

# ARKANSAS REAL ESTATE COMMISSION

## **Enabling Laws**

Act 125 of 2012  
A.C.A. §17-42-101 et seq.  
A.C.A. §17-42-401 et seq.  
A.C.A. §17-42-501 et seq.  
A.C.A. §18-14-101 et seq.

## **History and Organization**

Act 148 of 1929, as amended, created the Arkansas Real Estate Commission (AREC) for the purpose of regulating and licensing real estate brokers and salespersons in accordance with the real estate license law.

The mission of the Arkansas Real Estate Commission is to protect the public interest. That mission charges the Commission with the responsibility of administering the Real Estate License Law (A.C.A. §17-42-101 et seq.), the Real Estate Recovery Fund (A.C.A. §17-42-401 et seq.), the Continuing Education Program (A.C.A. §17-42-501 et seq.), and the Time-Share Law (A.C.A. §18-14-101 et seq.).

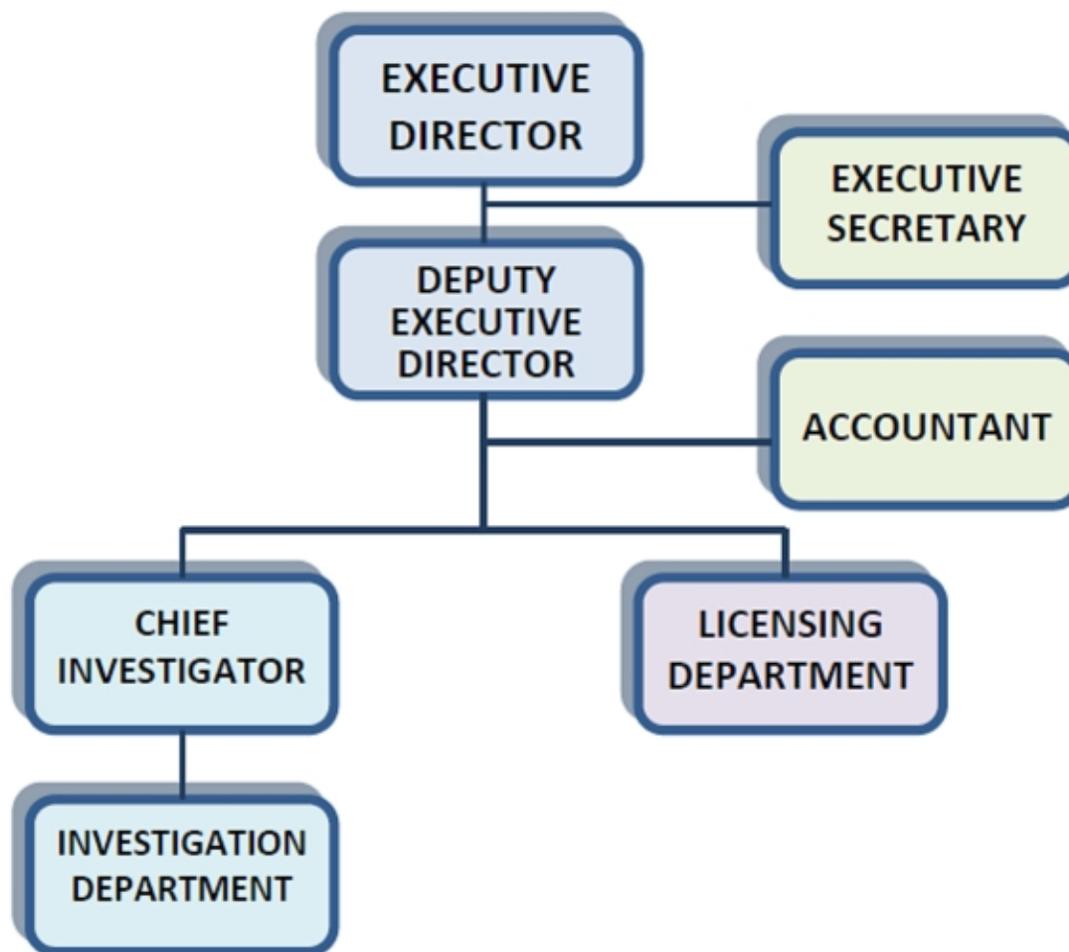
The Real Estate Commission consists of five members appointed by the Governor for three year terms. Three Commission members are from the real estate profession, one Commission member serves as a consumer representative, and one Commission member serves as an elderly representative. Responsibilities are discharged through a staff directed by an Executive Director who is employed by the Commission.

The Agency's primary activities include licensing real estate brokers and salespersons, investigating complaints about real estate transactions, conducting Disciplinary and Recovery Fund hearings, and administering the Continuing Education and Time-Share programs.

The Licensing Section is responsible for reviewing applications of individuals who are applying to take the Arkansas real estate exam, issuing licenses to persons who enter the profession, and annually renewing licenses issued to real estate brokers and salespersons.

The Investigative Section is responsible for investigating complaints received from members of the public concerning alleged violations of the Real Estate License Law or Time-Share Law. Each complaint investigated is either dismissed or scheduled for a disciplinary hearing before the Commission.

The Commission is responsible for administering the Recovery Fund, which was established to pay damage claims to members of the public who have suffered monetary loss specifically attributable to real estate brokers and/or salespersons who have been found, in disciplinary actions before the Commission, to have violated the Real Estate License Law or Regulations. The Recovery Fund is also used for real estate educational purposes.



## **Agency Commentary**

For the Arkansas Real Estate Commission (AREC), the budget requests contained herein affect each of the operating programs, Cash Operations, supported by the general cash fund, and the Real Estate Recovery Program, funded by the Recovery Fund. Funding for the biennial budget request will be provided from fund balances and fees to be collected.

The only change requested in the Cash Operations Program is the reclassification of an Administrative Specialist I position to an AREC Education Coordinator to conduct a program of licensing and training for providers who offer training in the various real estate courses for AREC licensees.

Base level is the request for the Real Estate Recovery Program.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS REAL ESTATE COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	3	8	11	79 %
Black Employees	0	3	3	21 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	21 %
Total Employees			14	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AR Real Estate Commission Newsletter	ACA 17-42-404 & 17-42-203	N	N	48,000	Education & enforcement: Articles about real estate practice, law, regulations & hearings help licensees comply with AREC requirements, which protects the public.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,150,483	15	1,272,106	15	1,344,608	15	1,286,887	15	1,298,772	15	1,298,772	15	1,287,009	15	1,298,916	15	1,298,916	15
952 Real Estate Recovery	346,526	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0
<b>Total</b>	<b>1,497,009</b>	<b>15</b>	<b>1,624,606</b>	<b>15</b>	<b>1,697,108</b>	<b>15</b>	<b>1,639,387</b>	<b>15</b>	<b>1,651,272</b>	<b>15</b>	<b>1,651,272</b>	<b>15</b>	<b>1,639,509</b>	<b>15</b>	<b>1,651,416</b>	<b>15</b>	<b>1,651,416</b>	<b>15</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	2,787,187	73.5	2,294,658	68.7			1,715,052	61.5	1,715,052	61.5	1,715,052	61.5	1,150,665	51.7	1,138,780	51.4	1,138,780	51.4
Cash Fund 4000045	1,004,480	26.5	1,045,000	31.3			1,075,000	38.5	1,075,000	38.5	1,075,000	38.5	1,075,000	48.3	1,075,000	48.6	1,075,000	48.6
<b>Total Funds</b>	<b>3,791,667</b>	<b>100.0</b>	<b>3,339,658</b>	<b>100.0</b>			<b>2,790,052</b>	<b>100.0</b>	<b>2,790,052</b>	<b>100.0</b>	<b>2,790,052</b>	<b>100.0</b>	<b>2,225,665</b>	<b>100.0</b>	<b>2,213,780</b>	<b>100.0</b>	<b>2,213,780</b>	<b>100.0</b>
Excess Appropriation/(Funding)	(2,294,658)		(1,715,052)				(1,150,665)		(1,138,780)		(1,138,780)		(586,156)		(562,364)		(562,364)	
<b>Grand Total</b>	<b>1,497,009</b>		<b>1,624,606</b>				<b>1,639,387</b>		<b>1,651,272</b>		<b>1,651,272</b>		<b>1,639,509</b>		<b>1,651,416</b>		<b>1,651,416</b>	

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
15	14	1	15	0	6.67 %	15	15	0	15	0	0.00 %	15	14	1	15	0	6.67 %

## **Analysis of Budget Request**

**Appropriation:** 853 - Real Estate – Operations

**Funding Sources:** NRE - Real Estate - Cash in Treasury

The Arkansas Real Estate Commission (AREC) is funded from the receipt of fees it charges for originating and renewing the licenses of real estate brokers and salespersons.

Base Level Regular Salaries and Personal Services Matching include board member stipend payments and Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of the unclassified Director's position reflects the FY13 line item maximum.

Base Level for the Cash Operations Program is \$1,286,887 in the first each year and \$1,287,009 in the second year, with 15 positions budgeted. The only change requested for this program is the reclassification of an Administrative Specialist I position to an AREC Education Coordinator to conduct a program of licensing and training for providers who offer training in various real estate courses for AREC licensees.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

# Appropriation Summary

**Appropriation:** 853 - Real Estate – Operations  
**Funding Sources:** NRE - Real Estate - Cash in Treasury

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	614,858	597,863	666,395	606,734	616,372	616,372	606,834	616,472	616,472
<b>#Positions</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Extra Help 5010001	6,441	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
<b>#Extra Help</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching 5010003	198,049	200,908	204,848	206,818	209,065	209,065	206,840	209,109	209,109
Operating Expenses 5020002	303,897	397,744	400,774	397,744	397,744	397,744	397,744	397,744	397,744
Conference & Travel Expenses 5050009	13,656	16,662	13,662	16,662	16,662	16,662	16,662	16,662	16,662
Professional Fees 5060010	12,212	32,929	32,929	32,929	32,929	32,929	32,929	32,929	32,929
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	1,370	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,150,483</b>	<b>1,272,106</b>	<b>1,344,608</b>	<b>1,286,887</b>	<b>1,298,772</b>	<b>1,298,772</b>	<b>1,287,009</b>	<b>1,298,916</b>	<b>1,298,916</b>

Funding Sources									
Fund Balance 4000005	1,793,606	1,622,974		1,350,868	1,350,868	1,350,868	1,093,981	1,082,096	1,082,096
Cash Fund 4000045	979,851	1,000,000		1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
<b>Total Funding</b>	<b>2,773,457</b>	<b>2,622,974</b>		<b>2,380,868</b>	<b>2,380,868</b>	<b>2,380,868</b>	<b>2,123,981</b>	<b>2,112,096</b>	<b>2,112,096</b>
Excess Appropriation/(Funding)	(1,622,974)	(1,350,868)		(1,093,981)	(1,082,096)	(1,082,096)	(836,972)	(813,180)	(813,180)
<b>Grand Total</b>	<b>1,150,483</b>	<b>1,272,106</b>		<b>1,286,887</b>	<b>1,298,772</b>	<b>1,298,772</b>	<b>1,287,009</b>	<b>1,298,916</b>	<b>1,298,916</b>

Budget exceeds Authorized Appropriation in Conference & Travel Expenses by authority of a Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** 853 - Real Estate – Operations  
**Funding Sources:** NRE - Real Estate - Cash in Treasury

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,286,887</b>	<b>15</b>	<b>1,286,887</b>	<b>100.0</b>	<b>1,287,009</b>	<b>15</b>	<b>1,287,009</b>	<b>100.0</b>
C10	Reclass	11,885	0	1,298,772	100.9	11,907	0	1,298,916	100.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,286,887</b>	<b>15</b>	<b>1,286,887</b>	<b>100.0</b>	<b>1,287,009</b>	<b>15</b>	<b>1,287,009</b>	<b>100.0</b>
C10	Reclass	11,885	0	1,298,772	100.9	11,907	0	1,298,916	100.9

### Justification

C10	Reclassification is requested for an Administrative Specialist I to an AREC Education Coordinator to conduct a program of licensing and training for providers who offer training in various real estate courses for AREC licensees.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 952 - Real Estate Recovery

**Funding Sources:** NRE - Real Estate - Cash in Treasury

The Arkansas Real Estate Commission's Recovery Fund cash appropriation is supported by a one-time fee of \$25 charged to each new license applicant and also includes interest earned from investing the Fund's balances. If damages are assessed against any licensee who is insolvent, the Commission covers the claim from fees collected in this fund. Earned interest is applied toward support of the Commission's educational efforts to keep its licensees and the general public informed of changes in regulations, market conditions, and illegal practices.

Base Level is \$352,500 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

# Appropriation Summary

**Appropriation:** 952 - Real Estate Recovery

**Funding Sources:** NRE - Real Estate - Cash in Treasury

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	216,878	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	129,648	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
<b>Total</b>		<b>346,526</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>
<b>Funding Sources</b>										
Fund Balance	4000005	993,581	671,684		364,184	364,184	364,184	56,684	56,684	56,684
Cash Fund	4000045	24,629	45,000		45,000	45,000	45,000	45,000	45,000	45,000
<b>Total Funding</b>		<b>1,018,210</b>	<b>716,684</b>		<b>409,184</b>	<b>409,184</b>	<b>409,184</b>	<b>101,684</b>	<b>101,684</b>	<b>101,684</b>
Excess Appropriation/(Funding)		(671,684)	(364,184)		(56,684)	(56,684)	(56,684)	250,816	250,816	250,816
<b>Grand Total</b>		<b>346,526</b>	<b>352,500</b>		<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>