

ARKANSAS REAL ESTATE COMMISSION

Enabling Laws

Act 521 of 2007
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.).

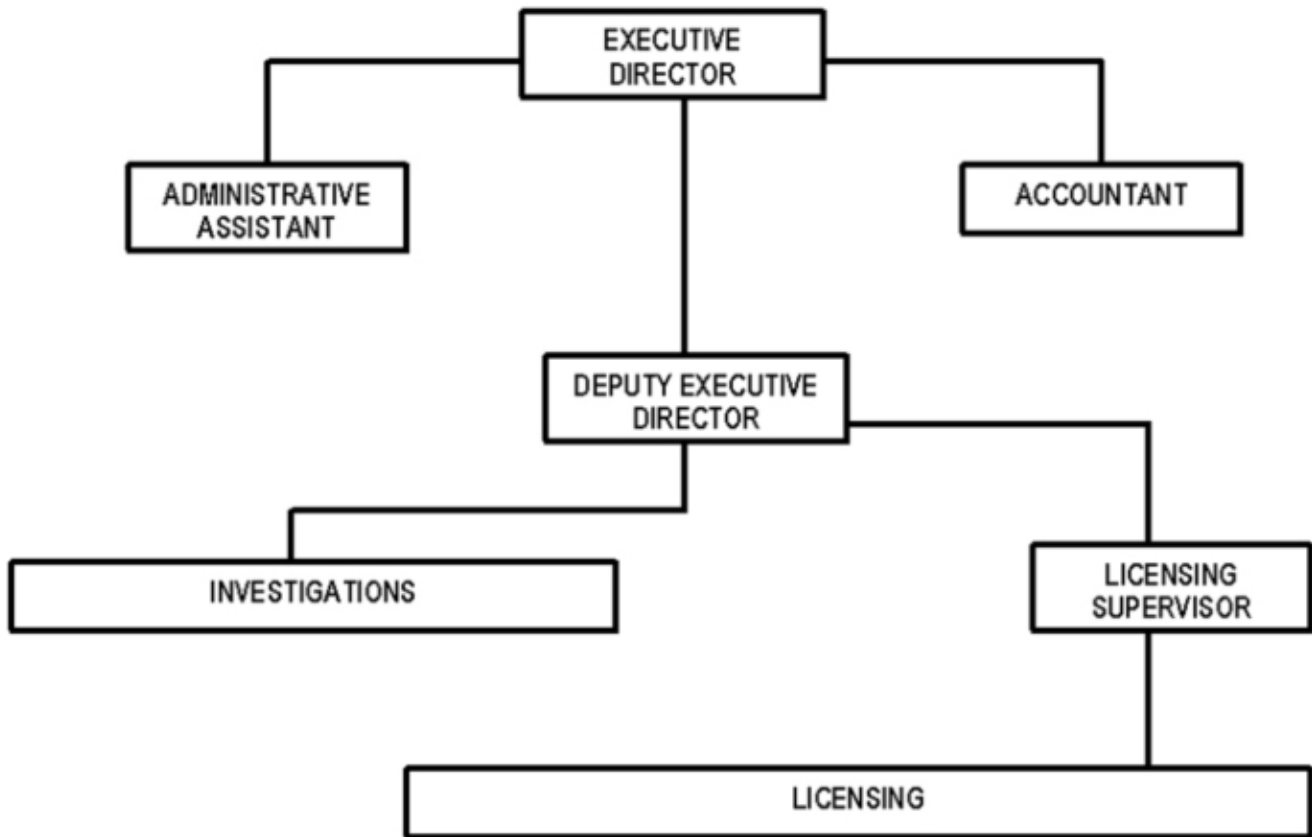
The Real Estate Commission consists of five members appointed by the Governor for three year terms. Three Commission members are from the real estate profession, one Commission member serves as a consumer representative, and one Commission member serves as an elderly representative. Responsibilities 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, 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.

As the only change in the Cash Operations Program, the Commission is requesting reallocation of \$15,000 each year from the Data Processing line item to Operating Expenses. These resources are used to reimburse the Department of Information Systems for support and assistance with the Commission's license database and expenditures should properly be made from the Operating Expenses line item.

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, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	7	10	71 %
Black Employees	0	4	4	29 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	29 %
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	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,034,743	15	1,105,035	15	1,127,117	15	1,166,416	15	1,166,416	15	1,166,416	15	1,181,383	15	1,181,383	15	1,181,383	15
952 Real Estate Recovery	48,022	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	1,082,765	15	1,457,535	15	1,479,617	15	1,518,916	15	1,518,916	15	1,518,916	15	1,533,883	15	1,533,883	15	1,533,883	15

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	2,537,897	64.7	2,841,225	72.6			2,458,690	69.6	2,458,690	69.6	2,458,690	69.6	2,014,774	65.2	2,014,774	65.2	2,014,774	65.2
Cash Fund 4000045	1,386,093	35.3	1,075,000	27.4			1,075,000	30.4	1,075,000	30.4	1,075,000	30.4	1,075,000	34.8	1,075,000	34.8	1,075,000	34.8
Total Funds	3,923,990	100.0	3,916,225	100.0			3,533,690	100.0	3,533,690	100.0	3,533,690	100.0	3,089,774	100.0	3,089,774	100.0	3,089,774	100.0
Excess Appropriation/(Funding)	(2,841,225)		(2,458,690)				(2,014,774)		(2,014,774)		(2,014,774)		(1,555,891)		(1,555,891)		(1,555,891)	
Grand Total	1,082,765		1,457,535				1,518,916		1,518,916		1,518,916		1,533,883		1,533,883		1,533,883	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	15	0	15	0	0.00 %	15	14	1	15	0	6.67 %	15	14	1	15	0	6.67 %

Analysis of Budget Request

Appropriation: 853 - Real Estate – Operations

Funding Sources: NRE - Cash in Treasury

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

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level is requested for the Cash Operations Program. The only change requested is reallocation of \$15,000 each year from Data Processing Operating Expenses. On a monthly basis, the Agency reimburses the Department of Information Systems for support and assistance with its licensing database. This reallocation will properly classify this expenditure.

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 - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	555,134	579,374	574,426	603,433	603,433	603,433	616,184	616,184	616,184
#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	153,263	152,296	179,326	189,618	189,618	189,618	191,834	191,834	191,834
Operating Expenses	5020002	260,993	285,774	285,774	285,774	300,774	300,774	285,774	300,774	300,774
Conference & Travel Expenses	5050009	13,174	13,662	13,662	13,662	13,662	13,662	13,662	13,662	13,662
Professional Fees	5060010	15,932	32,929	32,929	32,929	32,929	32,929	32,929	32,929	32,929
Data Processing	5090012	4,683	15,000	15,000	15,000	0	0	15,000	0	0
Refunds/Reimbursements	5110014	910	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay	5120011	30,654	0	0	0	0	0	0	0	0
Total		1,034,743	1,105,035	1,127,117	1,166,416	1,166,416	1,166,416	1,181,383	1,181,383	1,181,383
Funding Sources										
Fund Balance	4000005	1,551,921	1,801,541		1,696,506	1,696,506	1,696,506	1,530,090	1,530,090	1,530,090
Cash Fund	4000045	1,284,363	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		2,836,284	2,801,541		2,696,506	2,696,506	2,696,506	2,530,090	2,530,090	2,530,090
Excess Appropriation/(Funding)		(1,801,541)	(1,696,506)		(1,530,090)	(1,530,090)	(1,530,090)	(1,348,707)	(1,348,707)	(1,348,707)
Grand Total		1,034,743	1,105,035		1,166,416	1,166,416	1,166,416	1,181,383	1,181,383	1,181,383

Budget for Regular Salaries exceeds the Authorized due to salary adjustments made during the 2007-2009 Biennium.

Actual exceeds Authorized in Capital Outlay due to \$34,000 authorized appropriation for 2007-2008.

Change Level by Appropriation

Appropriation: 853 - Real Estate – Operations

Funding Sources: NRE - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,166,416	15	1,166,416	100.0	1,181,383	15	1,181,383	100.0
C04	Reallocation	0	0	1,166,416	100.0	0	0	1,181,383	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,166,416	15	1,166,416	100.0	1,181,383	15	1,181,383	100.0
C04	Reallocation	0	0	1,166,416	100.0	0	0	1,181,383	100.0

Justification

C04	The Commission pays the Department of Information Systems a fee to provide support for its licensure database. To properly classify this expense, a reallocation from Data Processing to Operating Expenses is requested.
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Analysis of Budget Request

Appropriation: 952 - Real Estate Recovery

Funding Sources: NRE - 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 - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	2,145	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	45,877	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
Total		48,022	352,500	352,500	352,500	352,500	352,500	352,500	352,500	352,500
Funding Sources										
Fund Balance	4000005	985,976	1,039,684		762,184	762,184	762,184	484,684	484,684	484,684
Cash Fund	4000045	101,730	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding		1,087,706	1,114,684		837,184	837,184	837,184	559,684	559,684	559,684
Excess Appropriation/(Funding)		(1,039,684)	(762,184)		(484,684)	(484,684)	(484,684)	(207,184)	(207,184)	(207,184)
Grand Total		48,022	352,500		352,500	352,500	352,500	352,500	352,500	352,500