

ARKANSAS REAL ESTATE COMMISSION

Enabling Laws

Act 23 of 2010

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.).

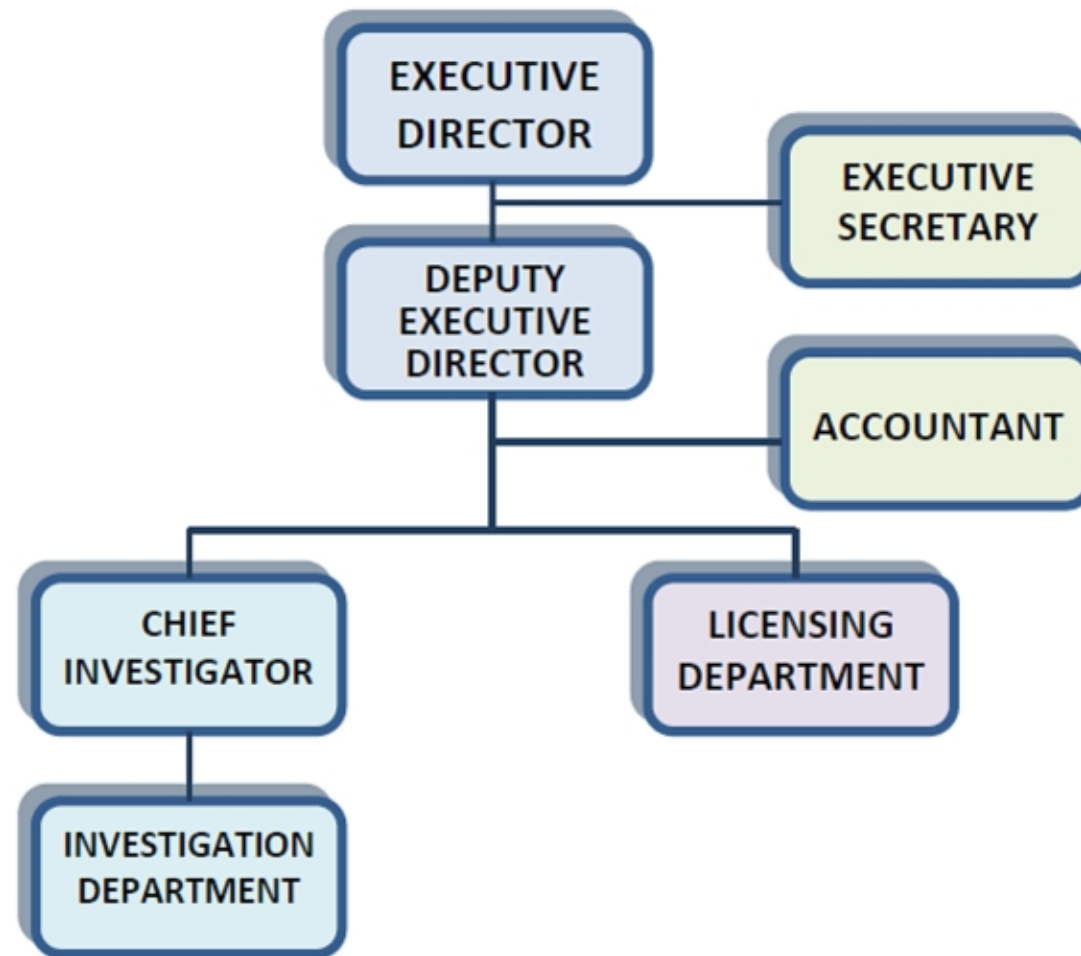
The Real Estate Commission consists of five members appointed by the Governor for three year terms. Three Commission members are from the real estate profession, one Commission member serves as a consumer representative, and one Commission member serves as an elderly representative. Responsibilities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

Requested changes in the Cash Operations Program include a \$15,000 increase each year for additional expenses related to increase in prices for wired telephone services provided by DIS. A \$25,000 increase is requested for additional expenses for Information Network of Arkansas online renewals. 95% of all renewals are now accomplished online, which has increased the cost that INA charges this agency for credit card processing charges.

A \$45,000 increase each year is requested for the mandatory update and annual maintenance for GL Suites, our licensing database. This will be an annual recurring charge. A \$15,000 increase is requested in the second year to purchase new computers. The old XP operating format will no longer be supported by Microsoft and the new GL suites program and later model operating platform will require much greater hardware capacity that is not available on current machines. Computer speed functionality would be dramatically reduced, causing delays in work processes. These changes are listed in the Agency's Information Technology Plan submitted to DFA - Office of State Technology Planning.

A title change is also requested for one position from AREC Licensing Supervisor to AREC Chief Investigator.

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, 2007

Findings

None

Recommendations

None

Employment Summary

	Male	Female	Total	%
White Employees	2	9	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	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,136,554	15	1,211,023	15	1,181,383	15	1,206,979	15	1,291,979	15	1,291,979	15	1,206,979	15	1,306,979	15	1,306,979	15
952 Real Estate Recovery	47,738	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	1,184,292	15	1,563,523	15	1,533,883	15	1,559,479	15	1,644,479	15	1,644,479	15	1,559,479	15	1,659,479	15	1,659,479	15

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,899,974	72.4	2,823,498	71.2		2,399,975	67.8	2,399,975	67.8	2,399,975	67.8	1,980,496	63.5	1,895,496	62.4	1,895,496	62.4
Cash Fund	4000045	1,107,816	27.6	1,140,000	28.8		1,140,000	32.2	1,140,000	32.2	1,140,000	32.2	1,140,000	36.5	1,140,000	37.6	1,140,000	37.6
Total Funds		4,007,790	100.0	3,963,498	100.0		3,539,975	100.0	3,539,975	100.0	3,539,975	100.0	3,120,496	100.0	3,035,496	100.0	3,035,496	100.0
Excess Appropriation/(Funding)		(2,823,498)		(2,399,975)			(1,980,496)		(1,895,496)		(1,895,496)		(1,561,017)		(1,376,017)		(1,376,017)	
Grand Total		1,184,292		1,563,523			1,559,479		1,644,479		1,644,479		1,559,479		1,659,479		1,659,479	

The FY11 Budget amount in the Real Estate - Operations Program (853) exceeds Authorized due to salary and matching adjustments during the 2009-2011 biennium.

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	13	2	15	0	13.33 %	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 and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum. The Base Level request for Regular Salaries also includes board member stipend payments.

Base Level for the Cash Operations Program is \$1,206,979 each year, with 15 positions budgeted. Requested changes for this program are as follows:

- A \$15,000 increase each year in Operating Expenses for additional line charges payable to the Department of Information Systems for wired communications support, \$25,000 each year for additional expenses for on-line renewals processed by the Information Network of Arkansas, and \$45,000 each year for the updating and maintenance of GL Suites, the Agency's licensing database.
- For the second year only, \$15,000 is requested for replacement of computers that will lack the capacity to process transactions in the enhanced GL Suites program and will no longer have Microsoft support for XP operating software.
- Also requested is a title change for the AREC Licensing Supervisor position to AREC Chief Investigator.

The Executive Recommendation provides for the Agency Request, with title of the AREC Licensing Supervisor position changed to AREC Supervisor. 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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	600,150	642,216	616,184	634,415	634,415	634,415	634,415	634,415	634,415
#Positions	15	15	15	15	15	15	15	15	15
Extra Help 5010001	1,736	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
#Extra Help	1	4	4	4	4	4	4	4	4
Personal Services Matching 5010003	166,823	195,442	191,834	199,199	199,199	199,199	199,199	199,199	199,199
Operating Expenses 5020002	348,837	300,774	300,774	300,774	385,774	385,774	300,774	400,774	400,774
Conference & Travel Expenses 5050009	9,733	13,662	13,662	13,662	13,662	13,662	13,662	13,662	13,662
Professional Fees 5060010	8,230	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	1,045	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	1,136,554	1,211,023	1,181,383	1,206,979	1,291,979	1,291,979	1,206,979	1,306,979	1,306,979
Funding Sources									
Fund Balance 4000005	1,884,555	1,813,793		1,702,770	1,702,770	1,702,770	1,595,791	1,510,791	1,510,791
Cash Fund 4000045	1,065,792	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Funding	2,950,347	2,913,793		2,802,770	2,802,770	2,802,770	2,695,791	2,610,791	2,610,791
Excess Appropriation/(Funding)	(1,813,793)	(1,702,770)		(1,595,791)	(1,510,791)	(1,510,791)	(1,488,812)	(1,303,812)	(1,303,812)
Grand Total	1,136,554	1,211,023		1,206,979	1,291,979	1,291,979	1,206,979	1,306,979	1,306,979

The FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	1,206,979	15	1,206,979	100.0	1,206,979	15	1,206,979	100.0
C01	Existing Program	40,000	0	1,246,979	103.3	40,000	0	1,246,979	103.3
C08	Technology	45,000	0	1,291,979	107.0	60,000	0	1,306,979	108.3
C10	Reclass	0	0	1,291,979	107.0	0	0	1,306,979	108.3

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	1,206,979	15	1,206,979	100.0	1,206,979	15	1,206,979	100.0
C01	Existing Program	40,000	0	1,246,979	103.3	40,000	0	1,246,979	103.3
C08	Technology	45,000	0	1,291,979	107.0	60,000	0	1,306,979	108.3
C10	Reclass	0	0	1,291,979	107.0	0	0	1,306,979	108.3
C14	Title Change	0	0	1,291,979	107.0	0	0	1,306,979	108.3

Justification

C01	A \$15,000 increase is requested for additional expenses related to increase in prices for DIS telecom wired. A \$25,000 increase is requested for additional expenses for Information Network of Arkansas online renewals. Online renewals are now at approximately 95%, which increased the cost that INA charges this agency for credit card processing charges.
C08	A \$45,000 increase each year is requested for the mandatory update and annual maintenance for GL Suites, our licensing database. This will be an annual reoccurring charge. This software improvement can be found under the Major Applications tab in the Commission's IT Plan for 2011-2013. A \$15,000 increase is requested in FY2013 to purchase new computers. The old XP computers will no longer be supported by Microsoft and the new GL suites program would reduce computer speed functionality dramatically causing delay in work processes. These are referenced under the Hardware tab in the IT Plan.
C14	A title change is requested for one position from AREC Licensing Supervisor to AREC Chief Investigator.

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			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	47,738	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
Total		47,738	352,500	352,500	352,500	352,500	352,500	352,500	352,500	352,500
Funding Sources										
Fund Balance	4000005	1,015,419	1,009,705		697,205	697,205	697,205	384,705	384,705	384,705
Cash Fund	4000045	42,024	40,000		40,000	40,000	40,000	40,000	40,000	40,000
Total Funding		1,057,443	1,049,705		737,205	737,205	737,205	424,705	424,705	424,705
Excess Appropriation/(Funding)		(1,009,705)	(697,205)		(384,705)	(384,705)	(384,705)	(72,205)	(72,205)	(72,205)
Grand Total		47,738	352,500		352,500	352,500	352,500	352,500	352,500	352,500