

# STUDENT ADVENTURE GUIDE NOTEBOOK

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## Welcome to Superior School's Post 303 – Graduate Program



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# **Postlicensing 303: North Carolina Law, Rules, and Legal Concepts**

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# **North Carolina Postlicensing Course Syllabus Post 303: NC Law, Rules, and Legal Concepts (Student Version)**

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# Introduction

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**Course Description:** The *Post 303 – NC Law, Rules, and Legal Concepts* course is one of the three 30-instructional 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 general North Carolina licensing requirements, brokerage compensation issues, the disciplinary process, specialized types of real estate, property management in NC, and miscellaneous NC laws and legal concepts.

**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 use of guest lecturers is allowed, if compliant with Rule 58H .0204(d). The *Post 303 – NC Law, Rules, and Legal Concepts* 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
- *North Carolina Real Estate License Law and Commission Rules (Also including the License Law and Rules Comments) (hereinafter called LLCR)*.

Page references throughout the syllabus are for the 2017 edition of the *Manual* and the July 2018 version of the *LLCR*.



**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 score is 75%. Students must be required to pass the end-of-course examination and to satisfactorily complete any required activities. Schools and instructors may, at 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)

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- (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**

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## **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 303: NC Law, Rules, and Legal Concepts**

## **Postlicensing Course**

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### **RECOMMENDED EMPHASIS**

<b>Section Title</b>	<b>Hours</b>
<b>Section 1: General North Carolina Licensing Requirements .....</b>	<b>4.5</b>
<b>Section 2: Brokerage Compensation Issues .....</b>	<b>4</b>
<b>Section 3: Disciplinary Process .....</b>	<b>3</b>
<b>Section 4: Specialized Types of Real Estate .....</b>	<b>4.5</b>
<b>Section 5: Property Management .....</b>	<b>6</b>
<b>Section 6: Miscellaneous NC Laws and Legal Concepts .....</b>	<b>7</b>
<b>End-of-Course Examination .....</b>	<b>1</b>
<b>TOTAL HOURS .....</b>	<b>30</b>



# Post 303: NC Law, Rules, and Legal Concepts

## Postlicensing Course Syllabus

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### Section 1: General North Carolina Licensing Requirements

[Various Commission Rules] (Manual, Appendix A; LLCR, pp. 86-88)

#### I. Basic Licensing [93A-1 & 2]

Required Activity: Provide transactional scenarios where students identify whether a license is required; if a license is not required, have students determine which exemption applies.

- a. Activities Requiring a License (LLCR, p. 87)
  - i. Definition of Brokerage: Persons and business entities who perform brokerage activities for consideration or the promise thereof as an agent for others
  - ii. Brokerage Activities
    - 1. Listing (or offering to list) real estate for sale or rent
    - 2. Selling or Buying (or offering to sell or buy) real estate
    - 3. Leasing or Renting (or offering to lease or rent) real estate
    - 4. Conducting (or offering to conduct) a real estate auction
    - 5. Selling, Buying, Leasing, Assigning or Exchanging any interest in real estate, including a leasehold interest, in connection with the sale or purchase of a business
    - 6. Referring a party to a real estate licensee for compensation
- b. Licensing Exemptions (LLCR, p. 88)
  - i. Business Entity selling or leasing entity-owned real property via officers and W-2 employees
  - ii. Attorney-in-fact for consummation of contract performance
  - iii. Active Attorney-at-law performing practice of law
  - iv. Court-appointed Receiver, Trustee in Bankruptcy, Guardian, Administrator, Executor, etc.
  - v. Trustee
  - vi. W-2 Employees of Broker-Property Managers [G.S. 93A-2(c)(6)]
  - vii. Individual Property Owner
  - viii. Housing Authority organized under Chapter 157 selling or leasing Authority-owned real property via regular salaried employees



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- c. License Categories [G.S. 93A-2] (Manual, pp. 765-6; LLCR, p. 86)
  - i. Broker
    - 1. Provisional Status (PB)
      - a. Postlicensing Education Requirement [G.S. 93A-4(a1); Rule A .1902]
      - b. Requirements for Active Status
        - i. Annual License Renewal
        - ii. Affiliation with a Broker-in-Charge (BIC)
        - iii. Timely Completion of Postlicensing Education
        - iv. Timely Completion of required CE each license year after first license renewal
    - 2. “Full” Broker (Non-provisional Status)
      - a. Requirements for Active Status
        - i. Annual License Renewal
        - ii. Timely Completion of required CE each license year after first license renewal
      - b. Options for Practice
        - i. Firm / BIC Affiliation
        - ii. Sole Proprietorship
      - c. Active Status without BIC Affiliation or Designation
    - 3. BIC Eligible Status / BIC (Broker-in-Charge) Designation [G.S. 93A-2(a1) & G.S. 93A4.2; Rule 58A .0110] (LLCR, pp. 100-102)

Required Activity: At the end of this section, have students compare & contrast roles of BIC and QB.
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- a. BIC Eligible Status
  - i. Definition of BIC Eligible Status: Broker is ready to serve as BIC whenever needed; BIC designation is not required to achieve BIC Eligible status



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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- ii. Requirements for BIC Eligible Status
  - 1. Active, Full Broker License
  - 2. 2 years of full-time brokerage experience within previous 5 years
  - 3. Submission of Request for BIC Eligible Status and/or BIC Designation Form (REC 2.25)
  - 4. Completion of 12-Hour Broker-in-Charge Course (no earlier than 1 year prior to submission of Form 2.25 & no later than 120 days after submission of Form 2.25)
- iii. Maintenance of BIC Eligible Status
  - 1. Timely annual renewal of Broker license
  - 2. Timely completion of annual BICUP beginning in the year of designation unless GENUP was completed prior to designation
  - 3. Timely annual completion of an NCREC-approved Elective
- b. Options for BIC Designation
  - i. Designation as BIC of an Office at a New or Existing Firm
  - ii. Designation as BIC of a New or Existing Sole Proprietorship
    - 1. Definition: Non-entity business owned by one person who is liable for all debts & obligations of the company
    - 2. May have Affiliated Brokers
    - 3. Registration of Assumed Name with Secretary of State (SOS) (Manual, pp. 766-767)
  - iii. BIC is Required when a Sole Proprietorship:
    - 1. Has a Trust Account, or
    - 2. Advertises/Promotes Brokerage Services in any way, or
    - 3. Has any Affiliated Brokers



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- c. Statutory Responsibilities
  - i. Ensuring that Affiliated Brokers maintain Active Licensure
  - ii. Providing “Active & Direct” Supervision of PBs [Rule 58A .0506]
  - iii. Ensuring Compliance with Agency Agreement & Disclosure Rules [Rule 58A .0104] (LLCR, pp.95-98)
  - iv. Maintaining the Trust Account per Commission Rules [Rule 58A .0117] (LLCR, pp.104-106; the Handling Trust Monies section of the 2015-2016 BICUP)
    - 1. Basic Account Requirements
    - 2. Deposits & Disbursements
    - 3. Disputed Funds
  - v. Advertising (LLCR, pp. 98-99; Broker-in-Charge Reminders section of the 2017-18 BICUP course)
  - vi. Retaining Records [Rule 58A .0108] (LLCR, p. 99)
  - vii. Notifying Commission of Changes in Firm Name or Address [Rule 58A .0103] (LLCR, p. 98)
- ii. Firm Licenses [93A-1 & 2; Rule 58A .0502] (Manual, pp. 766-771)
  - 1. Business Entities
    - a. Definition: Corporations, LLCs, Partnerships, Association, Joint Business Ventures
    - b. Legally creating an Entity & registering with NC SOS
    - c. Permissible Names of Entities & Business Purpose
      - i. Name Restrictions [Rule 58A .0103]
      - ii. Registering Assumed Names
      - iii. NCREC cannot license “Professional Services” entity [G.S. 55B-2]



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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#### 2. NCREC Firm License Requirements

##### a. Firm Application (Form REC 1.72)

Required activity: Conduct a line-by-line review of the Firm Application (Form REC 1.72) on the Commission's website at [www.ncrec.gov](http://www.ncrec.gov) as part of the discussion on this topic.

##### b. Firm Name on Application must be identical to entity's legal or trade name as registered with SOS

##### c. All Entity Principals must satisfy Character Requirement

##### d. Qualifying Broker (QB)

###### i. Qualifications

###### 1. Active "Full" Broker License in Good Standing

###### 2. Principal of the Entity

###### a. General Partner of a Partnership

###### b. Manager of an LLC

###### c. Officer of a Corporation

###### ii. Responsibilities

###### 1. Designate BIC for each Office

###### 2. Renew Firm License

###### 3. Retain Firm's Pocket Card

###### 4. Notify NCREC of Change in Firm's Address, Trade or Assumed Name

###### 5. Notify NCREC of change in QB status within 10 days

###### 6. Secure Transactional and Trust Account Records when QB or BIC changes

###### 7. Inspect Trust Account Records upon change in BIC

###### 8. Notify NCREC of inability to maintain records or of unreconciled trust account

###### 9. Notify NCREC of firm's change in status with SOS



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- iii. Lack of QB (e.g., expired or inactive individual broker status)
  - 1. Firm License placed on Inactive status
  - 2. All firm offices close
  - 3. BIC(s) lose designation (but do not lose BIC Eligible status)
  - 4. Formerly affiliated Brokers remain Active at their home addresses
  - 5. Formerly affiliated PBs become Inactive
- e. Broker-in-Charge (BIC) appointed for each physical office
- f. Firm licensure does not extend to any individual
- g. Firm license must be renewed annually between May 15-June 30
- iii. Limited Nonresident Commercial License (LNCL) [G.S. 93A-9(b); Rule Section 58A .1800] (Manual, p. 647-648; LLCR, p.87) Level 2
  - 1. Requirements for Licensure
    - a. Eligibility
    - b. Definitions
    - c. License Maintenance
    - d. Limitations
    - e. Advertising
    - f. Payment of Fees
  - 2. Affiliation with Resident Broker(s)
    - a. Brokerage Cooperation Agreement
    - b. Declaration of Affiliation
    - c. Duties of Resident Broker
      - i. Verification of Active LNCL Status
      - ii. Active & Direct Supervision
      - iii. Notification of LNCL Non-compliance to NCREC
      - iv. Maintenance of Transactional Records
      - v. Handling of Transactional Trust Monies (Note that the BIC will be responsible for the Trust Account)
- d. Broker License Maintenance [G.S. 93A-4(c); Rules 58A .0503, .0504, .0505]



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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- i. Annual Renewal and Education Requirements
  - 1. Current vs. Expired = Annual Renewal Fee paid between May 15 and June 30
  - 2. Active vs. Inactive = “Current” plus up-to-date CE/Post Education
  - ii. Proof of Licensure (Digital Pocket Card)
  - iii. Notification Requirements
    - 1. Name/Address Changes within 10 days
    - 2. Firm Affiliation(s) within 10 days
    - 3. Convictions/Disciplinary Actions within 60 days
  - iv. Activation Procedures
  - v. Reinstatement Procedures
    - 1. Reinstatement Fee = 2 times Annual Renewal Fee
    - 2. Expired Less than 6 Months
    - 3. Expired 6 months-2 years or Surrendered/Revoked for no more than 2 years
    - 4. Expired, surrendered or revoked for more than 2 years
- e. Teams (Teaming Up section of the 2016-2017 Update course)
  - i. Overview
    - 1. Definition of Team: group of people with different skills and tasks who work together on a common project, service, or goal coordinating functions and cooperating and supporting each other to accomplish the same goal
    - 2. Team structure varies widely dependent on needs of team members
    - 3. Key questions about team structure
      - a. Has a broker created a licensed entity (e.g., corporation, LLC, etc.)
      - b. If yes, will the name of the licensed entity be used in advertising
  - ii. Examples of Team Structures
    - 1. Voluntary Team Cooperation; No Entity
      - a. “Voluntary” team name may be advertised with firm name
      - b. Provisional Brokers may be part of the team since there is only 1 BIC



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- c. Agency agreements are only in the name of the primary company
- 2. Voluntary Team Cooperation; Entity for Individual Broker Compensation Only (No advertising) [Rule 58A .0110(c)]
  - a. QB is the only broker in or affiliated with this entity
  - b. Created to receive fees for Entity's QB earned under another licensed broker
  - c. Does not need a BIC because not providing brokerage activity under its license and not advertising its name
  - d. Agency agreements are only in the name of the primary company
- 3. Licensed Team Entity; All Team Members Dually Affiliated
  - a. Must have a Team Firm BIC
  - b. Dually Affiliated team members must advertise both firm names
  - c. Cannot have Provisional Brokers as part of the team since there are 2 BICs
  - d. Agency agreements must be in both firm names
- iii. Other Team Considerations
  - 1. Consumer Interaction
  - 2. Handling of transactional tasks
  - 3. Compensation of team members

#### Section 2: Brokerage Compensation Issues

[G.S. 93A-6(a)(9); Rule 58A .0109] (Manual, pp. 731-763; LLCR, pp. 99-100; Compensation Issues section of 2009-2010 BICAR course)

Required Activity: After each of the first four subsections, provide multiple transactional scenarios involving various compensation issues. Have students determine proper compensation practice and reference which rule(s) guided their decision. This should be an in-class small group assignment with a "town hall" discussion (with the entire class) at the end.



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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- I. Compensation for Brokerage Services Requires an Active Real Estate License
  - a. General Prohibition of Compensating Unlicensed Persons
  - b. Exceptions
    - i. Sharing Compensation with Parties to the Transaction
      - 1. Subject to Lender Approval
      - 2. Must Appear on Settlement Statement
    - ii. Payments to Travel Agents for Vacation Rentals Level 1
- II. Compensating Affiliated Licensees
  - a. Broker Eligibility for Compensation
  - b. Paying Provisional Brokers
  - c. Paying “Full” Brokers
  - d. Paying Brokers No Longer Affiliated with Firm
  - e. Miscellaneous Situations
    - i. Broker Working on a Pending Transaction After Leaving a Firm
    - ii. Expired or Inactive Individual Broker’s License
    - iii. Expired or Inactive Firm, QB, or BIC License
  - f. Paying Business Entities Created by Broker Associates for Compensation Purposes
- III. Sharing Compensation with Non-Affiliated Brokers or Firms
  - a. Current and Active License Required
  - b. Sharing Brokerage Fees through Cooperative Listing Services (e.g., MLS)
  - c. Sharing Brokerage Fees Outside of Cooperative Listing Services
  - d. Compensation Agreements “Should” be Written
  - e. Listing Company Limitations on Sharing Compensation
- IV. Third Party Payments to Brokers
  - a. Restrictions on Kickbacks, Rebates, Referral Fees, etc.
  - b. Compensation, Incentives, Bonuses, etc. to Broker from Anyone Other than Broker’s Principal [Rule 58A .0109(c, d, & e)]
    - i. Applies to All Sales Transactions



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- ii. Full and Timely Disclosure to Principal
    - 1. Description of Compensation
    - 2. Identity of Source
    - 3. Written Confirmation Prior to Offer
  - iii. Nominal Value
- V. Assistants (LLCR, pp. 87-88; Selected Topics in Property Management section of 2018-19 Update course)
  - a. Who can hire an Assistant may be dictated by company policy
  - b. Permitted vs Prohibited Duties
    - i. Licensed vs. Unlicensed
    - ii. Sales vs. Lease Transactions
  - c. Compensation
    - i. May be paid directly for administrative duties whether Licensed or not
    - ii. Special Considerations for PBs
      - 1. Can only be paid for brokerage activity by BIC
      - 2. May be paid by anyone for administrative duties
- VI. Commercial Real Estate Broker Lien Act [G.S. 44A-24.1-14] (Manual, p.648-650)
  - Level 1
    - a. Major Features
      - i. Entitlement
      - ii. Property Subject to Lien
      - iii. Filing & Enforcement Requirements

### Section 3: Disciplinary Process

[G.S. 93A-6; Rule Section 58A .0600] (Manual, pp 719-730; Handling Complaints section of 2015-2016 BICUP; Disciplinary Procedures section of 2010-2011 BICAR)

Required Activity: Review the case studies in Chapter 20 of the Manual as a small group in-class assignment. Have students determine which of the prohibited acts and/or Commission rules were violated.



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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- I. NC Prohibited Acts (LLCR, pp. 89-95, 99-100, 103)
  - a. Misrepresentation and Omission [93A-6(a)(1)]
  - b. Making False Promises [93A-6(a)(2)]
  - c. Other Misrepresentations [93A-6(a)(3)]
  - d. Conflict of Interest [93A-6(a)(4) & (6)]
  - e. Improper Brokerage Commission [93A-6(a)(5) & (9)]
  - f. Failing to Account for Trust Funds [93A-6(a)(7)]
  - g. Unworthiness and Incompetence [93A-6(a)(8)]
  - h. Improper Dealing [93A-6(a)(10)]
  - i. Discriminatory Practices [93A-6(a)(10); Rule 58A .1601]
  - j. Practice of Law [93A-4(e); 93A-6(a)(11); Rule 58A .0111]
  - k. Commingling of Funds [93A-6(a)(12)]
  - l. Failure to Timely Deliver Completed Offers and Sales Contracts [93A-6(a)(13); Rule 58A .0106 & .0108]
  - m. Failure of Responsibility for Closing Statement Accuracy and Delivery [93A-6(a)(14)]
  - n. Violating any Commission Rule [93A-6(a)(15)]
  - o. Other Prohibited Acts [93A-6(b)]
    - i. Obtaining a License by False or Fraudulent Representation
    - ii. Conviction in the United States of an Offense involving Moral Turpitude
    - iii. Violation of 93A-6(a) Transactions involving Broker's Own Property
    - iv. Violation of 93A-6(a) by Broker's Exempt Unlicensed Employee
    - v. Disciplinary Action as a Licensee of another Profession or Occupation involving Fraud, Theft, Misrepresentation, Breach of Trust or Fiduciary Responsibility, or Willful or Negligent Malpractice
- II. Complaint Process Level 1
  - a. Commission's Authority
    - i. Take Disciplinary Action
    - ii. Investigate Licensees and Unlicensed Activity
    - iii. Issue Subpoenas



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- iv. Impose Sanctions for Licensee Misconduct
  - 1. License Revocation
  - 2. License Suspension
  - 3. Reprimand
  - 4. Conditions, Restrictions, Limitations on the License (e.g., ability to serve as BIC)
- b. Broker's Obligations & Duties
  - i. Report to Commission within 60 days [Rule 58A .0113]
    - 1. Any Felony or Misdemeanor Conviction
    - 2. Disciplinary Action by a Government Agency in connection with any Occupational License
    - 3. Restriction, Suspension, or Revocation of a Notarial Commission
  - ii. File a Response to a Letter of Inquiry within 14 days of Receipt [Rule 58A .0601(e)]
  - iii. Make Records Available for inspection and reproduction by the Commission's Representative upon request without prior notice [Rules 58A .0108 & 58A .0117(h)]
  - iv. BIC Liability/Responsibility for Associated Brokers
    - 1. Provisional Brokers
      - a. BIC is fully accountable for affiliated PBs
      - b. Review concept of active and direct supervision
      - c. If a complaint is filed against a PB, the BIC will also be named in the complaint
    - 2. "Full" Brokers
      - a. 5 issues for which a BIC is accountable for all affiliated brokers (Agency, Active & Current Licensure, Advertising, Trust Accounts, and Transaction Files)
      - b. If a complaint is filed against a "full" broker, the BIC will also be named in the complaint if the issue falls within the 5 categories or there is indication of BIC knowledge / involvement
    - 3. Written Office Policies
    - 4. Providing Training



# Post 303: NC Law, Rules, and Legal Concepts

## Postlicensing Course Syllabus (CONTINUED)

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### Section 4: Specialized Types of Real Estate

#### I. Condominiums & Townhouses (Manual, pp. 15-17; NCREC Brochure, Questions & Answers on: Condos & Townhouses)

##### a. Definitions

##### i. Land Ownership

1. Individual condo owners hold title to airspace of the unit (inside of exterior wall to inside of exterior wall)
2. Individual townhome ownership includes ownership of the exterior of the unit and the land upon which the unit sits

##### ii. Ownership of Common Areas

1. Individual condo owner owns a share of common elements (e.g., land, building exterior, amenities) as tenants in common without right to partition
2. Individual townhome owner has use of common elements (e.g., amenities) owned by the homeowners' association

##### iii. Found in All Use Types (e.g., Residential, Commercial, Industrial, Business)

##### b. Transactional Issues

Required Activity: (1) Complete a thorough review of NCAR Standard Form 2A12-T Owners' Association Disclosure and Condominium Resale Statement Addendum. (2) At the end of this section, have students discuss concerns that are potentially unique to condo or townhouse purchase transactions and how to proactively address them. This could be a small group activity that reports back to the entire class.

##### i. Proper Hazard Insurance Coverage

1. Condo insurance (HO6) is a policy that covers the individual unit ("walls-in coverage") & should cover personal property plus fixtures, such as cabinets, that are attached to the common area walls
2. The Condominium Owners' Association master insurance policy will usually cover only the common areas or elements



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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- ii. Owners' Association Dues
  - 1. Regular Assessments ("Dues")
    - a. May be due monthly, quarterly, or yearly
    - b. Should specify what is covered by the assessment
    - c. May include Reserved Funds for Major Repairs/Capital Improvements
  - 2. Separate Special Assessments, as needed
- iii. Possible Transfer Fees
- iv. Use Restrictions by Protective Covenants
- c. Relevant Laws Level 1
  - i. North Carolina Condominium Act [G.S. 47C; or if created prior to 10/1/1986, G.S. 47A]
  - ii. Townhouses may be subject to Planned Community Act [G.S. 47F]
- II. Timeshares [G.S. 93A, Article 4; Rule Subchapter 58B] (Manual, p. 18) Level 1
  - a. Definitions [G.S. 93A-41(2), (7a), (9), (9a), (12) and (13)]
  - b. Project Registration [G.S. 93A-40]
  - c. License Requirement [G.S. 93A-40]
  - d. Developer's Obligation to Record Time Share Instruments [G.S. 93A-42]
  - e. Escrow Requirements [G.S. 93A-42(c) and (d)]
  - f. Developer's Public Offering Statement [G.S. 93A-44]
  - g. Purchaser's Right to Cancel [G.S. 93A-45]
  - h. Commission's Disciplinary Authority [G.S. 93A-54]
  - i. Penalties [G.S. 93A-56]
  - j. Requirements for Registrar and Project Broker [G.S. 93A-58]
  - k. Time Share Sales Operations [Rules Section B.0400]
  - l. Handling and Accounting of Funds [Rules Section B.0500]
  - m. Project Broker [Rules Section B.0600]



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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#### III. Manufactured and Modular Homes [G.S. 143-143.9] (Manual, p. 8)

- a. Characteristics of Factory Built Homes
  - i. Manufactured Housing
    - 1. Description
      - a. Built to HUD standards; HUD certification label
      - b. Titled & regulated by Dept. of Motor Vehicles (DMV)
      - c. Permanent non-removable steel chassis
    - 2. Personal property until converted to real property by:
      - a. Attaching to permanent foundation on land owned by owner of home;
      - b. Removing wheels, axle and moving hitch; and
      - c. Filing affidavit of conversion to cancel DMV title
  - ii. Modular Housing
    - 1. Description
      - a. Built to state building code
      - b. State inspection label with serial number
      - c. Assembled by builder on-site
    - 2. Becomes real property as soon as assembled on building site
- b. Financing Issues

#### IV. Commercial Property (Manual, pp. 639-681, 685-693) Level 2

- a. Classifications
  - i. Office
  - ii. Retail
  - iii. Industrial
  - iv. Land/Specialty
- b. Special Considerations
  - i. Transaction Cycle
  - ii. Zoning & Other Land Use Restrictions
  - iii. Financing
  - iv. Market Factor Concepts
  - v. Like-Kind Exchanges [IRS Code 1031]
- c. Commercial Real Estate Broker Lien [G.S. 44A-24.1-14] Level 1



# Post 303: NC Law, Rules, and Legal Concepts

## Postlicensing Course Syllabus (CONTINUED)

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### Section 5: Property Management

NOTE: North Carolina Realtors® publishes the NCAR Residential Property Management Legal Handbook that might be a useful resource that is available to both NCAR members and non-members. If interested, contact csansom@ncrealtors.org.

- I. Residential Tenant Laws (Manual, pp. 536-555; Selected Property Management Issues section of the 2011-2012 Update; 2 NCREC Brochures: Questions & Answers on: Renting Residential Real Estate, and Tenant Security Deposits)

Required Activity: Provide forms and identify provisions in both the NCAR Standard Form #401 Exclusive Property Management Agreement (Long-term Rental Property) and NCAR Standard Form #410-T Residential Rental Contract that reference or uphold these residential tenant laws.

- a. Residential Rental Agreement Act [G.S. 42-38, Article 5]
  - i. Waiver of Act is Prohibited
  - ii. “Mutuality of Obligations”
  - iii. Tenant’s Statutory Duties
  - iv. Landlord’s Statutory Duties
  - v. Broker’s Duties under Act
  - vi. Allocation of Public Utility Costs
  - vii. Tenant Remedies for Breach by Landlord
  - viii. Landlord's Liability under the Law of Negligence
- b. Eviction Procedures
  - i. Act Prohibiting Retaliatory Eviction [G.S. 42-37, Article 4A]
  - ii. Summary Ejectment (Eviction Procedure)
    1. Self-help Eviction Prohibited
    2. Seizure of Tenant’s Personal Property
    3. Expedited Eviction for Criminal Activity
- c. Tenant Security Deposit Act [G.S. 42-50, Article 6]
  - i. Permitted Uses of Security Deposits
  - ii. Accounting to the Tenant
  - iii. Security Deposit Limits
  - iv. Pet Fees Permitted
  - v. Limits on Late Payment Fees



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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#### II. NC Vacation Rental Act [G.S. 42A] (Manual, pp. 560-563; Sales of Vacation

Rentals section of the 2015-2016 Update; NCREC Brochure, Owning Vacation

Rental Property) Level 2

- a. Definitions
- b. Requirements for Valid Agreement
- c. Handling & Accounting for Funds
- d. Transfer of Property Subject to Act
- e. Expedited Eviction
- f. Landlord & Tenant Duties
- g. Mandatory Evacuation

#### III. Commercial Leases Level 2

- a. Types
  - i. Fixed Rental (Flat) Lease
  - ii. Percentage Lease
  - iii. Net Lease
  - iv. Graduated Lease
  - v. Index Lease
  - vi. Full Service Lease
  - vii. Leases for Special Circumstances
- b. Common Lease Provisions
  - i. Tenant's Proposed Use
  - ii. Environmental Matters
    - 1. Lessor's Perspective
    - 2. Lessee's Due Diligence
  - iii. Lessee's Trade Fixtures
  - iv. Repairs
  - v. Upfitting Improvements
  - vi. Assignments and Subleases
  - vii. Lease Renewal



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- viii. Options for Purchase and Preemptive Rights
- ix. Lessor's Right to Enter Premises During Lease Term
- x. Lessee's Implied Covenant of Quiet Enjoyment
- xi. Breach of Lease by Lessor or Lessee

#### Section 6: Miscellaneous NC Laws and Legal Concepts

##### I. Unique NC Real Property Ownership (Manual, pp. 12-14)

NOTE: Brokers are reminded of the prohibition against the unlawful practice of law [G.S. 93A-6(a)(11)] which would include advising a consumer on how to take title to real property. This section is intended to raise broker awareness of situations when a consumer needs legal advice on how to take title. The broker should only advise the consumer to consult a real estate attorney to determine the best ownership type for his/her goals.

Required Activity: Have students discuss why it is important for brokers to be aware of different types of ownership since brokers are prohibited from the unlawful practice of law. Have the class create a list of questions to ask seller and/or buyer clients to uncover ownership issues. Discuss what situations might make "typical/default" NC ownership (e.g., Tenancy by the Entirety for married buyers; unequal marital interests and prospective buyers in middle of divorce, etc.) not in a buyer's best interest.

- a. Tenancy by the Entirety [G.S. 39.7]
  - i. Reserved for Legally Married Couples
  - ii. NC Default Conveyance to Buyers married at time of purchase
  - iii. Previously Owned Property not automatically converted at marriage
  - iv. Mutual Agreement Required to convey or transfer any interest
  - v. Termination
    - 1. Mutual Agreement
    - 2. Divorce
    - 3. Death
- b. Marital Interest
  - i. Without other Legal Agreement, Automatically held by Untitled Spouse
  - ii. "One to buy; two to sell"



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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- c. Joint Tenancy in North Carolina [G.S. 41.2]
  - i. Specific Language Required to create Survivorship; not automatic like most states
  - ii. Unequal Interests are Possible

#### II. Disclosure & Caveat Emptor

Required Activity: At the end of this section, have students discuss the pros and cons of the seller providing full disclosure of property conditions vs. using the “No Representation” options when available. Discuss how agent can observe fiduciary obligations while deescalating emotions when the seller’s use of “No Representation” is perceived to be withholding/hiding information.

- a. Doctrine of Caveat Emptor (Manual, pp. 166-167)
  - i. “Let the Buyer Beware”
  - ii. North Carolina Seller has NO affirmative duty to disclose property information to Buyer
- b. Residential Property Disclosure Act [G.S. 47E] (Manual, pp. 168-173, 187-191)
  - i. Applicability
    - 1. Residential 1-4 unit Properties
    - 2. Includes For-Sale-by-Owners (FSBO) and Broker-owners
    - 3. Disclosure Prior to Buyer making an Offer
    - 4. Buyer’s Right to Cancel Contract
    - 5. Exemptions
    - 6. Broker’s General Duty
      - a. Inform Parties of Rights and Obligations under Act
      - b. Material Fact Disclosure Unaffected by Act
  - ii. Mandatory Forms to be completed by Property Owner

Required Activity: Provide and review RPOADS and MOG line-by-line.

- 1. Broker Responsibility
  - a. Educate Parties about Disclosure Requirements
  - b. Assist in Delivery
  - c. Broker-owned Properties
    - i. Can mark “No Representation”
    - ii. Must disclose material facts in some way



## Post 303: NC Law, Rules, and Legal Concepts

### Postlicensing Course Syllabus (CONTINUED)

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2. Residential Property & Owners' Association Disclosure Statement (RPOADS) [Rule 58A .0114]
3. Mineral and Oil and Gas Disclosure (MOG) [Rule 58A .0119]
  - a. NOT Exempted Transactions like for RPOADS
    - i. Never-inhabited New Construction
    - ii. Lessee-occupied Lease-option
  - b. Transfers where Parties agree to Not Complete the RPOADS
  - c. Materiality Laws [G.S. 93A-6(a)(1)] (Manual, pp. 147-148; LLCR, pp. 89-92; Material Facts section of the 2008-2009 Update course)
    - i. Broker's Duty to Discover & Disclose
      1. Affirmative Duty
      2. Misrepresentation and Omission Prohibited
    - ii. Material Fact Categories & Examples
      1. Facts about Property Itself
        - a. Manufactured Homes vs. Manufactured (Modular) Buildings [G.S. 20-286(11)(b)(6)] (Manual, p.8; <https://bulletins.ncrec.gov/manufactured-homes-real-or-personal-property>, Bulletin article, June 2002)
        - b. Polybutylene Pipes
        - c. Square Footage
          - i. Measurement using NCREC'S Residential Square Footage Guidelines
          - ii. Broker must personally measure or hire an expert to measure
        - d. Synthetic Stucco / Exterior Insulating & Finishing System (EIFS)
        - e. "Meth" Houses (Bulletin article, May 2005, <https://bulletins.ncrec.gov/meth-houses>)



## Post 303: NC Law, Rules, and Legal Concepts Postlicensing Course Syllabus (CONTINUED)

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- f. Radon
    - i. Radon level of 4.0 pico curies per liter or higher is a material fact
    - ii. Radon Testing
    - iii. Radon Mitigation
  - g. Unpermitted Additions/Improvements
  - h. Partial Destruction of Property
  - i. Gravesites located on the Property
  - 2. Matters Relating Directly to the Property
    - a. Zoning
    - b. Permitting Regulations
    - c. Flood Zones and Need for Flood Insurance
    - d. Insurability of the Property
  - 3. Matters Relating Directly to the Ability of Agent's Principal's to Complete the Transaction
    - a. Foreclosure
    - b. Short Sale
    - c. Inability to Obtain Financing
  - 4. Matters of Special Importance to a Party
  - iii. Other Material Fact Considerations
    - 1. Death or Serious Illness of Previous Property Occupant [G.S. 39-50 and G.S. 42-14.2]
    - 2. Presence of Convicted Sexual Offender [G.S. 27A-14]
- III. NC Planned Community Act [G.S. 47F] (Manual, pp.124-126) Level 1
- a. Expands Owner Associations' Authority and Covenant Enforcement Power
  - b. Requires Explanation to Prospective Buyers of owner association powers, assessments, and enforcement remedies



## **Post 303: NC Law, Rules, and Legal Concepts**

### **Postlicensing Course Syllabus (CONTINUED)**

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#### IV. Subdivision Regulations (Manual, pp.111-113) Level 2

- a. Definition of Subdivision [G.S.153A-335]:
  - i. Division into 2 or more Lots, Building Sites or other divisions for the Purpose of Sale of Building Development (now or in future)
  - ii. Any Division involving Dedication of a New Street or Change in Existing Streets
- b. Exclusions
- c. Criminal Penalty for Selling Lots in Unapproved Subdivision
  - i. In Counties or Municipalities that have Subdivision Ordinance
  - ii. Survey of Proposed Lots NOT equal to Approval
- d. Broker Responsibilities
  - i. Verify Approval Status on Plat Map
  - ii. Offer and Contract Possible after Preliminary Plat Approval

#### V. Streets Disclosure Law [G.S. 136-102.6] (Manual, pp.112-113; Subdivision Street Disclosure section of the 2014-2015 Update course; The 4 S's" Septic, Streets, Underground Storage Tanks & Square Footage section of the 2016-2017 Update course)

- a. Application
  - i. Subdivision into 2 or more Lots for Residential Purposes, and
  - ii. Either Changing an Existing Street or Construction of a New Street
- b. Recording Requirement
  - i. Owner must Record Final Plat with Register of Deeds prior to Conveying Any Portion of the Parcel
  - ii. Streets must be Designated as Private or Public
- c. Private vs. Public
- d. Dedication vs. Acceptance
- e. Broker's Responsibility
  - i. Reasonable Inquiry
  - ii. Responsibility for Adjacent Street Maintenance is Material Fact
  - iii. Disclosure on Resale Property



## **Post 303: NC Law, Rules, and Legal Concepts** **Postlicensing Course Syllabus** (CONTINUED)

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### VI. Environmental Laws (Manual, pp. 116-119) Level 1

- a. NC Coastal Area Management Act (CAMA) [G.S. 133A-100]
- b. NC Mountain Ridge Protection Act [G.S. 113A-14]
- c. Waterway Vegetation Buffer Zones
- d. Scenic Corridor Zones
- e. NC Leaking Petroleum Underground and Storage Tank Cleanup Act [G.S. 143-215.94A] (The 4 S's" Septic, Streets, Underground Storage Tanks & Square Footage section of the 2016-2017 Update course)
- f. NC Sediment Pollution Control Act [G.S. 113A-50]
- g. Clean Water Acts [G.S. 143A-214.1 & 113-229]
- h. Wastewater Systems

### VII. NC State Fair Housing Act [G.S. 41A] (Manual, pp. 609, 622-627; Fair Housing Review section of the 2013-2014 BICAR course)

- a. Compared to Federal Fair Housing Act
  - i. Identical to Federal Fair Housing Act except for Exemptions
  - ii. Exemption Differences from Federal Act
    - 1. No Exemption for Private Owners that Sell without a Broker
    - 2. Exemption for Rental of 1-4 Residential Unit if Owner or Owner's Family Member Lives in One of the Units
    - 3. Exemption for Rental of Rooms in a Single-sex Dormitory
- b. Enforced by NC Human Relations Commission
- c. The More Restrictive Act Rules

**—End of Course Syllabus—**







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**MODULE 1: NORTH CAROLINA LICENSING LAW**



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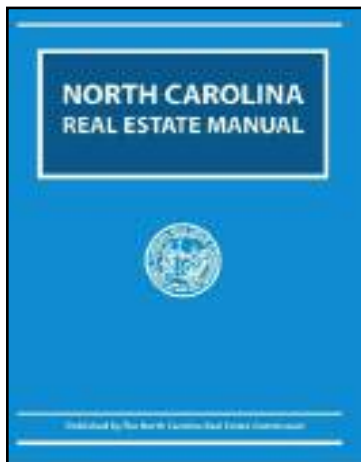
**MODULE 1: NORTH CAROLINA LICENSING LAW**



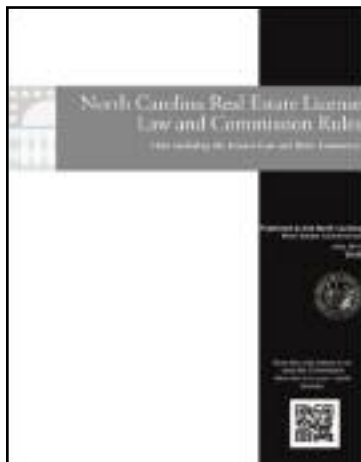


## Section 1: North Carolina Licensing Requirements

### Critical Reading Information



- Appendix A
- Pages 765–771
- Chapter 20 – Case Studies



- §93A-1 & §93A-2 – Licensing & Exceptions
- §93A-4 – Applications & Reinstatement
- Rule A.0101 – Proof of Licensure
- Rule A.0103 – Broker Name & Address
- Rule A.0104 – Agreements & Disclosure
- Rule A.0105 – Advertising
- Rule A.0106 – Delivery of Instruments
- Rule A.0108 – Retention of Records
- Rule A.0110 – Broker in Charge
- Rule A.0113 – Reporting Convictions
- Rule A.0117 – Accounting for Trust Money
- Rule A.0502 – Firm Licensing
- Rule A.0503, 0504, 0505 – Maintenance
- Rule A.1902 – Post Education Requirement



## Deal or No Deal: Licensing Law Preliminary Assessment

For each of the following scenarios, determine whether it is a “Deal” in compliance or “No Deal” and in violation of licensing law. If you determine it is “No Deal” cite the rule or the statute that is being violated.



1. Shandra, a provisional broker, has created an LLC with the Secretary of State upon the advice of her CPA and has asked her BIC to make her commission checks payable to her LLC.

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2. Devon and James are full brokers affiliated with ABC Realty. Neither Devon nor James are BICs. They form the DJ Team, LLC, and with permission of their BIC they have put that name on their “For Sale” signs and on their business cards.

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3. Jerome is a full broker who formed a C-Corp and obtained a firm license from NCREC. Jerome is not a BIC, but has asked the BIC of XYZ where he is affiliated to make commission checks out to his C-Corp.

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4. Sean is a current and active full broker who is not affiliated with a firm nor is Sean a BIC. Sean has a buyer sign a buyer broker agreement and assists the buyer in a transaction.

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5. Beto is a provisional broker with ABC Realty. Beto agrees to advertise a rental for a friend for no compensation and advertises the rental in the local MLS.

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## Deal or No Deal: Licensing Law Preliminary Assessment (CONTINUED)

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6. Jay is a sole proprietor and a full broker. Every year Jay renews his license with NCREC, but has not taken CE in the last 3 years. In order to get active again, Jay has taken 16 hours of CE.

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7. Terry is a provisional broker but has not affiliated with a BIC. Terry wants to take a postlicensing course and some CE courses while inactive.

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8. Michaela is a full broker who has an unlicensed assistant. Michaela has the unlicensed assistant enter listings into the MLS, create ad copy, and place those ads on social media.

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9. Alex, an active real estate broker, is affiliated with Skyward Properties. Because Alex does not have a trust account, the BIC of Skyward Properties allows Alex to keep all tenant security deposits in the firm's trust account to assure that they are properly accounted for.

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10. Bailey, a broker, promised a buyer that at closing Bailey would give them a \$1,000 credit toward their closing costs. The lender would not approve the credit on the purchase of a newly constructed home. After closing, Bailey purchased a Lowe's gift card for the buyer in the amount of \$1,000 and gave it to the buyer.

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## Deal or No Deal: Licensing Law

### Preliminary Assessment (CONTINUED)

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11. Jules is a licensee in both North Carolina and South Carolina. A complaint was filed against Jules in South Carolina, but the case was dismissed and closed by the South Carolina Commission with no disciplinary action. Because the case was closed and no discipline was imposed, Jules does not report the case to the North Carolina Commission.

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12. Harper is representing the seller of 30 acres of undeveloped land. The buyer is demanding that Harper's seller complete the required MOG and RPOADS. Harper's seller refuses to complete any of the forms. Harper informs the buyer that the seller will not complete the forms and continues representation of the seller.

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13. Nico is a full broker representing a commercial buyer on a development that is being purchased for \$15 million. Two weeks before closing, Nico's buyer indicates that she is unhappy with the representation received and instructs the closing attorney to not pay any compensation to Nico's firm. Nico files a lien against the commercial property.

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14. Sasha, an agent with Superstars Realty, currently has 12 listings. In order to better serve the sellers, Sasha has two unlicensed assistants who cover open houses for her. Sasha regularly checks on and supervises the activity of the assistants.

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15. A 5-acre parcel is owned by Skyler. Skyler has had a surveyor create a separate legal description for 2½ acres of the parcel that is west of his house. Taylor, a licensee affiliated with ABC Realty, lists and markets the vacant parcel for sale.

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## Deal or No Deal Case Study Resolutions

1. **NO DEAL.** Although no one would have prevented Shandra at the Secretary of State's office from forming an LLC, she has now created an entity. Every entity created for brokerage services is required to have a firm license. Since Shandra is a provisional broker she does not meet the requirements to be a qualifying broker on a firm license. Her BIC would be paying an unlicensed entity.
2. **NO DEAL.** James and Devon properly formed an LLC and obtained a firm license, however, an entity cannot advertise without a BIC. In order to use the LLC team name on signs and business cards, James and Devon will need to appoint a BIC for the DJ Team, LLC.
3. **DEAL.** A full broker may form an entity. Jerome was required to obtain a firm license. A broker may form an entity for the purposes of receiving compensation and the entity is not required to have a BIC so long as Jerome does not use the name of the C-Corp in advertising.
4. **DEAL.** A full broker who is not a BIC and is not affiliated with a BIC may engage in the practice of real estate, so long as they do not maintain a trust account, supervise other licensees, and do not solicit consumers or advertise in any way.
5. **NO DEAL.** Beto may not be engaging in the unauthorized practice of brokerage since there is no compensation. However, a licensee may not advertise rentals of owners without a written property management agreement, and without a written property management agreement the firm under which Beto placed the ad in MLS has no authority to advertise and market the property.
6. **NO DEAL.** Jay's license is current because he has been renewing it as required, but it is inactive due to a CE deficiency. If the CE deficiency is longer than 2 years, then Jay must take the current year's 8-hour CE requirements plus complete an additional 60 hours of postlicensing.
7. **DEAL.** A provisional broker does not have to possess an active license in order to complete either postlicensing or CE courses.



## Deal or No Deal

### Case Study Resolutions (CONTINUED)

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8. **NO DEAL.** An unlicensed assistant may not write and place promotional advertisement for Michaela's listings.
9. **NO DEAL.** Every owner of residential rental property in North Carolina must deposit tenant security deposits in a trust or escrow account. The deposits cannot be placed in the firm's trust account because such activity commingles funds. The monies could be placed in the firm's trust account only if Alex has hired Skyward Properties to manage the units under a written property management agreement.
10. **NO DEAL.** An agent can provide and share compensation with a client only so long as that compensation is disclosed on the Closing Disclosure and all compensation must pass through the firm, not from an agent directly.
11. **NO DEAL.** NCREC reporting rules require the disclosure of all disciplinary actions against another occupational license regardless of the dispensation or outcome of the disciplinary action.
12. **DEAL.** The requirement of a seller to complete the RPOADS and the MOG is mandated under the Residential Property Disclosure Act and only applies to 1–4 unit residential properties. Such disclosures are not required on the sale of vacant land or commercial properties.
13. **NO DEAL.** The Commercial Broker's Lien can only be filed by those representing the seller under a written listing agreement. These lien provisions are not available to buyer representatives or co-brokerage situations.
14. **NO DEAL.** An unlicensed assistant can only be present in an open house with a licensee. Unlicensed assistants are not permitted to conduct open houses.
15. **NO DEAL.** The definition of a subdivision under NC law is two or more parcels. This division of lots does not fall under any exemption of NC subdivision law and before Skyler, the owner, or Taylor, the licensee, can market and transfer the property, they are going to need to obtain subdivision approval. No transfer of the property can occur until the recording of the final plat map.



## North Carolina Licensing Requirements



In North Carolina, an active real estate license is required when assisting

1. \_\_\_\_\_ for 2. \_\_\_\_\_  
in the providing of 3. \_\_\_\_\_.

List the exemptions from licensure. When can an unlicensed person engage in what appears as real estate activity without a license?

4. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



The application of a the "Power of Attorney" exemption exists to allow others to use a power attorney for 5. \_\_\_\_\_.

Entities are exempt from needing a license when they are handling property that is owned by the entity. Who is exempt from needing a licensee in each of the following entities?

CORPORATION: 6. \_\_\_\_\_

LLC: 7. \_\_\_\_\_

PARTNERSHIP: 8. \_\_\_\_\_



## North Carolina Licensing Requirements (CONTINUED)

North Carolina is a single license state. There is only one license an individual can hold and it is a broker license. Although there is only one type of license, the license is considered to be on different statuses.

License Status	
	<b>§93A-2 (a)(1)(2)</b>
<ul style="list-style-type: none"><li>• <b>Provisional Broker</b><ul style="list-style-type: none"><li>• Licensee who is gaining additional postlicensing education</li><li>• Must be supervised by a broker-in-charge</li></ul></li><li>• <b>Full Broker</b><ul style="list-style-type: none"><li>• Licensee who has completed all postlicensing courses</li></ul></li><li>• <b>BIC Eligible</b><ul style="list-style-type: none"><li>• Full broker who has designated their status as BIC eligible</li></ul></li><li>• <b>Broker-in-Charge</b><ul style="list-style-type: none"><li>• Licensee responsible for an office location</li></ul></li></ul>	

**A NC broker license can have  
four different statuses as follows:**



### Student Notes

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## Critical Dates for License Renewal

The **deadline to renew** is midnight on:

9. \_\_\_\_\_

The **fee to renew** your license is:

10. \_\_\_\_\_

The **deadline for all CE course completions** is: 11. \_\_\_\_\_

**Failure to renew the license** results in the license being 12. \_\_\_\_\_.

Provisional brokers must complete **POST licensing**:

13. \_\_\_\_\_ Total hours required

14. \_\_\_\_\_ Minimum hours per year

Deadline is: 15. \_\_\_\_\_

- May take the classes in any order.
- May take them sooner.

All licensees must complete 16. \_\_\_\_\_

hours of CE per year.

17. \_\_\_\_\_ Hours in **mandatory update course**

18. \_\_\_\_\_ Hours of **elective credit**

Deadline is: 19. \_\_\_\_\_

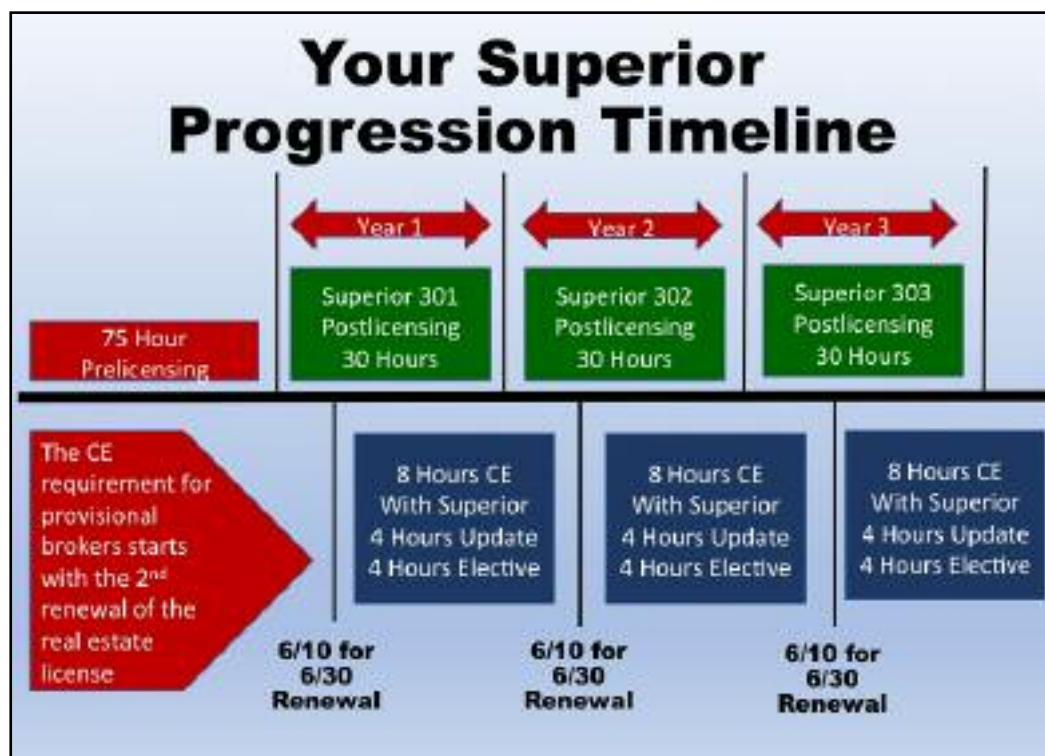
The **CE requirement for provisional brokers** starts with:

20. \_\_\_\_\_

**Maintaining Your Real Estate License POST Education Requirements**

**§93A-4**

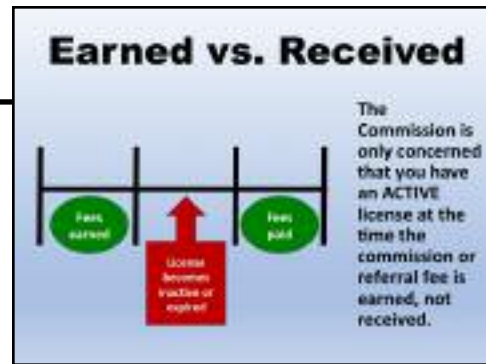
- Provisional Broker POST Education Requirement
  - Must complete 90 hours
  - Minimum of 30 hours per year
  - Deadline is anniversary date of license
  - Courses are 301, 302, 303
  - May take in any order
  - May take them sooner than the deadlines
- Completion Removes Provisional Status





## Distinguishing Between Earning and Receiving Compensation

A license 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.**

### Student Notes

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## Additional License Obligations Regarding Licensure

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A licensee must include their 21. \_\_\_\_\_ on all contracts and disclosures.

A licensee must carry their 22. \_\_\_\_\_ 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 23. \_\_\_\_\_ days.

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

24. \_\_\_\_\_ days of the conviction, judgment, order, or adjudication. Rule A.0113.

25. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Options for Practicing Real Estate

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The only license status that must affiliate with a BIC/Firm is when a licensee is a:

26. \_\_\_\_\_

Provisional brokers who are not affiliated are: 27. \_\_\_\_\_

A Full Broker has two options:

28. \_\_\_\_\_

29. \_\_\_\_\_

If a full broker is not affiliated with a BIC or a firm and they are not a BIC themselves, they CANNOT do any of the 3 following things:

30. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Examples of how and why a full broker may use their license without becoming a BIC and without affiliating with a BIC/firm would include the following:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## The Roles of BIC & BIC-Eligible

Brokers-in-charge are required: Rule A.0110

At every office location

Each office location must have a

31. \_\_\_\_\_



A BIC can only serve 32. \_\_\_\_\_ location at a time.

An individual can be the BIC at more than one firm, but only if the firms are

at the same 33. \_\_\_\_\_

A provisional broker may only be affiliated with 34. \_\_\_\_\_ BIC at a time.

Full brokers may affiliate with multiple BICs so long as they have:

35. \_\_\_\_\_

[illegible]



Achieving BIC or BIC Eligible Status	
1. 2 years experience within the last 5 years 2. Submit form 2.25 <b>*BIC eligible status*</b> 3. Take 12-hour BIC course within 120 days of achieving BIC eligible status	<b>OR</b> 1. 2 years experience within last 5 years 2. Take 12-hour BIC course 3. Submit form 2.25 within one year after completion of course <b>*BIC eligible status*</b>

## The Requirements to Become a BIC or BIC-Eligible

BIC-eligible means the licensee has met the requirements to become the BIC but is not currently serving as the BIC for a particular location.

The 4 requirements to become a BIC or become BIC-eligible are:

36. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Once a licensee has become either BIC or BIC-eligible, they retain that status as long as they continue to:

37. \_\_\_\_\_  
 \_\_\_\_\_

If a BIC or a licensee who is BIC-eligible fails to pay the \$45 fee to renew their license by the June 30 deadline, or they fail to complete their annual 8 hours of CE by June 10, they lose their BIC or BIC-eligible status and will need to do two things:

38. \_\_\_\_\_  
 \_\_\_\_\_



\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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## The Practical Application of BIC Duties

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A BIC must exercise 39. \_\_\_\_\_ and 40. \_\_\_\_\_ supervision over all activities of a provisional broker.

The NC Real Estate Commission recommends that BICs:

- Maintain regular office hours
- Be available
- Insist PBs keep regular office hours
- Facilitate communication
- Schedule regular office meetings

BICs are responsible for ensuring compliance by all affiliated brokers with:

41. \_\_\_\_\_

42. \_\_\_\_\_

43. \_\_\_\_\_

44. \_\_\_\_\_

45. \_\_\_\_\_



### Licensing Law Trust Account Review

- Residential brokers can operate without a trust
- Use escrow agent for earnest money (attorney)
- Property management brokers
- Almost impossible to operate without a trust account



## Licensing Law & Trust Account Review



A provisional broker must deliver all monies to their

46. \_\_\_\_\_

47. \_\_\_\_\_

All deposits must be made to the trust account within 48. \_\_\_\_\_ days of receipt or contract acceptance, whichever is later.

Licensees can accept for delivery

49. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Licensees cannot accept or deliver

50. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Trust accounts may earn interest so long as: 51. \_\_\_\_\_

\_\_\_\_\_

BICs may transfer earnest money for closing: 52. \_\_\_\_\_

\_\_\_\_\_

There is no conversion or commingling of funds permitted.

**ANY PERSON HOLDING SECURITY DEPOSITS IN NC, whether licensed or not must hold those funds in a trust account:**

- Any bank legally doing business in North Carolina
- In an account that is designated as a “trust” or “escrow account”

Trust accounts must be balanced: 53. \_\_\_\_\_ and records retained

for 54. \_\_\_\_\_.



# The Formation & Creation of Business Entities in North Carolina

## Sole Proprietorship

- No creation of an entity, but may operate under a trade name
- Personally liable for all debts and liabilities
- Income taxed as regular income, no shelter of tax liability



## Corporation

- Legal entity owned by stockholders
- Could be a C Corp or an S Corp



## Limited Liability Company (LLC)

- Simple business entity owned by manager, members
- Income paid to members as draws using a 1099

## Partnership

- Legal entity owned by general partners
- Entity with the greatest liability
- General partners are responsible for all debts and liabilities
- May have limited partners with liability limited to the amount of their actual capital investment





## Creating a Plan for Your Success

Write down your “BIG Why” for starting a business.

1. Why did you get into this business?

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2. What do you want out of this business?

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3. How do you define success?

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4. What would that mean to you and your family?

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5. How would that make you feel?

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6. Set some S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, Timed) goals for the coming year.

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## Moving Beyond Provisional Status

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301 – Brokerage Relationships Due on \_\_\_\_\_ Complete By: \_\_\_\_\_

Location/Date/Time: \_\_\_\_\_

301 – Brokerage Relationships Due on \_\_\_\_\_ Complete By: \_\_\_\_\_

Location/Date/Time: \_\_\_\_\_

301 – Brokerage Relationships Due on \_\_\_\_\_ Complete By: \_\_\_\_\_

Location/Date/Time: \_\_\_\_\_

## Plan Your CE — 8 Hours (Courses Due by 6/10) for the Current CE Year

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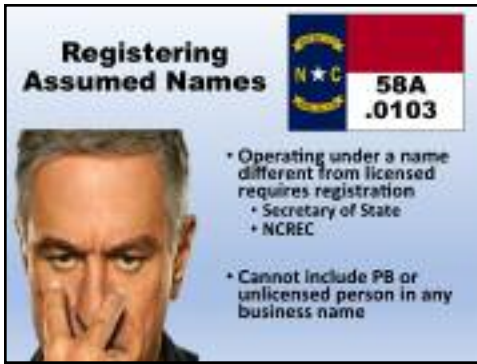
General Update Complete by \_\_\_\_\_

Location/Date/Time: \_\_\_\_\_

4 Hour Elective Complete by \_\_\_\_\_

Location/Date/Time: \_\_\_\_\_





## Choosing a Name and an Entity

Write down your company name:

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Will you operate as a sole proprietor or create an entity? If an entity, what type of entity will you create? \_\_\_\_\_

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## Forming an Entity

Entities are created by filing the necessary paperwork with the Secretary of State and getting authority to engage in business in North Carolina.

Every entity created must obtain a 55. \_\_\_\_\_

A full broker may gain tax benefits and liability protection by forming an entity solely for the purposes of 56. \_\_\_\_\_

- Must obtain a firm license as a qualifying broker
- Do not need to become a BIC or BIC-eligible
- May not advertise or use this entity name in marketing or advertising
- May not affiliate other brokers under this entity name if not a BIC
- Provisional brokers may NOT create an entity for the receipt of compensation

The person who obtains a firm license is a 57. \_\_\_\_\_

In order to be a qualifying broker (holder of a firm license), the licensee must be:

58. \_\_\_\_\_

59. \_\_\_\_\_

Obligations of a qualifying broker include all of the following:

60. \_\_\_\_\_

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Firm licenses expire at midnight on: 61. \_\_\_\_\_

When a qualifying broker fails have a BIC in each office location, the firm license becomes:

62. \_\_\_\_\_



## Staffing & Hiring in Your Entity

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Each office location must have a 63: \_\_\_\_\_

BICs are selected by completing: 64. \_\_\_\_\_

Affiliated brokers are hired by the: 65: \_\_\_\_\_

Completing: 66. \_\_\_\_\_

## The Use of Unlicensed Assistants

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In a real estate sales office, unlicensed assistants are exempt from licensure when they are salaried W2 employee under the direct and supervision of a BIC.

What unlicensed assistants MAY do:

67. \_\_\_\_\_

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What unlicensed assistants MAY NOT do:

68. \_\_\_\_\_

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## Fixing Expired & Inactive Licenses

### What to Do If You Fall Off the Mountain

#### Fixing Expired Licenses

EXPIRED means that you failed to: 69. \_\_\_\_\_

An EXPIRED licenses means that the license has to be: 70. \_\_\_\_\_

If EXPIRED for less than 6 months:

71. \_\_\_\_\_

72. \_\_\_\_\_

If EXPIRED more than 6 months, but less than two years:

73. \_\_\_\_\_

74. \_\_\_\_\_

75. \_\_\_\_\_

If EXPIRED more than 2 years:

76. \_\_\_\_\_

77. \_\_\_\_\_

78. \_\_\_\_\_

#### Fixing Inactive Licenses

Inactive due to a CE deficiency means the license failed to: 79. \_\_\_\_\_

If INACTIVE due to CE deficiency less than two years:

80. \_\_\_\_\_

81. \_\_\_\_\_

82. \_\_\_\_\_

If INACTIVE due to CE deficiency more than two years:

83. \_\_\_\_\_

84. \_\_\_\_\_

85. \_\_\_\_\_



# Climbing Training

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**Practical Case Studies from the  
North Carolina Real Estate Manual**

**Chapter 20 of the NC Real Estate Manual**



Case #1 – Page 719 – “Where’d the Money Go”

Case #2 – Page 720 – “The Search for the Lost License”

Case #3 – Page 720 – “The Float Away Commission”

Case #8 – Page 723 – “The Out of State Travelers”

Case #9 – Page 723 – “The Hand in the Cookie Jar Case”



## Teaming Up on the Mountain



## Using Teams in North Carolina Real Estate

A team is simply a group of people working together in an office. The NCREC has no specific rule and people can always work together in a real estate brokerage office. However, the formation and operation of the team must comply with North Carolina Licensing Rules.

The two key questions to ask about any team are:

86. \_\_\_\_\_
87. \_\_\_\_\_

### TEAM SCENARIO #1

#### Creating a Team Name Without Creating an Entity

The team name is approved by the: 88. \_\_\_\_\_

The licensees on the team are approved by: 89. \_\_\_\_\_

All licensees will be affiliated with: 90. \_\_\_\_\_

The name used on all disclosures and contracts is: 91. \_\_\_\_\_

No compensation may be paid to the team name.

All compensation paid must be paid by: 92. \_\_\_\_\_

The team may use the name in advertising with the permission of the broker-in-charge, but all advertising must also include: 93. \_\_\_\_\_



## Using Teams in North Carolina Real Estate (CONTINUED)

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### TEAM SCENARIO #2

#### Creating a Team Entity That Has No BIC

If the team forms an entity, the team must obtain a 94. \_\_\_\_\_

The licensees on the team are approved by: 95. \_\_\_\_\_

All licensees on the team will be affiliated with: 96. \_\_\_\_\_

The name used on all disclosures and contracts is: 97. \_\_\_\_\_

Compensation may be paid to the team name, but cannot be paid out of the team entity.

All compensation paid must be paid by: 98. \_\_\_\_\_

The team may NOT use the name in advertising because the entity has no BIC.

### TEAM SCENARIO #3

#### Creating a Team Entity That Has a BIC

If the team forms an entity, the team must obtain a 99. \_\_\_\_\_

If the team entity wants to use the name in advertising and marketing, then the team entity must have a 100. \_\_\_\_\_

All licensees on the team must be affiliated with: 101. \_\_\_\_\_

Licensees that are affiliated with more than one BIC are: 102. \_\_\_\_\_

Provisional brokers may NEVER be 103. \_\_\_\_\_

The name used on all disclosures and contracts is: 104. \_\_\_\_\_

Compensation may be paid to the team name and can be paid out of the team.





## Section 1: North Carolina Licensing Requirements Notebook Guide

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1. Another
2. Compensation
3. Brokerage services
4. Your own property
  - Attorney-in-fact
  - Attorney-at-law
  - Court-ordered sales (bankruptcy, executors, guardians)
  - Trustees in foreclosure
  - Housing authorities
5. Final consummation in the performance of a contract
6. Officers, directors, and W2 employees
7. Managers and W2 employees
8. General partners and W2 employees
9. June 30 every year
10. \$45
11. June 10
12. Expired
13. 90 hours
14. 30 hours
15. Anniversary date of licensure
16. 8 hours
17. 4 hours
18. 4 hours
19. Midnight, June 10 every year
20. 2nd renewal of the license
21. License number
22. Pocket card
23. 10 days
24. 60 days



## Section 1: North Carolina Licensing Requirements Notebook Guide (CONTINUED)

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25. Felony or misdemeanor convictions
  - Disciplinary actions against other professional licenses
  - Revocation or suspension of a notarial commission
26. Provisional broker
27. Inactive
28. Affiliate with a BIC/firm
29. Activate as a sole proprietor
30. Maintain a trust account for others
  - Hire or supervise other brokers
  - Offer services, advertise, or market in any way
31. One
32. One
33. Physical office location
34. One
35. Mutual consent or permission of both BICs
36. Full broker on active status
  - 2 years experience out of the last 5
  - Complete 12-hour broker-in-charge course
  - File Form 2.25
37. Renew license and complete CE, stay current and active
38. Get license current and active and requalify as a BIC
39. Active
40. Direct
41. Compliance with agency requirements
42. Maintain the trust account
43. Adhere to advertising guidelines
44. Retention of records
45. Notify NCREC of changes in location and affiliation of licensees
46. Broker-in-charge
47. Immediately
48. 3 banking days
49. Due diligence fees
  - Earnest money deposits
50. Inspection fees, survey fees, closing disbursements to clients, repair or survey payments
51. The broker has written consent of the client and a written agreement specifies who gets the interest



## Section 1: North Carolina Licensing Requirements Notebook Guide (CONTINUED)

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- 52. No more than 10 days prior to settlement
- 53. Every 30 days
- 54. 3 years
- 55. Firm license
- 56. Receipt of compensation
- 57. Qualifying broker
- 58. A full broker on active status
- 59. Principal of the entity seeking the firm license
- 60. Renew firm license
  - Appoint BIC in each location
  - Maintain firm certificate and pocket card
  - Notify NCREC within 10 days of change in firm name
  - Notify NCREC within 10 days of change in QB
  - Notify NCREC of registration of any assumed name adopted by the firm
  - Preserve and secure trust account records and transaction records
  - Notify commission of any record or trust account discrepancies
- 61. June 30
- 62. Inactive
- 63. Broker-in-charge
- 64. Form 2.25 Designation of BIC
- 65. Broker-in-charge
- 66. Broker Affiliation Form
- 67. Receive and forward phone calls
  - Submit listing data
  - Search public records
  - Place signs and lock boxes
  - Order and supervise repairs
  - Act as courier
  - Gather factual data
  - Schedule appointments
  - Coordinate and confirm appointments
  - Complete basic forms
- 68. Assist others in the sale or lease
  - Hold open houses without a licensee
  - Cold call or prospect
  - Make referrals for a fee
  - Create and publish advertisements

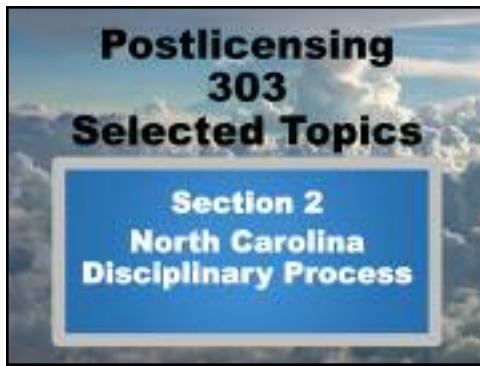


## **Section 1: North Carolina Licensing Requirements Notebook Guide (CONTINUED)**

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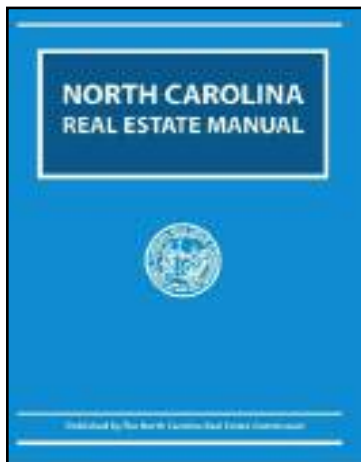
69. Renew or pay \$45 renewal fee
70. Reinstatement
71. File reinstatement application form
72. Pay \$90 reinstatement fee
73. File reinstatement application form
74. Pay \$90 reinstatement fee
75. Complete one 30-hour post course or retake the NC licensing exam
76. Complete 75-hour prelicensing course
77. Retake NC licensing exam
78. Complete 90 hours of postlicensing
79. Complete CE as required
80. Complete current years of CE – 8 hours
81. Complete previous years deficiency – (4 to 8 hours CE)
82. File license activation form
83. Complete the current year's CE (8 hours of CE)
84. Complete 60 hours of post – two postlicensing courses
85. File license activation form
86. Have you created an entity?
87. Is the entity name being used in marketing and advertising?
88. Broker-in-charge of the firm
89. Broker-in-charge of the firm
90. Broker-in-charge of the firm
91. The brokerage firm name
92. Broker-in-charge of the firm
93. Firm name
94. Firm license
95. Broker-in-charge of the firm
96. Broker-in-charge of the firm
97. Firm name
98. Broker-in-charge of the firm
99. Firm license
100. Broker-in-charge
101. Both entities
102. Dually affiliated
103. Dually affiliated
104. Both the brokerage entity and team entity



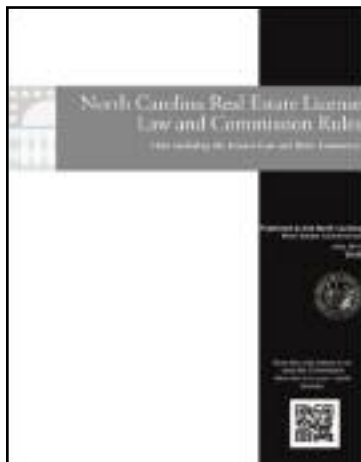


## Section 2: North Carolina Disciplinary Process

### Critical Reading Information



- Pages 719–730 – Selected License Law Cases



- §93A-6
- Rule A.0108
- Rule A.0111
- Rule A.0113
- Rule A.0117
- Rule A.0600
- Rule A.0601
- Rule A.1601



# Prohibited Acts of Real Estate Brokers

North Carolina statutes specifically list the prohibited acts of real estate brokers. For each of the following prohibited acts, provide one real world example:



## Misrepresentation

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## Omission

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## Making False Promises

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## Conflict of Interest

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## Improper Brokerage Commission

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## Failing to Account for Trust Funds

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## **Prohibited Acts of Real Estate Brokers (CONTINUED)**

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### **Unworthiness or Incompetence**

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### **Improper Dealing**

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### **Discriminatory Practices**

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### **Practice of Law**

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### **Commingling of Funds**

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### **Failure to Timely Deliver Offers and Sales Contracts**

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### **Failure of Responsibility for Closing Statement Accuracy and Delivery**

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## **Prohibited Acts of Real Estate Brokers (CONTINUED)**

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### **Obtaining a License by False or Fraudulent Representation**

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### **Conviction in the US of an Offense Involving Moral Turpitude**

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### **Violation of Transactions Involving a Broker's Own Property**

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### **Violation by Broker's Exempt Unlicensed Employees**

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### **Disciplinary Actions of Another Professional License**

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## **Climbing Training**

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**Practical Case Studies from the  
North Carolina Real Estate Manual**

**Chapter 20 of the NC Real Estate Manual**

Case #7 – Page 722 – “Waters Rising”

Cases #10 & 11 – Page 724 – “Learning to Count Bedrooms”

Case #13 – Page 725 – “Dead End Streets”



## The North Carolina Disciplinary Process

In NC the disciplinary process begins with the filing  
of a. 1. \_\_\_\_\_

Upon receipt of a complaint, NCREC is required to:

2. \_\_\_\_\_

An investigation results in a

3. \_\_\_\_\_ being sent to the Respondent.

Respondents must respond to NCREC within: 4. \_\_\_\_\_



## Crafting a Plan for Responding to a Letter of Inquiry

Write down your step-by-step plan for responding to a Letter of Inquiry:

5. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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## NCREC Sanctions & Disciplinary Potential

---

NCREC may impose any of the following sanctions on a licensee as a result of a disciplinary investigation:

6. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

When a provisional broker receives a letter of inquiry, the broker-in-charge will always be notified because a BIC is required to exercise 7. \_\_\_\_\_ and  
8. \_\_\_\_\_ supervision of provisional brokers.

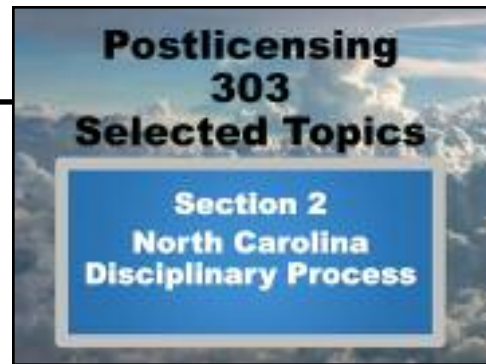
If the complaint is against a full broker, the BIC will be named if the complaint falls within one of the following 5 categories or there is indication of the BIC's involvement:

9. \_\_\_\_\_  
10. \_\_\_\_\_  
11. \_\_\_\_\_  
12. \_\_\_\_\_  
13. \_\_\_\_\_



## Section 2: North Carolina Disciplinary Process Notebook Guide

1. Complaint
2. Investigate
3. Letter of Inquiry
4. 14 days
5. Review the file
  - Write a narrative response
  - Attach documents
  - Identify witnesses
6. License revocation
  - License suspension
  - Reprimand
  - Conditions, restrictions on the license
7. Active
8. Direct
9. Agency
10. Active and current licensure
11. Advertising
12. Trust accounts
13. Transaction files







# Revelations, Insights, Ideas & To Do List

1.
2.
3.
4.
5.
6.
7.
8.



## Revelations, Insights, Ideas & To Do List (CONTINUED)



9. \_\_\_\_\_  
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15. \_\_\_\_\_  
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16. \_\_\_\_\_  
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**MODULE 2: COMPENSATION &  
SPECIALIZED TYPES OF REAL ESTATE**



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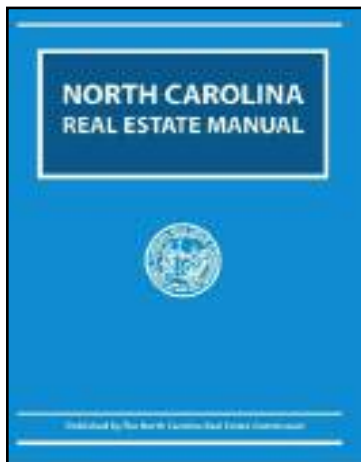
**MODULE 2: COMPENSATION &  
SPECIALIZED TYPES OF REAL ESTATE**



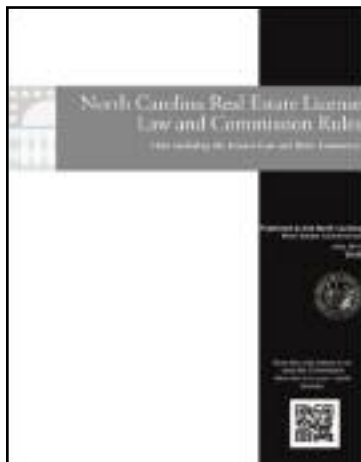


## Section 3: Brokerage Compensation Issues

### Critical Reading Information



- Chapter 21 – Pages 731–763



- §93A-6(a)(9) – Broker Compensation
- §44A-24.1-14 – Commercial Broker Lien
- Rule A.0109 – Disclosure of Compensation



## No Compensation Without a Current & Active License

---

A licensee may not 1. \_\_\_\_\_ compensation when their license is inactive or expired.

A licensee can 2. \_\_\_\_\_ compensation that was earned when the license was current and active.

A broker-in-charge may not pay a licensee's entity unless that entity has a 3. \_\_\_\_\_. To do so would result in paying an unlicensed entity.

The ONLY exception of when a licensee can provide compensation or anything of value to an unlicensed person in NC is payment to: 4. \_\_\_\_\_



## Sharing Compensation with Parties to the Transaction

---

Licensees may always share compensation with parties to the transaction provided that:

5. \_\_\_\_\_

6. \_\_\_\_\_

7. \_\_\_\_\_



## Paying Affiliated Licensees

---

Compensation always flows through the firm and from the BIC. A firm cannot pay another firm's licensees directly. Brokers may not pay other brokers unless they are operating as a sole proprietor.

List the types of compensation issues that ought to be included and reviewed by licensees and the firm in the broker's firm employment agreement.

8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_

## Paying Non-Affiliated Brokers or Firms

---

No rule about written agreements, but the best practice is to put them in writing.

Brokerages may pay referral fees in any state if the person to whom the referral fee is being paid has a 13. \_\_\_\_\_

When a referral is made, what documents should be in the broker's file?

14. \_\_\_\_\_
15. \_\_\_\_\_
16. \_\_\_\_\_

The payment of buyer-broker co-op fees is dictated by the policies of

17. \_\_\_\_\_



## NCAR Form 150

What should you know about NCAR form 150?



## Receipt of Compensation — Bonuses & Incentives

The receipt of all compensation requires

18. \_\_\_\_\_ and

19. \_\_\_\_\_.



Full and timely disclosure requires a description of the compensation, the party paying it, and that it be made in sufficient time to aid a reasonable person's decision making.

What are some issues regarding the disclosure required by Rule A.0109?



**UNREPRESENTED SELLER DISCLOSURE AND FEE AGREEMENT**  
(Selling Agent Represents the Buyer)

This Agreement is entered into on (Date) \_\_\_\_\_, by and between  
\_\_\_\_\_ as "Seller",  
and \_\_\_\_\_ ("Firm")

**RECITALS:**

- A. Seller is the owner of property commonly known as \_\_\_\_\_  
\_\_\_\_\_ (the "Property").
- B. Seller is endeavoring to sell the Property without the assistance of a licensed real estate agent; however, Firm has a client,  
\_\_\_\_\_ ("Client") who would like  
to see the Property.
- C. If Seller sells the Property to Firm's Client, Seller agrees to pay Firm a fee of \_\_\_\_\_  
\_\_\_\_\_ ("Fee").

**D. 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.**

Accordingly, the parties agree as follows:

1. **FEE:** The Fee will be deemed earned if Seller enters into a contract to sell the Property to Firm's Client at any time within \_\_\_\_\_ days from the date Seller signs this Agreement. Once earned, the Fee will be due and payable at the earlier of closing or Seller's failure to sell the Property as a result of Seller's default on the contract. HOWEVER, if, prior to the expiration of this Agreement and the execution of a contract to sell the Property, Seller enters into a valid listing agreement with any real estate firm, Seller shall NOT be obligated to pay the Fee if the listing firm offers compensation to Firm through a multiple listing service or otherwise.
2. **BUYER AGENCY:** Seller acknowledges that Firm is the agent representing Client with respect to the Property. As the agent of Client, the Firm has the duty to act on behalf of the Client, and will not be acting on behalf of Seller. This duty requires that all information regarding this transaction given to the Firm by Seller be disclosed to Client. For example, if Seller discloses to Firm that Seller is compelled by outside circumstances to sell by a certain date, or that Seller is prepared to lower the price, the Firm would be required to disclose this information to Client. Seller is advised to keep this in mind when communicating with Firm. By signing this Agreement, Seller acknowledges that this Client agency relationship has been previously orally disclosed to Seller when Firm first discussed an appointment to show Property to Client.

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Page 1 of 2



North Carolina Association of REALTORS®, Inc.



**STANDARD FORM 150**  
Revised 7/2014  
© 7/2015



**DO NOT SIGN THIS FORM UNTIL YOU HAVE RECEIVED AND READ THE  
“WORKING WITH REAL ESTATE AGENTS” BROCHURE**

**Seller and Firm each acknowledge receipt of a signed copy of this document.**

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:**

Date: \_\_\_\_\_

Seller: \_\_\_\_\_

Date: \_\_\_\_\_

Seller: \_\_\_\_\_

Entity Seller:

\_\_\_\_\_  
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FIRM:**

\_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_





## Climbing Training

**Practical Case Studies from the  
North Carolina Real Estate Manual**

**Chapter 21 of the NC Real Estate Manual**

Example #1 – Page 735 – “The Case of the Greedy Buyer”

Example #2 – Page 735 – “The Blackmailing Offer”

Example #3 – Page 737 – “The Drive By Discount”



## Compliance with RESPA (Real Estate Settlement Procedures Act) Federal Law



RESPA is a federal statute that is enforced by the Consumer Financial Protection Bureau (CFPB).

RESPA prohibits the payment of

20. \_\_\_\_\_

to 21. \_\_\_\_\_

The federal RESPA statute applies to 22. \_\_\_\_\_

Make a list of the type of transactions to which RESPA would not apply:

23. \_\_\_\_\_

\_\_\_\_\_

24. \_\_\_\_\_

\_\_\_\_\_

25. \_\_\_\_\_

\_\_\_\_\_

26. \_\_\_\_\_

\_\_\_\_\_



When a real estate brokerage has co-ownership of different settlement service providers, it is called an 27. \_\_\_\_\_

These types of arrangements are permitted so long as 3 requirements are met:

28. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RESPA prohibits real estate licensees from forcing a client or customer to use a

29. \_\_\_\_\_





## The RESPA Quiz Game

Checking your knowledge of RESPA compliance

1. Can a mortgage lender agree to pay for an agent's open house signs?  
YES NO
2. Can a home inspection company bring flyers and cookies to an agent's open house?  
YES NO
3. Can a REALTORS® association offer free CE classes to its members?  
YES NO
4. Can an agent give a client \$1,000 to pay their closing fees?  
YES NO
5. Can a home warranty company give a free warranty to the agent for every five warranties that are ordered?  
YES NO
6. Can a builder require a buyer to use a specific mortgage lender?  
YES NO
7. Can a builder offer options only if the buyer uses their attorney?  
YES NO
8. Can a home inspector give a \$10 Starbucks gift card to an agent for every referral?  
YES NO



## The RESPA Quiz Game (CONTINUED)

---

9. Can an agent jointly advertise with a mortgage officer and recommend clients to them?

YES

NO

10. Can an appraiser and a real estate company share a booth at a trade show?

YES

NO

11. Can a real estate brokerage own an insurance company and a mortgage lender and refer clients to them?

YES

NO

12. Can a real estate company arrange a home inspection that costs \$250 and charge the client \$350?

YES

NO

13. Can a real estate company provide free office space to an insurance agent?

YES

NO





## Commercial Real Estate Broker Lien Act

A lien may be placed against 30. \_\_\_\_\_ for  
31. \_\_\_\_\_ in either a  
32. \_\_\_\_\_ or 33. \_\_\_\_\_ transaction.

The requirements to file a commercial broker lien are:

34. \_\_\_\_\_  
35. \_\_\_\_\_

Time requirements for the lien are:

It cannot be filed until within 36. \_\_\_\_\_ days of closing or possession.

For leases, the time is 37. \_\_\_\_\_ days of possession.

The broker has 38. \_\_\_\_\_ days to enforce the lien.

The lien has priority as of the date of 39. \_\_\_\_\_. It does not get  
any special priority.

40. \_\_\_\_\_ liens always have superiority over the broker's  
lien regardless of when they were filed.



## Section 3: Brokerage Compensation Issues Notebook Guide



1. Earn
2. Receive
3. Firm license
4. Travel agent
5. There is written disclosure and consent  
(part of agency agreement)
6. Subject to lender approval
7. Disclosed on the Closing Disclosure
8. Commission splits
9. Receipts of bonuses
10. Additional fees
11. Handling of referrals
12. Payment upon termination
13. Current and active license in any state
14. Written documentation regarding the fee
15. Proof of licensure
16. Copy of a W9 for brokerage issuance of a 1099
17. Local MLS rules and policies
18. Disclosure to principal
19. Consent by the principal
20. Kickbacks
21. Settlement service providers
22. 1–4 unit residential properties with a federally related loan
23. Vacant land transactions
24. Cash transactions
25. Seller financed transactions



## Section 3: Brokerage Compensation

### Issues Notebook Guide (CONTINUED)

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- 26. Commercial transactions
- 27. Affiliated Business Arrangements (ABAs) or  
Controlled Business Arrangements (CBAs)
- 28. Disclosure of the Relationship
  - Can't force the use
  - Must disclose the fees
- 29. Settlement service providers
- 30. Commercial properties
- 31. Commercial services rendered
- 32. Sales transaction
- 33. Lease transaction
- 34. Written agreement specifying services and compensation
- 35. Must be a listing agent
- 36. 30 days of closing or possession
- 37. 90 days of possession or within 60 days of non-payment
- 38. 18 months
- 39. Date of recordation
- 40. Mechanic's liens



## Revelations, Insights, Ideas & To Do List



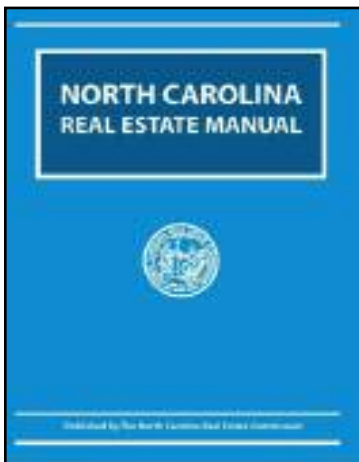
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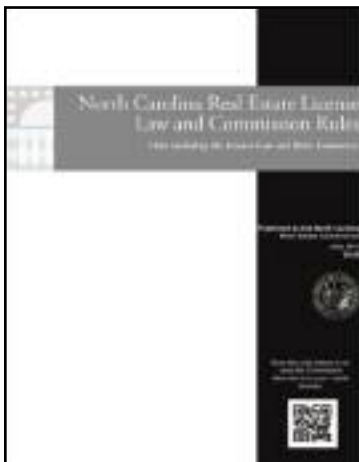


## Section 4: Specialized Types of Real Estate

### Critical Reading Information



- Pages 15–17 – Condominiums
- Page 18 – Timeshares
- Chapter 19 – Commercial Real Estate



- §GS 47C – NC Condominium Act
- §93A-40-58
- Rule A.0109 – Disclosure of Compensation



# The Basics of Condominiums in North Carolina

- Read Pages 15–17

The formal legal definition of a condominium is when the owners have a separate 1. \_\_\_\_\_ ownership of their unit and 2. \_\_\_\_\_.

Title to the common area is held as 3. \_\_\_\_\_.

In North Carolina, condominiums are regulated by the NC Condominium Act, which imposes the following requirements on the sale of new condos whether residential or commercial:

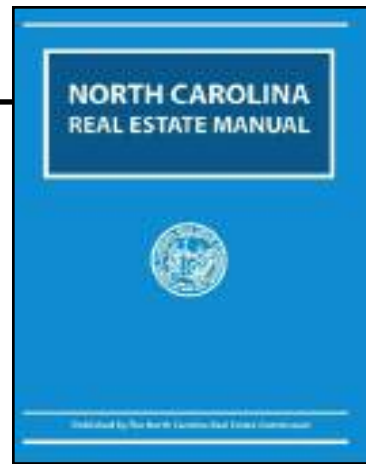
Prior to sale a 4. \_\_\_\_\_ must be disclosed to prospective buyers prior to 5. \_\_\_\_\_.

There is a mandatory 6. \_\_\_\_\_ day right of rescission. Deposits must be held in a trust account. There can be no penalty if the rescission is exercised and the money must be promptly returned.

Units are separately taxed.

There must be a 7. \_\_\_\_\_ formed prior to transfer of the first unit.

Condominium projects may create a special class of common areas that is reserved for use by one or more units. These areas are called 8. \_\_\_\_\_.



## Distinguishing Condominiums from Townhomes

- Individual ownership of exterior plus the land
- Horizontally attached
- Shared use of common areas
- Common areas are owned by the Homeowner's Association





**OWNERS' ASSOCIATION DISCLOSURE AND CONDOMINIUM RESALE STATEMENT ADDENDUM**

**NOTE:** For condominium resales or when Residential Property and Owner's Association Disclosure Statement is not required (For example: New Construction, Vacant Lot/Land) or by agreement of the parties.

Property: \_\_\_\_\_

Buyer: \_\_\_\_\_

Seller: \_\_\_\_\_

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Buyer and Seller for the Property.

For the purposes of this Addendum, "Development" means any planned community or condominium project, as defined by North Carolina law, which is subject to regulation and assessment by an owners' association.

Any representations made by Seller in this Addendum are true to the best of Seller's knowledge, and copies of any documents provided by Seller are true copies relating to the Development, to the best of Seller's knowledge. Except with regard to Confirmed Special Assessments, Seller does not warrant the accuracy, completeness, or present applicability of any representation or documents provided by Seller, and Buyer is advised to have all information confirmed and any documents substantiated during the Due Diligence Period.

1. Seller represents to Buyer that the Property is subject to the following owners' association(s) [insert N/A into any blank that does not apply]:

☐ (specify name): \_\_\_\_\_ whose regular assessments ("dues") are \$ \_\_\_\_\_ per \_\_\_\_\_. The name, address and telephone number of the president of the owners' association or the association manager are: \_\_\_\_\_

Owners' association website address, if any: \_\_\_\_\_

☐ (specify name): \_\_\_\_\_ whose regular assessments ("dues") are \$ \_\_\_\_\_ per \_\_\_\_\_. The name, address and telephone number of the president of the owners' association or the association manager are: \_\_\_\_\_

Owners' association website address, if any: \_\_\_\_\_

2. Seller represents to Buyer that the following services and amenities are paid for by the above owners' association(s) from the regular assessments ("dues"): (Check all that apply)

- ☐ Master Insurance Policy Including All Units
- ☐ Real Property Taxes on the Common Areas
- ☐ Casualty/Liability Insurance on Common Areas
- ☐ Management Fees
- ☐ Exterior Building Maintenance
- ☐ Exterior Yard/Landscaping Maintenance
- ☐ Trash Removal
- ☐ Pest Treatment/Extermination
- ☐ Legal/Accounting

- ☐ Street Lights
- ☐ Water
- ☐ Sewer
- ☐ Private Road Maintenance
- ☐ Parking Area Maintenance
- ☐ Common Areas Maintenance
- ☐ Cable
- ☐ Internet service
- ☐ Storm Water Management/Drainage/Ponds
- ☐ Gate and/or Security

☐ Recreational Amenities (specify): \_\_\_\_\_

☐ Other (specify) \_\_\_\_\_

☐ Other (specify) \_\_\_\_\_

Page 1 of 2



This form jointly approved by:  
North Carolina Bar Association  
North Carolina Association of REALTORS®, Inc.



STANDARD FORM 2A12-T  
Revised 7/2015  
© 7/2017

Buyer initials \_\_\_\_\_ Seller initials \_\_\_\_\_



3. As of this date, there are no other dues, fees or Special Assessments, Confirmed or Proposed, payable by the Development's property owners, except: \_\_\_\_\_
4. As of this date, there are no unsatisfied judgments against or pending lawsuits involving the Property, the Development and/or the owners' association, except: \_\_\_\_\_
5. The fees charged by the owners' association or management company in connection with the transfer of Property to a new owner (including but not limited to document preparation, move in/move out fees, preparation of insurance documents, statement of unpaid assessments, and transfer fees) are as follows: \_\_\_\_\_
6. Seller authorizes and directs any owners' association, any management company of the owners' association, any insurance company and any attorney who has previously represented the Seller to release to Buyer, Buyer's agents, representative, closing attorney or lender 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

The parties have read, understand and accept the terms of this Addendum as a part of the Contract.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Buyer: \_\_\_\_\_

Seller: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Buyer: \_\_\_\_\_

Seller: \_\_\_\_\_

Entity Buyer: \_\_\_\_\_

Entity Seller: \_\_\_\_\_

(Name of LLC/Corporation/Partnership/Trust/etc.)

(Name of LLC/Corporation/Partnership/Trust/etc.)

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## Transactional Issues Involving Condos



Following review of 2A12-T

List some unique issues that occur in condominium transactions?

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- Interior typically covered by policy 9. \_\_\_\_\_
- The condo 10. \_\_\_\_\_  
typically covers the common areas
- Issues may arise due to:  
11. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



- Based on factors such as vacancy, occupancy, and other factors, Fannie Mae has a Project Eligibility Service (PERS) that lenders contact.



## Timeshares in North Carolina

**Timeshare sales in North Carolina require a real estate license.**

The definition of a timeshare in NC is the sale or lease with a right to occupy the property or unit at least

12. \_\_\_\_\_ or more separate

time periods over a period of a least

13. \_\_\_\_\_ years.

Sale of a timeshare interest requires that a public offering statement disclosure be provided to

prospective buyers 14. \_\_\_\_\_

There must be a 15. \_\_\_\_\_  
prior to sale or an offer to sell or lease.

The developer must designate a licensee who is not on provisional status to act as the

16. \_\_\_\_\_. Their job is to manage and supervise the

17. \_\_\_\_\_.

A prospective buyer of a timeshare has a 18. \_\_\_\_\_ day rescission period. If the rescission time cannot be waived and if exercised the buyer cannot forfeit monies paid. Monies must be returned to the buyer in the event of rescission within

19. \_\_\_\_\_ days of the date 20. \_\_\_\_\_.

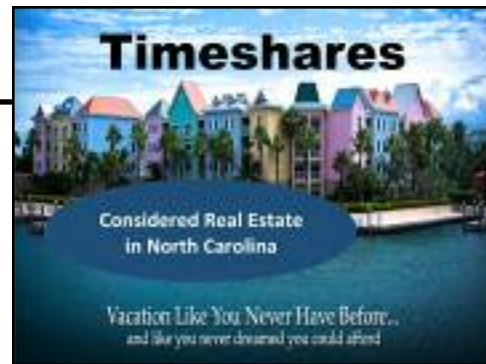
Trust account and record keeping rules are the same as they are with any broker.

The developer may be fined 21. \$\_\_\_\_\_ for non-compliance and violations.

Trust accounts and record keeping are the same as for any broker.

Retain records 22. \_\_\_\_\_ years.

Make deposits within 23. \_\_\_\_\_ days.







## Manufactured and Modular Housing

NC Real Estate Manual Page 8

Manufactured homes are by definition

24. \_\_\_\_\_

\_\_\_\_\_



Modular homes by definition are delivered in sections and assembled on the site. Once these homes are assembled they become. 25. \_\_\_\_\_ immediately.

Manufactured homes are:

- Built to HUD standards with a HUD certification label
- Titled and regulated by the Department of Motor Vehicles (DMV)

They can be converted to real property for taxation and financing purposes if:

26. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Some lenders and loan products such as FHA and VA may require a permanent foundation.

PMI is difficult to obtain on loans over 80%.



## Particular Transaction Issues Involving Manufactured Housing

Classroom Discussion



## Concepts of Commercial Real Estate

No special licensure or additional education is required for a North Carolina real estate broker to practice commercial real estate.



### The Nonresident Limited Commercial Broker's License

Only available to

27. \_\_\_\_\_ of  
North Carolina.

Must have an active license

28. \_\_\_\_\_.

Requirements to obtain the license:

29. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## Climbing Training

Make a list of the various types of commercial property and different areas and niches of commercial practice.



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## Basic Differences Between Commercial & Residential Real Estate

Transaction times in commercial are often

30. \_\_\_\_\_

Loan terms in commercial are typically 31. \_\_\_\_\_

Interest rates in commercial are generally 32. \_\_\_\_\_



### Classroom Discussion

What types of issues have you experienced with commercial properties?

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List 5 basic types of commercial property:

33. \_\_\_\_\_

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## Dealing with Office Type Properties

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CLASS A means: 34.

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CLASS B means: 35.

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CLASS C means: 36.

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# Negotiating the Amenities of Office Space

In groups, write down the type of office space and the space considerations you think would be important to each of the following office tenants.

Major law firm

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Real estate office

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Call center

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Doctor’s office

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Military recruiting center

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## Learning to Master Office Building Terminology

Complete the definitions for each of the following terms:



Core area:

37. \_\_\_\_\_  
\_\_\_\_\_

Rentable area:

38. \_\_\_\_\_  
\_\_\_\_\_

Floor plate:

39. \_\_\_\_\_  
\_\_\_\_\_

Usable area:

40. \_\_\_\_\_  
\_\_\_\_\_

Office rental rates are usually calculated and based on: 41. \_\_\_\_\_  
\_\_\_\_\_

When a commercial lease or sale involves the tenant making and paying for repairs or improvements, it is called: 42. \_\_\_\_\_

When a commercial lease or sale involves the owner making and paying for repairs or improvements, it is called: 43. \_\_\_\_\_

The following types of items are usually considered “Pass through Provisions”:

44. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If the owner pays these items for the first year and the tenant pays the amount in subsequent years that is over the base year amount, it is called:

45. \_\_\_\_\_

When analyzing the amount of space leased and available over a particular period of time, a commercial broker would provide the client or customer with:

46. \_\_\_\_\_





## Climbing Training

**Divide up into pairs. Choose one of you to be the tenant and one of you to be the owner of one of the following types of office spaces.**

Major law firm  
Call center

Real estate office  
Doctor's office

Once you have picked a category, complete the following climbing training.

The type of tenant we chose is: \_\_\_\_\_

One of you should complete the left-hand side and one of you should complete the right-hand side. Do not share what you are writing down.

### OWNER

### TENANT

How much space?

What classification of space?

What functional features  
are in the space?

What types of upfits  
are necessary or will be provided?

What types of tenant improvements  
will need to be made?

What pass through provisions exist?

What other amenities and  
space considerations?

Who pays for what?

Now negotiate the differences between your two lists!



## Key Factors that Affect Commercial Retail Space

Make a list of key factors that affect commercial retail space:

47. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

There is no universally accepted standard for measuring of leasing retail space, but is usually leased:

48. \_\_\_\_\_

When dealing with industrial space, environmental issues are generally a major concern and sale or lease may involve environmental impact studies. Identify the nature of each of the following:

Phase I 49. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phase II 50. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phase III 51. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_







## Identifying Needs & Desires in Commercial Real Estate

With a partner, pick a non-office type of business. Chose the category of commercial real estate to which it belongs and list the concerns, needs, and desires associated with the commercial property your business will need to thrive.

Name of Your Business \_\_\_\_\_

Type of Commercial Property \_\_\_\_\_

What is important in terms of location?

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What is important in terms of the physical features of the space?

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---

What issues surround CAMs?

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---

What amenities do you need?

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What are your signage, marketing and advertising concerns?

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---

What types of upfits and tenant improvements will be necessary?

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---

What are your concerns regarding linkages?

---

---

Are there potential zoning and land use issues?

---

---



## Climbing Training

**Make a plan to reach new heights. What type of activities or training would help you develop commercial practice expertise?**

[illegible]





## Resources for Commercial Agents

What resources have you found valuable?

What will you use and explore? Why?

Advanced education and designations for the commercial broker are available through several organizations. The following is a list of organizations with their respective designation after their name. The more education a broker can obtain within the commercial brokerage practice will only aid in the success of the broker within the commercial field.

CCIM Institute (CCIM®)	<a href="http://www.ccim.com">www.ccim.com</a>
Counselors of Real Estate (CRE®)	<a href="http://www.cre.org">www.cre.org</a>
Institute of Real Estate Management (CPM®)	<a href="http://www.irem.org">www.irem.org</a>
REALTORS® Land Institute (ALC®)	<a href="http://www.rliland.com">www.rliland.com</a>
Society of Industrial & Office REALTORS® (SIOR®)	<a href="http://www.sior.com">www.sior.com</a>
NAR®	<a href="http://www.realtor.org">www.realtor.org</a>
REALTORS® Commercial Alliance	<a href="http://www.realtor.org/rca">www.realtor.org/rca</a>
International Council of Shopping Centers	<a href="http://www.icsc.org">www.icsc.org</a>
Building Owners & Managers Association (RPA®)	<a href="http://www.boma.org">www.boma.org</a>
Urban Land Institute	<a href="http://www.uli.org">www.uli.org</a>
Commercial Real Estate Women	<a href="http://www.nncrew.org">www.nncrew.org</a>



## Commercial Purchase Contracts & Valuations

There is a lot of variety and customization of commercial purchase contracts.

A common practice is to use 52. \_\_\_\_\_ before a final purchase contract is put together by the parties.

Commercial purchase contracts usually contain an inspection period. When dealing with commercial property this is known as a 53.\_\_\_\_\_.



## Student Notes

[illegible]



## Rules Concerning Broker Price Opinions



Estimates of the probable selling price can be performed by any North Carolina broker as a

54. \_\_\_\_\_.

Provisional brokers can perform a BPO, but they cannot do so for a

55. \_\_\_\_\_.

In preparing a BPO, a North Carolina broker should do all of the following:

56. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In preparing a BPO a North Carolina broker should NOT:

57. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

When valuing an income-producing property, the best appraisal approach to utilize would be the 58. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## Intro to Cash Flow Analysis



### Potential Gross Income

- Vacancy
- Collection losses
- + Additional income

### = Effective Gross Income

- Operating expenses

### = Net Operating Income

- Debt service
- Capital expenditures
- Reserves
- Commissions

### = Cash Flow Before Taxes

**\$100,000 (Gross)**

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

**= \$80,000 (Effective)**

- 20,000 - Operating

**= \$60,000 (NOI)**

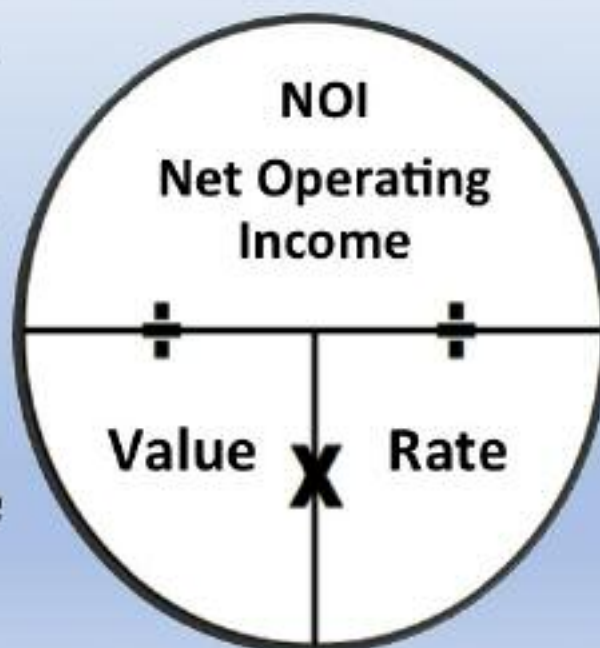
- 30,000 - Debt Service
- 5,000 - Capital Exp.
- 5,000 - Reserves

**= \$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**







## Cap Rate Problems & Practical Exercises

### Practical Applications in Working with Capitalization Rates

1. Sam, an investor, has been looking for small office buildings. He has discovered that the following ones of similar size and quality have sold near to the location where he has been searching:

- 3-story office building, producing NOI of \$68,000, price \$972,000
- 2-story office building, producing NOI of \$58,000, price \$967,000
- 10-unit office building, producing NOI of \$71,000, price \$1,420,000

Given these sales, what is the average cap rate for these types of office buildings in the area where Sam is looking?

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2. Given the average cap rates that Sam has found in the market, a similar 4-story office building produces NOI of \$93,000. What is the value of the building?

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3. Betty owns and manages a shopping center. Betty knows that similar type centers have a market cap rate of 4%. Currently, Betty's center produces gross income of \$1,500,000, and she has operating expenses of \$800,000. Based on this information, what is the value of Betty's center? If Betty wants her center to justify a \$20,000,000 value, what must she achieve as the NOI for the center? How would she do that?

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4. Bill, an investor, is looking to achieve a cap rate of 7%. If a property produces \$24,000 in NOI, what is the maximum amount that Bill would be willing to invest in that property?

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## Climbing Training (CONTINUED)

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### Answers to Practical Applications in Working with Capitalization Rates

1. The first building has a cap rate of 7%  
 $\$68,000 \text{ (NOI)} \div \$972,000 \text{ (Value)} = 7\%$

The second building has a cap rate of 6%  
 $\$58,000 \text{ (NOI)} \div \$967,000 \text{ (Value)} = 6\%$

The third building has a cap rate of 5%  
 $\$71,000 \text{ (NOI)} \div \$1,420,000 \text{ (Value)} = 5\%$

Therefore, the average cap rate in this particular area for these types of income-producing properties is 6%.

2. The formula is  $\text{NOI} \div \text{Cap Rate} = \text{Value}$

If Sam's cap rate is 6% and his building produces \$93,000 NOI, then the value of the building is \$1,550,000.

$$\$93,000 \div 6\% = \$1,550,000$$



3. In order to calculate Betty's cap rate, you must first calculate NOI. Gross income of \$1,500,000 – \$800,000 (Operating Expenses) = \$700,000 NOI.

At \$700,000 NOI with a market cap rate of 4%, the value of Betty's building is currently \$17,500,000.

$$\$700,000 \text{ NOI} \div 4\% = \$17,500,000.$$

If she wants to justify \$20,000,000 with a market cap rate of 4%, then the building will need to produce NOI of \$800,000.

$$\$20,000,000 \times 4\% = \$800,000.$$

She is producing \$700,000 NOI currently. Therefore, Betty needs to increase NOI by \$100,000. She could accomplish that by increasing rents or reducing expenses.

4. The formula is  $\text{NOI} \div \text{Cap Rate} = \text{Value}$ .

$$\$24,000 \div 7\% = \$342,875.14$$

That is the most that the investor would pay because it represents the value of the building.



## Taxation on Commercial Property

---

Real estate that has not been an owner-occupied residence for

59. \_\_\_\_\_ prior to sale is subject to

60. \_\_\_\_\_.

Property that is used in a trade or business may qualify for a tax credit in the form of

61. \_\_\_\_\_.

When an investor seeks to sell a property that is subject to capital gains tax and invests the money in another real estate investment, they may elect to defer the tax by using a

62. \_\_\_\_\_.

A tax-deferred exchange can never be utilized when dealing with

63. \_\_\_\_\_ property.

In completing an exchange, a real estate licensee should know that:

64. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any funds that the investor/owner retains and does not reinvest are taxable. These funds are referred to as: 65. \_\_\_\_\_





## Managing a Market Center Practical Exercise

Using the attached Market Center floor plan, choose potential tenants for the available space. You can choose multiple tenants or a single tenant for the space. There are no rules. You can combine spaces, move walls, plan doorways and even expand spaces. However, for each proposed change that you make, you must list and analyze the considerations and issues that will be created by your decisions.

For each tenant that you choose, identify and assess the following:

- Your reasons for choosing that particular tenant
- Any special space considerations that would be important to that tenant
- Upfits that you would be willing to make
- Tenant improvements that you would allow
- Lease considerations and special lease provisions for that particular tenant
- The handling of common area maintenance, building services, signage and marketing

You are not limited to the following list of tenants. You can choose any tenants and even theme your center. You may design your center in any way that you choose so long as you identify the factors and considerations that went in to your choices.

The following list of tenants is provided only to give you some idea of the approximate space needs that particular tenants or businesses might require.

Harris Teeter: 60,000 – 64,000 SF  
 Starbucks: 1,500 SF  
 Fast Food in Mall Setting: 1,500 – 2,500 SF  
 Sit-Down Dining: 3,500 SF  
 Walmart: 105,000 – 260,000 SF  
 Big Lots: 25,000 – 35,000 SF  
 Convenience Store: 2,500 – 2,800 SF  
 Fashion & Apparel: 5,000 SF  
 Center Office Space: 1,200 – 1,500 SF

Apple Store: 8,500 SF  
 Lowes/Home Depot: 100,000 SF  
 Game Stop: 1,200 SF  
 Walgreens: 14,000 SF  
 Whole Foods: 35,000 – 50,000 SF  
 Verizon: 2,000 – 4,500 SF  
 Panera Bread: 4,000 SF  
 Fast Food Free Standing: 4,000 SF  
 Small Specialty Shop: 1,000 SF

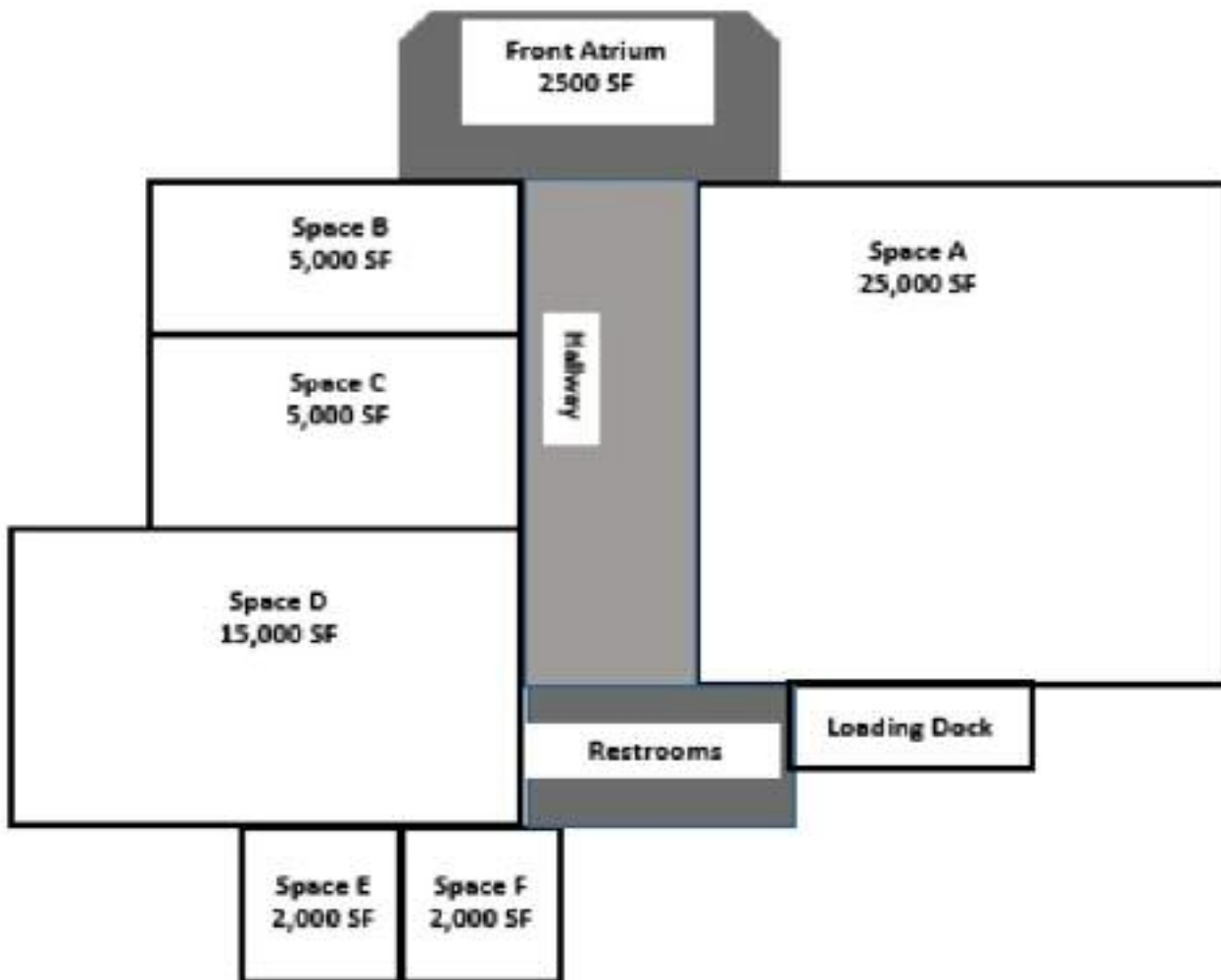
Name of Center

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## Climbing Training (CONTINUED)

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## Section 4: Specialized Types of Real Estate Notebook Guide

1. Fee simple ownership of unit
2. Shared ownership of common area
3. Tenant in common
4. Public offering statement
5. Prior to purchase contract
6. 7 day
7. Unit owner's association
8. Limited common areas
9. HO6 owner's "walls in" coverage
10. Condo master policy
11. Adequacy of coverage
  - Solvency of condo association
  - Claims history
  - Safety and health issues
12. 5 or more
13. At least 5 years
14. Provided prior to contract
15. Certificate of registration
16. Project broker
17. Timeshare salespersons
18. 5 days
19. 30 days
20. From the date the contract was executed
21. \$500
22. 3 years
23. 3 days
24. Personal property



## Section 4: Specialized Types of Real Estate Notebook Guide (CONTINUED)

---

- 25. Real property
- 26. Own the land
  - Remove hitch, wheels, and axles
  - Get an Affidavit of Affixture (cancels the DMV registration)
- 27. Non-resident
- 28. In another state
- 29. File an application
  - Affiliate with an NC broker
  - Limited to commercial practice
- 30. Longer
- 31. Shorter
- 32. Higher
- 33. Office
  - Retail
  - Industrial
  - Land
  - Specialty properties
- 34. No more than 20 years old, modern features, well maintained, excellent quality
- 35. 20–30 years old, maintained and function, some limitations such as parking and location
- 36. Older than 30 years, serious limitations, lack of maintenance, parking, security
- 37. Area used up for building functions, lobbies, elevators, stairs, restrooms
- 38. Includes the usable area plus the core area (aka: rentable square footage)
- 39. Area of each floor determined by measuring along the exterior walls
- 40. The floor plate minus the core area
- 41. Per square foot for the rentable area
- 42. Tenant improvements
- 43. Upfits
- 44. Taxes
  - Insurance
  - Maintenance
- 45. Net lease with a base year stop



## Section 4: Specialized Types of Real Estate Notebook Guide (CONTINUED)

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- 46. Absorption studies
- 47. Location
  - Area demographics
  - Traffic patterns
  - Income levels
  - Growth
  - Trends
- 48. Square foot as an annual dollar amount
- 49. Research and due diligence
- 50. Core drilling, samples, testing
- 51. Remediation and clean up
- 52. Letters of intent
- 53. 10-day free look period
- 54. Broker price opinions (BPOs)
- 55. NOT for a fee
- 56. Use reasonable care
  - Utilize both sales and income approaches
  - Derive values from CAP rates
- 57. Don't call it an appraisal
  - Don't call it market value
  - Don't disclaim as "site unseen," meaning visit the property
- 58. Income approach
- 59. 2 out of the last 5 years
- 60. Capital gains tax
- 61. Depreciation
- 62. 1031 Tax Deferred Exchange
- 63. Like kind meaning more real estate
- 64. Use an exchanger to hold and reinvest money
  - Strict timelines are involved
  - Owner may not touch the money
- 65. Boot



## Revelations, Insights, Ideas & To Do List



1. 

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2. 

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3. 

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4. 

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5. 

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6. 

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7. 

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8. 

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**MODULE 3: PROPERTY MANAGEMENT & RENTALS**



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**MODULE 3: PROPERTY MANAGEMENT & RENTALS**





## Section 5: Property Management & Leasing





## Types of Leases

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Although we refer to all of the following as different types of leases, any lease may combine these concepts or provisions into a hybrid lease.

A fixed rent lease is also known as a 1. \_\_\_\_\_ and is typically used when dealing with 2. \_\_\_\_\_ property.

In a gross lease, the 3. \_\_\_\_\_ pays all of the expenses including the maintenance, taxes, and insurance.

Instead of a gross lease, most commercial rentals use a 4. \_\_\_\_\_.

In a net lease the 5. \_\_\_\_\_ is responsible for paying the:

6. \_\_\_\_\_.

A lease that has rent increases or decreases that occur at set intervals is called a

7. \_\_\_\_\_. The provisions in these leases that describe and define the increases or decreases are called:

8. \_\_\_\_\_.

A lease that has rent increases or decreases that are uncertain and may or may not change based on previously determined indices is called an:

9. \_\_\_\_\_.

When the lease contains a fixed amount plus a percentage of the gross income or sales, it is referred to as a: 10. \_\_\_\_\_. These types of leases are

most commonly found in the rental of 11. \_\_\_\_\_.

All of the following are characteristics of a ground lease:

12. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Under a typical ground lease the lessee does not typically get the rights to:

13. \_\_\_\_\_.

In North Carolina, there are special rules and requirements for oil, gas, and mineral leases.

All of the following are required in North Carolina:

14. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

A lease that includes the payment of maintenance, janitorial, landscaping, security, or other services is called a 15. \_\_\_\_\_.



## Assignment & Termination of Leases

Leasing and subleasing are permitted; however, when a lease is assigned:

The 16. \_\_\_\_\_ becomes 17. \_\_\_\_\_ liable and the 18. \_\_\_\_\_ is 19. \_\_\_\_\_ liable.

All of the following are ways in which leases can be terminated:

20. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

When a leased property is sold, the lease travels with the property and must be honored by

21. \_\_\_\_\_



North Carolina has a special provision that exists when a tenant who is a sole occupant dies.

The landlord may file an Affidavit of Possession with proof of a death certificate and regain possession to the premises.



The landlord must retain the personal property for 22. \_\_\_\_\_ days.



## Practical Application of Leasing Provisions & Concepts



How would you utilize these different lease provisions in regard to the market center and space you designed in the previous section?

Space & Tenant

Special Lease Provisions

Why?

Space A

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Space B

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Space C

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Space D

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Space E

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Space F

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# The North Carolina Residential Rental Agreement Act



## The North Carolina Version of a Landlord Tenant Act

The provisions of the Residential Rental Agreements Act cannot be waived and apply to all landlords who provide residential real estate rentals in North Carolina.

Definition of a “Landlord” include all of the following in North Carolina:

23. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

A landlord’s basic obligations under the Act are to keep the premises in a

24. \_\_\_\_\_ condition.

Landlords must install 25. \_\_\_\_\_ in every unit.

Landlords must install 26. \_\_\_\_\_ in every unit that has an attached garage or a fossil fuel appliance.

The 27. \_\_\_\_\_ is responsible for installing new batteries at the beginning of a tenancy and the 28. \_\_\_\_\_ is responsible for replacing batteries during the lease.

In the event of an emergency, the landlord has 29. \_\_\_\_\_ access to the premises. For all other repairs and inspection, the landlord has 30. \_\_\_\_\_ access to the premises.

The tenant’s basic obligations under the Act are to:

31. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



## The Eviction Process in North Carolina



The only way to regain possession of premises is through a judicial legal process:

A landlord gets a right to a hearing within 32. \_\_\_\_\_ days with a right to have a decision made on the day of the hearing.

A writ must be issued to the sheriff within 33. \_\_\_\_\_ days of the hearing.

A landlord must hold the personal property of a tenant for 34. \_\_\_\_\_ days if the property is valued over \$500 and for 35. \_\_\_\_\_ if it is valued under \$500.

A tenant has a 12 month defense to an eviction when they have asserted a legal right. This prohibits 36. \_\_\_\_\_ in North Carolina.



## Protection of Certain Tenants

### Victims of Domestic Violence

- May request landlord to change the locks within 37. \_\_\_\_\_ hours.  
The tenant is responsible for the cost.
- May terminate a lease early if they have a 38. \_\_\_\_\_  
and must give 39. \_\_\_\_\_ notice to landlord.

### Military Personnel

Members of the military may terminate a lease with 30 days notice due to the following:

40. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



### Tenant Security Deposit Act

All tenant security deposits in NC must be deposited in a 41. \_\_\_\_\_, although a private owner who is not a licensee may obtain a bond.

Licensees who own their own property are not entitled to a bond. If a licensee has rentals, they must hold the security deposits in a 42. \_\_\_\_\_ that is separate from the trust account they may use for 43. \_\_\_\_\_.

The maximum amount that can be collected as a security deposit depends on the length of the lease.

For leases of a weekly term, the maximum deposit is 44. \_\_\_\_\_

For leases of a monthly term, the maximum deposit is 45. \_\_\_\_\_

For leases longer than a month, the maximum deposit is 46. \_\_\_\_\_



## Tenant Security Deposit Act (CONTINUED)

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All trust accounts must meet the following requirements regarding the bank:

47. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Pet deposits are legal in North Carolina and can either be refundable or non-refundable. However, “pet” deposits can never be charged for either of the following because they are not “pets.”

48. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All security deposits must be deposited within 49. \_\_\_\_\_ banking days. Deductions must be itemized and returned within 50. \_\_\_\_\_ days or the tenant is entitled to 51. \_\_\_\_\_ damages.

ONLY the following may be deducted from security deposits:

52. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The maximum amount that can be collected as a late fee on rent is

53. \_\_\_\_\_

Landlords are permitted to collect the following fees in addition to attorney fees and court costs in the event of an eviction:

Complaint filing fee in the amount of 54. \_\_\_\_\_

Court appearance fee in the amount of 55. \_\_\_\_\_

Second hearing or trial fee in the amount of 56. \_\_\_\_\_





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 the right side, suggesting it's resting on a surface. There is no handwriting or other markings on the paper.



## 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 guide for writing. There are no margins, text, or other markings on the paper.



## RESIDENTIAL RENTAL CONTRACT

RESIDENT: \_\_\_\_\_ ("Tenant")

OWNER: \_\_\_\_\_ ("Landlord")

REAL ESTATE MANAGEMENT FIRM: \_\_\_\_\_ ("Agent")

PREMISES: City: \_\_\_\_\_ County: \_\_\_\_\_ State of North Carolina

☐ Street Address: \_\_\_\_\_ Zip Code: \_\_\_\_\_

☐ Apartment Complex: \_\_\_\_\_ Apartment No. \_\_\_\_\_

☐ Other Description (Room, portion of above address, etc.): \_\_\_\_\_

INITIAL TERM: Beginning Date of Lease: \_\_\_\_\_ Ending Date of Lease: \_\_\_\_\_

RENT: \$ \_\_\_\_\_ PAYMENT PERIOD: ☐ monthly ☐ weekly ☐ yearly ☐ other: \_\_\_\_\_

LATE PAYMENT FEE: \$ \_\_\_\_\_ OR \_\_\_\_\_ % of rental payment, whichever is greater

(State law provides that the late fee may not exceed \$15.00 or five percent (5%) of the rental payment, whichever is greater.)

RETURNED CHECK FEE: \$ \_\_\_\_\_ (The maximum processing fee allowed under State law is \$25.00.)

SECURITY DEPOSIT: \$ \_\_\_\_\_ to be deposited with: (check one) ☐ Landlord ☐ Agent

LOCATION OF DEPOSIT: (insert name of bank): \_\_\_\_\_

BANK ADDRESS: \_\_\_\_\_

FEEs FOR COMPLAINT FOR SUMMARY EJECTMENT AND/OR MONEY OWED (See paragraph 17) (NOTE: Landlord may charge and retain only one of the following fees in addition to any court costs):

- COMPLAINT-FILING FEE: \$ \_\_\_\_\_ OR \_\_\_\_\_ % of rental payment, whichever is greater (Fee may not exceed \$15.00 or five percent (5%) of the rental payment, whichever is greater.)
- COURT APPEARANCE FEE: \_\_\_\_\_ % of rental payment (Fee may not exceed ten percent (10%) of the rental payment.)
- SECOND TRIAL FEE: \_\_\_\_\_ % of rental payment (Fee may not exceed twelve percent (12%) of the rental payment.)

PERMITTED OCCUPANTS (in addition to Tenant): \_\_\_\_\_

CONTACT PERSON IN EVENT OF DEATH OR EMERGENCY OF TENANT (name and contact information): \_\_\_\_\_

IN CONSIDERATION of the promises contained in this Agreement, Landlord, by and through Agent, hereby agrees to lease the Premises to Tenant on the following terms and conditions:

**1. Termination and Renewal:** EITHER LANDLORD OR TENANT MAY TERMINATE THE TENANCY AT THE EXPIRATION OF THE INITIAL TERM BY GIVING WRITTEN NOTICE TO THE OTHER AT LEAST \_\_\_\_\_ DAYS PRIOR TO THE EXPIRATION DATE OF THE INITIAL TERM. IN THE EVENT SUCH WRITTEN NOTICE IS NOT GIVEN OR IF THE TENANT HOLDS OVER BEYOND THE INITIAL TERM, THE TENANCY SHALL AUTOMATICALLY BECOME A \_\_\_\_\_ (PERIOD) TO \_\_\_\_\_ (PERIOD) TENANCY UPON THE SAME TERMS AND CONDITIONS CONTAINED HEREIN. THEREAFTER, THE TENANCY MAY BE TERMINATED BY EITHER LANDLORD OR TENANT GIVING THE OTHER \_\_\_\_\_ DAYS WRITTEN NOTICE PRIOR TO THE LAST DAY OF THE FINAL PERIOD OF THE TENANCY. (EXAMPLE: Assume tenancy is a calendar month-to-month tenancy and 30 days advance written notice of termination is required. Tenant desires to terminate lease at the end of the April period of the tenancy. Tenant would be required to give landlord written notice no later than March 31<sup>st</sup>. If the written notice of termination were to be given to the Landlord on the 10th of April, the notice would be effective to terminate the lease at the end of May rather than the end of April, since the monthly periods of the tenancy expire on the last day of the month and the notice was not given 30 days prior to the end of April.)



North Carolina Association of REALTORS®, Inc.

Tenant Initials \_\_\_\_\_ Landlord Initials \_\_\_\_\_

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2. **Rent:** Tenant shall pay the Rent, without notice, demand or deduction, to Landlord or as Landlord directs. The first Rent payment, which shall be prorated if the Initial Term commences on a day other than the first day of the Payment Period, shall be due on \_\_\_\_\_ (date). Thereafter, all rentals shall be paid in advance on or before the **FIRST** day of each subsequent Payment Period for the duration of the tenancy, and shall be considered late if not paid on or before such date.

3. **Late Payment Fees and Returned Check Fees:** Tenant shall pay the Late Payment Fee if any rental payment is five (5) days or more late. *This late payment fee shall be due immediately without demand therefor and shall be added to and paid with the late rental payment. Tenant also agrees to pay the Returned Check Fee for each check of Tenant that is returned by the financial institution because of insufficient funds or because the Tenant did not have an account at the financial institution.*

4. **Tenant Security Deposit:** The Security Deposit shall be administered in accordance with the North Carolina Tenant Security Deposit Act (N.C.G.S. § 42-50 et. seq.). IT MAY, IN THE DISCRETION OF EITHER THE LANDLORD OR THE AGENT, BE DEPOSITED IN AN INTEREST-BEARING ACCOUNT WITH THE BANK OR SAVINGS INSTITUTION NAMED ABOVE. ANY INTEREST EARNED UPON THE TENANT SECURITY DEPOSIT SHALL ACCRUE FOR THE BENEFIT OF, AND SHALL BE PAID TO, THE LANDLORD, OR AS THE LANDLORD DIRECTS. SUCH INTEREST, IF ANY, MAY BE WITHDRAWN BY LANDLORD OR AGENT FROM SUCH ACCOUNT AS IT ACCRUES AS OFTEN AS IS PERMITTED BY THE TERMS OF THE ACCOUNT.

Upon any termination of the tenancy herein created, the Landlord may deduct from the Tenant Security Deposit amounts permitted under the Tenant Security Deposit Act. If there is more than one person listed above as Tenant, Agent may, in Agent's discretion, pay any balance of the Tenant Security Deposit to any such person, and the other person(s) agree to hold Agent harmless for such action. If the Tenant's address is unknown to the Landlord, the Landlord may deduct any permitted amounts and shall then hold the balance of the Tenant Security Deposit for the Tenant's collection for a six-month period beginning upon the termination of the tenancy and delivery of possession by the Tenant. If the Tenant fails to make demand for the balance of the Tenant Security Deposit within the six-month period, the Landlord shall not thereafter be liable to the Tenant for a refund of the Tenant Security Deposit or any part thereof.

If the Landlord removes Agent or Agent resigns, the Tenant agrees that Agent may transfer any Tenant Security Deposit held by Agent hereunder to the Landlord or the Landlord's designee and thereafter notify the Tenant by mail of such transfer and of the transferee's name and address. The Tenant agrees that such action by Agent shall relieve Agent of further liability with respect to the Tenant Security Deposit. If Landlord's interest in the Premises terminates (whether by sale, assignment, death, appointment of receiver or otherwise), Agent shall transfer the Tenant Security Deposit in accordance with the provisions of North Carolina General Statutes § 42-54.

5. **Tenant's Obligations:** Unless otherwise agreed upon, the Tenant shall:

- (a) use the Premises for residential purposes only and in a manner so as not to disturb the other tenants;
- (b) not use the Premises for any unlawful or immoral purposes or occupy them in such a way as to constitute a nuisance;
- (c) keep the Premises, including but not limited to all plumbing fixtures, facilities and appliances, in a clean and safe condition;
- (d) cause no unsafe or unsanitary condition in the common areas and remainder of the Premises used by him;
- (e) comply with any and all obligations imposed upon tenants by applicable building and housing codes;
- (f) dispose of all ashes, rubbish, garbage, and other waste in a clean and safe manner and comply with all applicable ordinances concerning garbage collection, waste and other refuse;
- (g) use in a proper and reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air conditioning, and other facilities and appliances, if any, furnished as a part of the Premises;
- (h) not deliberately or negligently destroy, deface, damage or remove any part of the Premises (including all facilities, appliances or fixtures) or permit any person, known or unknown to the Tenant, to do so;
- (i) pay the costs of all utility services to the Premises which are billed directly to the Tenant and not included as a part of the rentals, including, but not limited to, water, electric, telephone, and gas services;
- (j) conduct himself and require all other persons on the Premises with his consent to conduct themselves in a reasonable manner and so as not to disturb other tenants' peaceful enjoyment of the Premises;
- (k) not abandon or vacate the Premises during the Initial Term or any renewals or extensions thereof. Tenant shall be deemed to have abandoned or vacated the Premises if Tenant removes substantially all of his possessions from the Premises; and
- (l) \_\_\_\_\_



**6. Landlord's Obligations:** Unless otherwise agreed upon, the Landlord shall:

- (a) comply with the applicable building and housing codes to the extent required by such building and housing codes;
- (b) make all repairs to the Premises as may be necessary to keep the Premises in a fit and habitable condition; provided, however, in accordance with paragraph 11, the Tenant shall be liable to the Landlord for any repairs necessitated by the Tenant's intentional or negligent misuse of the Premises;
- (c) keep all common areas, if any, used in conjunction with the Premises in a clean and safe condition;
- (d) promptly repair all facilities and appliances, if any, as may be furnished by the Landlord as part of the Premises, including electrical, plumbing, sanitary, heating, ventilating, and air conditioning systems, provided that the Landlord, except in emergency situations, actually receives notification from the Tenant in writing of the needed repairs; and
- (e) within a reasonable period of time based upon the severity of the condition, repair or remedy any imminently dangerous condition on the Premises after acquiring actual knowledge or receiving notice of the condition. Notwithstanding Landlord's repair or remedy of any imminently dangerous condition, Landlord may recover from Tenant the actual and reasonable costs of repairs that are the fault of Tenant.

**7. Utility Bills/Service Contracts:** Landlord and Tenant agree that utility bills and service contracts ("Service Obligations") for the Premises shall be paid by the party indicated below as to each Service Obligation. The party agreeing to be responsible for payment of a Service Obligation agrees to timely pay the applicable Service Obligation, including any metering, hook-up fees or other miscellaneous charges associated with establishing, installing and maintaining such utility or contract in that party's name. Within thirty (30) days of the Beginning Date of this Lease, Tenant shall provide Landlord with a copy of any requested information about any Service Obligation for which Tenant has agreed to be responsible. Any Service Obligation not designated below shall be the responsibility of Tenant unless the parties agree otherwise in writing.

Service obligation	Landlord	Tenant	N/A
Sewer/Septic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electric	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trash disposal/dumpster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawn Maintenance	<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"/>



**8. Smoke and Carbon Monoxide Alarms:** Pursuant to North Carolina General Statutes § 42-42, the Landlord shall provide operable smoke alarms, either battery-operated or electrical. If the Premises has a fossil-fuel burning heater, appliance, or fireplace, or an attached garage, the Landlord shall provide and install a minimum of one operable carbon monoxide alarm per level in the Premises, either battery operated or electrical. The Tenant shall notify the Landlord, in writing, of the need for replacement of or repairs to a smoke or carbon monoxide alarm. The Landlord shall replace or repair the smoke or carbon monoxide alarm within 15 days of receipt of notification if the Landlord is notified of needed replacement or repairs in writing by the Tenant. The Landlord shall ensure that a smoke or carbon monoxide alarm is operable and in good repair at the beginning of the Initial Term of the Tenancy.

The Landlord shall place new batteries in any battery-operated smoke or carbon monoxide alarms at the beginning of the Initial Term of the tenancy **and the Tenant shall replace the batteries as needed during the tenancy**, except where the smoke alarm is a tamper-resistant, 10-year lithium battery smoke alarm.

**9. Rules and Regulations:**

**(a) Landlord Rules and Regulations:** The Tenant, his family, servants, guests and agents shall comply with and abide by all the Landlord's existing rules and regulations and such future reasonable rules and regulations as the Landlord may, at Landlord's discretion, from time to time, adopt governing the use and occupancy of the Premises and any common areas used in connection with them (the "Rules and Regulations"). Landlord reserves the right to make changes to the existing Rules and Regulations and to adopt additional reasonable rules and regulations from time to time; provided however, such changes and additions shall not alter the essential terms of this lease or any substantive rights granted hereunder and shall not become effective until thirty (30) days' written notice thereof shall have been furnished to Tenant. A copy of the existing Rules and Regulations are attached hereto and the Tenant acknowledges that he has read them. The Rules and Regulations shall be deemed to be a part of this lease giving to the Landlord all the rights and remedies herein provided.

**(b) ☐ (check if applicable) Owner Association Rules and Regulations:** The Premises are subject to regulation by the following owners/condo association:

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

Tenant agrees to abide by any applicable owners' association regulations as they now exist or may be amended.

**10. Right of Entry:** Landlord hereby reserves the right to enter the Premises during reasonable hours for the purpose of (1) inspecting the Premises and the Tenant's compliance with the terms of this lease; (2) making such repairs, alterations, improvements or additions thereto as the Landlord may deem appropriate; and (3) showing the Premises to prospective purchasers or tenants. Landlord shall also have the right to display "For Sale" or "For Rent" signs in a reasonable manner upon the Premises. Tenant acknowledges and understands that in the case of an emergency, the Landlord may need to enter the Premises at any hour to cause repairs to be made to preserve or prevent further damage from occurring to the Premises, and the Tenant agrees to cooperate reasonably with the Landlord in the event of any such emergency.

**11. Damages:** Tenant shall be responsible for all damage, defacement, or removal of any property inside a dwelling unit in the Tenant's exclusive control unless the damage, defacement or removal was due to ordinary wear and tear, acts of the Landlord or the Landlord's agent, defective products supplied or repairs authorized by the Landlord, acts of third parties not invitees of the Tenant, or natural forces. Tenant agrees to pay Landlord for the cost of repairing any damage for which Tenant is responsible upon receipt of Landlord's demand therefor, and to pay the Rent during the period the Premises may not be habitable as a result of any such damage. Such damage may include but is not limited to window panes or screens damaged by Tenant, filthy ovens, refrigerators, kitchen floors, cabinets or bathrooms, drink stains on carpet, and unauthorized paint colors.

**12. Pets:** Tenant agrees not to keep or allow anywhere on or about the Premises any animals or pets of any kind, whether on a temporary basis or otherwise and whether belonging to the Tenant or anybody else, including but not limited to, dogs, cats, birds, rodents, reptiles or marine animals, unless permitted under the terms of a Pet Addendum attached to this Agreement. Tenant shall be subject to a fine of \$ \_\_\_\_\_ for any violation of this paragraph or of the terms of any Pet Addendum that may be a part of this Agreement, and Tenant agrees to pay any such fine upon receipt of Landlord's demand therefore.



**13. Alterations:** The Tenant shall not paint, mark, drive nails or screws into, or otherwise deface or alter walls, ceilings, floors, windows, cabinets, woodwork, stone, ironwork or any other part of the Premises, decorate the Premises, change or remove any existing locks or add any additional locks, or make any alterations, additions, or improvements in, to, on or about the Premises without the Landlord's prior written consent and then only in a workmanlike manner using materials and contractors approved by the Landlord. All such work shall be done at the Tenant's expense and at such times and in such manner as the Landlord may approve, and keys for any changed or additional locks shall immediately be provided to the Landlord. All alterations, additions, and improvements upon the Premises, made by either the Landlord or Tenant, shall become the property of the Landlord and shall remain upon and become a part of the Premises at the end of the tenancy hereby created.

**14. Occupants:** The Tenant shall not allow or permit the Premises to be occupied or used as a residence by any person other than Tenant and the Permitted Occupants. Tenant shall be subject to a fine of \$ \_\_\_\_\_ for any violation of this paragraph, and Tenant agrees to pay any such fine upon receipt of Landlord's demand therefor.

**15. Rental Application:** In the event the Tenant has submitted a Rental Application in connection with this lease, Tenant acknowledges that the Landlord has relied upon the Application as an inducement for entering into this Lease and Tenant warrants to Landlord that the facts stated in the Application are true to the best of Tenant's knowledge. If any facts stated in the Rental Application prove to be untrue, the Landlord shall have the right to terminate the tenancy and to collect from Tenant any damages resulting therefrom.

**16. Tenant's Duties Upon Termination:** Upon any termination of the Tenancy created hereby, whether by the Landlord or the Tenant and whether for breach or otherwise, the Tenant shall: (1) pay all utility bills due for services to the Premises for which he is responsible and have all such utility services discontinued; (2) vacate the Premises removing there from all Tenant's personal property of whatever nature; (3) properly sweep and clean the Premises, including plumbing fixtures, refrigerators, stoves and sinks, removing there from all rubbish, trash, garbage and refuse; (4) make such repairs and perform such other acts as are necessary to return the Premises, and any appliances or fixtures furnished in connection therewith, in the same condition as when Tenant took possession of the Premises; provided, however, Tenant shall not be responsible for ordinary wear and tear or for repairs required by law or by paragraph 6 above to be performed by Landlord; (5) fasten and lock all doors and windows; (6) return to the Landlord all keys to the Premises; (7) restore the level of fuel in any fuel tank used by the Tenant to its level as of the Beginning Date of the Tenancy; and (8) notify the Landlord of the address to which the balance of the Security Deposit may be returned. If the Tenant fails to sweep out and clean the Premises, appliances and fixtures as herein provided, Tenant shall become liable, without notice or demand, to the Landlord for the actual costs of cleaning (over and above ordinary wear and tear), which may be deducted from the Security Deposit as provided in paragraph 4 above.

In the event Tenant desires to terminate the Tenancy prior to the end of its term then in effect, Tenant acknowledges and understands that the Landlord will use reasonable efforts to re-rent the Premises, but that the Tenant shall remain responsible for the performance of all the Tenant's obligations under this Agreement until such time as the Landlord may be able to re-rent the Premises, unless the Landlord and the Tenant agree otherwise in writing.

**17. Tenant's Breach:**

(a) **Events Constituting Breach:** It shall constitute a breach of this Agreement if Tenant fails to:

- (i) pay the full amount of rent herein reserved as and when it shall become due hereunder; or
- (ii) perform any other promise, duty or obligation herein agreed to by him or imposed upon him by law and such failure shall continue for a period of five (5) days from the date the Landlord provides Tenant with written notice of such failure.

In either of such events and as often as either of them may occur, the Landlord, in addition to all other rights and remedies provided by law, may, at its option and with or without notice to Tenant, either terminate this lease or terminate the Tenant's right to possession of the Premises without terminating this lease.

(b) **Landlord's Right to Possession:** Regardless of whether Landlord terminates this lease or only terminates the Tenant's right of possession without terminating this lease, Landlord shall be immediately entitled to possession of the Premises and the Tenant shall peacefully surrender possession of the Premises to Landlord immediately upon Landlord's demand. In the event Tenant shall fail or refuse to surrender possession of the Premises, Landlord shall, in compliance with Article 2A of Chapter 42 of the General Statutes of North Carolina, reenter and retake possession of the Premises only through a summary ejectment proceeding.

(c) **Summary Ejectment Fees:** If a summary ejectment proceeding is instituted against Tenant, in addition to any court costs and past-due rent that may be awarded, Tenant shall be responsible for paying Landlord the relevant Complaint-Filing Fee, Court Appearance Fee or Second Trial Fee in accordance with NC General Statutes §42-46.

(d) **Acceptance of Partial Rent:** Tenant acknowledges and understands that Landlord's acceptance of partial rent or partial housing subsidy will not waive Tenant's breach of this Agreement or limit Landlord's rights to evict Tenant through a summary ejectment proceeding, whether filed before or after Landlord's acceptance of any such partial rent or partial housing subsidy.

Tenant Initials \_\_\_\_\_ Landlord Initials \_\_\_\_\_



(e) **Termination of Lease:** In the event Landlord terminates this lease, all further rights and duties hereunder shall terminate and Landlord shall be entitled to collect from Tenant all accrued but unpaid rents and any damages resulting from the Tenant's breach, including but not limited to damages for Tenant's continued occupancy of the Premises following the Landlord's termination.

(f) **Termination of Tenant's Right of Possession:** In the event Landlord terminates the Tenant's right of possession without terminating this lease, Tenant shall remain liable for the full performance of all the covenants hereof, and Landlord shall use reasonable efforts to re-let the Premises on Tenant's behalf. Any such rentals reserved from such re-letting shall be applied first to the costs of re-letting the Premises and then to the rentals due hereunder. In the event the rentals from such re-letting are insufficient to pay the rentals due hereunder in full, Tenant shall be liable to the Landlord for any deficiency. In the event Landlord institutes a legal action against the Tenant to enforce the lease or to recover any sums due hereunder, Tenant agrees to pay Landlord reasonable attorney's fees in addition to all other damages.

**18. Landlord's Default; Limitation of Remedies and Damages:** Until the Tenant notifies the Landlord in writing of an alleged default and affords the Landlord a reasonable time within which to cure, no default by the Landlord in the performance of any of the promises or obligations herein agreed to by him or imposed upon him by law shall constitute a material breach of this lease and the Tenant shall have no right to terminate this lease for any such default or suspend his performance hereunder. In no event and regardless of their duration shall any defective condition of or failure to repair, maintain, or provide any area, fixture or facility used in connection with recreation or recreational activities, including but not limited to swimming pools, club houses, and tennis courts, constitute a material breach of this lease and the Tenant shall have no right to terminate this lease or to suspend his performance hereunder. In any legal action instituted by the Tenant against the Landlord, the Tenant's damages shall be limited to the difference, if any, between the rent reserved in this lease and the reasonable rental value of the Premises, taking into account the Landlord's breach or breaches, and in no event, except in the case of the Landlord's willful or wanton negligence, shall the Tenant collect any consequential or secondary damages resulting from the breach or breaches, including but not limited to the following items: damage or destruction of furniture or other personal property of any kind located in or about the Premises, moving expenses, storage expenses, alternative interim housing expenses, and expenses of locating and procuring alternative housing.

**19. Bankruptcy:** If any bankruptcy or insolvency proceedings are filed by or against the Tenant or if the Tenant makes any assignment for the benefit of creditors, the Landlord may, at his option, immediately terminate this Tenancy, and reenter and repossess the Premises, subject to the provisions of the Bankruptcy Code (11 USC Section 101, et. seq.) and the order of any court having jurisdiction thereunder.

**20. Tenant's Insurance; Release and Indemnity Provisions:**

**(a) Personal Property Insurance (Tenant initial if applicable\*):**

\_\_\_\_\_ Tenant shall be required to obtain and maintain throughout the term of the tenancy a renter's insurance policy and to promptly provide Landlord evidence of such insurance upon Landlord's request. In addition to coverage for damage or loss to Tenant's personal property in such amount as Tenant may determine, the policy shall include coverage for bodily injury and property damage for which Tenant may be liable in the amount of \_\_\_\_\_

*\*If not initialed, Tenant shall not be required to obtain a renter's insurance policy*

(b) Whether or not Tenant is required to obtain a renter's insurance policy, Tenant shall be solely responsible for insuring any of his personal property located or stored upon the Premises upon the risks of damage, destruction, or loss resulting from theft, fire, storm and all other hazards and casualties. Regardless of whether the Tenant secures such insurance, the Landlord and his agents shall not be liable for any damage to, or destruction or loss of, any of the Tenant's personal property located or stored upon the Premises regardless of the cause or causes of such damage, destruction, or loss, unless such loss or destruction is attributable to the intentional acts or willful or wanton negligence of the Landlord.

(c) The Tenant agrees to release and indemnify the Landlord and his agents from and against liability for injury to the person of the Tenant or to any members of his household resulting from any cause whatsoever except only such personal injury caused by the negligent, or intentional acts of the Landlord or his agents.

**21. Agent:** The Landlord and the Tenant acknowledge that the Landlord may, from time to time in his discretion, engage a third party ("the Agent") to manage, supervise and operate the Premises or the complex, if any, of which they are a part. If such an Agent is managing, supervising and operating the Premises at the time this lease is executed, his name will be shown as "Agent" on the first page hereof. With respect to any Agent engaged pursuant to this paragraph, the Landlord and the Tenant hereby agree that: (1) Agent acts for and represents Landlord in this transaction; (2) Agent shall have only such authority as provided in the management contract existing between the Landlord and Agent; (3) Agent may perform without objection from the Tenant, any obligation or exercise any right of the Landlord imposed or given herein or by law and such performance shall be valid and binding, if authorized by the Landlord, as if performed by the Landlord; (4) the Tenant shall pay all rentals to the Agent if directed to do so by the Landlord; (5) except as otherwise provided by law, the Agent shall not be liable to the Tenant for the nonperformance of the obligations or



promises of the Landlord contained herein; (6) nothing contained herein shall modify the management contract existing between the Landlord and the Agent; however, the Landlord and the Agent may from time to time modify the management agreement in any manner which they deem appropriate; (7) the Landlord, may, in his discretion and in accordance with any management agreement, remove without replacing or remove and replace any agent engaged to manage, supervise and operate the Premises.

**22. Form:** The Landlord and Tenant hereby acknowledge that their agreement is evidenced by this form contract which may contain some minor inaccuracies when applied to the particular factual setting of the parties. The Landlord and Tenant agree that the courts shall liberally and broadly interpret this lease, ignoring minor inconsistencies and inaccuracies, and that the courts shall apply the lease to determine all disputes between the parties in the manner which most effectuates their intent as expressed herein. The following rules of construction shall apply: (1) handwritten and typed additions or alterations shall control over the preprinted language when there is an inconsistency between them; (2) the lease shall not be strictly construed against either the Landlord or the Tenant; (3) paragraph headings are used only for convenience of reference and shall not be considered as a substantive part of this lease; (4) words in the singular shall include the plural and the masculine shall include the feminine and neuter genders, as appropriate; and (5) the invalidity of one or more provisions of this lease shall not affect the validity of any other provisions hereof and this lease shall be construed and enforced as if such invalid provision(s) were not included.

**23. Amendment of Laws:** In the event that subsequent to the execution of this lease any state statute regulating or affecting any duty or obligation imposed upon the Landlord pursuant to this lease is enacted, amended, or repealed, the Landlord may, at his option, elect to perform in accordance with such statute, amendment, or act of repeal in lieu of complying with the analogous provision of this lease.

**24. Eminent Domain and Casualties:** The Landlord shall have the option to terminate this lease if the Premises, or any part thereof, are condemned or sold in lieu of condemnation or damaged by fire or other casualty.

**25. Assignment:** The Tenant shall not assign this lease or sublet the Premises in whole or part.

**26. Waiver:** No waiver of any breach of any obligation or promise contained herein shall be regarded as a waiver of any future breach of the same or any other obligation or promise.

**27. Joint and Several Liability:** If there are multiple persons listed as Tenant, their obligations under this Agreement shall be joint and several.

**28. Other Terms and Conditions:**

(a) If there is an Agent involved in this transaction, Agent hereby discloses to Tenant that Agent is acting for and represents Landlord.

(b) Itemize all addenda to this Contract and attach hereto:

☐ Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (form 430-T) (if Premises built prior to 1978)

☐ Maintenance Addendum (form 440-T)

☐ Pet Addendum (form 442-T)

☐ OTHER: \_\_\_\_\_

(c) The following additional terms and conditions shall also be a part of this lease: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**29. Inspection of Premises:** Within \_\_\_\_\_ days of occupying the Premises, Tenant has the right to inspect the Premises and complete a Move-in Inspection Form.

**30. Tenant Information:** Tenant acknowledges and understands that during or after the term of this Agreement, the Landlord may, at the request of third parties, provide information about Tenant or relating to the Tenancy in accordance with applicable laws.



31. **Execution; Counterparts:** When Tenant signs this lease, he acknowledges he has read and agrees to the provisions of this lease. This lease is executed in \_\_\_\_\_ (number) counterparts with an executed counterpart being retained by each party.

32. **Entire Agreement:** This Agreement contains the entire agreement of the parties and there are no representations, inducements or other provisions other than those expressed in writing. All changes, additions or deletions hereto must be in writing and signed by all parties.

33. **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 e-mail address or fax number set forth in the signature section below. Any notices required or authorized to be given hereunder or pursuant to applicable law may also be mailed or hand delivered to the Tenant at the address of the Premises and to the Landlord at the address of the Agent.

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.

LANDLORD: \_\_\_\_\_

LANDLORD: \_\_\_\_\_

BY: AGENT: \_\_\_\_\_  
[Name of real estate firm]

By: \_\_\_\_\_ Individual license # \_\_\_\_\_ Date: \_\_\_\_\_  
[Signature of authorized representative]

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

TENANT: \_\_\_\_\_ Date: \_\_\_\_\_  
[Tenant signature]

Contact information: \_\_\_\_\_  
Home Work Cell Email

TENANT: \_\_\_\_\_ Date: \_\_\_\_\_  
[Tenant signature]

Contact information: \_\_\_\_\_  
Home Work Cell Email

TENANT: \_\_\_\_\_ Date: \_\_\_\_\_  
[Tenant signature]

Contact information: \_\_\_\_\_  
Home Work Cell Email

TENANT: \_\_\_\_\_ Date: \_\_\_\_\_  
[Tenant signature]

Contact information: \_\_\_\_\_  
Home Work Cell Email



## Guide to Renting Your Own Property



What considerations would you have to keep in mind when renting out your own property? Make a checklist of policies and procedures that you would follow.

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
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3. \_\_\_\_\_  
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8. \_\_\_\_\_  
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\_\_\_\_\_



## North Carolina Vacation Rental Act

The North Carolina Vacation Rental Act applies to all landlords who rent a property that meets the following criteria:

57. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



All monies must be deposited in a 58. \_\_\_\_\_ and no bond provision is available.

Security deposits must be returned within 59. \_\_\_\_\_ days.

### Classroom Discussion

What types of issues have you experienced with commercial properties?



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## The Sale or Transfer of Vacation Rental Properties

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When they are sold it is always a 60. \_\_\_\_\_

All of the following must be disclosed to buyers:

61. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The buyer must honor all reservations which are in place for the next 62. \_\_\_\_\_ days.

Buyer has mandatory disclosures to the tenants within 20 days of closing. Must notify the tenants of:

63. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Checklist of things that the listing agent of a vacation rental property must know:

64. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Checklist of things that the buyer representative must know:

65. \_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_



## Revelations, Insights, Ideas & To Do List



1. \_\_\_\_\_  
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2. \_\_\_\_\_  
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6. \_\_\_\_\_  
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7. \_\_\_\_\_  
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8. \_\_\_\_\_  
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\_\_\_\_\_





## Section 5: Property Management & Leasing Notebook Guide

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1. Gross lease
2. Residential property
3. Landlord
4. Net lease
5. Tenant
6. Operating expenses, property taxes, insurance
7. Graduated
8. Escalator
9. Index lease
10. Percentage lease
11. Retail properties
12. Construction of buildings
  - Typically long term
  - Lessee gets to deduct rent
  - Improvements belong to landlord at lease end
13. Oil and mineral rights
14. In writing
  - Must be recorded
  - Must be disclosed on transfer
15. Full-service lease
16. Assignor
17. Primarily liable
18. Assignee
19. Secondarily liable



## Section 5: Property Management & Leasing Notebook Guide (CONTINUED)

---

- 20. Full performance
  - End of lease term
  - Mutual cancellation
  - Condemnation (eminent domain) of property
  - Failure to pay or maintain
- 21. The new owner
- 22. 90 days
- 23. Lessor of property
  - Property manager
  - Owner
  - Agents who have apparent authority
- 24. Fit and habitable condition
- 25. Smoke detectors
- 26. Carbon monoxide detectors
- 27. Landlord
- 28. Tenant
- 29. Immediate access
- 30. Reasonable access
- 31. Keep premises clean and safe
  - Dispose of waste and garbage
  - Keep fixtures clean
  - Not negligently damage the unit
  - Comply with building and housing codes
  - Be responsible for damage
  - Share responsibility for maintaining smoke and carbon monoxide detectors
- 32. 7 days
- 33. 5 days
- 34. 7 days
- 35. 5 days
- 36. Retaliatory eviction
- 37. 48 hours



## Section 5: Property Management & Leasing Notebook Guide (CONTINUED)

---

- 38. Court order of protection or restraining order
- 39. 30 days
- 40. Station change order 50 miles away
  - Involuntary or premature discharge
  - Deployed for 90 days or more
  - Death on active duty
- 41. Trust account (or bond)
- 42. Trust account
- 43. Client monies
- 44. 2 weeks
- 45. 1½ months
- 46. 2 months
- 47. Bank legally doing business in NC
  - Designated “trust” or “escrow” account
  - Be a demand account
- 48. Assistive animals
  - Service animals
- 49. 3 banking days
- 50. 30 days
- 51. Treble damages
- 52. Non-payment of rent
  - Damages caused negligently or intentionally
  - Unfulfilled lease term
  - Unpaid bills
  - Costs associated with eviction
- 53. 5% or \$15 whichever is greater
- 54. 5% or \$15 of the rent
- 55. 10% of the rent
- 56. 12% of the rent



## Section 5: Property Management & Leasing Notebook Guide (CONTINUED)

---

- 57. Residential property
  - Used for vacation, leisure, or recreation
  - Less than 90 days
  - Renter has permanent residence elsewhere
- 58. Trust or escrow account
- 59. 45 days
- 60. Material fact
- 61. Disclose all reservations
  - Provide copies of all leases
- 62. 180 days from closing
- 63. Date of sale
  - Buyer's name and address
  - Whether tenant's lease will be honored
  - Whether tenant is entitled to refund
- 64. Is the property leased?
  - Who's managing?
  - When does management agreement expire?
  - Is there a termination fee?
- 65. Dates of tenancies
  - Handling of advance funds
  - When the management agreement expires
  - What funds are in escrow



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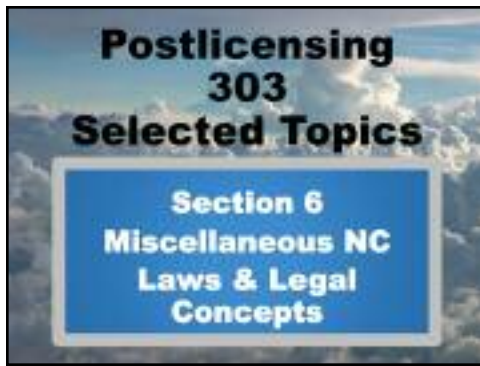
**MODULE 4: NC LAW & LEGAL CONCEPTS**



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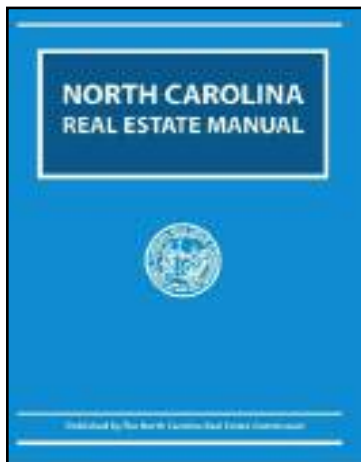
**MODULE 4: NC LAW & LEGAL CONCEPTS**



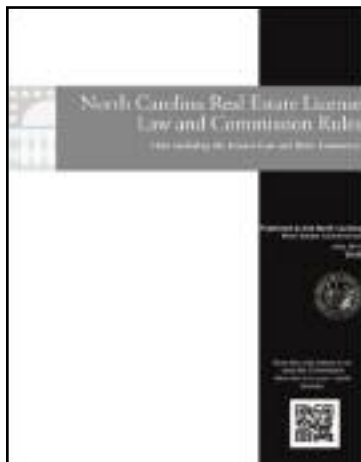


## Section 6: Miscellaneous NC Laws & Legal Concepts

### Critical Reading Information



- Pages 12–14 Unique NC Ownership
- Pages 166–167 – Caveat Emptor
- Pages 168–173 – Residential Disclosure Act
- Pages 187–191 – Residential Disclosure Act
- Pages 147–148 Materiality



- §GS 39.7 – Tenancy by the Entireties
- §GS 41.2 – Joint Tenancy in North Carolina
- Rule A.0114 – RPOADS
- Rule A.0119 – MOG Disclosure
- §GS 93A(6)(a)(1) – Materiality



## Different Methods of Holding Title in North Carolina

*The manner and decisions of how to take and hold title to real estate always involves legal and tax ramifications and real estate professionals should always advise clients to seek legal and tax advice.*



Severalty ownership means title by 1. \_\_\_\_\_ person or  
2. \_\_\_\_\_ entity.

When someone owning property in severalty dies, their ownership interest is passed to  
3. \_\_\_\_\_.

The most common and default method of holding title for co-owners who are not married in North Carolina is 4. \_\_\_\_\_.

Tenants in common may have different 5. \_\_\_\_\_ of ownership.

Nationally, joint tenancy always carries with it an automatic right of  
6. \_\_\_\_\_, which means that when one tenant dies their share  
immediately and automatically at their death passes to  
7. \_\_\_\_\_.

Joint tenancy nationally typically requires four unities. Those unities are:

8. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## Different Methods of Holding Title in North Carolina (CONTINUED)

There are two important differences with joint tenancy in North Carolina.

9. \_\_\_\_\_  
\_\_\_\_\_

Tenants in common and joint tenants who do not wish to remain co-owners may file a court action to end co-ownership. The name of the court actions is called:

10. \_\_\_\_\_

The default position for married couples in North Carolina is

11. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Tenancy by the entirety has the following characteristics:

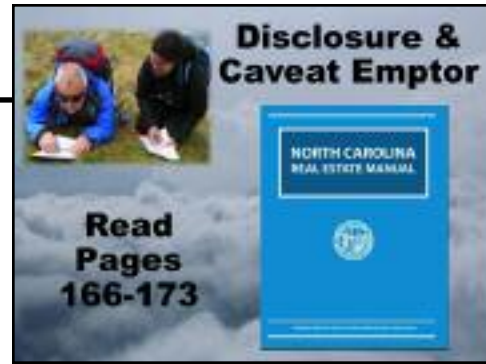
12. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All of the following end tenancy by the entirety:

13. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# Residential Property Disclosure Act



## Understanding the RPOADS and the MOG

The Residential Property Disclosure Act applies to:

14. \_\_\_\_\_

It is not required to be provided on transfers involving either 15. \_\_\_\_\_ or

16. \_\_\_\_\_

All of the following are EXEMPT from providing the form:

17. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

A seller must complete the form but they are not required to disclose, because they can always choose: 18. \_\_\_\_\_

The forms are required to be provided to a buyer:

19: \_\_\_\_\_

If they are not provided, the buyer has a 20. \_\_\_\_\_ day right of cancellation during which they may terminate and be refunded 21. \_\_\_\_\_

There is no rescission right following occupancy or settlement.



## Residential Property

A licensee has the following obligations regarding the seller's disclosure:

22. \_\_\_\_\_

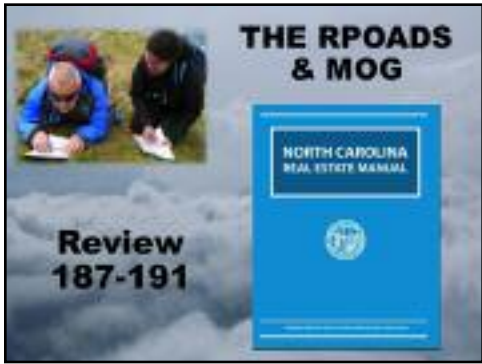
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Regardless of how the seller completes the form, the licensee still has an obligation to always disclose 23. \_\_\_\_\_, which includes:

24. \_\_\_\_\_

25. \_\_\_\_\_



## Review of the RPOADS & MOG

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## The Obligations of a Licensee to Disclose Material Facts

A licensee must always disclose material facts to everyone in the transaction.



Material facts fall into four major categories:

26. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Defining Prohibited Conduct by Licensees



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





## Sorting Out Material Facts

Explain the issues involved and the tools and information available regarding the following material facts

Manufactured vs. Modular Homes

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Polybutylene Pipes

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Square Footage

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Synthetic Stucco / Exterior Insulating and Finishing System (EIFS)

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## Sorting Out Material Facts (CONTINUED)

---

Meth Houses

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Radon

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Unpermitted Additions/Improvements

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Partial Destruction of Property

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Gravesites on Property

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## Sorting Out Material Facts (CONTINUED)

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### Zoning

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### Flood Zones & Flood Insurance

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### Insurability of the Property

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### Foreclosures

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### Short Sales

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## Sorting Out Material Facts (CONTINUED)

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Inability to Obtain Financing

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Death or Serious Illness of Previous Occupant of Property

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Presence of Convicted Sex Offender

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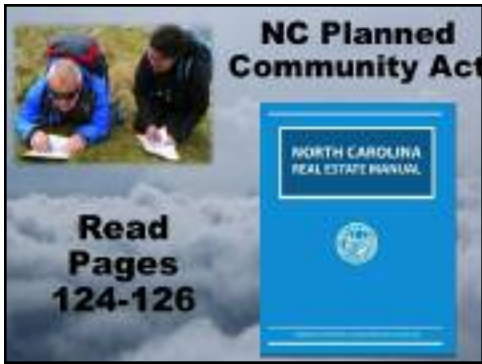
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## North Carolina Planned Community Act



In North Carolina HOAs have expansive power under the North Carolina Planned Community Act.

Prospective owners in areas that are subject to an owner's association and CCRs should be provided with all of the following prior to purchase:

27. \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_



## Review of the Owners' Association Disclosure & Addendum Standard Form 2A12-T

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.



**OWNERS' ASSOCIATION DISCLOSURE AND CONDOMINIUM RESALE STATEMENT ADDENDUM**

**NOTE:** For condominium resales or when Residential Property and Owner's Association Disclosure Statement is not required (For example: New Construction, Vacant Lot/Land) or by agreement of the parties.

Property: \_\_\_\_\_

Buyer: \_\_\_\_\_

Seller: \_\_\_\_\_

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Buyer and Seller for the Property.

For the purposes of this Addendum, "Development" means any planned community or condominium project, as defined by North Carolina law, which is subject to regulation and assessment by an owners' association.

Any representations made by Seller in this Addendum are true to the best of Seller's knowledge, and copies of any documents provided by Seller are true copies relating to the Development, to the best of Seller's knowledge. Except with regard to Confirmed Special Assessments, Seller does not warrant the accuracy, completeness, or present applicability of any representation or documents provided by Seller, and Buyer is advised to have all information confirmed and any documents substantiated during the Due Diligence Period.

1. Seller represents to Buyer that the Property is subject to the following owners' association(s) [insert N/A into any blank that does not apply]:

☐ (specify name): \_\_\_\_\_ whose regular assessments ("dues") are \$ \_\_\_\_\_ per \_\_\_\_\_. The name, address and telephone number of the president of the owners' association or the association manager are: \_\_\_\_\_

Owners' association website address, if any: \_\_\_\_\_

☐ (specify name): \_\_\_\_\_ whose regular assessments ("dues") are \$ \_\_\_\_\_ per \_\_\_\_\_. The name, address and telephone number of the president of the owners' association or the association manager are: \_\_\_\_\_

Owners' association website address, if any: \_\_\_\_\_

2. Seller represents to Buyer that the following services and amenities are paid for by the above owners' association(s) from the regular assessments ("dues"): (Check all that apply)

- ☐ Master Insurance Policy Including All Units
- ☐ Real Property Taxes on the Common Areas
- ☐ Casualty/Liability Insurance on Common Areas
- ☐ Management Fees
- ☐ Exterior Building Maintenance
- ☐ Exterior Yard/Landscaping Maintenance
- ☐ Trash Removal
- ☐ Pest Treatment/Extermination
- ☐ Legal/Accounting

- ☐ Street Lights
- ☐ Water
- ☐ Sewer
- ☐ Private Road Maintenance
- ☐ Parking Area Maintenance
- ☐ Common Areas Maintenance
- ☐ Cable
- ☐ Internet service
- ☐ Storm Water Management/Drainage/Ponds
- ☐ Gate and/or Security

☐ Recreational Amenities (specify): \_\_\_\_\_

☐ Other (specify): \_\_\_\_\_

☐ Other (specify): \_\_\_\_\_

Page 1 of 2



This form jointly approved by:  
North Carolina Bar Association  
North Carolina Association of REALTORS®, Inc.



STANDARD FORM 2A12-T  
Revised 7/2015  
© 7/2017

Buyer initials \_\_\_\_\_ Seller initials \_\_\_\_\_



3. As of this date, there are no other dues, fees or Special Assessments, Confirmed or Proposed, payable by the Development's property owners, except: \_\_\_\_\_
4. As of this date, there are no unsatisfied judgments against or pending lawsuits involving the Property, the Development and/or the owners' association, except: \_\_\_\_\_
5. The fees charged by the owners' association or management company in connection with the transfer of Property to a new owner (including but not limited to document preparation, move in/move out fees, preparation of insurance documents, statement of unpaid assessments, and transfer fees) are as follows: \_\_\_\_\_
6. Seller authorizes and directs any owners' association, any management company of the owners' association, any insurance company and any attorney who has previously represented the Seller to release to Buyer, Buyer's agents, representative, closing attorney or lender 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

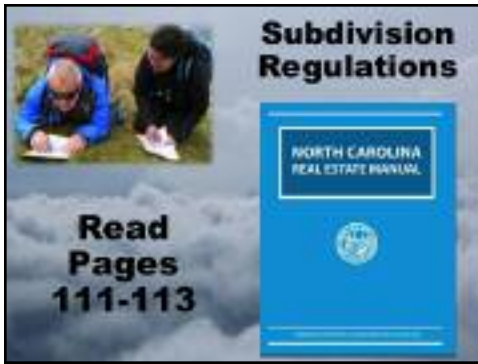
The parties have read, understand and accept the terms of this Addendum as a part of the Contract.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date: _____	Date: _____
Buyer: _____	Seller: _____
Date: _____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer: _____	Entity Seller: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____





## Subdivision Regulations in North Carolina

The definition of a subdivision varies from state to state and is controlled by state law. North Carolina defines a subdivision as:

A division of land into 28. \_\_\_\_\_ or more parcels.

There are two exceptions where the division of parcels of land do not create a subdivision when no public roads are created. They are:

29. \_\_\_\_\_

30. \_\_\_\_\_



Before any lots can be transferred, the owner of the lots must obtain subdivision approval from the county or the local municipality. The last step in the approval of a subdivision is:

31. \_\_\_\_\_

Prior to FINAL plat approval a subdivider may do all of the following:

32. \_\_\_\_\_ 33. \_\_\_\_\_

34. \_\_\_\_\_ 35. \_\_\_\_\_

But no lots may be 36. \_\_\_\_\_

until after 37. \_\_\_\_\_

There is a mandatory street disclosure statement required in subdivisions by the developer.

The statement must disclose two primary things to any prospective buyer:

38. \_\_\_\_\_

39. \_\_\_\_\_

The process of transferring maintenance and responsibility for the streets to either the state or a local municipality involves a two-part process. The two-step parts of the process are:

40. \_\_\_\_\_

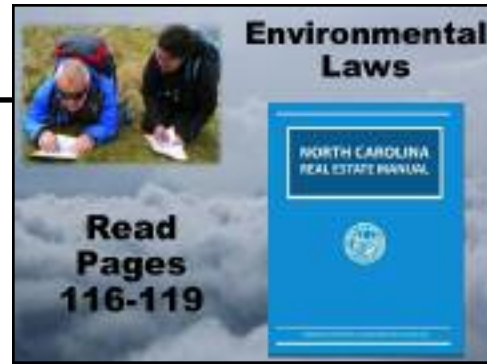
and 41. \_\_\_\_\_



# Environmental Laws & Regulations in North Carolina

In North Carolina, the state agency that is responsible for enforcing environmental rules and regulations is:

42. \_\_\_\_\_



The 43. \_\_\_\_\_, better known as 44. \_\_\_\_\_, protects wetlands, marshes, and coastal areas and requires compliance for any building and development in these areas that are areas of environmental concern.

The protection of views and limitations on development that can occur in the mountains is regulated by the 45. \_\_\_\_\_.

The NC Leaking Petroleum Underground Storage Tank Clean Up Act regulates the unauthorized discharge of oil or hazardous chemicals from underground tanks.

Under the Act, the 46. \_\_\_\_\_ may be held liable even if 47. \_\_\_\_\_.

There are multiple statutes and laws that protect NC waterways, including each of the following:

48. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

49. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





## Unique Provisions in the North Carolina Fair Housing Act

The provisions of the North Carolina Fair Housing Act are very similar to the provisions that are contained in:

50. \_\_\_\_\_

NC law eliminated the federal exemption that was created for a:

51. \_\_\_\_\_

\_\_\_\_\_

There is an exemption from rentals (not by a licensee) when: 52. \_\_\_\_\_

or 53. \_\_\_\_\_ lives there.

NC also contains an exclusion for rental of rooms in a:

54. \_\_\_\_\_

\_\_\_\_\_



## Revelations, Insights, Ideas & To Do List



1. \_\_\_\_\_  
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2. \_\_\_\_\_  
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3. \_\_\_\_\_  
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4. \_\_\_\_\_  
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6. \_\_\_\_\_  
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7. \_\_\_\_\_  
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\_\_\_\_\_
8. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





## Section 6: Miscellaneous NC Laws & Legal Concepts Notebook Guide

---

1. One person
2. Entity
3. To heirs
4. Tenancy in common (TIC)
5. Different percentages
6. Right of survivorship
7. Remaining joint tenants
8. Time
  - Title
  - Interest
  - Possession
9. Deed must be specific about the right of survivorship
  - Interests do not have to be equal
10. Suit for partition
11. Tenants by the entirety
12. Right of survivorship
  - Both must sign to convey any interest
  - No right to partition
13. Death
  - Divorce
  - Agreement by the parties
14. 1–4 unit residential properties
15. Land
16. Commercial



## Section 6: Miscellaneous NC Laws & Legal Concepts Notebook Guide (CONTINUED)

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17. Transfers by court order (estates, bankruptcy, eminent domain, foreclosure)
  - Deed of trust transfers
  - Transfers between co-owners
  - Transfers between spouses
  - First sale of a dwelling no inhabited (new construction)
  - Both parties agree not to complete
18. No representation
19. Prior to offer
20. 3 day
21. Refund of all monies
22. Advise the seller of their obligations
  - Advise the seller of their statutory duties
  - Advise the seller of the buyer's right to cancel
23. Disclose material facts
24. Everything they knew
25. Everything they should have known
26. Defects about the property itself
  - Facts relating to the property's surrounding area
  - Anything affecting a party's ability to perform
  - Facts known to be of particular importance to a party
27. Be informed of the nature of planned community governance
  - Receive explanation of annual and special assessments
  - Be informed of enforcement and collection remedies
28. Two
29. Lots that are 10 acres or more
30. Division of a 2 acre or smaller parcel into 3 parcels by a single owner
31. Final plat approval
32. Write contracts
33. Take reservations
34. Sign contracts



## **Section 6: Miscellaneous NC Laws & Legal Concepts Notebook Guide (CONTINUED)**

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35. Hold deposits
36. Transfer, convey, or close
37. Final plat approval
38. Public or private
39. Who maintains
40. Dedication
41. Acceptance
42. NC Department of Environmental and Natural Resources (NCDENR)
43. NC Coastal Management Act
44. CAMA
45. Mountain Ridge Protection Act
46. Owner
47. Without installation or actions that caused the leakage
48. NC Dredge & Fill Act
49. NC Sediment Pollution Control Act
50. NC Human Relations Commission
51. For sale by owner
52. The owner
53. A family member
54. Single-sex dormitories



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