INTRODUCTION

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

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

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


Course Final Examinations and Completion Standards: Schools and instructors are required to utilize course final examinations provided by the Commission in accordance with Commission rules for such examinations. The confidentiality of examinations provided by the Commission must be protected at all times by schools and instructors. The examination minimum passing standard is 75%. Schools and instructors may, 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 grade for the course.

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

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

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

RECOMMENDED TOPIC EMPHASIS

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**Total Hours** 30
Selected Topics
Postlicensing Course Outline

References to “Manual” in this outline refer to the North Carolina Real Estate Manual, which is the prescribed text for this course. Page references in the syllabus are to the 2015-2016 edition of the Real Estate Manual.

Section 1: Introduction to Commercial Real Estate Brokerage (7½ hours)
Chapter 19 and portions of Chapters 15 & 16

I. Introductory Concepts and Issues (1 hour) – pp 698-708

A. Basic Distinctions between Residential & Commercial Practice - pp 698-708

1. Multiple Product Types and Specialized Areas of Practice
2. Transaction Cycle Time
3. Multiple Listing Service (MLS)® vs. Database
4. Special Importance of Zoning and Other Land Use Restrictions
5. Leasing
6. Contracts and Contract Forms
7. Financing
8. Higher Stakes
9. Business Relationships
10. Working Hours
11. Cooperating with Out-of-State Brokers & Licensing Requirements
12. Commercial Real Estate Broker Lien

B. Special Considerations in Commercial Practice - pp 709-718

1. Zoning and Other Land Use Restrictions
2. Financing
3. Client and Customer Perspectives

II. Commercial Property Classifications, Features & Market Factors (1 hour)  
   pp 718-736

   A. Office Properties or Space - pp 718-723
      1. Office Space Classifications
      2. Factors Affecting Value/Desirability

   B. Retail Properties or Space - pp 724-728
      1. Retail Space Classifications
      2. Factors Affecting Value/Desirability
      3. Understanding the Market for Retail Space

   C. Industrial Properties - pp 728-732
      1. Industrial Property Classifications
      2. Factors Affecting Value/Desirability
      3. Leases for Industrial Properties

   D. Land - pp 732-735
      1. Factors Affecting Value/Desirability
      2. Marketing Considerations

   E. Specialty Properties - pg 736

III. Market Comprehension and Analysis (½ hour) - pp 736-739

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

4. Others

B. Understanding Your Market

IV. Pricing and Analysis Issues (3½ hours)

Chapter 19, pp 739-743; Chapter 15, pp 554-574

A. Sale Pricing - pp 739-740

B. Lease Pricing - pp 740-743

C. Performing a Comparative Market Analysis (CMA) or Broker Price Opinion (BPO) on a Commercial Property (Residential 5+ Unit Property or any Other Income-Producing Property) - pp 554-574

1. Review of Laws & Rules Governing Broker Price Opinions (BPOs) and Comparative Market Analyses (CMAs) Performed by Real Estate Brokers - pp 555-563
   Additional References: Article 6 of Real Estate License Law; Commission Rules 58A.2201-.2202 and 58A.0108.

2. Review of Income (Direct) Capitalization Methodology - pp 551-553

3. Performing a BPO or CMA - pp 566-573
   Special emphasis should be placed on the material relating to analysis using the income capitalization approach to estimate a probable selling price and/or probable leasing price (lease rate).

D. Lease vs. Purchase Analysis - pp 741-742

E. Investment Analysis [Brief Intro Only with Caution] - pp 742-743

F. Like-kind (Section 1031) Exchange [Brief Intro Only with Caution] - pp 743-746

V. The Commercial Transaction Cycle (1¼ hour) - pp 746-753

A. The Typical Sales Transaction Cycle - pp 746-751

1. Negotiation

2. Contract Preparation Generally

4. Due Diligence

5. Financing

6. Closing and Post-Closing

B. The Typical Lease Transaction Cycle - *pp 751-753; see also Chapter 16, pages 607-608 and 616-627*

1. Lease Preparation Generally; Selected Lease Provisions – *pp 607-627*

2. Types of Commercial Leases - *pp 602-607*
   a. Percentage Lease
   b. Net Lease
   c. Graduated Lease
   d. Index Lease
   e. Full Service Lease
   f. Ground Lease

3. Selected Common Lease Provisions (Commercial or Nonresidential Leases) - *pp 616-620*
   a. Provisions Relating to Tenant’s Proposed Use
   b. Provisions Relating to Environmental Matters
   c. Provisions Relating to Fixtures
   d. Provisions Relating to Repairs
   e. Provisions Relating to Upfitting Improvements

VI. Securities Law & the Commercial Real Estate Broker-*Brief Intro Only (¼ hour)*
    *pp 753-754*

**Section 2: Laws Governing Residential Tenancies & Residential Property Management (6 hours) - Chapter 16 & 17**

I. Laws Governing Residential Tenancies (1½ hours) - *pp 574-597*
A. Residential Rental Agreements Act
B. Act Prohibiting Retaliatory Eviction
C. Tenant Security Deposit Act
D. Eviction Procedures
E. Sexual Harassment
F. Laws Protecting Public Housing (Section 8 Housing) Tenants
G. Federal Servicemembers Civil Relief Act (federal law)
H. Laws Protecting Tenants in Foreclosure situations

II. Residential Leases (1 hour) - pp 607-615; pp 625-627
   A. Review and Proper Completion of Standard Form #410-T – Residential Rental Contract - pp 607-615
   B. Statute of Frauds & Recordation of Leases - pp 625-627
   C. Compliance with Lead-Based Paint Hazard Reduction Act (pre 1978 housing) - page 627; also see page 199 for disclosure form

III. North Carolina Vacation Rental Act (½ hour) - pp 628-631

IV. Introduction to Property Management (½ hour) - pp 641-644
   A. What Constitutes “Property Management”
   B. Licensing Requirement for Property Managers
      1. General Requirement
      2. Exemption for Certain W-2 Employees of Brokers Acting as Property Managers
   C. Laws/Rules Governing Property Manager Relationships

V. Property Management Agreements (½ hour) - pp 645-652

VI. Principal Functions of Property Managers (2 hours) - pp 652-663
Section 3: Land Use Controls & the Real Estate Broker (2 hours) - Chapter 7

I. Selected Public Land Use Controls (1 hour) - pp 120-131

A. Zoning
   1. Source of zoning authority of counties and municipalities
   2. Zoning districts and categories [Instructors are urged to use local information for illustration.]
   3. Extraterritorial jurisdiction
   4. Concepts and Terms

B. Subdivision Statutes and Regulations

II. Private Land Use Controls (1 hour) - pp 137-148

A. Restrictive/Protective Covenants

B. NC Planned Community Act

C. Conservation and Preservation Agreements
Section 4: Loan Fraud (1½ hours) - portions of Chapter 13

I. What is Loan Fraud? (½ hour) - pp 453-459
   A. Background - pp 453-454
   B. Elements of Loan Fraud - pp 454-455

II. Common Loan Fraud Schemes (1 hour) - pp 455-459

Section 5: Brokerage Compensation Issues (3 hours)
Manual, Chapter 21; 2008-09 Real Estate Update Course Materials (pp 34-43 regarding Rule A.0109)

I. Compensation for Brokerage Services Requires a Real Estate License (¼ hour) - pp 769-776
   A. General Prohibition of Compensating Unlicensed Persons
   B. Exceptions
      1. Sharing Compensation with Parties to the Transaction
      2. Payments to Travel Agents for Vacation Rentals

II. Compensating Affiliated Licensees (1 hour) - pp 776-783
   A. Licensee Eligibility for Compensation
   B. Payment of Compensation to Provisional Brokers
   C. Payment of Compensation to Brokers NOT on Provisional Status
   D. Payment of Compensation to Licensees No Longer Affiliated w/Firm, Inactive Licensees or Expired Licensees
   E. Miscellaneous Situations
   F. Payment of Compensation to Business Entities Created by Broker Associates for Compensation Purposes

III. Sharing Compensation with Non-Affiliated Brokers or Firms (1 hour) - pp 783-791
   A. Basic Requirements
B. Sharing Brokerage Fees through Cooperative Listing Services
C. Sharing Brokerage Fees Outside of Cooperative Listing Services
D. Requirement of Compensation Agreements to be “Written”
E. Limitations on Sharing Compensation
F. Sharing Compensation with Foreign Brokers
G. Commercial Brokerage
H. Limited Non-Resident Commercial License

IV. Third Party Payments to Licensees (¾ hour) - pp 791-800
   A. Review of Rule 21 NCAC 58A.0109 and the Basic Requirements
   B. RESPA Restrictions on Referral Fees and Kickbacks
   C. Compensation, Incentives Bonuses, etc. to Broker From Anyone Other Than Broker’s Principal

Section 6: Miscellaneous License Law and Commission Rule Issues (¾ hour)
References: North Carolina License Law, Commission Rules, and License Law and Rule Comments. Also, see RELINC (Real Estate Licensing in North Carolina) booklet for information regarding reinstatement.

I. Broker-in-Charge Overview (¼ hour) - Rule A.0110
   A. When Broker-in-Charge Designation Is Required
   B. General Duties of Broker-in-Charge
   C. Education and Experience Requirements

II. Using Unlicensed Personal Assistants (¼ hour)
   A. Permitted Duties
   B. Prohibited Activities

III. License Status and Education Issues (¼ hour)
   A. License Status: Meaning of provisional broker, active, inactive, expired, suspended and revoked status.
B. Postlicensing Education Requirement (and consequences of failure to satisfy)

C. Continuing Education Requirement (and consequences of failure to satisfy)

D. Requirements and procedures to activate an inactive license

E. Requirements and procedures to reinstate an expired license (current RELINC)

Section 7: License Law Case Studies (3 hours) - *Chapter 20 & Appendix C*

Review and discussion of disciplinary case summaries of actual cases handled by the Real Estate Commission – *pp 757-768*  
(Answers to cases are provided in Appendix C, pp 869-870.)

Section 8: Fair Housing Case Studies (2 hours) - *Chapter 18 & Appendix C*

Review and discussion of fair housing laws and practices illustrated by the case studies provided - *pp 681-685*  
(Answers to cases are provided in Appendix C, pp 867-869.)

Section 9: Legal Requirements for Establishing a Real Estate Brokerage Firm (¾ hour) - *Appendix A, pp 801-808*

I. Forms of Business Ownership (and Basic Characteristics)

   A. Sole Proprietorship

   B. Partnership

   C. Corporation

   D. Limited Liability Company (LLC)

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

III. Registration of Assumed Name (if needed)

IV. Real Estate FIRM License Requirements - Rule 58A.0502

   A. Separate firm application must be filed.

   B. Firm must be legally formed and authorized by NC Secretary of State to do business in NC. Name on firm application must be identical to name registered with the Office of the Secretary of State.
C. One principal of the business entity (a general partner of a partnership, a manager of an LLC, or an officer of a corporation) must serve as “Qualifying Broker.”

D. Firm must have a broker-in-charge for each office. (Exception for certain Subchapter S corporations.)

E. All principals must satisfy “character” requirement.

F. Firm licensure does not extend to any individual.

G. Firm license must be renewed just like an individual license.

V. Qualifying Broker Duties

Section 10: Manufactured and Modular Homes (½ hour) - Chapter 1, pp 6-7

I. Characteristics of Manufactured and Modular Homes

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

Section 11: Issues Relating to Short Sales (1 hour) - Portions of Chapters 9 & 13; 2011-12 Update Course Student Manual, pp 1-27

I. Introduction - pp 459-460
   A. What is a Short Sale?
   B. Listing Agent’s Responsibility to Identify Potential Short Sale Situation

II. The Short Sale Process and Brokers’ Roles - pp 460-462
   A. What Is and Is Not a Material Fact
   B. The Short Sale Process
   C. Brokers’ Roles and Responsibilities

Section 12: Local Issues (½ hour)

Instructor discretionary time for discussion of real estate issues of particular interest and significance in the local area where the course is being taught.

End of Syllabus