Use of the *Working with Real Estate Agents* Brochure

Real estate agents are required to make an

32. _____

to every customer and/or potential client

33. _____

by using the *Working with Real Estate Agents* (WWREA) brochure.



First substantial client contact occurs any time the agent solicits or the client offers:

34. _____

35. _____

36. _____

37. _____

Brokers are required after reviewing the brochure and providing it to:

38. _____

39. _____

The client is not required to: 40. _____

If the contact is not face to face, the agent must still provide a disclosure and explanation of agency 41. _____

but has 42. _____ days to provide the brochure.

Agents always disclose their agency status and agency role to another licensee at

43. _____



Flight Simulator

With a partner, explain the *Working with Real Estate Agents* brochure as if he or she were a client.

(Be certain to ask each other for examples and use questions that clients might pose.)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Pilot Training

The following are actual court cases and NCREC disciplinary actions based on agency principles along with examples from the *Real Estate Manual*.

Case Study #1: “We Are Family” The Case of the Family Benefit

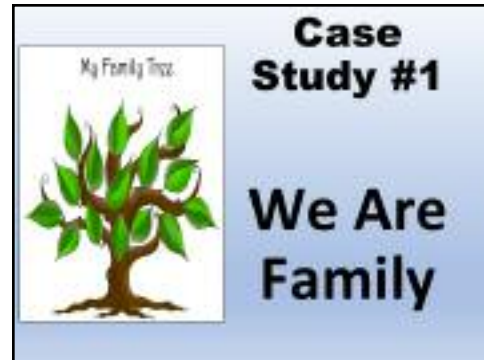
A property is listed through Broker A with ABC Realty at a listing price of \$225,000. Broker B, also affiliated with ABC Realty, shows the property to his sister and her husband, and they make an offer of \$225,000. Broker A is aware of Broker B’s relationship with the prospective buyers. Brokers A and B submit the offer to the sellers, but do not advise the seller about Broker B’s relationship to the buyers. The seller accepts the offer and the transaction closes.

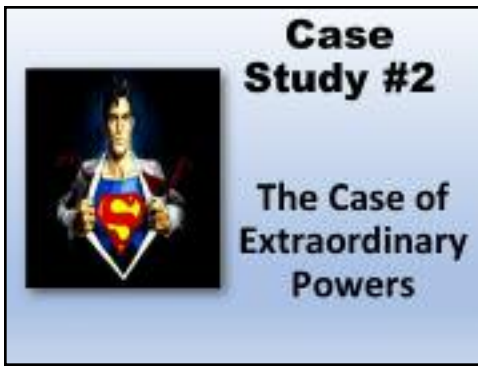
Questions for Discussion:

1. Is this appropriate?

2. If not, which duties have been breached?

3. Who has potential liability?





Pilot Training (CONTINUED)

Case Study #2: The Case of Extraordinary Powers (NCREC Real Estate Bulletin)

A Charlotte real estate licensee, John, was hired by a client in a formal agency relationship. As part of the employment agreement, the licensee requested that his client also appoint him to act on his behalf with a formal power of attorney. On investigation, the Commission found that John entered into a lease agreement on behalf of his client in which the client leased the property to the buyer with a rental period that began prior to the client taking title or possession of the property. The Commission further found that John's client obtained a loan to purchase the property but John as the agent failed to disclose that the client had sold the property before obtaining the loan and the client's agreement with his lender included a due on sale clause, and that John signed all documentation for his client, selling the property in violation of the due on sale clause without the consent of the lender.

Questions for Discussion:

1. Is this appropriate?

2. If not, which duties have been breached?

3. Who has potential liability?

4. What should we know about the use of powers of attorney in real estate transactions?

Pilot Training (CONTINUED)

Case Study #3: Decomposing Ida Mae *Deptula vs. Simpson*, 164 P3d 640 (2007 Alaska Supreme Court)

Ida Mae died in the kitchen of her home. Her body was on the kitchen floor a month before it was discovered. During this time, her body decomposed and fluids saturated the floor and damaged the subflooring. Ida's daughter came to Alaska to dispose of her mother's estate. She was unaware of the damage to the floor because a well-meaning neighbor had cleaned up the floor before the daughter arrived in Alaska. Ida's daughter listed the house for sale. She decided to fill out a disclosure statement explaining that she was uncomfortable with filling out the form since she had never lived in the house. The Deptulas bought the home. They knew that Ida Mae had died there, but no one told them her body had decomposed. The contract was marked "As Is," and the buyers waived their receipt of the disclosure form. After the Deptulas moved in, they noticed an unusual stain on the kitchen floor. They filed a lawsuit against the daughter, Ms. Simpson, as the seller of the property.



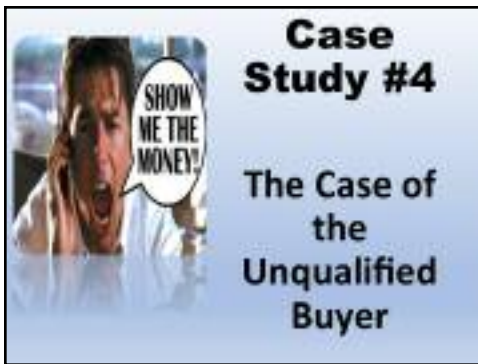
Questions for Discussion:

1. Does the seller have a duty to disclose?

2. Does the agent have a duty to disclose?

3. What is the impact of "As Is" on the liability of the parties?

4. What are the obligations of the buyer's agent to discover and disclose?



Pilot Training (CONTINUED)

Case Study #4: The Case of the Unqualified Buyer *Lombardo vs. Albu* (Arizona Supreme Court, 2000)

Elaine Albu represented buyers under an exclusive buyer representation agreement in their purchase of a home from the Lombardos. During the pendency of the contract, the buyers told Elaine that they were having great difficulty in financing and that they probably would not be able to close. Elaine told no one. When the buyers failed to close, the sellers lost their home in foreclosure to the lender and the Lombardos sued the buyers and Elaine for failing to disclose the status of the buyer's financing. Elaine claimed that the information her buyers shared with her about their personal financial situation was confidential, and therefore she had a conflict of duties between the fiduciary duties she owed to her client and the disclosure duties she owed to the sellers as a mere customer. She argued that the fiduciary duties she owed to the sellers were more important.

Questions for Discussion:

1. What duties does Elaine owe to the respective parties in the transaction?

2. Is the fact that the borrower cannot qualify for the loan confidential?

3. What borrower financial information might be confidential?

4. Is Elaine correct that the obligations and duties she owes to the seller and buyer are in conflict?

Pilot Training (CONTINUED)

Case Study #5: A Matter of Measurement

Brown vs. Roth

133 NC App 52, 514 SE2d 294 (1999)

The sellers hired a real estate agent to sell their home. The agent prepared a multiple listing form that represented that the house had 3,484 square feet of heated living area. The agent did not verify that measurement because she believed the square footage had been verified in a previous appraisal upon which she relied. After purchasing the home, the Browns discovered that the house had only 3,108 square feet of living area. The Browns filed claims for fraud, breach of fiduciary duty and negligent misrepresentation. The agent responded that she relied on professional measurements and that the clients had duties and obligations to verify concerns during the due diligence period and that North Carolina followed principles of caveat emptor in real estate transactions.



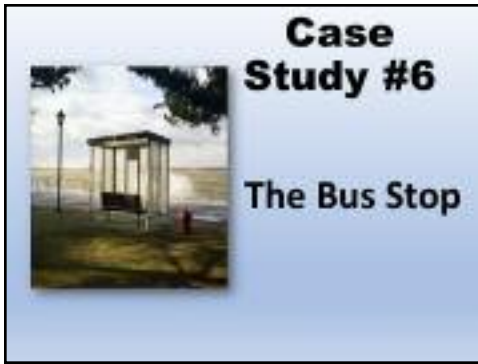
Questions for Discussion:

1. Does the concept of caveat emptor apply when it comes to the fulfillment of fiduciary duties?

2. Did the agent make a misrepresentation to the buyers?

3. Does the agent have an independent duty to measure square footage?

4. Were the actions of the agent in relying on a professional appraisal from a previous transaction proper?



Pilot Training (CONTINUED)

Case #6: The Bus Stop NAR Arbitration Claims on Fiduciary Duties

A real estate agent listed a property for sale acting under an Exclusive Right to Sell Listing Agreement. The property was located next to a bus stop and that fact was promoted in the marketing of the property.

A buyer who indicated that the proximity of the bus stop was important to them entered into a purchase contract with the seller. After the contract had been signed, the listing agent learned that the city had plans for relocating the bus stop. The listing agent reported this information to the buyer, who cancelled the contract. The seller then filed a claim against the listing agent for disclosing the information to the buyer and alleged that the listing agent had failed to protect and promote the seller's interest and had breached fiduciary duties of loyalty.

Questions for Discussion:

1. Should the seller prevail on their claim against the listing agent for breach of fiduciary duties?

2. What is the appropriate conduct that was required of the listing agent?

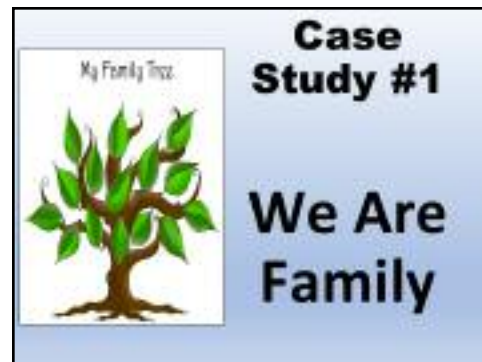
3. When will the seller again hire a real estate professional in a transaction?

4. Whose fault is that and how could this lawsuit have been prevented?

Analysis & Case Study Court Resolutions

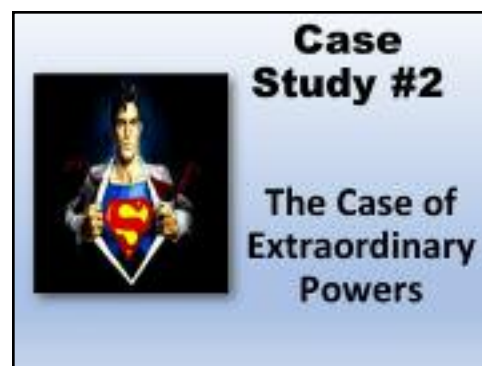
Case Study #1

The buyers in this case study are related to Broker B. General Statute 93A-6(a)(4) prohibits any self-dealing on the part of an agent. Any interest in the transaction by the agent or a family member must be disclosed. Broker B has breached a duty of disclosure to a seller customer. Only Broker B has liability since the family member relationship was not known to the listing agent, Broker A.



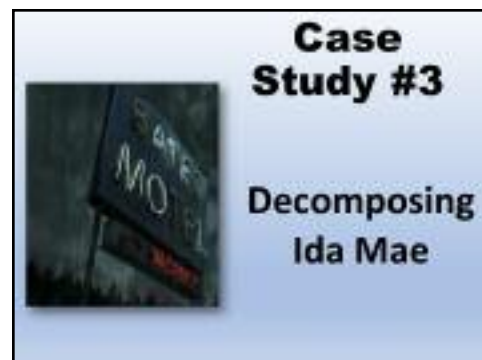
Case Study #2

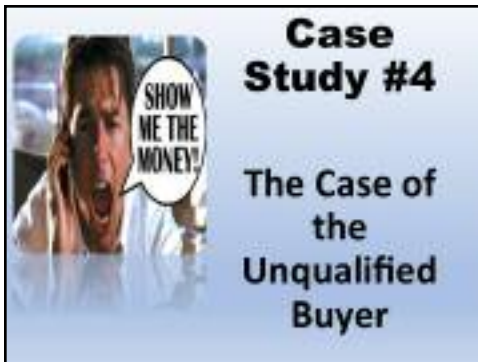
John committed willful misrepresentations and willful omissions in the transaction. Although it is legal for a licensee to obtain a power of attorney from his or her client allowing the agent to act on the client's behalf, this is a process that is highly discouraged and not recommended. John has liability for his actions and John may also have created liability for his client because he was acting as the client's agent.



Case Study #3

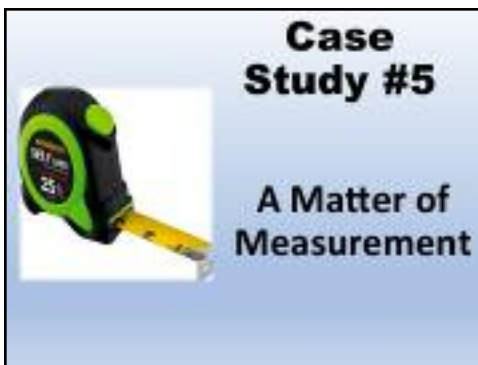
A seller does not have a duty to disclose. In fact, in North Carolina, Ms. Simpson is exempt from the RPOADS disclosure requirement within an estate transaction. An agent only has liability to disclose those material facts of which they knew or should have known and there is no evidence in this case that the agent had knowledge. The limitation of liability is based on disclosure obligations, not because the property was sold "as is." An "as is" sale in no way reduces the liability of a real estate professional to disclose material facts.





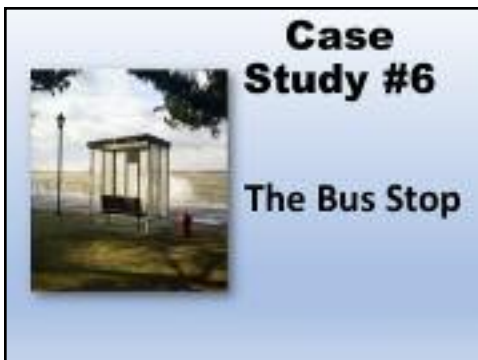
Case Study #4

Elaine Albu owes fiduciary duties to her buyer clients and she also owes duties to the Lombardos, the sellers, of all material facts. The ability of a borrower to perform is a material fact and must be disclosed. Elaine did not have a duty to disclose the exact reason why the borrower could not perform, certain aspects of that information may be confidential, but the inability to perform must be disclosed. There is no conflict in these duties.



Case Study #5

The doctrine of caveat emptor does not limit or affect the agent's obligations to fulfill either their fiduciary duties or the obligations and duties owed to customers. The agent made a misrepresentation regarding square footage and erroneously relied on the measurements from an appraisal in a previous transaction. An agent has a duty to verify the reporting of square footage and may not rely on documents and measurements done in previous transactions.



Case Study #6

There is no breach of fiduciary duty presented by these facts. The location of the bus stop was a material fact and its relocation was required to be disclosed by the listing agent. The listing agent should have done a better job of explaining their duties and obligations to the seller.

Agency Relationships Within Firms

Firms have agency relationships with clients and licensees have agency relationships with the firm with which they are affiliated

Some licensees work as 44. _____ and receive a
45. _____ taxes and deductions withheld by their employer.

Other licensees work as 46. _____, are responsible for payment of
their own taxes and receive a 47. _____ form.

Contrary to popular opinion, licensed real estate professionals paid commissions and working
under a written agreement are not 48. _____.
The IRS classifies them as 49. _____.

This means that as licensees receiving a 1099, the traditional rules between employee
and “independent contractor” do not apply. Because of this, BICs are able to do all of
the following:

50. _____

All North Carolina licensees are now required to complete an acknowledgement and
disclosure at renewal that they understand employee classification and will not violate the
rules, particularly when it comes to unlicensed people.

Pilot Training

What are some basic things you should know about your agreement?

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Revelations, Insights, Ideas & To Do List

What are the best and brightest “to do” items
you got out of this section?



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____



Section 2: The Rules of Agency Relationships Notebook Guide

1. General agency
2. Special agency
3. At the start of the relationship (No such thing as an oral listing agreement)
4. Before an offer is presented
5. Single agency
6. Dual agency
7. One licensee representing the seller and buyer
8. Two licensees with the same firm representing a seller and a buyer
9. Disclosure
10. Consent
11. Before showing the property
12. In the initial employment agreement
13. Obtained separately prior to showing
14. When the employment agreement is in writing
15. Dual agency is difficult and limits the ability to advocate
16. Price negotiations
17. Motivations of parties
18. Confidential information
19. Contractual agreement
20. Reduces the level of fiduciary duties
21. Civil liability
22. Disciplinary action
23. Loss of commissions
24. Dual Agency
25. Disclosure
26. Consent

Section 2: The Rules of Agency Relationships Notebook Guide (CONTINUED)

27. Chosen by the BIC
28. Based on company policy
29. The firm must create policies to protect the financial and confidential information of the clients
30. You cannot be a designated agent if you already possess the personal, financial or confidential information of the client
31. A BIC and a provisional broker cannot be designated agents in the same transaction
32. Agency disclosure
33. At first substantial contact
34. Personal
35. Financial
36. Confidential
37. Motivational
38. Document client receipt with the tear off flap
39. Retain the flap as part of the real estate transaction file
40. Sign the brochure
41. At first substantial contact
42. Within 3 calendar days
43. At initial contact
44. Employee
45. W2
46. Self-employed
47. 1009
48. Independent contractors
49. Statutory non-employees
50. Set agency policies
 - Set and monitor educational requirements
 - Develop office policies and procedures
 - Impose other requirements

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MODULE 2: WORKING WITH SELLERS

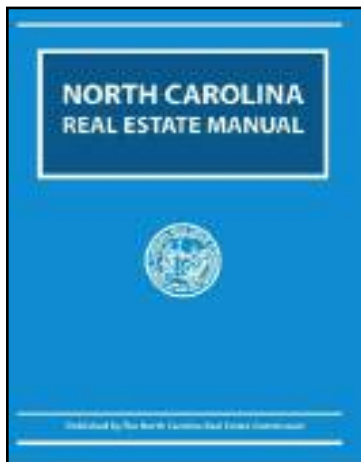
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MODULE 2: WORKING WITH SELLERS

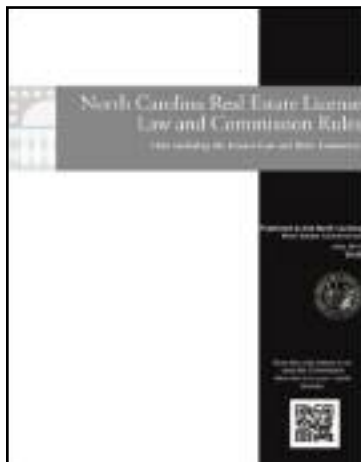


Section 3: Working With Sellers

Critical Reading Information



- Chapter 9 - Agency Contracts



- Rule 58A.0105 – Advertising

The Solicitation of Listings

Agents are prohibited from interfering in the 1. _____

This means that agents should not:

2. _____

3. _____

4. _____

Both a federal and state Do Not Call list exists. Businesses and professionals are required to check the list at DONOTCALL.gov every 5. _____ days.

It is not necessary to check the list in order to call the following:

6. _____

7. _____

8. _____

9. _____

10. _____



The Junk Fax Prevention Act (CAN SPAM ACT) requires that mass emails contain a:

11. _____

Advertising Rules of the NCREC

All real estate ads must contain the name of the

12. _____

This includes social media, open house flyers, and all other forms of advertising.





Pilot Training

List 5 sources of finding and soliciting sellers.

1. _____

2. _____

3. _____

4. _____

5. _____

Pilot Training

List and discuss 3 specific plans that you can implement to solicit sellers.



1. _____

Details _____

2. _____

Details _____

3. _____

Details _____



Pilot Training

List the items that both the agent and the seller need prior to the listing appointment.

(*Manual*, pages 222–223)

The Agent Needs to Check or Review

13. _____
14. _____
15. _____
16. _____
17. _____

The Seller Needs to Gather & Collect

18. _____
19. _____
20. _____
21. _____
22. _____

The licensee should always review the 23. _____ to the property.

In reviewing the deed the licensee should note all of the following:

24. _____
25. _____
26. _____
27. _____

Flight Simulator

Create your meeting checklist with the seller
and put your presentation in order.

(*Manual*, pages 253–262)



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

The Lead-Based Paint Disclosure

A lead-based paint disclosure is required on the 32. _____ or
33. _____ of all residential property built prior to 34. _____.

As part of the disclosure process, the buyer is entitled to all of the following:

- 35. _____
- 36. _____
- 37. _____
- 38. _____
- 39. _____

The seller is under no obligation to 40. _____ nor does
the seller have any obligation to 41. _____.

The Agent Walk-Through

Because a licensee has an obligation to disclose material facts, the licensee should conduct a
42. _____ of the property prior to listing. The licensee
should pay particular attention to each of the following:

- 43. _____
- 44. _____
- 45. _____
- 46. _____



Pilot Training

Make a list of the things that a reasonable real estate professional should notice.

Area _____

Potential Red Flags _____

Area _____

Potential Red Flags _____

Area _____

Potential Red Flags _____

Area _____

Potential Red Flags _____

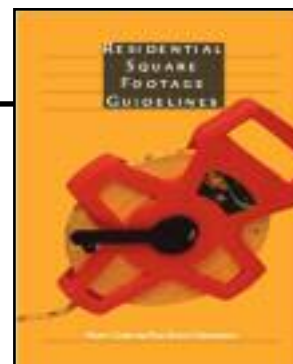
Area _____

Potential Red Flags _____

Area _____

Potential Red Flags _____

Matters of Measurement



There is no rule requiring a licensee to measure a home, the rule requires licensees to 47. _____ the square footage of the property before the licensee uses square footage:

48. _____

Licensees May Rely On

49. _____

50. _____

Licensees May NOT Rely On

51. _____

52. _____

53. _____

Living area is defined as space that is 54. _____ and finished. The standard approach is to measure the home from the

55. _____ and exclude the 56. _____.

All of the following areas get counted as living area if they are connected to and accessible from the main living area:

57. _____ 59. _____

58. _____ 60. _____

When counting the area occupied by the stairs the actual stairway gets counted as

61. _____

The area under the stairs gets counted as part of 62. _____

Another way of saying that is to say: 63. _____

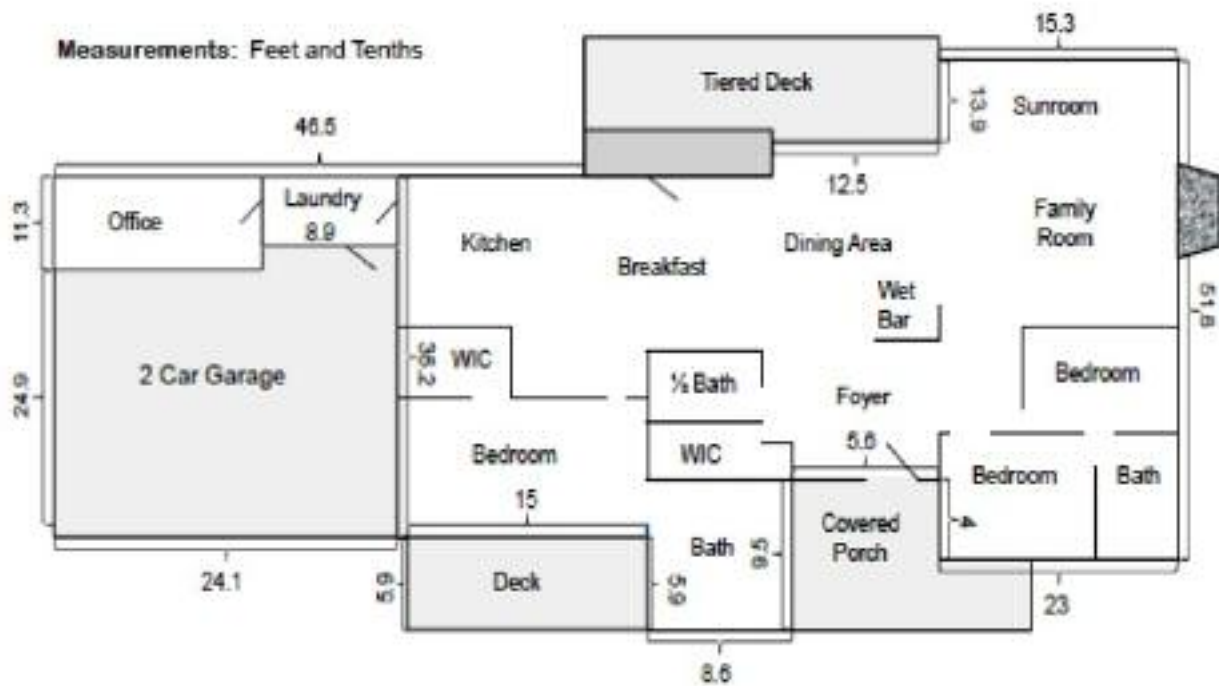
Total Ceiling Height	Sloped Ceilings	Basement Areas
At least half the room must be at least 64. _____ feet high to count any of the room	When ceilings are sloped you start counting when the ceiling is at least 65. _____ feet high	Pipes and beams can extend down to 66. _____ and the area still counts as living area



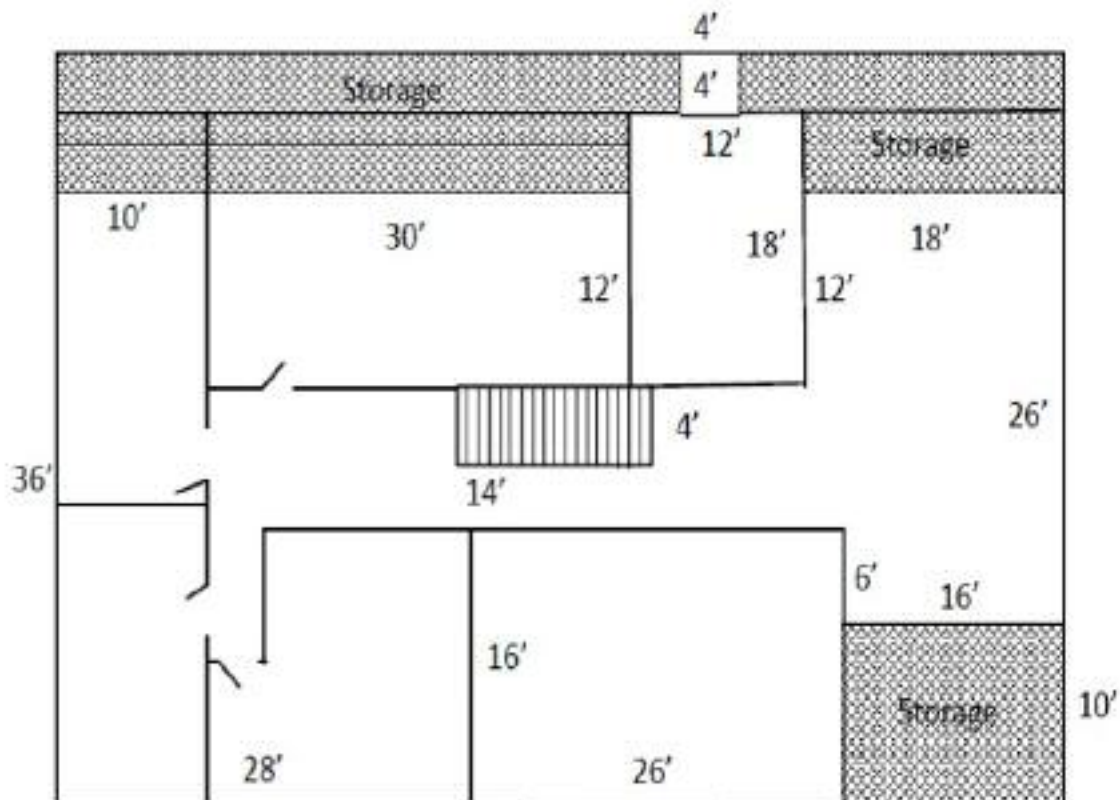
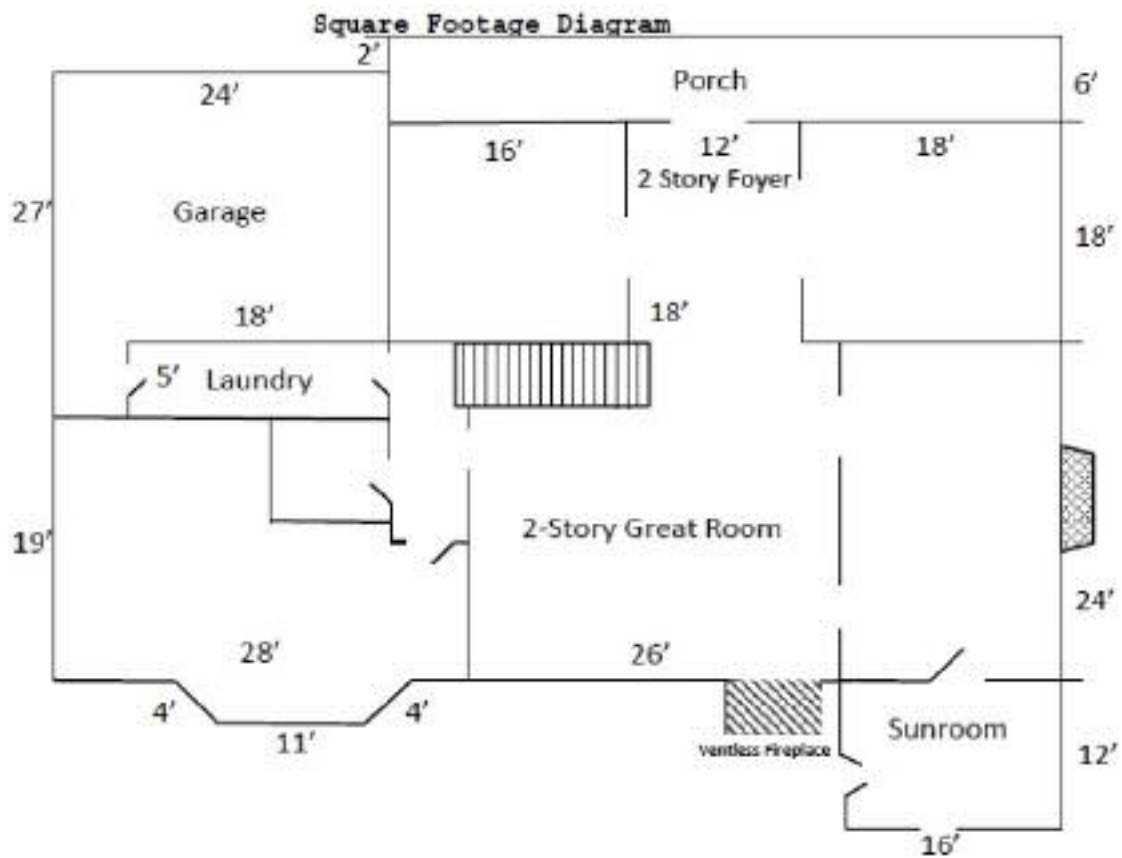
Flight Simulator

Practical applications of the residential square footage guidelines.

Sketch/Area Table Addendum Measuring and Calculating Square Footage Exercise



Flight Simulator (CONTINUED)





Mandatory Take Home Test

Draw a diagram and measure the square footage of your home.

(This page must be approved and initialed by your instructor to successfully complete this course and take the exam.)



Approved _____

Instructor Signature _____

Improving Property Valuation Skills

When a licensee lacks confidence in the valuation of a property, the licensee should

67. _____.

Real estate licensees should use the following language and terminology in valuation:

USE THE FOLLOWING

DO NOT USE THESE TERMS

68. _____ 69. _____

Basic CMA or Market Analysis Principles

Always adjust the 70. _____, not the subject property.

Give the comp with the 71. _____ the greatest weight.

If the comp is inferior, then you 72. _____.

If the comp is superior, then you 73. _____.

Rules for BPOs

A Broker Price Opinion is an estimated selling price prepared by a licensee when they are not anticipating either the representation of a seller or a buyer.

74. _____ is authorized to prepare and conduct a BPO.

Provisional brokers may perform a BPO, but they may not be

75. _____ for performing them.

- [illegible]

Working with Comparable Sales Problems (CONTINUED)

2. A broker is performing a comparative market analysis (CMA) for a seller-client in connection with listing the seller's house. The 24-year-old house is located in a subdivision and has the following features: two-story design, vinyl siding, 2,400 square feet, 2-car garage, 1-acre lot. Which of the following sold properties in MLS is the best comp?
- A. 12-year-old home, 2,000 square feet, no garage, 0.5-acre lot.
Time on the market 287 days.
 - B. 20-year-old home, 2,400 square feet, no garage, 2.0-acre lot, sold as a short sale.
Time on the market 92 days.
 - C. 28-year-old home, 2,300 square feet, 2-car garage, .75-acre lot.
Time on the market 32 days.
 - D. 24-year-old home, 1,800 square feet, 2-car garage, .05-acre lot.
Priced as quick sale due to a pending divorce. Time on the market 5 days.

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- [illegible]

Working with Comparable Sales Answers

Answer to Comparable Sales Problem #1

Comp A \$232,000	Comp B \$218,000	Comp C \$239,000	Comp D \$242,000
-\$2,000	-\$4,000		+\$3,000
\$230,000	\$214,000	\$239,000	\$245,000

Therefore, the probable selling range is \$214,000 – \$245,000.

Answer to Comparable Sales Problem #2

FEATURES	SUBJECT	COMP A	COMP B	COMP C	COMP D
Age	24	12	20	28	24
Sq. Feet	2,400	2,000	2,400	2,300	1,800
Garage	2 Car	No	No	2 Car	2 Car
Site / Lot	1 Acre	0.5 Acre	2 Acre	.75 Acre	.05 Acre
DOM		287	92	32	5
Considerations			Short Sale		Divorce

Comp C is the best comp. When properties have special considerations, like short sales or quick sales due to divorces or job transfers, they should be given less weight. Comp C has the most number of features like the subject property.

Answer to Comparable Sales Problem #3

Comp A \$182,000	Comp B \$218,000	Comp C \$195,000	Comp D \$216,000
-\$3,000	-\$6,000		-\$8,000
	+\$3,000	+\$3,000	
\$179,000	\$215,000	\$198,000	\$208,000

Therefore, the probable selling range is \$179,000 – \$215,000.

Comparative Market Analysis

Owner(s) _____ Telephone: _____
 Subject Property (Address): _____
 Date of Inspection: _____ ☐ Occupied ☐ Vacant
 Agent: _____ Agency: _____ Telephone: _____

Data	Subject	Comparable Sale 1	Comparable Sale 2	Comparable Sale 3					
Address									
Distance from Subject									
Original List Price									
List Price at Time of Sale									
Days on Market									
Sales Price/Closing Date									
	Description	Description	+/-	Description	+/-	Description	+/-		
Approximate Age									
Lot Size/ Location/ Site View									
Architectural Style									
Condition									
Room Count	Total	BRs	Baths	Total	BRs	Baths	Total	BRs	Baths
Total BRs Baths									
Approximate Sq. Ft.									
Basement									
Garage									
Pool/Deck/Patio									
Air Conditioning									
Financing/ Concessions									
Special Features									
Overall rating of Comparable Sale compared to Subject		<input type="checkbox"/> More Favorable <input type="checkbox"/> Equal <input type="checkbox"/> Less Favorable		<input type="checkbox"/> More Favorable <input type="checkbox"/> Equal <input type="checkbox"/> Less Favorable		<input type="checkbox"/> More Favorable <input type="checkbox"/> Equal <input type="checkbox"/> Less Favorable			

**Note: A plus (+) indicates the Comparable is significantly more favorable than Subject; a minus (-) indicates significantly less favorable than Subject.*

Describe significant value-related differences between Subject Property and Comparable Sales:

Comparable Sale 1: _____

Comparable Sale 2: _____

Comparable Sale 3: _____

THE COMPARATIVE MARKET ANALYSIS

Probable Price Range	Most Probable Sales Price	Suggested Initial List Price
\$ _____ to \$ _____	\$ _____	\$ _____

This information is not an appraisal.

Flight Simulator

Analyze your home and complete the comparative market analysis.

(This page must be approved and initialed by your instructor to successfully complete this course and take the exam.)



NOTES



Approved _____

Instructor Signature _____

Comparative Market Analysis

Owner(s) _____ Telephone: _____
 Subject Property (Address): _____
 Date of Inspection: _____ ☐ Occupied ☐ Vacant
 Agent: _____ Agency: _____ Telephone: _____

Data	Subject	Comparable Sale 1	Comparable Sale 2	Comparable Sale 3					
Address									
Distance from Subject									
Original List Price									
List Price at Time of Sale									
Days on Market									
Sales Price/Closing Date									
	Description	Description	+/-	Description	+/-	Description	+/-		
Approximate Age									
Lot Size/ Location/ Site View									
Architectural Style									
Condition									
Room Count	Total	BRs	Baths	Total	BRs	Baths	Total	BRs	Baths
Total BRs Baths									
Approximate Sq. Ft.									
Basement									
Garage									
Pool/Deck/Patio									
Air Conditioning									
Financing/ Concessions									
Special Features									
Overall rating of Comparable Sale compared to Subject		<input type="checkbox"/> More Favorable <input type="checkbox"/> Equal <input type="checkbox"/> Less Favorable		<input type="checkbox"/> More Favorable <input type="checkbox"/> Equal <input type="checkbox"/> Less Favorable		<input type="checkbox"/> More Favorable <input type="checkbox"/> Equal <input type="checkbox"/> Less Favorable			

**Note: A plus (+) indicates the Comparable is significantly more favorable than Subject; a minus (-) indicates significantly less favorable than Subject.*

Describe significant value-related differences between Subject Property and Comparable Sales:

Comparable Sale 1: _____

Comparable Sale 2: _____

Comparable Sale 3: _____

THE COMPARATIVE MARKET ANALYSIS

Probable Price Range	Most Probable Sales Price	Suggested Initial List Price
\$ _____ to \$ _____	\$ _____	\$ _____

This information is not an appraisal.

Pilot Training

Overcoming Pricing Objections

List the most common seller objections to pricing and create a best practice for handling them.



Objection

Best Practice

Objection

Best Practice

Objection

Best Practice

Objection

Best Practice



Flight Simulator

Calculating Seller Net

A sample form titled "Seller Net Sheet" with a large diagonal watermark reading "Sample". The form contains various fields for input, including "Seller Name", "Buyer Name", "Property Address", "Sale Price", "Closing Costs", and "Net Proceeds". The title "Utilizing Seller Net Sheets" is written in a large, bold, black font to the right of the form.

SELLER ESTIMATED NET SHEET

Prepared for: _____ ("Seller")

Property Address: _____

THE FOLLOWING ARE TYPICAL EXPENSES WHICH A SELLER IS OBLIGATED TO PAY OR IS REQUIRED BY OPERATION OF LAW, AND ALSO INCLUDES ITEMS WHICH MAY BE NEGOTIATED BY CONTRACT AND PRE-MARKETING EXPENSES. **SELLER ACKNOWLEDGES AND UNDERSTANDS THAT EACH ESTIMATE HEREON IS AN APPROXIMATION ONLY. SELLER SHOULD VERIFY THE ACCURACY OF THE CALCULATIONS.**

SALES PRICE	\$	\$	\$
MORTGAGES/LIENS			
1 st Mortgage Payoff (estimated)			
2 nd Mortgage Payoff (estimated)			
Home Equity Loan			
HOA Assessment(s)			
Pre-Payment Penalty on Loans			
Loans on Equipment for Home			
Other Lien:			
Other Lien:			
CLOSING COSTS			
Attorney Fee/Document Preparation			
Brokerage Fee: _____ % or \$			
Closing Expenses Paid for Buyer			
Express Fees			
Home Warranty			
Miscellaneous (fax, copies, etc.)			
Pro-Rated HOA Dues			
Pro-Rated Taxes			
Recording Fees (estimate)			
Repairs from Home Inspection			
Revenue Stamps (\$2.00 per \$1,000)			
Survey			
VA Required Fees			
Other:			
Other:			
Other:			
Other Inspections			
Appraisal			
Home Inspection			
Pest Inspection			
Radon Inspection			
Well & Septic Inspection Fee			
Other:			
Other:			
TOTAL ESTIMATED SELLER COSTS	\$	\$	\$
ESTIMATED NET PROCEEDS TO/FROM SELLER	\$	\$	\$

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION.

Seller Signature _____	Date _____	Seller Signature _____	Date _____
Seller Signature _____	Date _____	Agent Signature: _____	Date _____

Page 1 of 1



North Carolina Association of REALTORS®, Inc.



STANDARD FORM 110
Revised 1/2011
© 7/2014

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- Range pricing
- E-neighborhoods
- Cloud CMA
- Zestimates



Classroom Roundtable Discussion

[illegible]

Working with the North Carolina Exclusive Right to Sell Agreement

All listing agreements in NC must be in 76. _____.

There is no such thing as an 77. _____.

All listing agreements must have the following items:

78. _____

79. _____

80. _____

Listings should NOT contain:

81. _____

82. _____

EXCLUSIVE RIGHT TO SELL LISTING AGREEMENT
[Consult "Guidelines" (Form 101G) for guidance in completing this form]

This **EXCLUSIVE RIGHT TO SELL LISTING AGREEMENT** ("Agreement") is entered into between _____ as Seller(s) ("Seller") of the property described below (the "Property"), and _____ as Listing Firm ("Firm"). The individual agent who signs this Agreement shall, on behalf of the Firm, be primarily responsible for ensuring that the Firm's duties hereunder are fulfilled; however, it is understood and agreed that other agents of the Firm may be assigned to fulfill such duties if deemed appropriate by the Firm. For purposes of this Agreement, the term "Firm," as the context may require, shall be deemed to include the individual agent who signs this Agreement and any other agents of the Firm.

In consideration for Firm's services and efforts to find a buyer for the Property, Firm is hereby granted the exclusive right to sell the Property on the terms and conditions set forth in this Agreement.

Seller represents that as of the Effective Date the Seller is not (or will not be, if the Property is currently listed) a party to a listing agreement with any other real estate firm regarding the Property. Seller also represents that Seller has received a copy of the "WORKING WITH REAL ESTATE AGENTS" brochure and has reviewed it with Firm.

1. TERM OF AGREEMENT.

(a) **Term.** The term of this Agreement ("Term") shall begin on its Effective Date and shall end at midnight on its Expiration Date.

(b) **Effective Date.** This Agreement shall become effective and the Seller and Firm's respective rights and obligations under this Agreement shall commence ("Effective Date") as follows (*check appropriate box*):

☐ The Effective Date shall be the date that this Agreement has been signed by both Seller and Firm

☐ The Property is currently listed for sale exclusively with another real estate firm. Seller represents that the current listing agreement expires on _____. The Effective Date of this Agreement shall commence immediately upon the expiration of the current listing agreement. (**NOTE:** According to Article 16 of the REALTORS® Code of Ethics: "REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients.")

(c) **Expiration Date.** This Agreement shall terminate at midnight on _____ ("Expiration Date").

2. PROPERTY. The Property that is the subject of this Agreement shall include all that real estate described below together with all appurtenances thereto including the improvements located thereon and the fixtures and personal property listed in Paragraphs 3 and 4 below.

Street Address: _____
City: _____ Zip _____
County: _____, North Carolina

NOTE: Governmental authority over taxes, zoning, school districts, utilities and mail delivery may differ from address shown. Legal Description: (Complete *ALL* applicable)

- Plat Reference: Lot/Unit _____, Block/Section _____, Subdivision/Condominium _____, as shown on Plat Book/Slide _____ at Page(s) _____
- The PIN/PID or other identification number of the Property is: _____
- Other description: _____

Some or all of the Property may be described in Deed Book _____ at Page _____

3. FIXTURES AND EXCLUSIONS.

(a) **Specified Items:** Unless identified in subparagraph (d) below, the following items, including all related equipment and remote control devices, if any, are deemed fixtures and shall convey, included in the Purchase Price free of liens:

- Alarm and security systems (attached) for security, fire, smoke, carbon monoxide or other toxins with all related access codes, sensors, cameras, dedicated monitors, hard drives, video recorders, power supplies and cables; doorbells/chimes
- All stoves/ranges/ovens; built-in appliances; attached microwave oven; vent hood
- Antennas; satellite dishes and receivers
- Basketball goals and play equipment (permanently attached or in-ground)
- Ceiling and wall-attached fans; light fixtures (including existing bulbs)
- Fireplace insert; gas logs or starters; attached fireplace screens; wood or coal stoves
- Floor coverings (attached)
- Fuel tank(s) whether attached or buried and including any contents that have not been used, removed or resold to the fuel provider as of Settlement. **NOTE:** Seller's use, removal or resale of fuel in any fuel tank is subject to Seller's obligation under Paragraph 8(c) of the Offer to Purchase and

Page 1 of 10



Individual agent initials _____ Seller initials _____



STANDARD FORM 101
Revised 7/2018
© 7/2018

Contract (form 2-T) to provide working, existing utilities through the earlier of Closing or possession by Buyer.

- Garage door openers with all controls
- Generators that are permanently wired
- Invisible fencing with power supply, controls and receivers
- Landscape and outdoor trees and plants (except in moveable containers); raised garden; landscape and foundation lighting; outdoor sound systems; permanent irrigation systems and controls; rain barrels; landscape water features; address markers
- Mailboxes; mounted package and newspaper receptacles
- Mirrors attached to walls, ceilings, cabinets or doors; all bathroom wall mirrors

- Storage shed; utility building
- Swimming pool (excluding inflatable); spa; hot tub
- Solar electric and solar water heating systems
- Sump-pumps, radon fans and crawlspace ventilators; de-humidifiers that are permanently wired
- Surface-mounting brackets for television and speakers; recess-mounted speakers; mounted intercom system
- Water supply equipment, including filters, conditioning and softener systems; re-circulating pumps; well pumps and tanks
- Window/Door blinds and shades, curtain and drapery rods and brackets, door and window screens and combination doors, awnings and storm windows

(b) **Items Leased or Not Owned:** Any item which is leased or not owned by Seller, such as fuel tanks, antennas, satellite dishes and receivers, appliances, and alarm and security systems must be identified here and shall not convey:

(c) **Other Fixtures/Unspecified items:** Unless identified in subparagraph (d) below, any other item legally considered a fixture is included in the Purchase Price free of liens.

(d) **Other Items That Do Not Convey:** The following items shall not convey (*identify those items to be excluded under subparagraphs (a) and (c)*): _____

Seller shall repair any damage caused by removal of any items excluded above.

4. **PERSONAL PROPERTY.** The following personal property shall be transferred to Buyer at no value at Closing:

5. **HOME WARRANTY.** Seller ☐ agrees ☐ does not agree to obtain and pay for at settlement a one year home warranty for the Property at a cost not to exceed \$ _____. If Seller agrees to obtain and pay for a home warranty at any time, Firm hereby discloses that a fee of _____ will be offered to Firm by the person or entity through or from which any home warranty is obtained as compensation to Firm for its assistance in obtaining the home warranty, and Seller hereby consents to Firm's receipt of such fee.

6. **LISTING PRICE.** Seller lists the Property at a price of \$ _____ on the following terms: ☐ Cash ☐ FHA ☐ VA ☐ USDA ☐ Conventional ☐ Loan Assumption ☐ Seller Financing ☐ Other _____. Seller agrees to sell the Property for the Listing Price or for any other price or on any other terms acceptable to Seller.

7. **FIRM'S COMPENSATION.**

(a) **Fee.** Seller agrees to pay Firm a total fee of _____ % of the gross sales price of the Property, OR _____ ("Fee"), which shall include the amount of any compensation paid by Firm as set forth in paragraph 8 below to any other real estate firm, including individual agents and sole proprietors ("Cooperating Real Estate Firm").

(b) **Fee Earned.** The Fee shall be deemed earned under any of the following circumstances:

- (i) If a ready, willing and able buyer is procured by Firm, a Cooperating Real Estate Firm, the Seller, or anyone else during the Term of this Agreement at the price and on the terms set forth herein, or at any price and upon any terms acceptable to the Seller;
- (ii) If the Property is sold, optioned, exchanged, conveyed or transferred, or the Seller agrees, during the Term of this Agreement or any renewal hereof, to sell, option, exchange, convey or transfer the Property at any price and upon any terms whatsoever; or
- (iii) If the circumstances set out in (i) or (ii) above have not occurred, and if, within _____ days after the Expiration Date ("Protection Period"), Seller either directly or indirectly sells, options, exchanges, conveys or transfers, or agrees to sell, option, exchange, convey or transfer the Property upon any terms whatsoever, to any person with whom Seller, Firm, or any Cooperating Real Estate Firm communicated regarding the Property during the Term of this Agreement or any renewal hereof, provided the names of such persons are delivered or postmarked to the Seller within 15 days after the Expiration Date. HOWEVER, Seller shall NOT be obligated to pay the Fee if a valid listing agreement is entered into between Seller and another real estate broker and the Property is subsequently sold, optioned, exchanged, conveyed or transferred during the Protection Period.

(c) **Fee Due and Payable.** Once earned as set forth above, the Fee will be due and payable at the earlier of:

(i) Closing on the Property;

(ii) The Seller's failure to sell the Property (including but not limited to the Seller's refusal to sign an offer to purchase the Property at the price and terms stated herein or on other terms acceptable to the Seller, the Seller's default on an executed sales contract for the Property, or the Seller's agreement with a buyer to unreasonably modify or cancel an executed sales contract for the Property); or

(iii) Seller's breach of this Agreement.

(d) **Transfer of Interest in Business Entity.** If Seller is a partnership, corporation or other business entity, and an interest in the partnership, corporation or other business entity is transferred, whether by merger, outright purchase or otherwise, in lieu of a sale of the Property, and applicable law does not prohibit the payment of a fee or commission in connection with such sale or transfer, the Fee shall be calculated on the fair market value of the Property, rather than the gross sales price, multiplied by the percentage of interest so transferred, and shall be paid by Seller at the time of the transfer.

(e) **Additional Compensation.** If additional compensation, incentive, bonus, rebate and/or other valuable consideration ("Additional Compensation") is offered to the Firm from any other party or person in connection with a sale of the Property, Seller will permit Firm to receive it in addition to the Fee. Firm shall timely disclose the promise or expectation of receiving any such Additional Compensation and confirm the disclosure in writing before Seller makes or accepts an offer to sell. (**NOTE:** NCAR Form #770 may be used to confirm the disclosure of any such Additional Compensation)

(f) **Attorney Fees and Costs.** If Firm is the prevailing party in any legal proceeding brought by Firm against Seller to recover any or all of the Fee, Firm shall be entitled to recover from Seller reasonable attorney fees and court costs incurred by Firm in connection with the proceeding.

8. COOPERATION WITH/COMPENSATION TO OTHER FIRMS. Firm has advised Seller of Firm's company policies regarding cooperation and the amount(s) of any compensation that will be offered to other brokers, including but not limited to, seller subagents, buyer agents or both, brokers who do or do not participate in a listing service and brokers who are or are not REALTORS®. Seller authorizes Firm to (*Check ALL applicable authorizations*):

☐ Cooperate with subagents representing the Seller and offer them the following compensation: _____ % of the gross sales price or \$ _____; and/or,

☐ Cooperate with buyer agents representing the buyer and offer them the following compensation: _____ % of the gross sales price or \$ _____; and/or,

☐ Cooperate with and compensate other Cooperating Real Estate Firms according to the Firm's attached policy.

Firm will promptly notify Seller if compensation offered to a Cooperating Real Estate Firm is different from that set forth above. Agents with Cooperating Real Estate Firms must orally disclose the nature of their relationship with a buyer (subagent or buyer agent) to Firm at the time of initial contact with Firm, and confirm that relationship in writing no later than the time an offer to purchase is submitted for the Seller's consideration. Seller should be careful about disclosing confidential information because agents representing buyers must disclose all relevant information to their clients.

9. FIRM'S DUTIES. Firm agrees to provide Seller the benefit of Firm's knowledge, experience and advice in the marketing and sale of the Property. Seller understands that Firm makes no representation or guarantee as to the sale of the Property, but Firm agrees to use its best efforts in good faith to find a buyer who is ready, willing and able to purchase the property. In accordance with the REALTORS® Code of Ethics, Firm shall, with Seller's approval, in response to inquiries from buyers or Cooperating Real Estate Firms, disclose the existence of offers on the Property. Where Seller authorizes disclosure, Firm shall also disclose whether offers were obtained by the individual agent who signs this Agreement, another agent of the Firm, or by a Cooperating Real Estate Firm. Seller acknowledges that real estate brokers are prohibited by N.C. Real Estate Commission rule from disclosing the price or other material terms contained in a party's offer to purchase, sell, lease, rent or option real property to a competing party without the express authority of the party making the offer.

Seller acknowledges that Firm is required by law to disclose to potential purchasers of the Property all material facts pertaining to the Property about which the Firm knows or reasonably should know, and that REALTORS® have an ethical responsibility to treat all parties to the transaction honestly. Seller further acknowledges that Firm is being retained solely as a real estate professional, and understands that other professional service providers are available to render advice or services to Seller, including but not limited to an attorney, insurance agent, tax advisor, surveyor, structural engineer, home inspector, environmental consultant, architect, or contractor. Although Firm may provide Seller the names of providers who claim to perform such services, Seller understands that Firm cannot guarantee the quality of service or level of expertise of any such provider. Seller agrees to pay the full amount due for all services directly to the service provider whether or not the transaction closes. Seller also agrees to indemnify and hold Firm harmless from and against any and all liability, claim, loss, damage, suit, or expense that Firm may incur either as a result of Seller's selection and use of any such provider or Seller's election not to have one or more of such services performed.



Individual agent initials _____ Seller initials _____



THE AGENT (FIRM) SHALL CONDUCT ALL BROKERAGE ACTIVITIES IN REGARD TO THIS AGREEMENT WITHOUT RESPECT TO THE RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, HANDICAP OR FAMILIAL STATUS OF ANY PARTY OR PROSPECTIVE PARTY TO THE AGREEMENT. FURTHER, REALTORS® HAVE AN ETHICAL DUTY TO CONDUCT SUCH ACTIVITIES WITHOUT RESPECT TO THE SEXUAL ORIENTATION OR GENDER IDENTITY OF ANY PARTY OR PROSPECTIVE PARTY TO THIS AGREEMENT.

10. **MARKETING.**

(a) **Commencement of Marketing.** The Firm is authorized to commence marketing the Property as described in subparagraph (b) below on the Effective Date OR, if selected ☐ on (insert date only if applicable) _____ (“Delayed Marketing Date”).

NOTE: If a Delayed Marketing Date is selected, Seller understands and acknowledges the following:

- THE PROPERTY MAY NOT BE SHOWN BY ANY REAL ESTATE AGENT, INCLUDING FIRM’S AGENTS, PRIOR TO THE DELAYED MARKETING DATE.
- FIRM IS OBLIGATED TO PRESENT TO SELLER ANY OFFERS ON THE PROPERTY THAT MAY BE SUBMITTED TO FIRM PRIOR TO THE DELAYED MARKETING DATE.
- IT IS IN THE BEST INTEREST OF MOST SELLERS TO GET THE HIGHEST POSSIBLE PRICE ON THE BEST TERMS FOR THEIR PROPERTY, AND MAXIMIZING EXPOSURE OF THEIR PROPERTY ADVANCES THAT INTEREST. ACCEPTING AN OFFER ON THE PROPERTY BEFORE IT IS FULLY EXPOSED TO THE WIDEST GROUP OF POTENTIAL BUYERS MAY DENY SELLER THE BEST OPPORTUNITY TO ATTRACT OFFERS AT THE HIGHEST PRICE AND BEST TERMS.

(b) **Marketing Authorization.** Seller authorizes Firm (*Check ALL applicable sections*):

- ☐ **Signs.** To place “For Sale,” “Under Contract,” “Sale Pending,” or other similar signs on the Property (where permitted by law and relevant covenants) and to remove other such signs.
- ☐ **Open Houses.** To conduct open houses of the Property at such times as Seller and Firm may subsequently agree.
- ☐ **Listing Service.** To submit pertinent information concerning the Property to any listing service of which Firm is a member or in which any of Firm’s agents participate and to furnish to such listing service notice of all changes of information concerning the Property authorized in writing by Seller. Seller authorizes Firm, upon execution of a sales contract for the Property, to notify the listing service of the pending sale and the expiration date of any due diligence period, and upon closing of the sale, to disseminate sales information, including sales price, to the listing service, appraisers and real estate brokers.
- ☐ **Lock/Key Boxes.** The Seller ☐ does ☐ does not authorize Firm to place lock/key boxes on the Property.
- ☐ **Advertising Other Than On The Internet.** To advertise the Property in non-Internet media, and to permit other firms to advertise the Property in non-Internet media to the extent and in such manner as Firm may decide.
- ☐ **Internet Advertising.** To display information about the Property on the Internet either directly or through a program of any listing service of which the Firm is a member or in which any of Firm’s agents participate. Seller further authorizes other firms who belong to any listing service of which the Firm is a member or in which any of Firm’s agents participate to display information about the Property on the Internet in accordance with the listing service rules and regulations, and also authorizes any listing service of which the Firm is a member or in which any of Firm’s agents participate to use, license or sell to others information about the Property entered into the listing service. Seller specifically authorizes the display of the address of the Property, automated estimates of the market value of the Property and third-party comments about the Property. If seller desires to limit or prohibit Internet advertising as set forth above, seller must complete an opt-out form in accordance with listing service rules.

NOTE: NCAR Form #105 may be used to limit or prohibit Internet advertising and explains how such limitations may or may not be effective.

(c) **“Coming Soon” Advertising.** ☐ (Check only if applicable). If applicable, Firm is authorized to market the Property as “Coming Soon,” commencing on the Effective Date, in any media Firm may in its discretion select, provided that any “Coming Soon” advertising shall be conducted in accordance with any restrictions and requirements of any listing service in which the Property will be included, a copy of which ☐ are ☐ are not attached to this Agreement.

(d) **Seller Acknowledgement.** Seller acknowledges and understands that while the marketing services selected above will facilitate the showing and sale of the Property, there are risks associated with allowing access to and disseminating information about the Property that are not within the reasonable control of the Firm, including but not limited to:

- (i) unauthorized use of a lock/key box,
- (ii) control of visitors during or after a showing or an open house, including the taking and use of photographs and videos of the Property

- (iii) inappropriate use of information about the Property placed on the Internet or furnished to any listing service in which the Firm participates, and
- (iv) information about the Property placed on the Internet by or through any listing service in which the Firm participates which is inaccurate or dated.

Seller therefore agrees to release and discharge Firm and Firm's agents from any and all claims, demands, rights and causes of action of whatsoever kind and nature not caused by Firm's negligence arising directly or indirectly out of any such marketing services.

WARNING: IT MAY BE A CRIME UNDER FEDERAL AND STATE LAWS TO LISTEN TO OR RECORD AN ORAL COMMUNICATION THROUGH THE USE OF ANY ELECTRONIC, MECHANICAL, OR OTHER DEVICE WITHOUT THE CONSENT OF A PARTY TO THAT COMMUNICATION. If there is a video/audio/surveillance device(s) on the Property, Seller is advised: (i) that no audio surveillance device may be turned on during any showings, open houses, investigations, examinations or inspections of the Property; and (ii) that the placement of any video surveillance device should not violate a visitor's reasonable expectation of privacy.

11. EARNEST MONEY. Unless otherwise provided in the sales contract, any initial and additional earnest money deposits and any other earnest monies paid in connection with any transaction shall be held by the Firm, in escrow, until the consummation or termination of the transaction. Any earnest money forfeited by reason of the buyer's default under a sales contract shall be divided equally between the Firm and Seller. In no event shall the sum paid to the Firm because of a buyer's default be in excess of the fee that would have been due if the sale had closed as contemplated in the sales contract. In accordance with NC General Statutes Section 93A-12, if a dispute regarding the return or forfeiture of any earnest money deposit arises between Seller and the buyer, the escrow agent holding the deposit may deposit the disputed monies with the appropriate Clerk of Court following written notice to the parties. In the event of any such dispute, Seller directs Firm to disclose Seller's last known mailing address to the escrow agent upon request to enable the escrow agent to comply with the notice requirement of such law.

12. SELLER REPRESENTATIONS.

(a) **Flood Hazard Disclosure/Insurance.** To the best of Seller's knowledge, the Property ☐ is ☐ is not located partly or entirely within a designated Special Flood Hazard Area. The Seller ☐ does ☐ does not currently maintain flood hazard insurance on the Property.

(b) **Synthetic Stucco.** To the best of Seller's knowledge, the Property has not been clad previously (either in whole or in part) with an "exterior insulating and finishing system," commonly known as "EIFS" or "synthetic stucco", unless disclosed as follows:

(c) **Owners' Association.** (Complete ONLY if the Property is subject to regulation and/or assessment by an owners' association.)

(i) ☐ The Residential Property and Owner's Association Disclosure Statement is required: The name, address and telephone number of the president of the owners' association or the association manager is: _____

Owners' association website address, if any: _____

The name, address and telephone number of the president of the owners' association or the association manager is: _____

Owners' association website address, if any: _____

(ii) ☐ New Construction or the Residential Property and Owner's Association Disclosure Statement is NOT required: Seller agrees to promptly complete an Owners' Association Disclosure and Condominium Resale Statement Addendum (Standard Form 2A12-T) at **Seller's expense** and to attach it as an addendum to any contract for the sale of the Property.

(iii) Seller authorizes and directs any owners' association or any management company of the owners' association to release to Firm true and accurate copies of the following items affecting the Property, including any amendments:

- Seller's statement of account
- master insurance policy showing the coverage provided and the deductible amount
- Declaration and Restrictive Covenants
- Rules and Regulations
- Articles of Incorporation
- Bylaws of the owners' association
- current financial statement and budget of the owners' association
- parking restrictions and information
- architectural guidelines

(d) **Termite Bond.** To the best of Seller's knowledge there ☐ is ☐ is not a termite bond on the Property. If there is a termite bond, it ☐ is ☐ is not transferable. If transferable, the transfer cost is \$ _____, and the bonding company is: _____

(e) **Ownership.** Seller represents that Seller:

- ☐ has owned the Property for at least one year;
- ☐ has owned the Property for less than one year
- ☐ does not yet own the Property

If Seller does not yet own the Property, Seller agrees to promptly provide Firm information pertaining to Seller's acquisition of the Property, such as a copy of a sales contract or option for the Property, and to keep Firm timely informed of all developments pertaining to Seller's acquisition of the Property.

(f) **Receipt of Sample Forms.**

- ☐ Seller acknowledges receipt of a sample copy of an Offer to Purchase And Contract (form 2-T) or Offer to Purchase and Contract—New Construction (form 800-T), as may be appropriate for review purposes.
- ☐ Seller acknowledges receipt of a sample copy of a Professional Services Disclosure and Election form (form #760) for review purposes.

(g) **Current Liens.** Seller represents to the best of Seller's knowledge:

- (1) The Property ☐ is ☐ is not encumbered by a deed of trust or mortgage. *Complete any of the following where applicable:*

(i) There is a first deed of trust or mortgage on the Property securing a loan held by:

Lender Name: _____

Approximate balance: \$ _____ Lender Phone#: _____

Lender Address: _____

(ii) There is a second deed of trust or mortgage on the Property securing a loan held by:

Lender Name: _____

Approximate balance: \$ _____ Lender Phone#: _____

Lender Address: _____

(iii) There is a deed of trust or mortgage on the Property securing an equity line of credit held by:

Lender Name: _____

Approximate balance: \$ _____ Lender Phone#: _____

Lender Address: _____

(2) Seller is current on all payments for the loans identified in numbered items (i), (ii) and (iii) above except as specified in (7) below.

(3) Seller is not in default on any loan identified in numbered items (i), (ii) and (iii) above and has not received any notice(s) from the holder of any loan identified in numbered items (i), (ii) and (iii) above or from any other lien holder of any kind, regarding a default under the loan, threatened foreclosure, notice of foreclosure, or the filing of foreclosure except as specified in (7) below.

(4) There are not any liens secured against the Property for Federal, State or local income taxes, unpaid real property taxes, unpaid condominium or homeowners' association fees, mechanics', laborers' or materialmen's liens, or other liens affecting the Property, and Seller has no knowledge of any matter that might result in a lien affecting the Property except as specified in (7) below.

(5) There are not any judgments against Seller affecting the Property, and Seller has no knowledge of any matter that might result in a judgment that may potentially affect the Property except as specified in (7) below.

(6) There are not any Uniform Commercial Code (UCC) fixture filings affecting the Property, and Seller has no knowledge of any matter that might result in a UCC fixture filing affecting the Property except as specified in (7) below.

(7) Specify any information, including approximate balances, required by Seller representations (2) through (6) above

NOTE: Outstanding liens may affect Seller's net proceeds: _____

(h) **Bankruptcy.** Seller currently:

- (1) ☐ is ☐ is not under bankruptcy protection under United States law.
- (2) ☐ is ☐ is not contemplating seeking bankruptcy protection during the term of this Agreement.

(i) **Access.** Seller represents that the Property has legal access to a public right of way. If access is by private road/easement/other, Seller further represents that there ☐ is ☐ is not an agreement regarding the maintenance of such private road/easement/other means of access. If applicable, Seller agrees to promptly provide Firm information pertaining to any such agreement.

(j) **Lease(s).** To the best of Seller's knowledge, the Property ☐ is ☐ is not subject to any lease(s). If applicable:

- (i) Seller agrees to promptly provide Firm a copy of any such lease(s) or a written statement of the terms of any oral lease(s);

(ii) If the Property is managed by someone other than Seller, the manager's name and contact information is as follows: _____

Seller authorizes any such manager to release and disclose to Firm any relevant information about any leases(s) and to cooperate with Firm in the sale of the Property.

(k) **FHA Appraisal.** To the best of Seller's knowledge, an FHA appraisal ☐ has ☐ has not been performed on the Property within four months prior to the Effective Date. If applicable, Seller agrees to promptly provide Firm a copy of any such appraisal if available.

NOTE: Any such appraisal may or may not be binding on a buyer who intends to obtain FHA financing.

(l) **Special Assessments.** To the best of Seller's knowledge, there are no Proposed or Confirmed Special Assessments (as defined in the sample contract form provided to Seller) regarding the Property except as follows (Insert "none" or the identification of such assessments, if any): _____

(m) **Manufactured (Mobile) Home.** Complete ONLY if there is a manufactured (mobile) home(s) on the Property that Seller intends to include as a part of the sale of the Property: VIN(s): _____ or ☐ VIN(s) unknown. Other description (year, model, etc.): _____

(n) **Fuel Tank/Fuel:** To the best of Seller's knowledge, there ☐ is ☐ is not a fuel tank(s) located on the Property. If "yes" complete the following to the best of Seller's knowledge:

Ownership of tank 1: ☐ owned ☐ leased. If leased, the name and contact information of tank lessor is: _____

Location of tank 1: ☐ above ground ☐ below ground

Type of fuel: ☐ oil ☐ propane ☐ gasoline and/or diesel ☐ other: _____

Refilling schedule: ☐ auto-refill (insert frequency): _____ ☐ other (describe): _____

Name and contact information of fuel vendor: _____

Ownership of tank 2: ☐ owned ☐ leased If leased, the name and contact information of tank lessor is: _____

Location of tank 2: ☐ above ground ☐ below ground

Type of fuel: ☐ oil ☐ propane ☐ gasoline and/or diesel ☐ other: _____

Refilling schedule: ☐ auto-refill (insert frequency): _____ ☐ other (describe): _____

Name and contact information of fuel vendor: _____

If, during the term of this Agreement, Seller becomes aware that any of the representations set forth in this paragraph 12 are incorrect or no longer accurate, Seller shall promptly notify Firm and cooperate with Firm in taking appropriate corrective action.

13. **SELLER'S DUTIES.** Seller agrees to cooperate with Firm in the marketing and sale of the Property, including but not limited to:

(a) providing to Firm, in a timely manner, accurate information including but not limited to the following:

(i) Residential Property and Owner's Association Disclosure Statement (unless exempt);

(ii) Mineral and Oil and Gas Rights Mandatory Disclosure Statement (unless exempt); and

(iii) Lead-Based Paint or Lead-Based Paint Hazard Addendum with respect to any residential dwelling built prior to 1978.

(b) making the Property available for showing (including working, existing utilities) at reasonable times and upon reasonable notice;

(c) providing Firm as soon as reasonably possible after the execution of this Agreement copies of the following documents (where relevant) in the possession of Seller:

(1) restrictive covenants affecting the Property;

(2) bylaws, articles of incorporation, rules and regulations, and other governing documents of the owners' association and/or the subdivision;

(3) title insurance policies, attorney's opinions on title, surveys, covenants, deeds, notes and deeds of trust and easements relating to the Property.

Seller authorizes (1) any attorney presently or previously representing Seller to release and disclose any title insurance policy in such attorney's file to Firm, (2) the Property's title insurer or its agent to release and disclose all materials in the Property's title insurer's (or title insurer's agent's) file to Firm, and (3) the owners' association manager (or other authorized representative) to release and disclose copies of all documents referenced in subparagraphs (c)(1) and (c)(2) above. Seller acknowledges and understands that Firm is under no obligation to acquire any of the information referenced in this subparagraph (c) or to verify the accuracy of any such information that may be provided to Firm.

(d) immediately referring to Firm all inquiries or offers it may receive regarding the Property; showing the Property only by appointment made by or through Firm; and conducting all negotiations through Firm;

(e) executing and delivering at settlement a GENERAL WARRANTY DEED conveying fee simple marketable title to the Property, including legal access to a public right of way, free of all encumbrances except ad valorem taxes for the current year, utility easements, rights-of-way, and unviolated restrictive covenants, if any, and those encumbrances that the buyer agrees to assume in the sales contract.

Seller represents that the Seller has the right to convey the Property, and that there are currently no circumstances that would prohibit the Seller from conveying fee simple marketable title as set forth in the preceding sentence, except as follows (insert N/A if not applicable): _____

NOTE: If any sale of the Property may be a "short sale," consideration should be given to attaching NCAR form 104 as an addendum to this Agreement.

(f) providing Firm, in a timely manner, any information necessary (including any information omitted under Paragraph 12) to enable Firm to prepare an estimate of Seller's net proceeds at settlement. Seller acknowledges and understands that any such estimate is an approximation only and that Seller should verify the accuracy of the calculations.

(g) if required by N.C.G.S. §44A-11.1, timely designating a Lien Agent, and providing Firm as soon as reasonably possible a copy of the appointment of Lien Agent.

14. HOME INSPECTION: Seller is advised to obtain a home inspection for the purpose of evaluating the condition of the Property in order to enhance its marketability and to help reduce concerns of prospective buyers. Seller ☐ agrees ☐ does not agree to obtain and pay for a home inspection by a licensed NC Home Inspector within _____ days after the execution of this agreement.

☐ Seller acknowledges receipt of a copy of *Questions and Answers on: Home Inspections* by the NC Real Estate Commission.

15. PHOTOGRAPHS AND OTHER MATERIALS: Firm is specifically authorized to use, for any purposes whatsoever, any and all photographs, drawings, video, advertising copy or other information obtained by or provided to Firm pursuant to this Agreement (including but not limited to any information concerning the price and terms of the sale of the Property, the description of the Property and the length of time the Property is on the market) ("Materials"), both before and after the sale or, in the event there is not a sale, after this Agreement has expired. Seller shall not have or acquire any rights to use any of the Materials created by, on behalf of, or at the direction of Firm or an agent of Firm either during or after the Term of this Agreement without Firm's written consent. If Seller provides any Materials to Firm ("Seller Materials"), Seller represents that Seller owns the Seller Materials or otherwise has the legal right to provide the Seller Materials to Firm, and Seller grants to Firm and any listing service in which Firm or its agents participate a non-exclusive, perpetual license to use the Seller Materials, including the rights to display, reproduce, distribute or make derivative works from the Seller Materials. Seller agrees to indemnify and hold Firm and its agents harmless for any and all claims resulting from use of the Seller Materials under the terms of this license.

16. ADDITIONAL TERMS AND CONDITIONS. The following additional terms and conditions shall also be a part of this Agreement: _____

17. DUAL AGENCY. Seller understands that the potential for dual agency will arise if a buyer who has an agency relationship with Firm becomes interested in viewing the Property. Firm may represent more than one party in the same transaction only with the knowledge and informed consent of all parties for whom Firm acts.

(a) **Disclosure of Information.** In the event Firm serves as a dual agent, Seller agrees that without permission from the party about whom the information pertains, Firm shall not disclose to the other party the following information:

- (1) that a party may agree to a price, terms, or any conditions of sale other than those offered;
- (2) the motivation of a party for engaging in the transaction, unless disclosure is otherwise required by statute or rule; and
- (3) any information about a party which that party has identified as confidential unless disclosure is otherwise required by statute or rule.

(b) **Firm's Role as Dual Agent.** If Firm serves as agent for both Seller and a buyer in a transaction involving the Property, Firm shall make every reasonable effort to represent Seller and buyer in a balanced and fair manner. Firm shall also make every reasonable effort to encourage and effect communication and negotiation between Seller and buyer. Seller understands and acknowledges that:

- (1) Prior to the time dual agency occurs, Firm will act as Seller's exclusive agent;
- (2) In its separate representation of Seller and buyer, Firm may obtain information which, if disclosed, could harm the bargaining position of the party providing such information to Firm;
- (3) Firm is required by law to disclose to Seller and buyer any known or reasonably ascertainable material facts.

Seller agrees Firm shall not be liable to Seller for (i) disclosing material facts required by law to be disclosed, and (ii) refusing or failing to disclose other information the law does not require to be disclosed which could harm or compromise one party's bargaining position but could benefit the other party.

(c) **Seller's Role.** Should Firm become a dual agent, Seller understands and acknowledges that:

- (1) Seller has the responsibility of making Seller's own decisions as to what terms are to be included in any purchase and sale agreement with a buyer client of Firm;
- (2) Seller is fully aware of and understands the implications and consequences of Firm's dual agency role as expressed herein to provide balanced and fair representation of Seller and buyer and to encourage and effect communication between them rather than as an advocate or exclusive agent or representative;
- (3) Seller has determined that the benefits of dual agency outweigh any disadvantages or adverse consequences;
- (4) Seller may seek independent legal counsel to assist Seller with the negotiation and preparation of a purchase and sale agreement or with any matter relating to the transaction which is the subject matter of a purchase and sale agreement.

Should Firm become a dual agent, Seller waives all claims, damages, losses, expenses or liabilities, other than for violations of the North Carolina Real Estate License Law and intentional wrongful acts, arising from Firm's role as a dual agent. Seller shall have a duty to

protect Seller's own interests and should read any purchase and sale agreement carefully to ensure that it accurately sets forth the terms which Seller wants included in said agreement.

(d) Authorization (*initial only ONE*).

_____ Seller authorizes the Firm to act as a dual agent, representing both the Seller and the buyer, subject to the terms and conditions set forth in Paragraph 17.

_____ Seller desires exclusive representation at all times during this agreement and does NOT authorize Firm to act in the capacity of dual agent. *If Seller does not authorize Firm to act as a dual agent, the remainder of this paragraph shall not apply.*

(e) Designated Agent Option (*Initial only if applicable*).

_____ Seller hereby authorizes the Firm to designate an individual agent(s) to represent the Seller. The individual designated agent(s) shall represent only the interests of the Seller to the extent permitted by law.

NOTE: When dual agency arises, an individual agent shall not practice designated agency and shall remain a dual agent if the individual agent has actually received confidential information concerning a buyer client of the Firm in connection with the transaction or if designated agency is otherwise prohibited by law.

18. **MEDIATION.** If a dispute arises out of or related to this Agreement or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to arbitration, litigation, or some other dispute resolution procedure. If the need for mediation arises, the parties will choose a mutually acceptable mediator and will share the cost of mediation equally.

19. **WIRE FRAUD WARNING.**

IF SELLER'S PROCEEDS WILL BE WIRED, IT IS RECOMMENDED THAT SELLER PROVIDE WIRING INSTRUCTIONS AT CLOSING IN WRITING IN THE PRESENCE OF THE ATTORNEY. IF SELLER IS UNABLE TO ATTEND CLOSING, SELLER MAY BE REQUIRED TO SEND AN ORIGINAL NOTARIZED DIRECTIVE TO THE CLOSING ATTORNEY'S OFFICE CONTAINING THE WIRING INSTRUCTIONS. THIS MAY BE SENT WITH THE DEED, LIEN WAIVER AND TAX FORMS IF THOSE DOCUMENTS ARE BEING PREPARED FOR SELLER BY THE CLOSING ATTORNEY. AT A MINIMUM, SELLER SHOULD CALL THE CLOSING ATTORNEY'S OFFICE TO PROVIDE THE WIRE INSTRUCTIONS. THE WIRE INSTRUCTIONS SHOULD BE VERIFIED OVER THE TELEPHONE VIA A CALL TO SELLER INITIATED BY THE CLOSING ATTORNEY'S OFFICE TO ENSURE THAT THEY ARE NOT FROM A FRAUDULENT SOURCE.

SELLER SHOULD CALL THE CLOSING ATTORNEY'S OFFICE AT A NUMBER THAT IS INDEPENDENTLY OBTAINED. TO ENSURE THAT SELLER'S CONTACT IS LEGITIMATE, SELLER SHOULD NOT RELY ON A PHONE NUMBER IN AN EMAIL FROM THE CLOSING ATTORNEY'S OFFICE, SELLER'S REAL ESTATE AGENT OR ANYONE ELSE.

Seller acknowledges and understands that there are risks associated with wire transfers that are not within the reasonable control of Firm, and Seller hereby agrees to release and discharge Firm and Firm's agents from any and all claims, demands, rights and causes of action of whatsoever kind and nature not caused by gross negligence of Firm or Firm's agents arising directly or indirectly out of any wire transfer Seller sends or receives/was to receive in connection with any real estate transaction in which Firm represents Seller.

20. ENTIRE AGREEMENT/CHANGES/TERMINATION. This Agreement constitutes the entire agreement between Seller and Firm and there are no representations, inducements, or other provisions other than those expressed herein. This Agreement may be signed in multiple originals or counterparts, all of which together constitute one and the same instrument. All changes, additions, or deletions to this Agreement must be in writing and signed by both Seller and Firm. Seller acknowledges and understands that this Agreement constitutes a binding contract between Seller and Firm. Although Seller may at any time withdraw from the fiduciary relationship existing between Seller and Firm, the contract created by this Agreement may not be terminated by Seller or Firm prior to its Expiration Date without legally sufficient cause. Any such termination shall be by mutually-acceptable written agreement signed by both Seller and Firm. **Seller and Firm each acknowledge receipt of a signed copy of this Agreement.**

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION.

Seller: _____
Print Name Signature Date

Contact Information: _____
Home Work Cell Email

Mailing Address: _____

Seller: _____
Print Name Signature Date

Contact Information: _____
Home Work Cell Email

Mailing Address: _____

Entity Seller: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____ Date: _____

Name: _____ Title: _____

Contact Information: _____
Home Work Cell Email

Mailing Address: _____

Firm: _____ Phone: _____
Print Real Estate Firm Name

By: _____
Individual Agent Signature Individual License Number Date

Office: _____

Address: _____

Office Phone: _____ Fax: _____ Email: _____



Pilot Training

Identifying the Practical Issues in the Listing Agreement

In teams, identify key issues that require more explanation.

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

Pilot Training

List other forms of representation and additional documents.



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

Limited Services & Other Agreements



*The Course That
Teaches You to
Fly to New
Heights*

Brokers Can Limit Services

- Usually excludes services such as:
 - Showings
 - Open houses
 - Contract negotiations



**For a Fee of \$500 We Can Put
Your Property Into MLS**

But You CANNOT Limit Duties

- Disclose
- Fulfill fiduciary obligations
- To present offers



Protection Agreements

- Separate seller commission agreement
- Paying a fee for a particular buyer
- No other warranties or obligations between broker & seller
- Not a contract with the buyer



Pilot Training

What other points should be considered
in representing sellers?



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____



This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Pilot Training

What safety discussions should you have with the seller?

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Pilot Training

What accessibility discussions should you have with the seller?

This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings on the paper.

Pilot Training

Make a list of great questions to ask every seller during the listing presentation.



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____



Revelations, Insights, Ideas & To Do List

What are the best and brightest “to do” items
you got out of this section?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

Section 3: Working with Sellers Notebook Guide



1. Interfere in the agency relationships of others
2. Contact another agent's client directly
3. Engage in discussions with another agent's client
4. Solicit other agent's clients
5. 30 days
6. Previous business relationship in last 18 months
7. 3 months from an inquiry
8. FSBO for the purposes of working with a buyer
9. Political campaigns
10. Charities
11. Opt out provision
12. Name of firm or sole proprietorship
13. Deed
14. Copy of the listing agreement
15. A copy of the WWREA brochure
16. Copies of the RPOADS and MOG
17. Property data sheet
18. Deed
19. Survey
20. Restrictive covenants
21. HOA information
22. Mortgage balances & info
23. Review the deed
24. Seller's name
25. Manner of holding title
26. Legal description
27. Verify type of ownership as fee simple
28. Completed by the seller
29. Prior to submission of an offer
30. 3 day
31. Advise and assist the seller
32. Sale

Section 3: Working with Sellers

Notebook Guide (CONTINUED)

33. Lease
34. Pre-1978
35. Addendum
36. Booklet
37. Disclosure of any knowledge
38. Copies of any reports
39. 10-day inspection period
40. Test
41. Remove or remediate
42. Walkthrough
43. Defects and material facts
44. Physical features
45. Fixtures and personal property
46. Potential repair and inspection issues
47. Verify the square footage
48. Prior to using SF in marketing or advertising
49. Listing agent
50. Other professionals
51. Tax records
52. Owner
53. Past transactions
54. Heated with conventional source
55. Exterior measurements
56. Garage
57. Storage
58. Bonus rooms
59. Furnace rooms
60. Bay windows
61. Included with the level from which it descends
62. Included with the 1st floor
63. Include the stairs as part of the first and second floor
64. 7 feet

Section 3: Working with Sellers

Notebook Guide (CONTINUED)

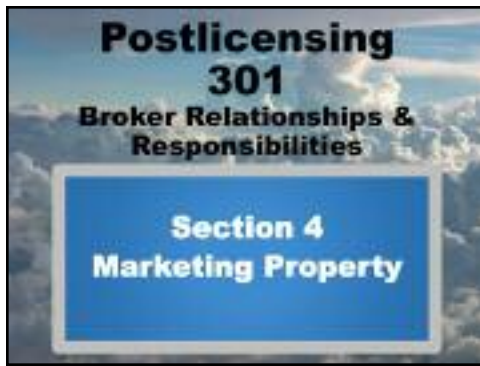
- 65. 5 feet
- 66. 6 feet 4 inches
- 67. Price the property higher
- 68. CMA
 - Market analysis
 - Probable selling or list price
- 69. Appraisal
 - Value or worth
 - URAR appraisal form
- 70. Comparable property
- 71. Fewest number of adjustments
- 72. Add to the value
- 73. Subtract from the value
- 74. Any licensed broker
- 75. Cannot be paid
- 76. In writing
- 77. Oral listing agreement
- 78. Definite beginning and ending date
- 79. All banks completed
- 80. Signatures of all owners
- 81. Automatic extensions
- 82. Disclaimers of liability

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**MODULE 3: MARKETING THE PROPERTY &
WORKING WITH BUYERS**

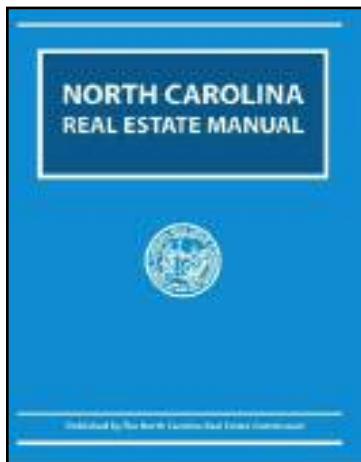
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**MODULE 3: MARKETING THE PROPERTY &
WORKING WITH BUYERS**

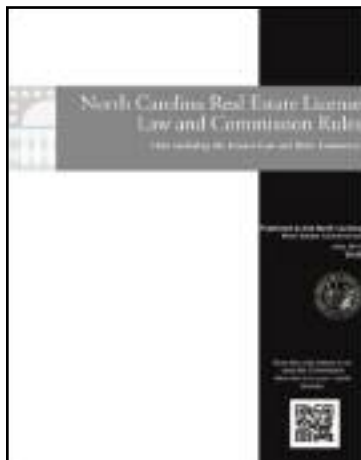


Section 4: Marketing Property

Critical Reading Information



- Chapter 9 – Agency Contracts & Brokerage Practices



Marketing in Today's World

Roundtable Classroom Discussion
regarding syndication.



Rules and Regulations Regarding Marketing & Advertising

The Sherman Anti-Trust Act prohibits businesses from engaging in anti-competitive conduct. Three specific things which are prohibited by Act include:

1. _____
2. _____
3. _____

The prohibitions of the Sherman Anti-Trust account do not prevent or prohibit

4. _____ from developing office policies.



The North Carolina real estate commission requires all of the following in all advertising:

Ads may not make claims which create a 5. _____
or an 6. _____.

Every office location must have a 7. _____ to supervise and approve all advertising.

All ads must indicate that the advertising is being conducted by a

8. _____ and all ads must contain
9. _____.

The Federal Truth in Lending Act

The federal Truth in Lending Act is also known as 10. _____
or 11. _____ and regulates 12. _____.

The Act is enforced by 13. _____ and
applies to all 14. _____.

The Act requires disclosure to a consumer of the 15. _____, which is
an acronym for 16. _____.

The APR disclosure is required in any advertisement that provides information that is known
as 17. _____.

All of the following are examples of trigger terms:

- 18. _____
- 19. _____
- 20. _____
- 21. _____

Compliance with Federal and State Fair Housing Laws

Every entity involved in the providing or sale of housing must display in their place of
business the 22. _____.

The use of the Fair Housing logo is only required on 23. _____
in periodicals or magazines of general circulation in ads that are larger than 2 column inches x
2 column inches.

Use of the logo on business cards, flyers, brochures, and websites is not mandatory, but
encouraged.

The Oregon Newspaper Publishers Association in conjunction with HUD has released the
following lists of words that are acceptable, unacceptable, and some that should be used for
caution in real estate advertising.

FAIR HOUSING ADVERTISING WORD & PHRASE LIST: Describe the Property, Not the People

Note: This list is **NOT** all-inclusive. Each word must be considered in context.

AVOID • AVOID • AVOID

able-bodied adult community* adult living* adult only* adult (sub)* African Agle AIDS alcoholics, no American Indian appliance Asian Black(s) Blind, no board approval required Catholic Caucasian Chicago children, no	child rent, number of Chinese Chinese colored coppied, no church dual, no disabled, not suitable for disabled(s), no employee, must be employment* highly only historic references) public area* prime homes, no handicapped, not suitable for handy only Hindu	Hispanic H's Hungarian impaired, no Indian Irish Italian integrated Jewish landlord, (description) Latin married minor people* minor individual* minor person(s)* membership approval required recently disabled, no usually ill, no	Mexican-American migrant workers, no Mosque Muslim (Autism) Negro non-Indian non-smoker older person(s)* own child Oriental park park rates must comply with Philippine physically fit only Polish preferred community	Prevalent Prestige Home quiet area(s) (religious references) responsible retarded, no seasonal workers, no senior discount* smoker(s), no Social Security Insurance OSHA, no Spanish-speaking/able Swapspace Temple tenant(s), (description of two people unemployed, no white, white-only
---	---	--	---	---

CAUTION • CAUTION

55 and older community* 62 and older* active bachelor bachelor pad close to country club, near couple couples-only curfew exclusive executive female(s) only female roommate	fisherman's retreat girl(s), no (gender) gentleman's farm granny's house golden ages only* handicap handyman's dream heterosexual homosexual ideal for... lesbian(s), no male(s) only male roommate	man, men only membership approval required Marion Temple mother-in-law apt. nanny's room near newspaper one person older person* perfect for... person(s), (number of) play area, no prestigious	quality neighborhood restricted retired retired(s)* retirement home* safe neighborhood Section 8, no secure seeking same senior(s)* senior citizen(s)* senior housing* (sex or gender) shrine	singles only single person single woman, man sophisticated straight only student(s) students, no temple traditional two people walking distance to... woman, women only
---	--	---	--	--

ACCEPTABLE

accessible admitted, no assistance animals only bedrooms, (number of) bus, near condoscent home convenient to credit check required den desirable neighborhood domestic quarters drugs, no drug use, no	Equal Housing Opportunity family gear for family room first-floor golf course, near great view guest house handicap accessible hobby farm kids welcome luxury townhouse master bedroom membership available	(neighborhood name) nice nursery moving home places of worship, near play area privacy private driveway private entrance private property private setting public transportation, near	quality construction quiet quiet neighborhood references required responsible (school district) (school name) seasonal rates secluded security provided senior discount* single family home	sleeping area(s) number of smoking, no (square feet) townhouse traditional style tranquil setting verifiable income view of view, with wheelchair accessible winter rental rates
---	---	--	--	---

Oklahoma Press Association
3601 N. Lincoln Blvd.
Oklahoma City, OK 73106
www.OKPress.com

Acceptable & Unacceptable Advertising Words & Phrases Relating to Fair Housing

Pilot Training

Identifying and using customary marketing practices.



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____





Innovative & Powerful Customary Marketing Tools

How could you use the power of YouTube for the benefit of your sellers?



How could you use the power of Facebook for the benefit of your sellers?



How could you use Quick Response (QR) Codes for the benefit of your sellers?



How could you use the power of Zillow & Trulia for the benefit of your sellers?



Flight Simulator

Crafting a marketing plan that complies with advertising rules and statutes.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Section 4: Marketing Property Notebook Guide

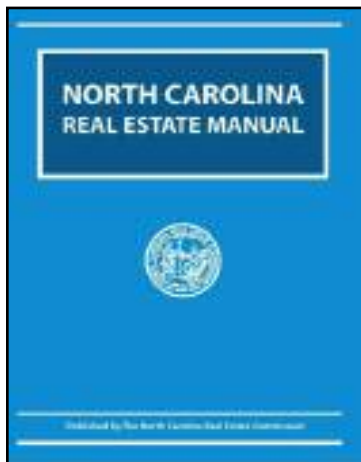
1. Price fixing
2. Market allocation
3. Boycotting
4. Firms or agents
5. Misrepresentation
6. Omission
7. BIC
8. Broker or brokerage firm
9. Firm name
10. TILA
11. Regulation Z
12. True cost of credit
13. Federal Trade Commission
14. All financed transactions
15. APR
16. Annual percentage rate
17. Trigger
18. Payment
19. Down payment
20. Interest rate
21. Monthly payment
22. Fair Housing poster
23. Printed ads of general circulation



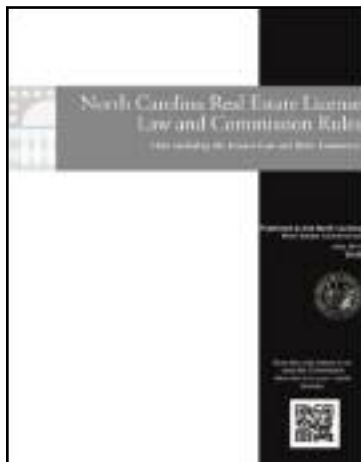


Section 5: Working with Buyers

Critical Reading Information



- Chapter 9 – Agency Contracts & Brokerage Practices, pages 236–245



- Rule A.0104 – Agency Disclosure

Disclosing Agency to Buyers

Real estate licensees must have an 1. _____ to work with buyers in NC.
The agreement may initially be either 2. _____
or 3. _____.

A buyer and the licensee have options in NC which are as follows:

4. _____
Either under a 5. _____
or pursuant to 6. _____
7. _____
8. _____

Regardless, an agency disclosure must occur with buyers at:

9. _____ by providing and reviewing
10. _____

Receipt of the brochure must be 11. _____

Working as a Seller's Subagent

A buyer may choose not to be represented. In order to practice seller subagency, the licensee must do all of the following:

12. _____
13. _____
14. _____
15. _____

During the transaction it is possible, but not advisable, for the broker to switch back to buyer agency. Doing that requires two things:

16. _____
17. _____

Oral buyers agency may be practiced but it cannot be:

18. _____ and it cannot be

19. _____

The oral agreement must be placed in 20. _____ before

21. _____

If the buyer is willing to sign a written agreement at that point then the licensee must

22. _____

Student Notes

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Flight Simulator

Explain the WWREA brochure and options to a buyer.



Pilot Training

Roundtable Classroom Discussion
regarding getting buyers to sign the
written agreement

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This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

EXCLUSIVE BUYER AGENCY AGREEMENT

[Consult "Guidelines" (Form 201G) for guidance in completing this form]

This EXCLUSIVE BUYER AGENCY AGREEMENT (“Agreement”) is entered into (Date) _____,
between _____ as Buyer(s) (“Buyer”),
and _____ (“Firm”)

as the Buyer's exclusive agent to assist the Buyer in the acquisition of real property which may include any purchase, option and/or exchange on terms and conditions acceptable to Buyer. The individual agent who signs this Agreement on behalf of the Firm shall, on behalf of the Firm, be primarily responsible for ensuring that the Firm's duties hereunder are fulfilled; however, it is understood and agreed that other agents of the Firm may be assigned to fulfill such duties if deemed appropriate by the Firm. For purposes of this Agreement, the term "Firm," as the context may require, shall be deemed to include the individual agent who signs this Agreement and any other agents of the Firm.

Buyer represents that, as of the commencement date of this Agreement, the Buyer is not a party to a buyer representation agreement with any other real estate firm. Buyer has received a copy of the “WORKING WITH REAL ESTATE AGENTS” brochure and has reviewed it with Firm. Buyer further represents that Buyer has disclosed to Firm information about any properties of the type described in paragraph 1 below that Buyer has visited at any open houses or that Buyer has been shown by any other real estate firm.

- [illegible]

(a) General Location:

(b) Other: _____

2. EFFECT OF AGREEMENT. Buyer intends to acquire real property of the type described in paragraph 1. By employing Firm as Buyer's exclusive agent, Buyer agrees to conduct all negotiations for such property through Firm, and to refer to Firm all inquiries received in any form from other real estate firms, prospective sellers or any other source, during the time this Agreement is in effect.

3. **DURATION OF AGENCY.** Firm's authority as Buyer's exclusive agent shall begin _____, and subject to paragraph 4, shall expire at midnight, _____, or when Buyer acquires real property of the type described in paragraph 1, whichever occurs sooner.

4. COMPENSATION OF FIRM.

- (a) Firm acknowledges receipt of a non-refundable retainer fee in the amount of \$_____ which
☐ shall ☐ shall not be credited toward any compensation due Firm under this Agreement.
- (b) Buyer agrees that Firm's fee for services hereunder shall be in the amount of _____
 ("Fee")

(Insert dollar amount, percentage of purchase price, or other method of determining Firm's compensation for each type of property the Buyer may purchase, such as resale, new construction, land/lot and/or unrepresented seller. Do not insert N/A or a zero (\$0)).

- (i) Firm shall seek the Fee from a cooperating listing firm (through the listing firm's offer of compensation in MLS or otherwise) or from the seller if there is no listing firm, and Buyer agrees that Firm shall be entitled to receive same in consideration for Firm's services hereunder.
 - (ii) If Buyer purchases property where the compensation offered by the listing firm and/or seller is less than the Fee, or where no compensation is offered by either the listing firm or the seller, Buyer and Firm agree that Buyer will pay the difference between the Fee and the compensation offered unless prohibited by law. Firm will timely inform Buyer if the compensation offered is less than expected.
 - (iii) If additional compensation, incentive, bonus, rebate and/or other valuable consideration ("*Additional Compensation*") is offered through the MLS or otherwise, Buyer will permit the Firm to receive it in addition to the Fee. Firm shall timely disclose the promise or expectation of receiving any such Additional Compensation and confirm the disclosure in writing before Buyer makes or accepts an offer to buy. (Note: NCAR Form #770 may be used to confirm the disclosure of any such Additional Compensation)
- (c) The compensation shall be deemed earned under any of the following circumstances:
 - (i) If, during the term of this Agreement, Buyer, any assignee of Buyer or any person/legal entity acting on behalf of Buyer directly or indirectly enters into an agreement to purchase, option, and/or exchange any property of the type described above regardless of the manner in which Buyer was introduced to the property; or
 - (ii) If, within _____ days after expiration of this Agreement, Buyer enters into a contract to acquire property introduced to Buyer during the term of this Agreement by Firm or any third party, unless Buyer has entered into a valid buyer agency agreement with another real estate firm; or

Page 1 of 6



North Carolina Association of REALTORS®, Inc.

Buyer initials	Individual agent initials
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
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93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100



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- (iii) If, having entered into an enforceable contract to acquire property during the term of this Agreement, Buyer defaults under the terms of that contract.
- (d) The compensation will be due and payable at closing or upon Buyer's default of any purchase agreement. If Buyer defaults, the total compensation that would have been due the Firm will be due and payable immediately in cash from the Buyer. No assignment of rights in real property obtained for Buyer or any assignee of Buyer or any person/legal entity acting on behalf of Buyer pursuant to this Agreement shall operate to defeat any of Firm rights under this Agreement.

NOTE: Buyer understands and acknowledges that there is the potential for a conflict of interest generated by a percentage of price based fee for representing Buyer. The amount, format or rate of real estate commission is not fixed by law, but is set by each broker individually, and may be negotiable between Buyer and Firm.

- (e) Attorney Fees and Costs. If Firm is the prevailing party in any legal proceeding brought by Firm against Buyer to recover the Fee, Firm shall be entitled to recover from Buyer reasonable attorney fees and court costs incurred by Firm in connection with the proceeding.

5. OTHER POTENTIAL BUYERS. Buyer understands that other prospective purchasers represented by Firm may seek property, submit offers, and contract to purchase property through Firm, including the same or similar property as Buyer seeks to purchase. Buyer acknowledges, understands and consents to such representation of other prospective purchasers by Firm through its agents.

6. FIRM'S DUTIES. During the term of this Agreement, Firm shall promote the interests of Buyer by: (a) performing the terms of this Agreement; (b) seeking property at a price and terms acceptable to Buyer; (c) presenting in a timely manner all written offers or counteroffers to and from Buyer; (d) disclosing to Buyer all material facts related to the property or concerning the transaction of which Firm has actual knowledge; and (e) accounting for in a timely manner all money and property received in which Buyer has or may have an interest. Unless otherwise provided by law or Buyer consents in writing to the release of the information, Firm shall maintain the confidentiality of all personal and financial information and other matters identified as confidential by Buyer, if that information is received from Buyer during the brokerage relationship. In satisfying these duties, Firm shall exercise ordinary care, comply with all applicable laws and regulations, and treat all prospective sellers honestly and not knowingly give them false information. In addition, Firm may show the same property to other buyers, represent other buyers, represent sellers relative to other properties, or provide assistance to a seller or prospective seller by performing ministerial acts that are not inconsistent with Firm's duties under this Agreement.

Upon closing of any sale of property not entered in a listing service of which Firm is a member, Buyer authorizes Firm to submit pertinent information concerning the property, including sales price, to such listing service.

7. DISCLOSURE OF BUYER'S NAME/MAILING ADDRESS.

- (a) Unless otherwise stated in Paragraph 13 below, Firm has Buyer's permission to disclose Buyer's name.
- (b) In accordance with NC General Statutes Section 93A-12, if a dispute regarding the return or forfeiture of any earnest money deposit arises between Buyer and the seller of any real property Buyer may agree to purchase, the escrow agent holding the deposit may deposit the disputed monies with the appropriate Clerk of Court following written notice to the parties. In the event of any such dispute, Buyer directs Firm to disclose Buyer's last known mailing address to the escrow agent upon request to enable the escrow agent to comply with the notice requirement of such law.

8. NON-DISCRIMINATION. THE AGENT (FIRM) SHALL CONDUCT ALL BROKERAGE ACTIVITIES IN REGARD TO THIS AGREEMENT WITHOUT RESPECT TO THE RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, HANDICAP OR FAMILIAL STATUS OF ANY PARTY OR PROSPECTIVE PARTY TO THE AGREEMENT. FURTHER, REALTORS® HAVE AN ETHICAL DUTY TO CONDUCT SUCH ACTIVITIES WITHOUT RESPECT TO THE SEXUAL ORIENTATION OR GENDER IDENTITY OF ANY PARTY OR PROSPECTIVE PARTY TO THIS AGREEMENT.

9. BUYER'S DUTIES. Buyer agrees to cooperate with Firm in the acquisition of real property of the type described in paragraph 1, including but not limited to:

- (a) working exclusively with Firm during the term of this Agreement;
- (b) immediately referring to Firm information about any properties Buyer may have an interest in examining;
- (c) complying with the reasonable requests of Firm to supply any pertinent financial or personal data needed to fulfill the terms of this Agreement;
- (d) being available for reasonable periods of time to examine properties;
- (e) examining properties only by appointments made by or through Firm and accompanied by an agent of Firm;
- (f) conducting all negotiations and communications through Firm;
- (g) conducting all due diligence on property in consultation with Firm; and

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Buyer initials _____ Individual agent initials _____

(h) paying for all products and/or services required in the examination and evaluation of properties (examples: surveys, water/soil tests, title reports, property inspections, etc.).

10. OTHER PROFESSIONAL ADVICE. In addition to the services rendered to Buyer by the Firm under the terms of this Agreement, Buyer is advised to seek other professional advice in matters of law, taxation, financing, insurance, surveying, wood-destroying insect infestation, structural soundness, engineering, and other matters pertaining to any proposed transaction. Although Firm may provide Buyer the names of providers who claim to perform such services, Buyer understands that Firm cannot guarantee the quality of service or level of expertise of any such provider. Buyer agrees to pay the full amount due for all services directly to the service provider whether or not the transaction closes. Buyer also agrees to indemnify and hold Firm harmless from and against any and all liability, claim, loss, damage, suit, or expense that Firm may incur either as a result of Buyer's selection and use of any such provider or Buyer's election not to have one or more of such services performed.

- ☐ Buyer acknowledges receipt of a sample copy of an Offer to Purchase And Contract for review purposes.
- ☐ Buyer acknowledges receipt of a copy of the brochure *Questions and Answers on: Home Inspections*.
- ☐ Buyer acknowledges receipt of a sample copy of a Professional Services Disclosure and Election form (form #760) for review purposes.

11. HOME WARRANTY. The seller of any property Buyer may be interested in buying may or may not provide a home warranty as a part of any sale. If the seller does not provide a home warranty, Buyer may elect to purchase one. Buyer understands that although Firm will assist Buyer in identifying available home warranty products, Buyer must refer specific questions regarding coverage afforded by any such product to the provider thereof. If Firm assists Buyer in obtaining a home warranty, a fee of _____ will be offered to Firm by the person or entity through or from which any home warranty is obtained as compensation to Firm for its assistance in obtaining the home warranty, and Buyer hereby consents to Firm's receipt of such fee.

12. CONFIDENTIALITY OF OFFERS. Real estate brokers are prohibited by N.C. Real Estate Commission rule from disclosing the price or other material terms contained in a party's offer to purchase, sell, lease, rent or option real property to a competing party without the express authority of the party making the offer. However, sellers may elect not to treat the existence, terms, or conditions of any offers Buyer may make as confidential. Additionally, sellers may elect not to disclose or authorize seller's agent to disclose the existence of any other offer(s).

13. ADDITIONAL PROVISIONS. _____

14. DUAL AGENCY. Buyer understands that the potential for dual agency will arise if Buyer becomes interested in viewing property listed with Firm. Firm may represent more than one party in the same transaction only with the knowledge and informed consent of all parties for whom Firm acts.

- (a) **Disclosure of Information.** In the event Firm serves as a dual agent, Buyer agrees that without permission from the party about whom the information pertains, Firm shall not disclose to the other party the following information:
- (1) that a party may agree to a price, terms, or any conditions of sale other than those offered;
 - (2) the motivation of a party for engaging in the transaction, unless disclosure is otherwise required by statute or rule; and
 - (3) any information about a party which that party has identified as confidential unless disclosure is otherwise required by statute or rule.

(b) **Firm's Role as Dual Agent.** If Firm serves as agent for both Buyer and a seller in a transaction, Firm shall make every reasonable effort to represent Buyer and seller in a balanced and fair manner. Firm shall also make every reasonable effort to encourage and effect communication and negotiation between Buyer and seller. Buyer understands and acknowledges that:

- (1) Prior to the time dual agency occurs, Firm will act as Buyer's exclusive agent;
- (2) In its separate representation of Buyer and seller, Firm may obtain information which, if disclosed, could harm the bargaining position of the party providing such information to Firm;
- (3) Firm is required by law to disclose to Buyer and seller any known or reasonably ascertainable material facts.

Buyer agrees Firm shall not be liable to Buyer for (i) disclosing material facts required by law to be disclosed, and (ii) refusing or failing to disclose other information the law does not require to be disclosed which could harm or compromise one party's bargaining position but could benefit the other party.

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Buyer initials _____ Individual agent initials _____

(c) **Buyer's Role.** Should Firm become a dual agent, Buyer understands and acknowledges that:

- (1) Buyer has the responsibility of making Buyer's own decisions as to what terms are to be included in any purchase and sale agreement with a seller client of Firm;
- (2) Buyer is fully aware of and understands the implications and consequences of Firm's dual agency role as expressed herein to provide balanced and fair representation of Buyer and seller and to encourage and effect communication between them rather than as an advocate or exclusive agent or representative;
- (3) Buyer has determined that the benefits of dual agency outweigh any disadvantages or adverse consequences;
- (4) Buyer may seek independent legal counsel to assist Buyer with the negotiation and preparation of a purchase and sale agreement or with any matter relating to the transaction which is the subject matter of a purchase and sale agreement.

Should Firm become a dual agent, Buyer waives all claims, damages, losses, expenses or liabilities, other than for violations of the North Carolina Real Estate License Law and intentional wrongful acts, arising from Firm's role as a dual agent. Buyer shall have a duty to protect Buyer's own interests and should read any purchase and sale agreement carefully to ensure that it accurately sets forth the terms which Buyer wants included in said agreement.

(d) **Authorization** (*initial only ONE*).

_____ Buyer authorizes the Firm to act as a dual agent, representing both the Buyer and the seller, subject to the terms and conditions set forth in this Paragraph 14.

_____ Buyer desires exclusive representation at all times during this agreement and does NOT authorize Firm to act in the capacity of dual agent. *If Buyer does not authorize Firm to act as a dual agent, the remainder of this paragraph shall not apply.*

(e) **Designated Agent Option** (*Initial only if applicable*).

_____ Buyer hereby authorizes the Firm to designate an individual agent(s) to represent the Buyer, to the exclusion of any other individual agents associated with the Firm. The individual designated agent(s) shall represent only the interests of the Buyer to the extent permitted by law.

NOTE: When dual agency arises, an individual agent shall not practice designated agency and shall remain a dual agent if the individual agent has actually received confidential information concerning a seller client of the Firm in connection with the transaction or if designated agency is otherwise prohibited by law.

(f) **Dual Agency Compensation.** If the Firm acts as a dual agent (including designated agency), the total fee the Firm expects to receive for its services in representing Buyer and the seller shall be _____.

(Insert dollar amount, percentage of purchase price, or other method of determining Firm's compensation for each type of property such as resale, new construction and/or land/lot the Buyer may purchase.) THIS WILL IN NO WAY AFFECT OR MODIFY THE AMOUNT OF THE FEE SET FORTH IN PARAGRAPH 4 ABOVE THAT FIRM EXPECTS TO RECEIVE FOR ITS SERVICES IN REPRESENTING BUYER UNDER THIS AGREEMENT. In the event Buyer is interested in purchasing a property where the Firm's total fee is different from that described in this subparagraph (f), the Firm shall timely disclose the fee to Buyer and confirm it in writing before Buyer makes or accepts an offer to buy or sell any such property.

15. **MEDIATION.** If a dispute arises out of or related to this Agreement or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to arbitration, litigation, or some other dispute resolution procedure. If the need for mediation arises, the parties will choose a mutually acceptable mediator and will share the cost of mediation equally.

16. **ENTIRE AGREEMENT/CHANGES/TERMINATION.** This Agreement constitutes the entire agreement between Buyer and Firm relating to the subject thereof, and any prior agreements pertaining thereto, whether oral or written, have been merged and integrated into this Agreement. This Agreement may be signed in multiple originals or counterparts, all of which together constitute one and the same instrument. No modification of any of the terms of this Agreement shall be valid, binding upon the parties, or entitled to enforcement unless such modification has first been reduced to writing and signed by both Buyer and Firm. Buyer acknowledges and understands that this Agreement constitutes a binding contract between Buyer and Firm. Although Buyer may at

any time withdraw from the fiduciary relationship existing between Buyer and Firm, the contract created by this Agreement may not be terminated by Buyer or Firm prior to its Expiration Date without legally sufficient cause. Any such termination shall be by mutually-acceptable written agreement signed by both Buyer and Firm.

NOTE: Buyer should consult with Firm before visiting any resale or new homes or contacting any other real estate firm representing sellers, to avoid the possibility of confusion over the brokerage relationship and misunderstandings about liability for compensation.

17. SURVEILLANCE: Buyer is advised to be mindful of the fact that there could be video/audio/surveillance device(s) located on any property examined by Buyer and that Buyer or Buyer's representatives may be under surveillance during any such examination. Federal and State laws prohibit the interception of an oral communication through the use of any electronic, mechanical, or other device, whether or not recorded, without the consent of a party to that communication. However, video surveillance without consent is not illegal.

18. USE OF PHOTOGRAPHS AND VIDEO: Unless a property owner has notified the public that photography and video recording is prohibited, it is permissible to photograph or video the interior of private property since the owner's permission to enter the property implies permission to do so. However, under no circumstances may Buyer take photographs or videos that intrude on a property owner's reasonable expectations of privacy.

Buyer should only photograph or video things that are in "plain view". For example, taking a photo or video of the contents of a medicine cabinet or of financial records in a desk drawer would be impermissible. In addition, any permitted photography or video should be used only in a manner related directly to Buyer's examination and purchase of a property. **TAKING IMPERMISSIBLE PHOTOGRAPHS OR VIDEOS OR USING THEM FOR AN IMPERMISSIBLE PURPOSE COULD SUBJECT BUYER TO CIVIL LIABILITY.**

19. WIRE FRAUD WARNING:

BEFORE SENDING ANY WIRE, BUYER SHOULD CALL THE CLOSING ATTORNEY'S OFFICE TO VERIFY THE INSTRUCTIONS. IF BUYER RECEIVES WIRING INSTRUCTIONS FOR A DIFFERENT BANK, BRANCH LOCATION, ACCOUNT NAME OR ACCOUNT NUMBER, THEY SHOULD BE PRESUMED FRAUDULENT. DO NOT SEND ANY FUNDS AND CONTACT THE CLOSING ATTORNEY'S OFFICE IMMEDIATELY.

BUYER SHOULD CALL THE CLOSING ATTORNEY'S OFFICE AT A NUMBER THAT IS INDEPENDENTLY OBTAINED. TO ENSURE THAT THE CONTACT IS LEGITIMATE, BUYER SHOULD NOT RELY ON A PHONE NUMBER IN AN EMAIL FROM THE CLOSING ATTORNEY'S OFFICE, BUYER'S REAL ESTATE AGENT OR ANYONE ELSE.

Buyer acknowledges and understands that there are risks associated with wire transfers that are not within the reasonable control of Firm, and Buyer hereby agrees to release and discharge Firm and Firm's agents from any and all claims, demands, rights and causes of action of whatsoever kind and nature not caused by gross negligence of Firm or Firm's agents arising directly or indirectly out of any wire transfer Buyer sends or receives/was to receive in connection with any real estate transaction in which Firm represents buyer.

[THIS SPACE INTENTIONALLY LEFT BLANK]

Buyer and Firm each hereby acknowledge receipt of a signed copy of this Agreement.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION.

Buyer: _____
Print Name Signature Date

Contact Information: _____
Home Work Cell Email

Mailing Address: _____

Buyer: _____
Print Name Signature Date

Contact Information: _____
Home Work Cell Email

Mailing Address: _____

Entity Buyer: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____ Date: _____

Name: _____ Title: _____

Contact Information: _____
Home Work Cell Email

Mailing Address: _____

Firm: _____ Phone: _____
Print Real Estate Firm Name

By: _____
Individual Agent Signature Individual License Number Date

Office: _____

Address: _____

Office Phone: _____ Fax: _____ Email _____



Flight Simulator

NCAR Exclusive Right to Represent Buyer Agreement

With a partner, review and explain the content of the agreement. (*Ask questions that clients are likely to pose.*)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Pilot Training

Identify the practical issues in the buyer agreement.

In teams, identify the key issues that require more explanation.



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____



Pilot Training

Describe your dream home and have your agent drill down to why.

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Risky Feud



1. The average age of today's buyers is:

2. The marital status and sex of buyers is:

3. Before buying, the prior living arrangements of buyer's was:

4. The primary reasons for a buyer's purchase are:

5. The primary reasons for the buyer's timing were:

6. The first step buyers took when buying a home was:

Risky Feud (CONTINUED)

7. The way the buyer found the home was:

8. The most difficult steps for a buyer are:

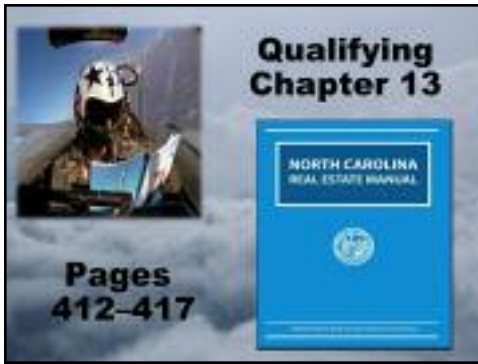
9. The first action taken after finding a home on the Internet was:

10. The most valued website feature to buyers is:

11. The services buyers want most from agents are:

12. How the buyer found their agent was:

13. What was the greatest benefit provided by the buyer's rep?



Qualifying a Buyer

Qualifying a buyer involves the 4 Cs of loan qualification:

23. _____
24. _____
25. _____
26. _____

Lenders rely heavily on credit scores maintained by 3 national databases:

27. _____
28. _____
29. _____

The federal website that is maintained for consumers under the FCRA where a consumer can obtain a copy of their credit report once a year for FREE is:

30. _____

Debt & Qualifying Ratios

Debt/qualifying ratios are based on

31. _____

and calculate a 32. _____ and

use 33. _____

to calculate a

34. _____

Total Gross Monthly Income
\$4,000

- x 28% = \$1,120
Max House Payment
- x 36% = \$1,440
Max Total Debt




Student Notes

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Working with Debt Ratios Problems

1. A couple wants to obtain a 30-year mortgage loan for \$175,000 at 6.5%. Their principal and interest payment is \$1,106. Their monthly escrow payment is estimated at \$145 and they must pay mortgage insurance of \$60 per month. They have other recurring debt excluding the house payment of \$750. What is the minimum monthly income they need to earn in order to qualify for the loan if the lender is using expense to income ratios of 28/36%?

2. A borrower wants to obtain a conventional loan in the amount of \$130,000 with a monthly PITI payment of \$950. The HOA dues are projected to be \$50 per month. The borrower has a car payment of \$325 and additional recurring debt of \$280. What is the minimum monthly income the borrower needs in order to qualify for the loan if the lender is using debt ratios of 28/36%?

3. A couple is currently earning \$68,000 per year. If the lender is qualifying them using a debt ratio of 28/36% and they have additional recurring debt of \$350, what is the maximum house payment (PITI) for which they will be able to qualify for the loan?

Working with Debt Ratios

Answers

Answer to Debt Ratio Question #1

P & I	\$1,106	House Payment	\$1,311
Escrow	\$145	Recurring Debt	\$750
Mortgage Ins.	\$60		
PITI Total	\$1,311	Total Debt	\$2,061
	÷ 28%		÷ 36%
	\$4,682		\$5,725

Since the borrower has to meet both ratios, the answer is \$5,725 per month.

Answer to Debt Ratio Question #2

PITI	\$950	House Payment	\$1,000
HOA Dues	\$50	Recurring Debt	\$605
PITI Total	\$1,000	Total Debt	\$1,605
	÷ 28%		÷ 36%
	\$3,751		\$4,458

Since the borrower has to meet both ratios, the answer is \$4,458 per month.

Answer to Debt Ratio Question #3

$$\begin{aligned} \$68,000 \div 12 &= \$5,666 \text{ gross monthly income} \\ &\times 28\% = \$1,586 && \times 36\% = \$2,039 \\ & && - \$350 \\ & && \$1,689 \end{aligned}$$

Since the borrower cannot exceed either ratio, their maximum allowable house payment is \$1,586.



Pilot Training

List 3 reasons why buyers should get prequalified.

1. _____

2. _____

3. _____

Revelations, Insights, Ideas & To Do List

What are the best and brightest “to do” items
you got out of this section?



1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____



Section 5: Working with Buyers Notebook Guide

1. Express
2. Oral
3. Written
4. Buyer's agent
5. Written exclusive
6. Oral non-exclusive
7. Seller's subagent
8. Disclosed dual agent
9. First substantial contact
10. NCREC brochure *Working with Real Estate Agents*
11. Documented
12. Subagency disclosure to a buyer
13. Full buyer awareness of non-representation
14. Buyer initials on the WWREA brochure flap
15. Disclosure and consent by seller or listing firm
16. Consent of seller
17. Careful attention to confidentiality issues
18. Be exclusive
19. Specify or limit a time period
20. Writing
21. Before an offer is presented
22. Cease representation and not write the offer
23. Character
24. Credit
25. Capacity

Section 5: Working with Buyers

Notebook Guide (CONTINUED)

26. Collateral
27. Experian
28. Transunion
29. Equifax
30. AnnualCreditReport.com
31. Gross monthly income
32. Housing ratio
33. Recurring expenses
34. Total debt ratio

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**MODULE 4: PROPERTY MANAGEMENT
RELATIONSHIPS & LICENSE LAW**

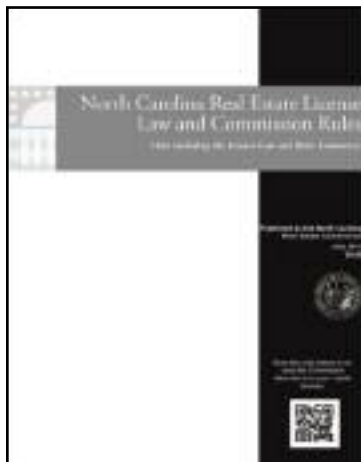
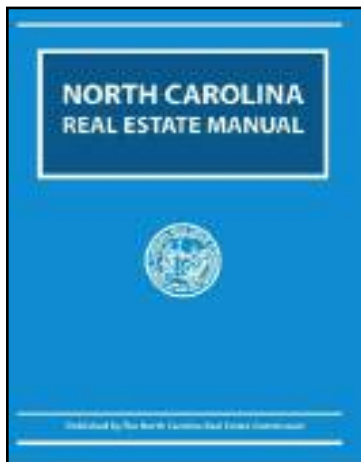
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**MODULE 4: PROPERTY MANAGEMENT
RELATIONSHIPS & LICENSE LAW**



Section 6: Working as a Residential or Commercial Property Manager

Critical Reading Information



The Nature of Property Management

Property management is defined as:

1. _____
of 2. _____ for a fee.

Advertising a property for rent or lease is considered:

3. _____

There are 3 exceptions to licensing requirements in property management:

4. _____

5. _____

6. _____

The primary job of a property manager is to: 7. _____

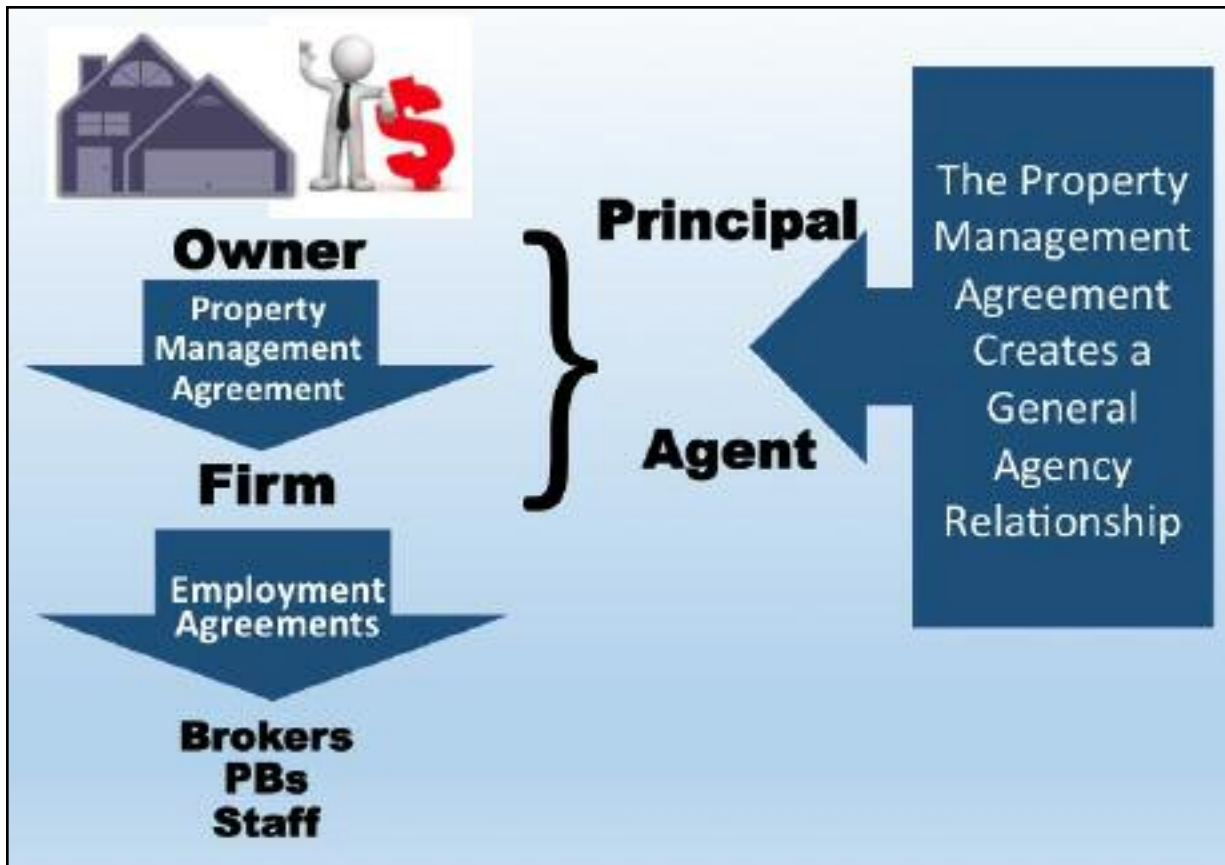
Property managers must have a written: 8. _____

The property management agreement creates a fiduciary relationship between the

9. _____ and the owner 10. _____.

The type of agency agreement that is created is a 11. _____ agency.

The Nature of Property Management (CONTINUED)



The most important responsibility of a property manager is to

12. _____.

The most important component of being a property manager is

13. _____.

The most important factor in drafting a management plan is

14. _____.

All of the following are contained in a written property management agreement:

15. _____ 19. _____

16. _____ 20. _____

17. _____ 21. _____

18. _____ 22. _____

Obligations & Duties of Property Managers

Property manager duties and obligations include all of the following:

- | | |
|-----------|-----------|
| 23. _____ | 31. _____ |
| 24. _____ | 32. _____ |
| 25. _____ | 33. _____ |
| 26. _____ | 34. _____ |
| 27. _____ | 35. _____ |
| 28. _____ | 36. _____ |
| 29. _____ | |
| 30. _____ | |

The Use of Unlicensed Assistants

In a property management office, unlicensed assistants who are W2 employees of the property manager:

- | CAN | CANNOT |
|-----------|-----------|
| 37. _____ | 40. _____ |
| 38. _____ | 41. _____ |
| 39. _____ | 42. _____ |

Intro to Cash Flow Analysis



Potential Gross Income

- Vacancy
- Collection losses
- + Additional income

\$100,000 (Gross)

- 10,000 - Vacancy
- 10,000 - Collection losses

= Effective Gross Income

- Operating expenses

= \$80,000 (Effective)

- 20,000 - Operating

= Net Operating Income

- Debt service
- Capital expenditures
- Reserves
- Commissions

= \$60,000 (NOI)

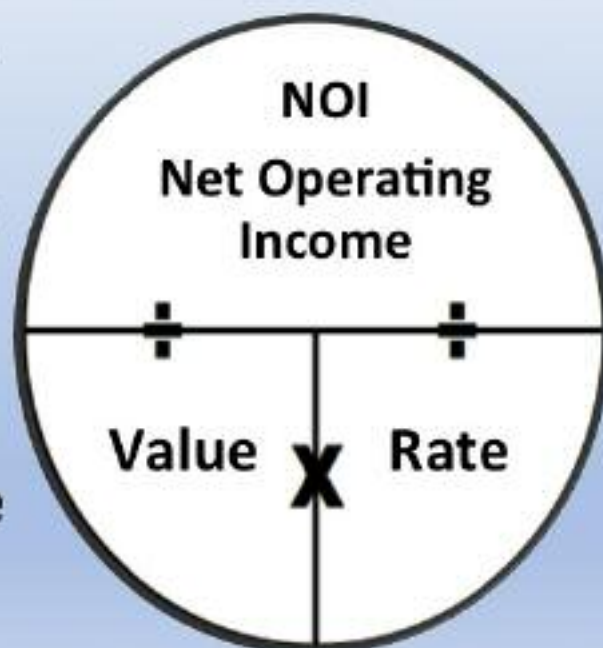
- 30,000 - Debt Service
- 5,000 - Capital Exp.
- 5,000 - Reserves

= Cash Flow Before Taxes

= \$20,000 (Cash Flow)

The Capitalization Formula

- **Value = NOI ÷ Rate**
- **You can't do a CAP rate problem without the income information for the property**



Working with Capitalization Rates Problems

1. A 20-unit apartment building has rents that total \$650 per unit. Vacancy and collection losses have been a total of 7% of gross potential income. Annual operating expenses for the building are \$45,000. An appraiser finds through market research that an appropriate capitalization rate for these types of buildings is 9%. Using this information, what would the appraiser find to be the estimate of value for the building?

2. An eight-unit office building has 5 units that rent for \$750 and 3 units that rent for \$600. Vacancy and collection losses have been a total of 10% of gross potential income. Annual operating expenses are \$35,000. An appraiser finds through market research that an appropriate capitalization rate for these types of buildings is 11%. Using this information, what would the appraiser find to be the estimate of value for the building?

Working with Capitalization Rates Problems (CONTINUED)

3. A commercial office building produces rents totaling \$6,800 per month. The owner pays maintenance fees annually of \$22,000, annual brokerage service fees of 8,000, annual taxes of \$5,800, and annual utilities of \$15,000. They also have a monthly mortgage payment of \$7,200 per month. If an appraiser determines the appropriate capitalization rate to be 10%, what is the value of the building?

Working with Capitalization Rates

Answers

Answer to Capitalization Problem #1

20 units × \$650 × 12 = Gross Potential Income of	\$156,000
– Vacancy and Collection Losses of 7%	– 10,920
Equals Effective Gross Income	\$145,080
– Operating Expenses	\$45,000
Equals Net Operating Income	\$100,080

$$\$100,080 \text{ (NOI)} \div 9\% \text{ (Cap Rate)} = \$1,112,000 \text{ Value}$$

Answer to Capitalization Problem #2

5 units × \$750 × 12 =	\$45,000
3 units × \$600 × 12 =	\$21,600
Gross Potential Income of	\$66,600
– Vacancy and Collection Losses of 10%	– \$6,660
Equals Effective Gross Income	\$59,940
– Operating Expenses	\$35,000
Equals Net Operating Income	\$24,940

$$\$24,940 \text{ (NOI)} \div 11\% \text{ (Cap Rate)} = \$226,727 \text{ Value}$$

Answer to Capitalization Problem #2

\$6,800 × 12 =	\$81,600
Gross Potential Income of	\$81,600
– Maintenance Fees	– \$22,000
– Brokerage Service Fees	– \$8,000
– Real Estate Taxes	– \$5,800
– Utilities	– \$15,000
Equals Net Operating Income	\$30,800

$$\$30,800 \text{ (NOI)} \div 10\% \text{ (Cap Rate)} = \$308,000 \text{ Value}$$

EXCLUSIVE PROPERTY MANAGEMENT AGREEMENT
Long-term Rental Property

This Exclusive Property Management Agreement is entered into by and between _____ (“Owner”) and _____ (“Agent”).

IN CONSIDERATION of the mutual covenants and promises set forth herein, Owner hereby contracts with Agent, and Agent hereby contracts with Owner, to lease and manage the property described below, as well as any other property Owner and Agent may from time to time agree in writing will be subject to this Agreement (the “Property”), in accordance with all applicable laws and regulations, upon the terms and conditions contained herein.

1. Property. City: _____ County: _____, NC
Street Address: _____ Zip Code: _____
Other Description: _____

☐ **MULTIPLE PARCELS** (check if applicable). Additional parcels of real property are the subject of this Agreement, as described in the attached Multi-Parcel Addendum. The term “Property” as used herein shall be deemed to refer to all such parcels unless specifically indicated otherwise.

2. Duration of Agreement. This Agreement shall be binding when it has been signed and dated below by Owner and Agent. It shall become effective on _____ (“Effective Date”) and shall be for an initial term of _____. NOT LESS THAN _____ DAYS PRIOR TO THE CONCLUSION OF THE INITIAL TERM, EITHER PARTY MAY NOTIFY THE OTHER PARTY IN WRITING OF ITS DESIRE TO TERMINATE THIS AGREEMENT, IN WHICH CASE IT SHALL TERMINATE AT THE CONCLUSION OF THE INITIAL TERM. IF NOT SO TERMINATED, THIS AGREEMENT SHALL AUTOMATICALLY RENEW FOR SUCCESSIVE TERMS OF _____ EACH UNLESS EITHER PARTY GIVES THE OTHER PARTY WRITTEN NOTICE OF ITS DESIRE TO TERMINATE THIS AGREEMENT AT LEAST _____ DAYS PRIOR TO THE CONCLUSION OF ANY SUCH RENEWAL TERM, IN WHICH CASE THIS AGREEMENT SHALL TERMINATE AT THE CONCLUSION OF SUCH TERM.

3. Agent’s Fees. For services performed hereunder, Owner shall compensate Agent in the following manner:

☐ A fee (“Fee”) equal to the greater of:

- (i) _____ percent (____ %) of total gross rental income received on all rental agreements, or
- (ii) \$ _____ per month for each month of the Initial Term or any renewal term of this Agreement.

☐ Other (describe method of compensation): _____

☐ (Check if applicable) Agent may from time to time provide services for Owner or arrange services for Owner from third-party vendors, including but not limited to services relating to maintenance, repair and/or improvements to the Property. Owner agrees that Owner shall compensate Agent for the provision or arrangement of any such services in the following manner: _____

Note: No fees may be deducted from any tenant security deposit until the termination of the tenancy. Thereafter, any fees due Agent from Owner may be deducted from any portion of the security deposit due to Owner.

4. Early Termination Fee: IF, PRIOR TO THE END OF THE INITIAL TERM OR ANY RENEWAL TERM OF THIS AGREEMENT, (I) OWNER TERMINATES THIS AGREEMENT WITHOUT LEGALLY SUFFICIENT CAUSE OR (II) AGENT TERMINATES THIS AGREEMENT FOR LEGALLY SUFFICIENT CAUSE, OWNER SHALL PAY AGENT AN AMOUNT EQUAL TO THE FEE AGENT WOULD HAVE BEEN ENTITLED TO RECEIVE DURING THE BALANCE OF THE THEN-EXISTING TERM OF THIS AGREEMENT, TAKING INTO ACCOUNT ANY RENTAL AGREEMENTS IN EFFECT AT THE TIME OF SUCH TERMINATION.

5. Other Fees: Agent may charge tenants reasonable administrative fees permitted by law and retain any such fees, including but not limited to, fees to cover the costs of processing tenant rental applications. If, in Agent’s discretion, tenant leases provide for late payment fees and/or returned check fees, such fees, when collected by Agent, shall belong to _____ (Owner or Agent). Fees for purposes covered under the Tenant Security Deposit Act will be collected, held and disbursed in accordance with the Act and paragraphs 10, 17, and 21 of this Agreement.



Page 1 of 8
North Carolina Association of REALTORS®, Inc.

Owner Initials _____ Agent Initials _____



STANDARD FORM 401
Revised 7/2018
©7/2018

6. Authority and Responsibilities of Agent: During the time this Agreement is in effect, Agent shall:

- (a) Manage the Property to the best of Agent's ability, devoting thereto such time and attention as may be necessary;
- (b) OFFER THE PROPERTY FOR RENT IN COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE LAWS, REGULATIONS AND ETHICAL DUTIES, INCLUDING BUT NOT LIMITED TO, THOSE PROHIBITING DISCRIMINATION ON THE BASIS OF RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, HANDICAP, FAMILIAL STATUS, SEXUAL ORIENTATION OR GENDER IDENTITY IN THE LEASING OF THE PROPERTY; USE AGENT'S BEST EFFORTS TO SOLICIT, SECURE AND MAINTAIN TENANTS, INCLUDING THE AUTHORITY TO NEGOTIATE, EXECUTE, EXTEND AND RENEW LEASES IN OWNER'S NAME FOR TERMS NOT IN EXCESS OF _____;
- (c) Collect all rentals and other charges and amounts due under tenant leases and give receipts for amounts so collected;
- (d) Deliver to Owner within 45 days following the date of execution of any rental agreement an accounting which sets forth the name of the tenant, the rental rate and rents collected, and promptly provide a copy of any rental agreement to Owner upon reasonable request;
- (e) Provide Owner monthly statements of all monies received and disbursed in connection with Agent's management of the Property, and remit to Owner rental proceeds collected, less any deductions authorized hereunder; provided: (1) this shall not constitute a guarantee by Agent for rental payments that Agent is unable to collect in the exercise of reasonable diligence; (2) if, pursuant to this Agreement or required by law, Agent either has refunded or will refund in whole or in part any rental payments made by a tenant and previously remitted to Owner, Owner agrees to return same to Agent promptly upon Agent's demand; and (3) any rents pre-paid by a tenant shall be held in trust by Agent and disbursed to Owner as and when they become due under the terms of the tenant's lease;
- (f) Make arrangements on Owner's behalf for any repairs which, in Agent's opinion, may be necessary to preserve, maintain and protect the Property; provided, Agent may not make arrangements for any repairs that exceed \$ _____ without prior approval of Owner, except that in the case of an emergency, Agent may, without prior approval, make arrangements for whatever expenditures on behalf of Owner that are reasonably necessary to preserve the Property or prevent further damage from occurring;
- (g) Answer tenant requests and complaints and perform the duties imposed upon Owner by tenant leases or any local, state or federal law or regulations, including the authority to purchase such supplies and hire such labor as may be necessary in Agent's opinion to accomplish any necessary repairs;
- (h) Retain such amounts from Owner's rental proceeds as may be necessary from time to time to pay expenses associated with the management and operation of the Property for which Owner is responsible hereunder. Agent will establish and maintain a fund on Owner's behalf in the amount of \$ _____ from which expenses may be paid, but Owner acknowledges and understands that Agent may from time to time retain additional amounts as Agent notifies Owner in advance in writing are reasonably necessary; Negotiate partial refunds with tenants if, in Agent's reasonable opinion, the tenant's use and enjoyment of the Property has been or will be materially and adversely affected as a result of a defect in the condition of the Property (such as a repair to the electrical, plumbing, sanitary, heating or ventilating facilities or a major appliance that cannot be made reasonably and promptly);
- (i) Institute and prosecute such proceedings in small claims court as may be necessary and advisable, in Agent's opinion, to recover rents due the Owner from tenants or to evict tenants and regain possession, including the authority, in Agent's discretion, to settle, compromise and release any and all such small claims proceedings; provided, that with respect to any such small claims proceeding, Agent shall have actual knowledge of the facts alleged in the complaint; and
- (j) _____

7. Cooperation With/Compensation To Other Agents: Agent has advised Owner of Agent's company policies regarding cooperation and the amount(s) of any compensation, if any, that will be offered to subagents, tenant agents or both. Owner authorizes Agent to (*Check ALL applicable authorizations*):

- ☐ Cooperate with subagents representing only the Owner and offer them the following compensation: _____
- ☐ Cooperate with tenant agents representing only the tenant and offer them the following compensation: _____
- ☐ Cooperate with and compensate agents from other firms according to the attached company policy.

Agent will promptly notify Owner if Agent offers compensation to a cooperating agent(s) that is different from that set forth above.

8. **Marketing.** Owner authorizes Agent to advertise the Property in such manner as may be appropriate in Agent's opinion, including the authority to: (*Check ALL applicable sections*)

- ☐ place "For Rent" signs on the Property (where permitted by law and relevant covenants) and to remove other such signs.
- ☐ submit pertinent information concerning the Property to any listing service of which Agent is a member or in which any of Agent's associates participates and to furnish to such listing service notice of all changes of information concerning the Property authorized in writing by Owner. Owner authorizes Agent, upon execution of a rental contract for the Property, to notify the listing service of the rental, and to disseminate rental information, including rental price, to the listing service, appraisers and real estate brokers.
- ☐ advertise the Property in non-Internet media, and to permit other firms to advertise the Property in non-Internet media to the extent and in such manner as Agent may decide.
- ☐ display information about the Property on the Internet either directly or through a program of any listing service of which the Agent is a member or in which any of Agent's associates participates, and to authorize other firms who belong to any listing service of which the Agent is a member or in which any of Agent's associates participates to display information about the Property on the Internet in accordance with the listing service rules and regulations. Owner also authorizes any listing service of which Agent is a member or in which any of Agent's associates participates to use, license or sell to others information about the Property entered into the listing service. Owner specifically authorizes the display of the address of the Property, automated estimates of the market value of the Property and third-party comments about the Property. If Owner desires to limit or prohibit Internet advertising as set forth above, Owner must complete an opt-out form in accordance with listing service rules.

(NOTE: NCAR Form #105 may be used to limit or prohibit Internet advertising and explains how such limitations may or may not be effective.)

9. **Responsibilities of Owner:** During the time this Agreement is in effect, Owner shall:

- (a) Be responsible for all costs and expenses associated with the maintenance and operation of the Property in accordance with the requirements of: (i) NC General Statutes Section 42-42, including but not limited to the placement of new batteries in a battery-operated smoke or carbon monoxide alarm at the beginning of a tenancy, (ii) any other local, state or federal law or regulations and (iii) tenant leases, and advance to Agent such sums as may be necessary from time to time to pay such costs and expenses;
- (b) Provide funds to Agent promptly upon Agent's request for any cost or expense for which Owner is responsible that Agent, in Agent's discretion, incurs on Owner's behalf, including but not limited to, the costs of advertising, emergency maintenance and repairs, utilities, property taxes, owners' association dues and assessments, court costs and attorney's fees; and further, pay interest at the rate of _____ percent (_____ %) per year on the amount of any outstanding balance thereof not paid to Agent within _____ days of Agent's written request therefore;
- (c) NOT TAKE ANY ACTION OR ADOPT ANY POLICY THE EFFECT OF WHICH WOULD BE TO PREVENT AGENT FROM OFFERING THE PROPERTY FOR RENT IN COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE LAWS, REGULATIONS AND ETHICAL DUTIES, INCLUDING BUT NOT LIMITED TO, THOSE PROHIBITING DISCRIMINATION ON THE BASIS OF RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, HANDICAP, FAMILIAL STATUS, SEXUAL ORIENTATION OR GENDER IDENTITY IN THE LEASING OF THE PROPERTY;
- (d) Carry, at Owner's expense, public liability insurance against any and all claims or demands whatever arising out of, or in any way connected with, the operation, leasing and maintenance of the Property, including property damage and personal injury, in the amount of not less than \$ _____, which policy shall, without cost to Agent, name Agent as an additional insured as its interest may appear, and provide at least annually a copy of such insurance policy or policies to Agent upon Agent's request;
(Name of insurance agent: _____; telephone no.: _____)
- (e) Indemnify and hold Agent harmless to the extent allowable by law from any and all costs, expenses, attorneys' fees, suits, liabilities, damages or claims for damages, including but not limited to, those arising out of any injury or death to any person or loss or damage to any property of any kind whatsoever and to whomsoever belonging, including Owner, in any way relating to the management of the Property by Agent or the performance or exercise of any duty, obligation or authority set forth herein or hereafter granted to Agent, or arising out of a tenant's breach of any lease for the Property, except to the extent that such may be the result of gross negligence or willful or intentional misconduct by Agent;
- (f) Be responsible for timely payment of all property taxes, mortgage payments, governmental or owners' association assessments associated with the Property, and any other expenses which could become a lien against the Property, and for promptly notifying Agent in the event that Owner receives any notice(s) from the holder of any loan or from any other lien holder of any kind, regarding a default in payment, threatened foreclosure or the filing of a foreclosure proceeding; and

(g) _____

10. **Tenant Security Deposits.** Agent may, in Agent's discretion, require tenants to make security deposits in an amount permitted by law to secure tenants' lease obligations (such security deposits shall hereinafter be referred to as "Tenant Security Deposits"). If the Agent requires Tenant Security Deposits, they shall be placed in a trust account in Agent's name in a North Carolina bank or savings and loan association. Upon the commencement of this Agreement, Owner shall deliver to Agent a list of any current tenants who previously made Tenant Security Deposits under existing leases and the amounts thereof. Simultaneously therewith, any such Tenant Security Deposits shall be placed in a trust account in Agent's name in a North Carolina bank or savings and loan association, and shall thereafter be administered in accordance with this Agreement.

11. **Pets.** Tenants (*check one of the following*) ☐ shall not be allowed to bring Pets onto the Property ☐ shall be allowed to bring pets onto the Property in accordance with Agent's company policy, a copy of which shall be provided to Owner and made a part of any rental agreement. Owner acknowledges and understands that whether or not pets are allowed, a person who has a demonstrated need for an assistance animal which alleviates one or more of the identified symptoms or effects of an existing disability has the legal right to be accompanied by an assistance animal in the Property, that no pet fee may be charged to such person, but that such person would be liable for any damage done by the assistance animal to the Property.

12. **Smoking.** Smoking cigarettes, cigars, pipes or any other tobacco or lighted product of any kind shall be:
☐ prohibited in any interior portion of the Premises, including any detached structures
☐ permitted on the Premises
☐ prohibited or permitted in accordance with Agent's company policy, a copy of which is attached hereto

13. **Owner/Condo Association** ☐ (*check if applicable*).

- Name of association: _____
- Name of association property manager: _____
- Property manager address and phone number: _____
- Association website address, if any: _____

☐ Owner ☐ Agent (*check one*) will pay regular association dues to the association. If Agent is to pay, Owner will remain responsible for the amount of such payment in accordance with Paragraph 9 of this Agreement.

14. **Sewage Disposal.** Owner represents that the Property is served by (*check one*): ☐ public sewer ☐ septic tank. If served by a septic tank, Owner understands and acknowledges that occupancy will be limited to the number of bedrooms permitted by the septic permit.

15. **Occupancy Limits.** Owner understands and acknowledges that whether the Property is served by public sewer or septic system, occupancy of the Property shall generally be limited to two persons per bedroom, but that other factors, including local occupancy limits and State and Federal Fair Housing laws, may affect maximum occupancy of the Property.

16. **Service Contracts.** Owner represents that the service contracts identified below are in existence as of the Effective Date of this Agreement. Owner acknowledges and understands that Agent's agreement to be responsible for payment of any such contract does not relieve Owner of responsibility for the amount of any such payment in accordance with Paragraph 9 of this Agreement.

[THIS SPACE INTENTIONALLY LEFT BLANK]

Service contract (<i>insert provider name and contact information in blank</i>)	Owner pays	Agent pays	N/A
Home warranty: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pest Control: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HVAC: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawn Service: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. **Trust Account Interest.** Agent may, in Agent's discretion, place gross receipts and collections, including Tenant Security Deposits, in an interest bearing trust account in the name of Agent in an insured bank or savings and loan association in North Carolina. Interest on any such amounts shall belong to _____ (Owner or Agent), except that with respect to any Tenant Security Deposits, tenant leases shall specify, in Agent's discretion, whether such interest shall be payable to Owner or to the tenant. If the lease provides that such interest is payable to the tenant, Agent shall account for the interest in the manner set forth in such lease. If the lease provides that such interest is payable to Owner or as Owner directs, then such interest shall be paid to Owner or Agent as set forth above. Agent may remove any interest payable to Agent from the account at all times and with such frequency as is permitted under the terms of the account and as the law may require.

18. **Entry by Owner.** Owner agrees that neither Owner nor any third party acting at Owner's direction, shall enter the Property for any purpose whatsoever during any time that it is occupied by a tenant in the absence of reasonable notice to Agent or tenant and scheduling by Agent or tenant of an appropriate time for any such entry.

19. **Lead-Based Paint/Hazard Disclosure.** If the Property was built prior to 1978, Landlord understands that Landlord is required under 42 U.S.C. 4852(d) to disclose information about lead-based paint and lead-based paint hazards, and that Agent is required to ensure Landlord's compliance with said law. Landlord agrees to complete and sign a "Disclosure Of Information On Lead-Based Paint And Lead-Based Paint Hazards" form (NCAR form #430-T), photocopies of which will be provided by Agent to prospective tenants. In the alternative, Landlord authorizes Agent, in Agent's discretion, to fulfill Landlord's disclosure obligations by completing and signing said form on Landlord's behalf based on information provided by Landlord to Agent.

20. **Tenant Information.** Owner acknowledges and understands: (i) that state and federal laws regulate the maintenance and disposal of certain personal information of consumers, such as social security numbers, drivers' license numbers, account numbers and other numbers that may be used to access a person's financial resources, and (ii) that contractual limitations with third-party providers of credit reports or other background information relating to prospective tenants may limit or prohibit Agent's dissemination of such reports/information. Owner agrees that Agent shall not be required to disclose any such information to Owner about a tenant or prospective tenant, and that if Agent does disclose any such information to Owner, Owner will indemnify and hold Agent harmless from any and all costs, expenses, attorneys' fees, suits, liabilities, damages or claims for damages as set forth in paragraph 9(e) of this Agreement as a result of the disclosure of any such information to or by Owner.

21. **Duties on Termination.** Upon termination of this Agreement by either party, each shall take such steps as are necessary to settle all accounts between them, including, but not limited to, the following:

- (a) Agent shall promptly render to Owner all rents then on hand after having deducted therefrom any Agent's fees then due and amounts sufficient to cover all other outstanding expenditures of Agent incurred in connection with operating the Property;
- (b) Agent shall transfer any security deposits held by Agent to Owner or such other person or entity as Owner may designate in writing; provided, Owner understands and acknowledges that the Tenant Security Deposit Act requires Owner to either deposit any such deposits in a trust account with a licensed and insured bank or savings institution located in North Carolina, or furnish a bond from an insurance company licensed to do business in North Carolina; and provided further, Owner shall be responsible for any out-of-pocket transfer costs incurred by Agent;

- (c) Owner shall promptly pay to Agent any fees or amounts due the Agent under the Agreement or any current rental agreement and shall reimburse Agent for any expenditures made and outstanding at the time of termination;
- (d) Agent shall deliver to Owner copies of all tenant leases and other instruments entered into on behalf of Owner (Agent may retain copies of such leases and instruments for Agent's records); and
- (e) Owner shall notify all current tenants of the termination of this Agreement and transfer of any advance rents and security deposits to Owner.

22. Sale of Property. In the event Owner desires to sell the Property through Owner's own efforts or those of a firm other than Agent, Owner shall: (a) promptly notify Agent that the Property is for sale and, if applicable, disclose to Agent the name of the listing firm; and (b) promptly notify Agent if the Property goes under contract and disclose to Agent the agreed-upon closing date.

23. Entire Agreement; Modification. This Agreement contains the entire agreement of the parties and supersedes all prior written and oral proposals, understandings, agreements and representations, all of which are merged herein. No modification of this Agreement shall be effective unless it is in writing and executed by all parties hereto.

24. Non-Waiver of Default. The failure of either party to insist, in any one or more instances, on the performance of any term or condition of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term or condition, and the obligations of the non-performing party with respect thereto shall continue in full force and effect.

25. Governing Law; Venue. The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, and that in the event of a dispute, any legal action may only be instituted in the county where the Property is located.

26. Relationship of Parties. Although Owner and Agent agree that they will actively and materially participate with each other on a regular basis in fulfilling their respective obligations hereunder, the parties intend for their relationship to be that of independent contractors, and nothing contained in this Agreement shall be construed to create a partnership or joint venture of any kind.

27. Exclusivity. Owner agrees that Agent shall be the exclusive rental agent for the Property, and that no other party, including Owner, shall offer the Property for rent during the time this Agreement is in effect. Any rent nevertheless received by Owner or any third party will be transferred to Agent and thereafter accounted for as if originally received by Agent, including the deduction therefrom of any fee due Agent hereunder.

28. Default. If either party defaults in the performance of any of its obligations hereunder, in addition to any other remedies provided herein or by applicable law, the non-defaulting party shall have the right to terminate this Agreement if, within thirty days after providing the defaulting party with written notice of the default and the intent to terminate, the default remains uncured. Notwithstanding the foregoing, Agent shall have the right to terminate this Agreement immediately on written notice in the event Owner seeks bankruptcy protection, or the Property becomes subject to a foreclosure proceeding, or Owner fails to promptly pay for any costs associated with Owner's obligations under NC General Statutes Section 42-42 or to advance to Agent such sums as may be necessary to pay such costs.

29. Costs in Event of Default. If legal proceedings are brought by a party to enforce the terms, conditions or provisions of this Agreement, the prevailing party shall be entitled to recover all expenses (including, but not limited to, reasonable attorney fees, legal expenses and reasonable costs of collection) paid or incurred by such prevailing party in endeavoring to enforce the terms, conditions, or provisions of this Agreement and/or collect any amount owing in accordance with this Agreement.

30. Authority to Enter into Agreement; Principal Contact. Owner represents and warrants to Agent that Owner has full authority to enter into this Agreement, and that there is no other party with an interest in the Property whose joinder in this Agreement is necessary. Either _____ or _____ shall serve as Owner's principal contact for purposes of making all decisions and receiving all notices and rental payments contemplated by this Agreement, and all persons signing this Agreement as Owner hereby appoint either of said persons as Owner's agent and attorney-in-fact for the purposes set forth in this section.

31. Use of Electronic Means; Notice. The parties agree that electronic means may be used to sign this Agreement or to make any modifications the parties may agree to, and that any written notice, communication or documents may be transmitted to any mailing address, e-mail address, cell phone number or fax number used by the parties to communicate during the course of this Agreement. Either party may change the address to which any notice or documents should be sent by written notification to the other party in a manner permitted by this paragraph.

32. **Binding Nature of Agreement.** This Agreement shall be binding upon and inure to the benefit of the heirs, legal and personal representatives, successors and permitted assigns of the parties.

33. **Assignments by Agent; Change of Ownership.** Owner agrees that at any time during the term of this Agreement, Agent may either assign Agent's rights and responsibilities hereunder to another real estate agency, or transfer to another person or entity all or part of the ownership of Agent's real estate agency, and that in the event of any such assignment or transfer, this Agreement shall continue in full force and effect; provided, that any assignee or transferee must be licensed to engage in the business of real estate brokerage in the State of North Carolina, and provided further that Agent promptly notifies Owner of such assignment or transfer. In the event of any such assignment or transfer, Owner may, in addition to all other termination rights hereunder, for a period of sixty (60) days' following the effective date of any such assignment or transfer, terminate this Agreement without cause on sixty (60) days' prior written notice to the assignee or transferee of Owner's intent to terminate this Agreement.

34. **Other Professional Services.** Owner acknowledges that Agent is being retained solely as a real estate professional, and understands that other professional service providers are available to render advice or services to Owner at Owner's expense, including but not limited to an attorney, insurance agent, tax advisor, engineer, home inspector, environmental consultant, architect, or contractor. If Agent procures any such services at the request of Owner, Owner agrees that Agent shall incur no liability or responsibility in connection therewith.

35. **Addenda.** Any addenda to this Agreement are described in the following space and attached hereto: _____

_____.

The parties agree that any such addenda shall constitute an integral part of this Agreement. In the event of a conflict between this Agreement and any such addenda, the terms of such addenda shall control.

36. **Other.** _____

[THIS SPACE INTENTIONALLY LEFT BLANK]

THE AGENT SHALL CONDUCT ALL BROKERAGE ACTIVITIES IN REGARD TO THIS AGREEMENT WITHOUT RESPECT TO THE RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, HANDICAP OR FAMILIAL STATUS OF ANY PARTY OR PROSPECTIVE PARTY TO THE AGREEMENT. FURTHER, REALTORS® HAVE AN ETHICAL DUTY TO CONDUCT SUCH ACTIVITIES WITHOUT RESPECT TO THE SEXUAL ORIENTATION OR GENDER IDENTITY OF ANY PARTY OR PROSPECTIVE PARTY TO THIS AGREEMENT.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION.

OWNER:

_____(SEAL) DATE: _____
_____(SEAL) DATE: _____
_____(SEAL) DATE: _____
_____(SEAL) DATE: _____

AGENT: _____
[Name of real estate firm]

BY: _____ Individual license # _____ DATE: _____
[Authorized Representative]

Address: _____

Telephone: _____ Fax: _____ E-mail: _____

Owner: _____

Address: _____

Contact information: _____
Home Work Cell Email

Owner: _____

Address: _____

Contact information: _____
Home Work Cell Email

Owner: _____

Address: _____

Contact information: _____
Home Work Cell Email

Owner: _____

Address: _____

Contact information: _____
Home Work Cell Email



Section 6: Working as a Residential or Commercial Property Manager Notebook Guide

1. Managing the property
2. Another
3. Property management
4. Employees of an entity renting its own property
5. Unlicensed salaried employees
6. HOA management
7. Maximize the owner's net income
8. Property management agreement
9. Firm
10. Owner of the property
11. General
12. Realize profit as the owner instructs
13. Management plan that meets the owner's objectives
14. Operating expenses
15. Must be in writing
16. Begin and end date
17. Management fee
18. Firm responsibilities
19. Manager's authority
20. Reporting
21. Owner's responsibilities
22. Termination duties
23. Creating a budget
24. Planning capital expenditures
25. Calculating cash flow

Section 6: Working as a Residential or Commercial Property Manager Notebook Guide (CONTINUED)

26. Creating reports
27. Establishing rental schedules
28. Marketing the property
29. Screening tenants
30. Maintaining the property
31. Engaging in competitive bidding
32. Creating a market analysis
33. Creating leasing concessions
34. Enforcing rules and regulations
35. Instituting legal actions
36. Maintaining records and accounting to owners
37. Show rentals
38. Collect rent
39. Fill in blanks
40. Negotiate
41. Receive commissions
42. Give advice



Section 7: Licensing Law Review

Critical Dates for License Renewal



The deadline to renew is midnight on:

1. _____

The fee to renew your license is:

2. _____

The deadline for all CE course completions is: 3. _____

Failure to renew the license results in the license being 4. _____

Critical Dates for License Renewal (CONTINUED)

Provisional brokers must complete POST licensing:

5. _____ Total hours required


6. _____ Minimum hours per year

Deadline is: 7. _____

May take the classes in any order.

May take them sooner

Maintaining Your Real Estate License POST Education Requirements



- Provisional broker POST education requirement
 - Must complete 90 hours
 - Minimum of 30 hours per year
 - Deadline is anniversary date of license
 - Courses are 301, 302, 303
 - May take in any order
 - May take them sooner than the deadlines
- Completion removes provisional status

All licensees must complete 8. _____ hours of CE per year.

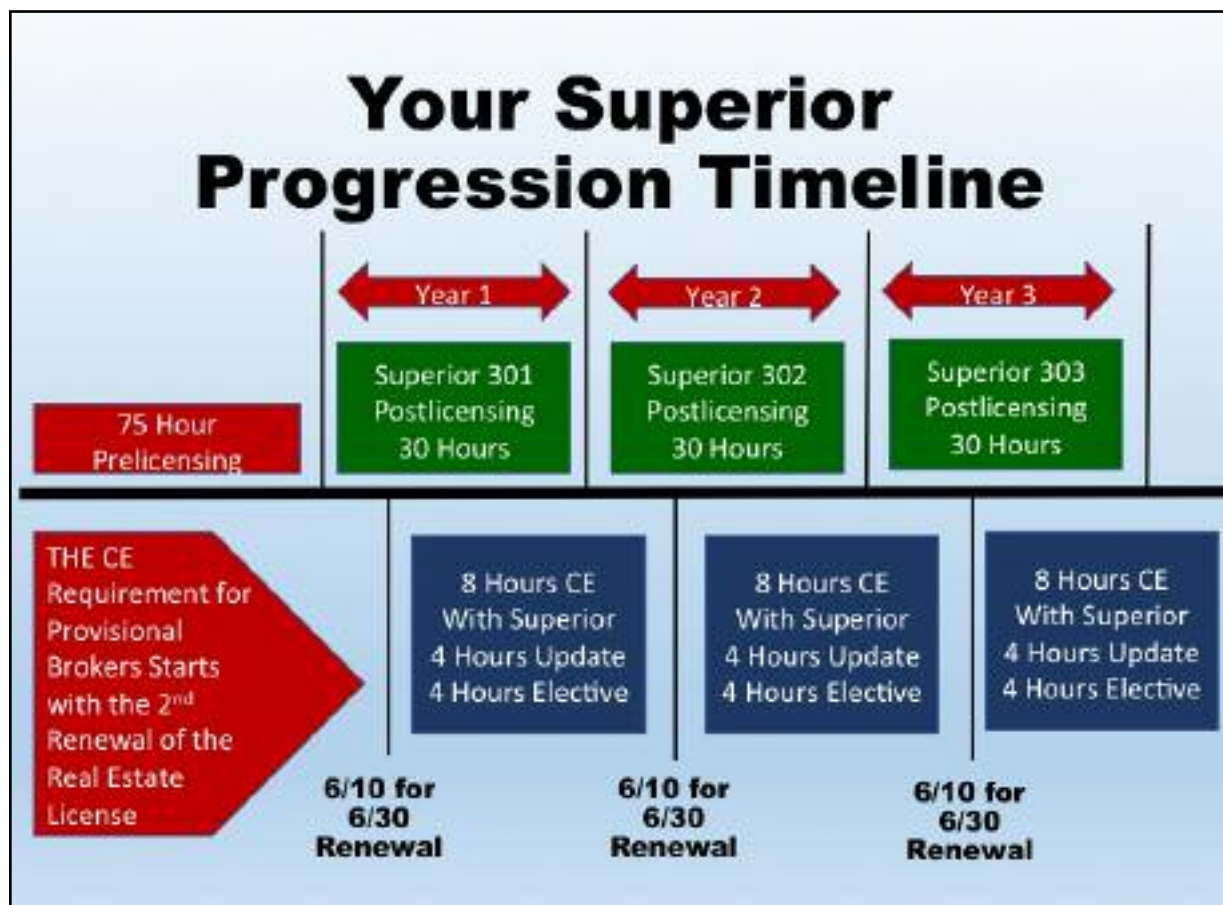
9. _____ Hours in mandatory update course

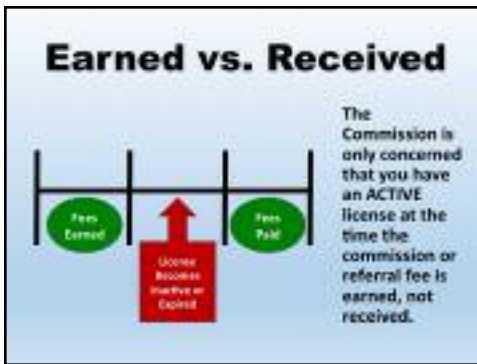
10. _____ Hours of elective credit

Deadline is: 11. _____

The CE requirement for provisional brokers starts with:

12. _____





Distinguishing Between Earning & Receiving Compensation

A licensee must have a current and active license in order to EARN any compensation, including referral fees. The Commission is only concerned that you were active and current at the time the compensation was EARNED, not RECEIVED. A licensee can

RECEIVE compensation when they are inactive or expired for brokerage services that were provided when the license was current and active.

If a licensee engages in activity when their license is inactive or expired, they can be paid NOTHING by their BIC.

Additional Obligations Regarding Licensure

A licensee must include their 13. _____ on all contracts and disclosures.

A licensee must carry their 14. _____ at all times when practicing real estate. **Rule A.0101.**

A licensee must report all changes of address (both home and firm) to the real estate commission within 15. _____ days.

A licensee has a duty to report to the commission all of the following within

16. _____ days of the conviction, judgment, order or adjudication. **Rule A.0113.**

17. _____

Section 7: Licensing Law Review Notebook Guide

1. June 30 every year
2. \$45
3. June 10
4. Expired
5. 90 hours
6. 30 hours
7. Anniversary date of licensure
8. 8 hours
9. 4 hours
10. 4 hours
11. Midnight, June 10 every year
12. 2nd renewal of the license
13. License number
14. Pocket card
15. 10 days
16. 60 days
17. Felony or misdemeanor convictions
Disciplinary actions against other professional licenses
Revocation or suspension of a notarial commission





Revelations, Insights, Ideas & To Do List

What are the best and brightest “to do” items
you got out of this section?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

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