



July 2011

Arkansas Real Estate Commission
612 South Summit Street
Little Rock, AR 72201-4701
Phone: 501-683-8010
Fax: 501-683-8020

Administration:
arec@arkansas.gov

Investigations: arecinv@arkansas.gov

Licensing:
arecllc@arkansas.gov

Web page:
www.arec.arkansas.gov

Members of the Commission

Ken Gill, Chairman
Little Rock

Jim Newell, Vice Chairman
Little Rock

Karen C. Crowson
Benton

Tina Daniel
Searcy

Sylvester L. Smith III
Camden

Commission Staff

Gary C. Isom
Executive Director

Andrea S. Alford
Deputy Executive Director

Debra Randolph
AREC Supervisor, Investigations

ARKANSAS REAL ESTATE COMMISSION N E W S L E T T E R

Governor Names Tina B. Daniel As New AREC Commissioner

By Gary C. Isom, Executive Director

Tina Daniel of Searcy was appointed by Governor Mike Beebe to serve a three-year term on the Arkansas Real Estate Commission beginning January 2011. Tina represents the first real estate educator to serve on the Commission. Her appointment is very timely since the quality and delivery of education for real estate brokers is currently being given high priority at AREC.

While the Governor's appointment serves to make Tina's role with the Commission truly official, her involvement with the Real Estate Commission dates back many years. When continuing education requirements were legislated in 1987, AREC contracted with Tina and Andy Schaus, former CEO of the Arkansas Realtors Association, to deliver the first continuing education classes to real estate licensees at 19 locations around the state. That arrangement continued for years.

Tina has assisted the Commission on many occasions by volunteering her time and effort to review educational requirements and by participating in training programs for real estate educators. As an educator, Tina has often attended Commission hearings and business meetings to gain an understanding of the expectations of the Commission.

Tina has held an Arkansas Real Estate Broker License since 1980, and has been very active in both the practice of real estate and in real estate education ever since. Tina's real estate brokerage and education businesses have allowed her to open offices in Searcy, Hot Springs and Northwest Arkansas. In addition, she has taken her educational programs throughout Arkansas, providing her with a unique insight that serves the needs of AREC.

Professional designations held by Tina include that of Senior CRS Instructor for the Council of Residential Specialists; Graduate, REALTORS® Institute; Certified Residential Specialist, Certified Professional Standards Instructor for the National Association of REALTORS®; Instructor Training Institute Certified Senior Instructor; and ARELLO® Certified Distance Education Instructor. She also received the Omega Tau Rho award from the National Association of REALTORS® and is a Senior Instructor for the Real Estate Buyer Agency Council (REBAC). Tina is recognized in all 50 states as a Master Instructor for the Instructor Training Institute and is a certified continuing education instructor in all 50 states. Tina is an active member of the Real



Tina B. Daniel

(Continued on Page 6)

NEW LAWS AFFECT LICENSEES

2011 Legislative Update

By Gary C. Isom, Executive Director

Several pieces of legislation enacted by the 2011 Legislature will impact real estate licensees in Arkansas. Following are descriptions of these laws:

Act 865

This act clarifies that any person engaged in the practice of brokering the sale of businesses located in the State of Arkansas that include real estate must hold an active Arkansas real estate license. In the section of the law that sets out the requirements for holding a real estate license, a provision was added which states: "Real estate includes without limitation a leasehold, time-share interval, or an interest in real property that is purchased or sold in connection with the purchase or sale of all or part of the assets, stock, or other ownership interest of a business or other organization".

In addition, Act 865 allows the Real Estate Commission to conduct a hearing in accordance with the Arkansas Administrative Procedure Act and impose civil penalties against unlicensed persons who practice real estate in Arkansas. The law provides authority for the Real Estate Commission to impose a civil penalty of no more than five thousand dollars (\$5,000) and assess costs against a person the Real Estate Commission finds has engaged in unlicensed real estate activity in the State of Arkansas. The law further allows the Real Estate Commission to require the person engaged in unlicensed real estate activity to reimburse any compensation, fees, or other remuneration collected during the unlicensed real estate activity.

Act 877

This act clarifies agency duties for real estate licensees and provides for a waiver of certain agency duties by sellers and buyers who choose to do business with brokers who operate business models that provide fewer services than the traditional full-service broker. Four new sections in the license law set out (1) agency duties required of all real estate licensees; (2) agency duties that sellers may choose to waive; (3) agency duties that buyers may choose to waive; and (4) the process and form that licensees will be required to follow to enable consumers to waive the duties that may be waived. The required form must include the following provision: "By signing below, I agree that the real estate licensee who represents me will not perform the duties that are initialed above. I also understand that in a proposed real estate transaction, no other real estate licensee will perform the waived duties, and I realize that I may need to hire other professionals such as an attorney."

Furthermore, the new law requires a listing licensee to inform other licensees (1) when monies such as earnest monies, advance fees, or security deposits are not to be transmitted to or maintained by the listing licensee; and (2) when representatives of the buyer are expected to present offers, etc. directly to the seller, etc.

Act 883

This act clarifies exemptions from licensure for officers of certain business entities that own real estate. The revised law also extends the licensure exemption to employees of large corporations or banks who work primarily on a salaried or hourly wage basis as long as the employee works only with property owned or acquired by the employer and does so for only one employer whose primary business activity is not ownership or acquisition of real estate.

Act 720

Act 720, initiated by the Arkansas REALTORS® Association, further establishes that the Real Estate Commission has jurisdiction over real estate licensees who prepare and issue Broker Price Opinions (BPOs). The act provides clarifying language explaining the circumstances and conditions under which a BPO can and cannot be performed by a real estate licensee.

Act 515

This act, also initiated by the Arkansas REALTORS® Association, clears the way for title insurers to issue closing protection letters to protect all consumers whose funds are placed with a closing entity, regardless of the entity chosen by the consumer. Previous regulatory restrictions prohibited such protection for consumers in some circumstances when the entity chosen to close the transaction did not meet those regulatory restrictions.

2011 Brings Changes to the Make-up Of the Arkansas Real Estate Commission

By Gary C. Isom, Executive Director

A Big “Thank You” to Outgoing Chairman Vic Hiryak

A new appointment to the Commission is usually accompanied by some degree of disappointment as we must say goodbye to the Commissioner whose term has expired. This was certainly the case as Chairman Vic Hiryak completed his three years of excellent service to the regulatory and real estate professions. We the staff of the Commission express our appreciation to Vic for his dedication and support to our efforts to serve Arkansas and its citizens. Vic was truly a valuable addition to the Commission and we will miss his wise counsel and solid judgment.

Commissioner Smith Reappointed

Sylvester Smith III of Camden was reappointed by Governor Beebe to serve as AREC Commissioner for his third three-year term. Initially appointed in 2005 by Governor Huckabee, Sylvester serves as one of our two consumer representatives. Sylvester takes his role of consumer protection seriously while simultaneously maintaining a proper perspective and level of respect for practitioners who must deal with the day-to-day pressures of operating a real estate business and developing a career.

New Commission Chair and Vice-Chair

At its March meeting, the Commissioners elected Ken Gill, Executive Broker of Coldwell Banker Rector Phillips Morse (Midtown) office, Little Rock, as Chairman. Chairman Gill's excellent record of dedication to AREC and to ARELLO makes his election as Chair well-deserved. Consumer Representative Jim Newell, currently in his second term, was elected Vice-Chair. Commissioner Newell spent over 40 years in the employee benefit business, eventually starting his own insurance agency in 1979. His experience in a regulated profession enables Commissioner Newell to relate well to real estate practitioners while looking out for the interest of the public.

Commissioner Crowson Reappointed to Advisory Committee

Commissioner Karen Crowson was reappointed to the Individual Sewage Disposal Systems Advisory Committee at the April meeting of the Commission. Commissioner Crowson was originally appointed to the Advisory Committee in April of 2007. Her current term will expire in April of 2015. Commissioner Crowson said that she enjoyed her work on the Committee and was pleased to continue to serve on it.

AREC Proposes Four Regulation Changes Regarding Fees and Licensee Responsibilities

The Arkansas Real Estate Commission is proposing the following regulation changes:

Commission Regulation 3.1: Fees

Raises the fees for renewing expired licenses after September 30th by \$10. Renewal fees will not increase for those who renew by September 30th.

Commission Regulation 10.4: Broker responsibilities; executive brokers; part-time brokers

Replaces language by which a principal broker can delegate supervisory responsibilities to an executive broker licensed in his or her firm.

Commission Regulation 10.16: Criminal convictions and disciplinary actions

Requires a person to report to AREC sanctions levied by a licensing agency for practicing a profession, vocation or occupation without the required licensure.

Commission Regulation 13.1: Registration; renewal

Moves annual renewal deadline for timeshare registrations up one month to provide for better year-to-year revenue comparisons.

For more information on the proposed changes, go to the AREC website at www.arec.arkansas.gov



FORMAL HEARING DECISIONS

The following information is extracted from Findings of Fact, Conclusions of Law and Order, and Consent Orders issued by the Commission from January 2011 through June 2011. Formal Hearing Decisions that have been appealed are not listed.



In the Matter of Gloria Joann McCully, Principal Broker, Arkansas Team Realtors, Sherwood, AR: In Formal Hearing # 3144, the Commission voted that Respondent McCully's license be revoked and a monetary fine of \$500 be paid within 90 days; however, the fine will not be levied provided Ms. McCully notifies the Commission of the physical address of all of her real estate records for the last three years.

The Commission found Respondent McCully in violation of Commission Regulations 10.7(a)(2), 10.10(a) and 10.7(b)(3), and ACA § 17-42-311(a)(13).

In July 2010, the Respondent, acting through a sales agent, listed a property in Hot Springs Village, AR, for a flat fee of \$495. The Seller was not provided a copy of the listing agreement. The Respondent's company did not put a sign on the property as promised. The fee was refunded to seller after seller brought the matter to the attention of the Commission.

The \$495 listing fee was not deposited to Respondent's designated trust account.

The Respondent has failed to provide Commission investigators with a copy of the listing agreement.

In the Matter of Vannie Wayne Ruddle, Principal Broker, Ten Diamond Real Estate, Fort Smith, AR: In Formal Hearing # 3150, the Commission voted that Respondent Ruddle be fined \$1,000.00 per violation for four violations, for a total fine of \$4,000, payable to the Commission within 30 days. The Commission also voted that Respondent Ruddle's license be revoked. Based upon the proven violations, Respondent Ruddle was ordered to pay Complainant Sohan Thind \$25,000 within 30 days of the issuance of the Order.

The Commission found Respondent Ruddle in violation of ACA § 17-42-301(a) and § 17-42-311(a)(12) and Commission Regulations 8.5(a) and 10.9(a).

On March 13, 2007, Complainant executed a real estate contract signed by Complainant Sohan Thind as Buyer and accepted by Tim Whitten as Seller relevant to the construction of a new Holiday Inn Express in Clarksville, AR. Respondent Ruddle signed the contract as Listing and Selling Broker of Ten Diamond Real Estate. Jerel Driscoll signed the real estate contract as Listing and/or Selling Agent; however, Jerel Driscoll does not hold an active Arkansas real estate salesperson license.

The real estate contract stated "Buyer to tender \$375,000 US dollars to be deposited upon acceptance as earnest money, which shall apply towards purchase price or closing costs." Additionally, the Complainant and the Respondent signed a General Addendum dated March 13, 2007, that stated, in part, "Earnest money becomes non-refundable if the buyer fails to complete the transaction. Earnest money becomes refundable if the seller fails to complete the transaction."

On March 22, 2007, Complainant Thind wired \$385,000 into the Ten Diamond Real Estate Escrow Account. On March 23, 2007, Respondent Ruddle paid Seller Tim Whitten \$375,000 from the Ten Diamond Real Estate Escrow Account. Respondent Ruddle and Seller Whitten believed the \$375,000 to be a non-refundable deposit.

When it became obvious the hotel was not being built, Complainant demanded refund of the \$375,000. Respondent refused to make a refund. Respondent Ruddle stated that he received \$100,000 of the money as real estate commission from the Seller and paid \$65,000 of the \$100,000 to Jerel Driscoll as a referral fee. Jerel Driscoll is not an Arkansas real estate licensee.

In the Matter of Jerry Danehower, Principal Broker, Ameripro Realty, Rogers, AR: FH # 3135 By Consent Order, the Commission voted that Respondent Danehower shall receive a Letter of Reprimand to be placed in his license file and pay a fine of \$250 to the Arkansas Real Estate Commission.

The Commission found Respondent Principal Broker Danehower in violation of Arkansas Real Estate Commission Regulation 10.16(b).

Respondent Danehower entered into a Consent Agreement with the Arkansas Appraiser Licensing and Certification Board on April 21, 2010, and was sanctioned as stated in the Consent Agreement by the Arkansas Appraiser Licensing and Certification Board. Respondent Danehower failed to report the Consent Agreement to the Arkansas Real Estate Commission within 30 days.

In the Matter of Shaun R. Duggins, Principal Broker, Westgate Carol Jones Realtors, West Plains, MO: Formal Hearing # 3143: By Consent Order, the Commission voted that Respondent Principal Broker Duggins shall receive a Letter of Reprimand to be placed in his license file for one year and pay a fine of \$250 to the Arkansas Real Estate Commission.



FORMAL HEARING DECISIONS

The following information is extracted from Findings of Fact, Conclusions of Law and Order, and Consent Orders issued by the Commission from February 2011 through June 2011. Formal Hearing Decisions that have been appealed are not listed.



The Commission found Respondent Principal Broker Duggins in violations of ACA § 17-42-501(a)(2)(A)(i) and 17-42-311(a)(1) and Commission Regulation 7.6.

Respondent Duggins did not complete the continuing education requirements for his broker license prior to January 1, 2011. His license was renewed January 17 after completion of the required continuing education. Respondent Principal Broker failed to notify the Commission that his firm's name had changed from Westgate Realty, Inc - GMAC - West Plains Missouri to Westgate Carol Jones Realtors.

OTHER CONSENT ORDERS

In the following Consent Orders entered, Principal/Executive Broker Respondents received Letters of Reprimand in their license files for one year and each was ordered to pay a \$250 penalty to the AREC for allowing salespersons with their agencies to actively practice and represent themselves as real estate salespersons without holding active salesperson licenses, constituting improper dealings in violation of ACA § 17-42-311(a)(13):

James W. Kellstrom, Principal Broker, 1st Choice Realty Kellstrom-Goff & Associates, Hot Springs, AR: Formal Hearing # 3122

Sandra Gail Ott, Designated Executive Broker, Coldwell Banker Rector Phillips Morse - NLR, North Little Rock, AR: Formal Hearing # 3117

John Mont Sagely, Principal Broker, Sagely and Edwards, Fort Smith, AR, Formal Hearing # 3139

Jason L. Whitley, Principal Broker, J. A. Whitley Investments LLC, Jonesboro, AR: Formal Hearing # 3141

Doyle Bailey Yates, Executive Broker, Coldwell Banker Harris McHaney & Faucette, Fayetteville, AR: Formal Hearing # 3136

In the following Consent Orders entered, Principal Broker Respondents received Letters of Reprimand placed in their license files for one year and each was ordered to pay a \$250 penalty to the AREC for actively working as real estate agents while their licenses had expired and allowing agents with their agencies to advertise and hold themselves out as active licensees while the Principal Brokers' licenses were not active, constituting improper dealings in violation of ACA § 17-42-311(a)(13):

Chris Maris, Principal Broker, Maris Realty, Little Rock, AR: Formal Hearing # 3137

Harold Palmer, Principal Broker, Resort Realty of Hot Springs, Hot Springs, AR: Formal Hearing # 3134

In the following Consent Orders entered, Principal Broker Respondents received Letters of Reprimand placed in their license files for one year and each was ordered to pay a \$50 penalty to the AREC for renewing their licenses as active without completing and/or reporting their continuing education requirements in violation of ACA § 17-42-501(a)(2)(A)(i) and 17-42-311(a)(1):

Mike Adams, Principal Broker, Wood Realty, Flippin, AR: Formal Hearing # 3124

Harold E. Bagwell, Principal Broker, RVI Realtors, Pocahontas, AR: Formal Hearing # 3125

Darryl A. Beasley, Principal Broker, Coldwell Banker Group One, West Monroe, LA: Formal Hearing # 3126

Amanda Cochran, Principal Broker, Cochran and Associates, LLC, Talequah, OK: Formal Hearing # 3127

William Gates, Principal Broker, Southern Land Company TN LLC, Germantown, TN: Formal Hearing # 3128

Larry P. Hughes, Principal Broker, Murney Associates, Springfield, MO: Formal Hearing # 3129

Karen Jones, Principal Broker, Bolingers Real Estate, Hindsville, AR: Formal Hearing # 3130

Larry D. Mayall, Principal Broker, First National Realty, INC., Memphis, TN: Formal Hearing # 3131

Richard Monaghan, Principal Broker, CB Richard Ellis Arkansas, Tulsa, OK: Formal Hearing # 3132

Gregory Riera Sr., Principal Broker, Jones Lang LaSalle, New Orleans, LA: Formal Hearing # 3133

In the following Consent Orders entered, Respondents received Letters of Reprimand placed in their license files for one year and each was ordered to pay a \$250 penalty to the AREC for practicing and representing themselves as active salesper-

(Continued on Page 6)



FORMAL HEARING DECISIONS

The following information is extracted from Findings of Fact, Conclusions of Law and Order, and Consent Orders issued by the Commission from February 2011 through June 2011. Formal Hearing Decisions that have been appealed are not listed.



(Continued from Page 5)

sons or brokers while their licenses had expired, constituting improper dealings in violation of 17-42-301(a) and 17-42-311(a) (9) and Commission Regulation 6.3(b):

Denny Brown, Broker, Collection Real Estate, Inc., Siloam Springs, AR: Formal Hearing # 3123

James Burrow, Salesperson, J. A. Whitley Investments LLC, Jonesboro, AR: Formal Hearing # 3140

Mary Davis, Salesperson, Coldwell Banker Harris McHaney & Faucette, Fayetteville, AR: Formal Hearing # 3118

John B. Dozier, Salesperson, 1st Choice Realty Kellstrom-Goff & Associates, Hot Springs, AR: Formal Hearing # 3121

Angela Kestner, Salesperson, Coldwell Banker Harris McHaney & Faucette, Fayetteville, AR: Formal Hearing # 3119

Bobbie McCluskey, Salesperson, Coldwell Banker Rector Phillips Morse - NLR, North Little Rock, AR: Formal Hearing # 3116

Joy Vota, Salesperson, Sagely and Edwards, Fort Smith, AR: Formal Hearing # 3138

Appointments to Real Estate Foundation Board Are Made

One appointment and a re-appointment have been made to the Arkansas Real Estate Foundation (AREF) Board of Directors. The appointments were made by the AREC Commissioners during their regular business meetings.

William Ladd of Moore and Company Realtors, Russellville, was appointed to the AREF board during the Commission's August 2010 meeting. Mr. Ladd has been in the real estate industry for many years, and opened Arkansas Real Estate Training Academy on December 4, 2007.

Lou Taylor of Family Realty, Pine Buff, a long-time member of the AREF board, was re-appointed to his fifth three-year term. Both appointments became effective October 1, 2010, and will expire September 30, 2013.

The Foundation is a non-profit corporation designated by the AREC to receive interest from Brokers' Trust Accounts. Funds generated by the program are to be used for economic development, research, education and other such public service purposes as determined by the AREF Board of Directors.

The Commission appoints at least 60% of the nine members of the board. The remaining members are appointed by the Arkansas Realtors' Association (ARA).

Tina Daniel Named to AREC Board

(Continued from Page 1)

Estate Educators Association (REEA).

Academically, Tina graduated from the University of Central Arkansas with a Masters of Science in Adult Education in 1983. Prior to that she received a Bachelor of Arts in Business Education from Harding University in Searcy. Tina plans to enroll in the Association of Real Estate License Law Officials (ARELLO) Commissioner College this fall.

As with everything she has ever done, Tina is approaching her duty as a Commissioner with high energy and enthusiasm. She considers her appointment as both an opportunity and a responsibility to the State of Arkansas and the real estate industry.

We look forward to having Tina aboard the Commission offering her expertise, guidance and service.

Grant Grigg Is Promoted to Senior Investigator, And Two New Faces Join the AREC Staff



Grant C. Grigg

Grant C. Grigg

Grant Grigg has been promoted to the position of Senior Investigator of the Investigations Department of AREC. As Senior Real Estate Investigator, Grant will investigate complaints filed with the agency by consumers and real estate licensees. He will write reports summarizing his investigations, and make recommendations regarding the disposition of the complaints. In the course of his investigations, Grant must reconcile bank statements and analyze trust account and transaction records. In addition to testifying at formal hearings, Grant will assist Deb Randolph, AREC Investigations Supervisor, in the day to day operations of the department.

Grant joined AREC in November 2010 as an investigator. He has an extensive background in State Government and Real Estate, having spent the previous 12 years with the State Land Commissioner's Office. Grant holds a Bachelor of Arts degree from the University of Arkansas at Little Rock with a major in Political Science and minor in Criminal Justice.

Katie White

Katie White joined the AREC staff in May as Receptionist. When you call or visit AREC, Katie will most likely be the first person you encounter. Among her many duties, Katie assists licensees and members of the public in finding answers to their questions. She is also responsible for providing various levels of support to the Licensing Department.

Katie was born and raised in Little Rock and is a December 2010 graduate of the University of Arkansas at Fayetteville. She received her bachelor's degree in Business Administration with majors in Financial Management and Investments, and a minor in Management. "My finance major sparked an interest in real estate for me," Katie said, "so I am glad to now be working in the Real Estate Industry for the state,



Katie White

and believe that my education has prepared me well for working for the Commission." In her leisure time, Katie enjoys spending time with her family, traveling, and horseback riding at her family's farm in Fayetteville.

Heather Kilpatrick

Heather Kilpatrick joined the AREC staff in March and was recently promoted to Administrative Specialist II in the Licensing Department. She has strong experience with customer service and office administration and comes to AREC after 15 years working with church organizations in the non-profit sector. Heather will handle many of the day-to-day functions that licensees rely upon such as transfers, renewals, license histories, etc. She continues to volunteer with children and youth through the Presbytery of Arkansas and annual mission trips. Soon after joining the AREC, Heather left for a week-long mission trip to Mexico, returning to the mission she has been helping build for several years. She and her two children, Emily (10) and Austin (9), live in Benton and enjoy biking and crafting. Please feel free to contact Heather with any questions you may have regarding routine license maintenance.



Heather Kilpatrick

Arkansas Real Estate Commission
612 South Summit Street
Little Rock, AR 72201-4701

PRSRTSTD
US POSTAGE
PAID
PERMIT #75
LITTLE ROCK AR

Inside This Issue

July 2011

New Commissioner Named.....	1
2011 Legislation Update.....	2
Notes From the Executive Director...	3
Proposed Regulation Changes.....	3
Formal Hearing Decisions.....	4,5,6
AREF Appointments Made.....	6
New AREC Hires and Promotion.....	7

Urgent Notice Urgent Notice Urgent Notice Urgent Notice Urgent Notice

RENEW ONLINE

www.arec.arkansas.gov

Renew your license online
by September 30, 2011 to avoid penalty.

To be an active agent for 2012, required CE must be
submitted before December 31, 2011.

RENEW ONLINE TODAY.

www.arec.arkansas.gov

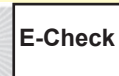
Notice sent 7-15-2011. Online renewal receipts will be available for printing at the time of
renewal. To renew by paper, please send a written request to AREC by August 19, 2011.

All payment information will be handled securely and will not be stored on our systems.
Secured by DigiCert SSL.



Scan the QR code with your smartphone's QR
code reader app to be directly routed to the online
renewal application.

Online payment methods



Urgent Notice Urgent Notice Urgent Notice Urgent Notice Urgent Notice