

ARKANSAS REAL ESTATE COMMISSION

Enabling Laws

Act 84 of 2014

A.C.A. §17-42-101 et seq.

A.C.A. §17-42-201 et seq.

A.C.A. §17-42-301 et seq.

A.C.A. §17-42-401 et seq.

A.C.A. §17-42-501 et seq.

A.C.A. §17-42-601 et seq.

A.C.A. §17-42-701 et seq.

A.C.A. §18-14-101 et seq.

A.C.A. §18-14-201 et seq.

A.C.A. §18-14-301 et seq.

A.C.A. §18-14-401 et seq.

A.C.A. §18-14-501 et seq.

A.C.A. §18-14-601 et seq.

A.C.A. §18-14-701 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 Real Estate 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 of the commission members are real estate brokers or salespersons licensed by the commission. Of the two remaining commission members who may not be actively engaged or retired from the business of real estate, one serves as a consumer representative and one, who shall be sixty (60) years of age or older serves as an elderly representative. Responsibilities are discharged through a staff directed by an Executive Director who is employed by the Commission.

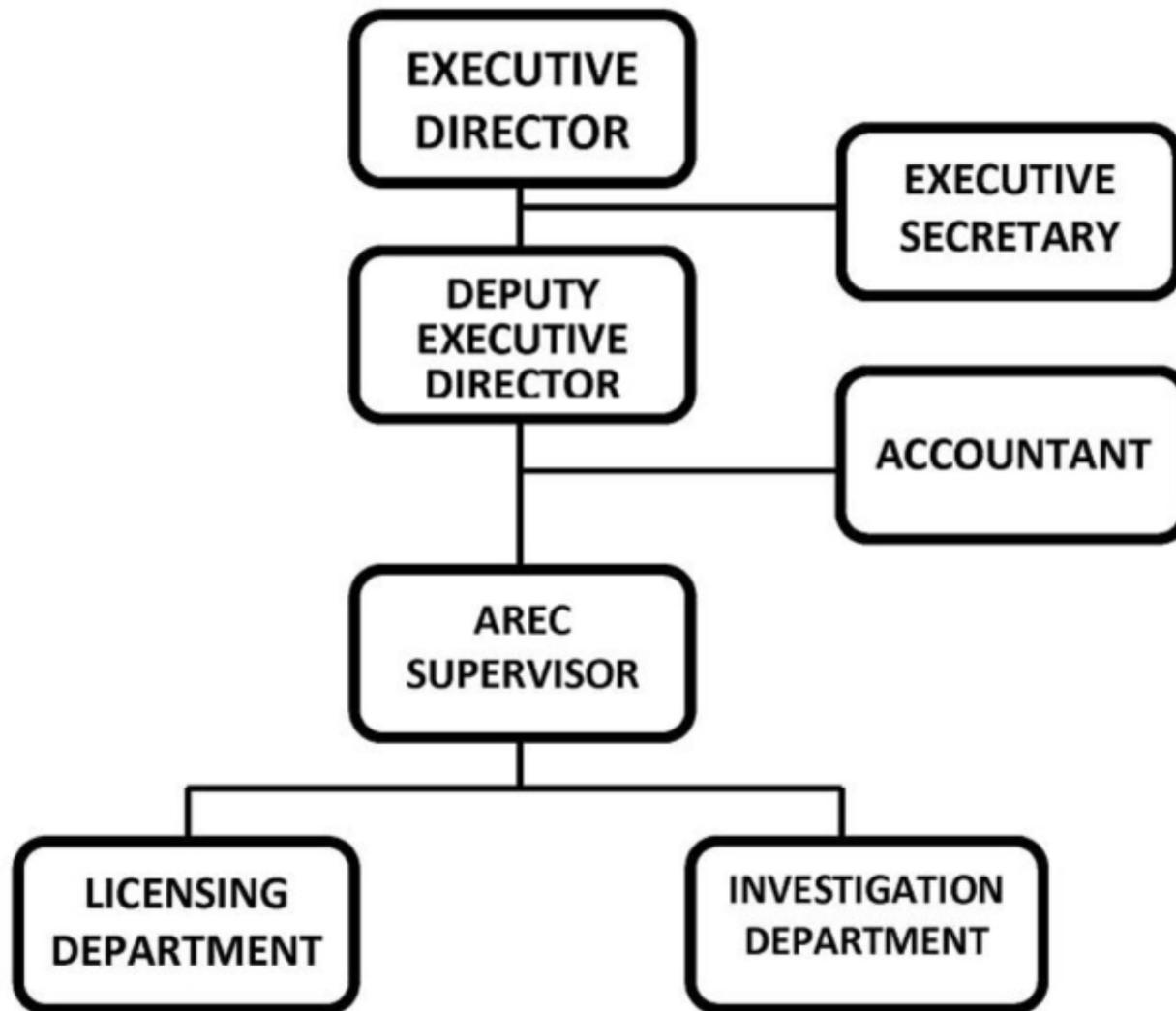
The Agency's primary activities include licensing real estate brokers, salespersons, and real estate educators; investigating complaints against persons or entities licensed by the commission and against unlicensed persons for conducting brokerage activities without proper licensure; conducting formal Disciplinary and Recovery Fund hearings; hearing appeals by applicants for licensure who have disqualifying background issues; and administering the registration of Time-Share plans.

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, monitoring educational compliance by real estate licensees 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 Education Section is responsible for reviewing applications of instructors and schools wishing to offer real estate education that fulfills the mandatory educational requirements for real estate licensees, issuing and renewing licenses, monitoring educational offerings and investigating complaints against instructors or schools licensed by 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

The mission of the Arkansas Real Estate Commission is to protect the public interest, through the examination, licensing, and regulation of real estate brokers and salespersons, real estate educators and through administration of the Arkansas Time-Share Law. Funding for appropriation for the Arkansas Real Estate Commission is by cash funds generated through fees received from real estate licensees, real estate applicants for licensure, real estate educators and timeshare developers.

The budget requests contained herein affect (1) the Real Estate Operations appropriation which is supported by the commission's general cash fund deposited in the State Treasury, and (2) the Real Estate Recovery appropriation which is funded by the commission's Recovery Fund cash fund deposited in the State Treasury. Funding for the biennial budget request will be provided from the two cash fund balances and fees to be collected during the biennium.

Base level is requested for the Cash Operations Program.

Base level is requested for the Real Estate Recovery Program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS REAL ESTATE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2012

Findings

None

Recommendations

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	3	6	9	75 %
Black Employees	0	3	3	25 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		3	25 %
	Total Employees		12	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
AR Real Estate Commission Newsletter	ACA 17-42-404 & 17-42-203	N	N	35,000	Education & enforcement: Articles about real estate practice, law, regulations & hearings help licensees comply with AREC requirements, which protects the public.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,119,169	15	1,272,375	15	1,312,803	15	1,280,137	15	1,280,137	15	1,280,137	15	1,280,872	15	1,280,872	15	1,280,872	15
952 Real Estate Recovery	30,254	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
Total	1,149,423	15	1,624,875	15	1,665,303	15	1,632,637	15	1,632,637	15	1,632,637	15	1,633,372	15	1,633,372	15	1,633,372	15

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,532,544	56.4	1,566,089	58.0		1,075,214	48.7	1,075,214	48.7	1,075,214	48.7	625,501	35.5	625,501	35.5	625,501	35.5
Cash Fund	4000045	1,182,968	43.6	1,134,000	42.0		1,134,000	51.3	1,134,000	51.3	1,134,000	51.3	1,134,000	64.5	1,134,000	64.5	1,134,000	64.5
Total Funds		2,715,512	100.0	2,700,089	100.0		2,209,214	100.0	2,209,214	100.0	2,209,214	100.0	1,759,501	100.0	1,759,501	100.0	1,759,501	100.0
Excess Appropriation/(Funding)		(1,566,089)		(1,075,214)			(576,577)		(576,577)		(576,577)		(126,129)		(126,129)		(126,129)	
Grand Total		1,149,423		1,624,875			1,632,637		1,632,637		1,632,637		1,633,372		1,633,372		1,633,372	

Variances in fund balance due to unfunded appropriation in (952) Real Estate Recovery.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	13	2	15	0	13.33 %	15	12	3	15	0	20.00 %

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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Request provides for Base Level of \$1,280,137 in FY2016 and \$1,280,872 in FY2017.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	572,769	592,644	627,878	597,219	597,219	597,219	597,819	597,819	597,819
#Positions	15	15	15	15	15	15	15	15	15
Extra Help 5010001	0	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
#Extra Help	0	4	4	4	4	4	4	4	4
Personal Services Matching 5010003	202,219	206,396	211,590	209,583	209,583	209,583	209,718	209,718	209,718
Operating Expenses 5020002	314,011	397,744	397,744	397,744	397,744	397,744	397,744	397,744	397,744
Conference & Travel Expenses 5050009	15,167	16,662	16,662	16,662	16,662	16,662	16,662	16,662	16,662
Professional Fees 5060010	13,824	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	1,179	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
Total	1,119,169	1,272,375	1,312,803	1,280,137	1,280,137	1,280,137	1,280,872	1,280,872	1,280,872
Funding Sources									
Fund Balance 4000005	952,031	978,013		805,638	805,638	805,638	625,501	625,501	625,501
Cash Fund 4000045	1,145,151	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Funding	2,097,182	2,078,013		1,905,638	1,905,638	1,905,638	1,725,501	1,725,501	1,725,501
Excess Appropriation/(Funding)	(978,013)	(805,638)		(625,501)	(625,501)	(625,501)	(444,629)	(444,629)	(444,629)
Grand Total	1,119,169	1,272,375		1,280,137	1,280,137	1,280,137	1,280,872	1,280,872	1,280,872

Expenditure of appropriation is contingent upon available funding.

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.

The Agency Request provides for Base Level of \$352,500 each year of the biennium.

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	4,010	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	26,244	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
Total		30,254	352,500	352,500	352,500	352,500	352,500	352,500	352,500	352,500
Funding Sources										
Fund Balance	4000005	580,513	588,076		269,576	269,576	269,576	0	0	0
Cash Fund	4000045	37,817	34,000		34,000	34,000	34,000	34,000	34,000	34,000
Total Funding		618,330	622,076		303,576	303,576	303,576	34,000	34,000	34,000
Excess Appropriation/(Funding)		(588,076)	(269,576)		48,924	48,924	48,924	318,500	318,500	318,500
Grand Total		30,254	352,500		352,500	352,500	352,500	352,500	352,500	352,500

Expenditure of appropriation is contingent upon available funding.