21 NCAC 58A .0108 is readopted as published in 33:14 NCR 1505 as follows:

21 NCAC 58A .0108 RETENTION OF RECORDS

(a) Brokers shall retain records of all sales, rental, and other transactions conducted in such capacity, whether the transaction is pending, completed, or terminated. The broker shall retain records for three years after all funds held by the broker in connection with the transaction have been disbursed to the proper party or parties or the conclusion of the transaction, whichever occurs later. If the broker's agency agreement is terminated prior to the conclusion of the transaction, the broker shall retain such records for three years after the termination of the agency agreement or the disbursement of all funds held by or paid to the broker in connection with the transaction, whichever occurs later.

(b) Records shall include copies of the following:

   (1) contracts of sale;
   (2) written leases;
   (3) agency contracts;
   (4) options;
   (5) offers to purchase;
   (6) trust or escrow records;
   (7) earnest money receipts;
   (8) disclosure documents;
   (9) closing statements;
   (10) brokerage cooperation agreements;
   (11) declarations of affiliation;
   (12) broker price opinions and comparative market analyses prepared pursuant to G.S. 93A, Article 6, including any notes and supporting documentation;
   (13) sketches, calculations, photos, and other documentation used or relied upon to determine square footage;
   (14) advertising used to market a property; and
   (15) any other records pertaining to real estate transactions.

(c) All records shall be made available for inspection and reproduction by the Commission or its authorized representatives without prior notice.

(d) Brokers shall provide a copy of the written agency disclosure and acknowledgement thereof when applicable, written agency agreement, contract, offer, lease, rental agreement, option, or other related transaction document to the firm or sole proprietorship with which they are affiliated within three days of receipt.

History Note: Authority G.S. 93A-3(c);
Eff. February 1, 1976;
Readopted Eff. September 30, 1977;
Amended Eff. July 1, 2004; September 1, 2002; August 1, 1998; February 1, 1989; February 1, 1998;

Temporary Amendment Eff. October 1, 2012;

Amended Eff. July 1, 2018; July 1, 2016; April 1, 2013; April 1, 2013;

21 NCAC 58A.0506 is readopted with changes as published in 33:14 NCR 1505 as follows:

21 NCAC 58A .0506  PROVISIONAL BROKER TO BE SUPERVISED BY BROKER BROKER-IN-CHARGE

(a) This Rule shall apply to all real estate provisional brokers.
(b) A provisional broker may engage in or hold himself or herself out as engaging in activities requiring a real estate license only while his or her license is on active status pursuant to Rule .0504 of this Section and he or she is supervised by the broker-in-charge of the real estate firm or office with which the provisional broker is affiliated. A provisional broker may be supervised by only one broker-in-charge at a time.
(c) Upon a provisional broker's affiliation with a real estate broker or brokerage firm, the broker-in-charge of the office where the provisional broker will be engaged in the real estate business shall immediately file with the Commission a provisional broker supervision notification on a form provided by the Commission containing identifying information about the provisional broker and the broker-in-charge, a statement from the broker-in-charge certifying that he or she will supervise the provisional broker in the performance of all acts for which a license is required, the date that the broker-in-charge assumes responsibility for such supervision, and the signature of the broker-in-charge. If the provisional broker is on inactive status at the time of associating with a broker or brokerage firm, the broker-in-charge shall also file, along with the provisional broker supervision notification, a request for license activation on a form provided by the Commission containing identifying information about the provisional broker, the statement of the broker-in-charge that he or she has verified that the provisional broker has satisfied the continuing education requirements prescribed by Rule .1703 of this Subchapter, and the postlicensing education requirements, if applicable, prescribed by Rule .1902 of this Subchapter, the date of the request, and the signature of the proposed broker-in-charge. License Activation and Broker Affiliation form that sets forth the:

(1) provisional broker's:
   (A) name;
   (B) license number, type of license, and current license status;
   (C) physical, mailing, and emailing addresses;
   (D) public and private phone numbers;
   (E) completed Postlicensing courses, if necessary;
   (F) completed continuing education courses, if necessary; and
   (G) signature.

(2) broker-in-charge's:
   (A) name;
   (B) license number;
   (C) firm's name and license number;
   (D) physical, mailing, and emailing addresses;
   (E) public and private phone numbers; and
   (F) signature.
(c) Upon the mailing or delivery of the required form(s), submission of the License Activation and Broker Affiliation form, the provisional broker may engage in real estate brokerage activities requiring a license under the supervision of the broker-in-charge; however, if the provisional broker and broker-in-charge do not receive from the Commission a written acknowledgment of the provisional broker supervision notification and, if appropriate, the request for license activation, within 30 days of the date shown on the form, the broker-in-charge shall immediately terminate the provisional broker’s provisional broker shall cease all real estate brokerage activities pending receipt of the written acknowledgment from the Commission. If the provisional broker and broker-in-charge are notified that the provisional broker is not eligible for license activation due to a continuing education or postlicensing education deficiency, the broker-in-charge shall cause the provisional broker to immediately cease all activities requiring a real estate license until such time as the continuing education or postlicensing education deficiency is satisfied and a new provisional broker supervision notification and request for license activation is submitted to the Commission.

(d) A broker-in-charge who certifies to the Commission that he or she will supervise a provisional broker shall actively and directly supervise the provisional broker in a manner that reasonably assures that the provisional broker performs all acts for which a real estate license is required in accordance with the Real Estate License Law and Commission rules. A supervising broker who fails to supervise a provisional broker as prescribed in this Rule may be subject to disciplinary action by the Commission, pursuant to Rule .0110 of this Subchapter.

(e) Upon the termination of the supervisory relationship between a provisional broker and his or her broker-in-charge, the provisional broker and the broker-in-charge shall provide written notification of the date of termination to the Commission not later than 10 days following said the termination.

History Note: Authority G.S. 93A-2(b); 93A-3; 93A-9;
Eff. February 1, 1976;
Readopted Eff. September 30, 1977;
Amended Eff. April 1, 2013; April 1, 2006; July 1, 2005; July 1, 2004; October 1, 2000; August 1, 1998; July 1, 1996; July 1, 1995; July 1, 1993; July 1, 1993;
21 NCAC 58A .0601 is amended with changes as published in 33:14 NCR 1505 as follows:

SECTION .0600 – REAL ESTATE COMMISSION HEARINGS

21 NCAC 58A .0601 COMPLAINTS/INQUIRIES/MOTIONS/OTHER PLEADINGS

(a) There shall be no specific form required for complaints. To be sufficient, a complaint shall be in writing, identify the respondent licensee and shall reasonably apprise the Commission of the facts which form the basis of the complaint. Any individual may file a complaint against a broker at any time. A complaint shall:

(1) be in writing;
(2) identify the respondent broker or firm; and
(3) apprise the Commission of the facts which form the basis of the complaint.

(b) When investigating a complaint, the scope of the Commission’s investigation shall not be limited only to matters alleged in the complaint. In addition, a person making a complaint to the Commission may change his or her complaint by submitting the changes to the Commission in writing. A complaint may be amended by submitting the revised complaint in writing to the Commission.

(c) When investigating a complaint, the scope of the Commission’s investigation shall not be limited only to matters alleged in the complaint.

(e) When a complaint has not been submitted in conformity with this Rule, the Commission’s legal counsel may initiate an investigation if the available information is sufficient to create a reasonable suspicion that any licensee or other person or entity may have committed a violation of the provisions of the Real Estate License Law or the rules adopted by the Commission.

(d) There shall be no specific forms required for answers, motions, or other pleadings relating to contested cases before the Commission, except they shall be in writing. To be sufficient, the document must reasonably apprise the Commission of the matters it alleges or answers. To be considered by the Commission, every answer, motion, request or other pleading must be submitted to the Commission in writing or made during the hearing as a matter of record.

(d) All answers, motions, or other pleadings relating to contested cases before the Commission shall be:

(1) in writing or made during the hearing as a matter of record; and
(2) apprise the Commission of the matters it alleges or answers.

(e) During the course of an investigation of a licensee, the Commission, through its legal counsel or other staff, may send the licensee a Letter of Inquiry requesting the licensee to respond. The Letter of Inquiry, or attachments thereto, shall set forth the subject matter being investigated. Upon receipt of the Letter of Inquiry, the licensee shall respond within 14 calendar days. Such response shall include a full and fair disclosure of all information requested. Licensees shall include with their written response copies of all documents requested in the Letter of Inquiry.

(e) During the course of an investigation, any broker that receives a Letter of Inquiry from the Commission shall submit a written response within 14 days of receipt. The Commission, through its legal counsel or other staff, may
send a broker a Letter of Inquiry requesting a response. The Letter of Inquiry, or attachments thereto, shall set forth the subject matter being investigated. The response shall include:

1. a [full] disclosure of all requested information; and
2. copies of all requested documents.

(f) Hearings in contested cases before the Commission shall be conducted according to the provisions of G.S. 150B, Article 3A.

(g)(f) Persons who make complaints are not parties to contested cases, but may be witnesses.

History Note: Authority G.S. 93A-3(c); 93A-6(a); 150B-38(h);
Eff. February 1, 1976;
Readopted Eff. September 30, 1977;
Amended Eff. July 1, 2019; July 1, 2000; August 1, 1998; May 1, 1992; February 1, 1989;
November 1, 1987;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1, 2018.
21 NCAC 58A .0612 is readopted as published in 33:14 NCR 1505 as follows:

21 NCAC 58A .0612  PRESIDING OFFICER

The Commission may designate any of its members to preside over the hearing in a contested case. When no designation is made, the Chairman of the Commission shall preside, or, in his or her absence, the Vice Chairman shall preside. The presiding officer shall rule on motions or other requests made in a contested case prior to the conduct of the hearing in that case except when the ruling on the motion would be dispositive of the case. When the ruling on a motion or request would be dispositive of the case, the presiding officer shall make no ruling and the motion or request shall be determined by a majority of the Commission.

History Note:  Authority G.S. 93A-3(c); 150B-40(b);
              Eff. May 1, 1992;
              Amended Eff. October 1, 2000.  October 1, 2000;
21 NCAC 58A .1905 is amended with changes as published in 33:14 NCR 1505 as follows:

21 NCAC 58A .1905 WAIVER OF 90-HOUR POSTLICENSING EDUCATION REQUIREMENT

(a) A provisional North Carolina real estate broker may apply for a waiver of one or more of the three 30-hour Postlicensing courses described in Rule .1902 of this Section in the following circumstances:

(1) the broker has obtained equivalent education that is parallel to the topics and timings described in the Commission's Postlicensing course syllabus, course(s) pursuant to Rule .1902 of this Section. In this case, the waiver request shall include the course(s):

(A) jurisdiction of delivery;
(B) title;
(C) credit hours earned;
(D) beginning and end dates; and
(E) detailed subject matter description.

(2) the broker has obtained full-time experience equivalent to 40 hours per week as a licensed broker or salesperson in another state for at least five of the seven years immediately prior to application for waiver, which shall include the applicant's:

(A) employer;
(B) title at employer;
(C) dates of employment;
(D) hours per week devoted to brokerage;
(E) approximate number of transactions;
(F) areas of practice;
(G) approximate percentage of time devoted to each area of practice;
(H) detailed description of applicant's role and duties;
(I) managing broker's name, telephone number, and email address; and
(J) official certification of licensure issued within the six months preceding application from a jurisdiction within a state, territory, or possession of the United States or Canada in which the applicant holds a current real estate license that has been active within the three years prior to application.

(3) the broker has obtained full-time experience equivalent to 40 hours per week as a licensed North Carolina attorney practicing primarily in real estate matters for the two years immediately preceding application, which shall include the applicant's:

(A) firm or practice name;
(B) law license number;
(C) dates of employment;
(D) hours per week devoted to real estate law practice;
(E) approximate number of closings conducted;
(F) detailed description of practice; and

(G) manager or supervising attorney's name, telephone number, and email address, if applicable.

(b) The Commission shall not consider education or experience obtained in violation of any law or rule as fulfilling the requirements for waiver of the 90-hour postlicensing education requirement.

c) A broker shall be ineligible for a waiver of the 90-hour postlicensing education requirement if the broker was issued a license pursuant to Rule .0511(b)(2) of this Section.

History Note: Authority G.S. 93A-4(a1);

21 NCAC 58A .2002 is readopted as published in 33:14 NCR 1506 as follows:

21 NCAC 58A .2002 ESCROW ACCOUNT

(a) The Commission shall establish an escrow account or accounts with a financial institution or institutions lawfully doing business in this state into which the Commission shall deposit and hold fees tendered during any period of time when, pursuant to G.S. 93B-2(d), the Commission's authority to expend funds has been suspended. The Commission shall keep funds deposited into its escrow account or accounts segregated from other assets, monies, and receipts for the duration of the suspension of the Commission's authority to expend funds.

(b) The Commission may deposit into and maintain in its escrow account such monies as may be required to avoid or eliminate costs associated with the account or accounts.

History Note: Authority G.S. 93B-2(d);

21 NCAC 58H .0203 is amended as published in 33:14 NCR 1506 as follows:

21 NCAC 58H .0203 APPLICATION FOR ORIGINAL LICENSURE OF A PRIVATE REAL ESTATE SCHOOL

(a) Any entity seeking original licensure as a private real estate school to conduct Prelicensing or Postlicensing courses shall apply to the Commission on a form available on the Commission's website and shall set forth the following criteria in addition to the requirements in G.S. 93A-34(b):

1. the physical, website, and email addresses and telephone number of the principal office of the school;
2. the proposed school director's legal name, real estate license number, if any, email and mailing address, and telephone number;
3. the type of school ownership entity and the name, title, real estate license number, if any, mailing address, and ownership percentage of each individual or entity holding at least 10% ownership in the entity;
4. the North Carolina Secretary of State Identification Number;
5. the criminal history and history of occupational license disciplinary actions of individual school owner(s);
6. the physical address of each proposed school location;
7. the source of real estate examinations to be used for each course offered;
8. a copy of a current fire inspection report;
9. a copy of a criminal background check for the previous seven years on the proposed school director;
10. a signed Consent to Service of Process and Pleadings form available on the Commission's website, if a foreign entity;
11. the Prelicensing or Postlicensing courses to be offered by the school;
12. the Update courses to be offered by the school; and
13. the signature and certification of the school owner(s).

(b) Private real estate school names shall contain the words "Real Estate" and other words identifying the entity as a school, such as "school," "academy," or "institute" that are distinguishable from other licensed private real estate schools and from continuing education course sponsors approved by the Commission.

(c) The school name shall be used in all school publications and advertising.

(d) Each school shall certify that its facilities and equipment are in compliance with all applicable local, state and federal laws and regulations regarding health, safety, and welfare, including the Americans with Disabilities Act.

(e) The original license application fee shall be two hundred dollars ($200.00) for each proposed school location.

(f) The initial fee for a school to offer a Prelicensing or Postlicensing course at any of its locations during the licensing period shall be forty dollars ($40.00) per Prelicensing or Postlicensing course.
(g) Private real estate schools offering Prelicensing or Postlicensing courses pursuant to Paragraph (a) of this Rule shall be eligible to offer Update courses and continuing education courses.

(h) If a school relocates any location during any licensing period, the school owner shall submit an original application for licensure of that location pursuant to this Rule.

History Note: Authority G.S. 93A-4; 93A-33; 93A-34;
Eff. July 1, 2017; July 1, 2017;
21 NCAC 58H .0209 PRELICENSING AND POSTLICENSING COURSE ENROLLMENT

(a) A school shall not enroll an individual in a Postlicensing course if if:

   (1) the first day of the Postlicensing course occurs while the individual is enrolled in a Prelicensing
course or if that individual has not passed the license examination.

(b) A school shall not enroll an individual in a Postlicensing course if

   (2) 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 for more
than 30 instructional hours in any given seven day period.

History Note: Authority G.S. 93A-4(a1); 93A-33;

21 NCAC 58H .0214 is amended as published in 33:14 NCR 1507 as follows:

21 NCAC 58H .0214 EXPIRATION AND RENEWAL OF A SCHOOL APPROVAL OR LICENSE

(a) All Commission approvals and licenses issued to real estate schools shall expire annually on June 30 following issuance of approval or licensure.

(b) A school shall file an electronic application for renewal of its approval or license within 45 days immediately preceding expiration of approval or licensure on a form available on the Commission's website. The school renewal application form shall include:

1. the school name;
2. the school number;
3. the school director's name;
4. the school's mailing address, telephone number, and web address, if applicable;
5. all Commission approved courses offered by the school;
6. any change in the school's business entity;
7. court records of any conviction, guilty plea, or plea of no contest to, a misdemeanor or felony violation of state or federal law by a court of competent jurisdiction against the school owner(s) and school director since the last renewal;
8. records pertaining to any disciplinary action taken against the school owner(s) and school director by an occupational licensing board since the last renewal;
9. a copy of the current bulletin;
10. proof of bond as required in G.S. 93A-36; and
11. proof of a current fire inspection; and
12. the school director's signature.

(c) The private school license renewal fee shall be one hundred dollars ($100.00) for each school location.

(d) The renewal fee for a private real estate school to offer a Prelicensing or Postlicensing course at any of its locations during the licensed period shall be twenty-five dollars ($25.00) per Prelicensing or Postlicensing course.

(e) If a school approval or license has expired, the school shall submit an application for original approval or licensure.

History Note: Authority G.S. 93A-4; 93A-33; 93A-34(b); 93A-35(b); 93A-36;
Eff. July 1, 2017, July 1, 2017;
21 NCAC 58H.0302 is amended with changes as published in 33:14 NCR 1507 as follows:

21 NCAC 58H .0302 APPLICATION AND CRITERIA FOR ORIGINAL PRELICENSING, POSTLICENSING, OR UPDATE COURSE INSTRUCTOR APPROVAL

(a) An individual seeking original instructor approval shall submit an application on a form available on the Commission's website that shall require the instructor applicant to indicate the course(s) for which he or she is seeking approval and set forth the instructor applicant's:

(1) legal name, address, email address, and telephone number;
(2) real estate license number and instructor number, if any, assigned by Commission;
(3) criminal and occupational licensing history, including any disciplinary actions;
(4) education background, including specific real estate education;
(5) experience in the real estate business;
(6) real estate teaching experience, if any;
(7) a signed Consent to Service of Process and Pleadings for nonresident applicants; and
(8) signature.

(b) An instructor applicant shall demonstrate that he or she possesses good reputation and character pursuant to G.S. 93A-34(c)(9) and has:

(1) a North Carolina real estate broker license that is not on provisional status;
(2) completed continuing education sufficient to activate a license under 21 NCAC 58A .1702;
(3) completed 60 semester hours of college-level education at an institution accredited by any college accrediting body recognized by the U.S. Department of Education; and
(4) completed the New Instructor Seminar prescribed by the Commission within the previous six months; and

within the previous seven years has either:

(A) two years full-time experience in real estate brokerage with at least one year in North Carolina;
(B) three years of instructor experience at a secondary or post-secondary level;
(C) real estate Prelicensing or Postlicensing instructor approval in another jurisdiction; or
(D) qualifications found to be equivalent by the Commission, including a current North Carolina law license and three years' full time experience in commercial or residential real estate transactions or representation of real estate brokers or firms.

(c) Along with their application, an instructor applicant shall submit a digital video recording of themselves teaching a 50 minute block of a single topic in a Prelicensing, Postlicensing, or Update course that demonstrates the ability to teach the subject in a manner consistent with the course materials. The digital video recording shall comply with Rule .0305(c) of this Section.

(d) The digital video recording requirement described in Paragraph (c) of this Rule shall be waived by the Commission if the instructor applicant has a current:
(1) approval as either a General Update Course, Prelicensing, or Postlicensing instructor; or
(2) Distinguished Real Estate Instructor (DREI) designation that has been awarded to the instructor by
the Real Estate Educators Association or an equivalent instructor certification.

(e) Prior to teaching any Prelicensing or Postlicensing course, an approved instructor shall take the Commission's
New Pre/Postlicensing Instructor Seminar.

(c) In order to complete the New Instructor Seminar, a broker shall:
(1) attend at least ninety percent of all scheduled hours; and
(2) demonstrate the ability to teach a 15-minute block of a single Prelicensing topic in a manner
consistent with the [Commission's Prelicensing Syllabi] course materials.

(d) Instructors approved prior to July 1, 2019 shall be exempt from the New Instructor Seminar requirement
pursuant to Paragraph (b)(4) of this Rule.

(e) Prior to teaching any Update course, an approved instructor shall take the Commission's annual Update
Instructor Seminar for the current license period. The Update Instructor Seminar shall not be used to meet the
requirement in Rule .0306(b)(4) of this Section.

History Note:  Authority G.S. 93A-3(f); 93A-4; 93A-10; 93A-33; 93A-34;
Eff. July 1, 2017;  July 1, 2017;