



July 2013

Arkansas Real Estate Commission

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Sylvester L. Smith III
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Commission Staff

Gary C. Isom
Executive Director

Andrea S. Alford
Deputy Executive Director

Debra Randolph
AREC Supervisor, Investigations

ARKANSAS REAL ESTATE COMMISSION NEWSLETTER

Did Last Year's Speeding Ticket Encourage "On-time" Renewals?

By Andrea S. Alford, Deputy Executive Director

Around this time last year, I wrote to you all about an enlightening encounter I had with the law, and I urged you to renew your licenses and complete your continuing education on time. I'd like to think that some of you were extra diligent in doing those things this year, and my speeding ticket lesson has proven valuable to someone besides myself.

In truth, the vast majority of you simply don't need an anecdotal (albeit true) story about a Commission employee getting a speeding ticket to convince you that following renewal and education requirements is a worthwhile endeavor. To that vast majority, we at the Commission say thank you and good job!

I'm sad to report, however, that there is still a faction of licensees out there who insist on metaphorically speeding through Yell County again, even after they've seen the warning signs and, in some cases, already been ticketed. To that faction, well, read on.



Andrea S. Alford
Deputy Executive Director

I was up at the lakehouse a few weeks ago for some fishing, and I found myself in the same spot on the road where I was ticketed last year. I glanced over at the hardware store parking lot, and you'll

never guess what I saw. A policeman in a shiny black and white cruiser. He was sitting in the same place as the officer who caught me speeding last year.

I am delighted to tell you that I was dutifully obeying the speed limit and, as such, the sight of that officer did not distress me in the least. But, of course, it did make me think...

I was once again reminded that the AREC is like that police officer. It's still our job to monitor license compliance, and we're still employing the same tactics as we have in the past to do that job.

To name just a few: we communicate with as many licensees as we can to promote timely renewal and CE completions, we stay in frequent touch with real estate educators to be sure that active licensees without their CE are given multiple opportunities to register for a class, and we maintain a streamlined online renewal process that is supported by multiple in-house Licensing staff.

There's even something new this renewal season – the law has changed.

Under Act 112 of the 89th General Assembly, the Commission's Executive Director has the authority to issue a citation, along with a monetary penalty, for any licensee who fails to complete annual education requirements or post-licensure education requirements, as well as any licensee and the broker of any licensee who performs activities that require an active real estate license while his or her license is expired.

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Lesia Ford Appointed AREC Commissioner

Lesia J. Ford of West Memphis has been appointed by Governor Mike Beebe to serve as a Commissioner for the Arkansas Real Estate Commission (AREC) with a term to expire December 31, 2013. She will be completing the term left vacant



Lesia J. Ford
West Memphis

by the death of AREC Commission Chairman Tina B. Daniel of Searcy. Commissioner Ford's appointment was effective April 30, 2013.

Commissioner Ford has been involved in the real estate industry since 1996. She and her husband, Michael E. Ford, own Coldwell Banker Heritage Homes of West Memphis. Commissioner Ford has been recognized by both local and state organizations for her accomplishments in the real estate industry.

She has won many Crittendon County Top Producer awards, and was selected local and state Realtor of the Year in 2003.

In addition to her awards, Commissioner Ford has served the real estate industry at the local, state and national levels. She served as president of the Crittendon County Board of Realtors in 2003, and has chaired several committees of the Arkansas Realtors® Association (ARA), including Convention, Risk Reduction, and Realtor of the Year.

At the national level, Commissioner Ford has chaired the Membership Policy & Board Jurisdiction Committee, and is currently chair of the National Association of Realtors® (NAR) Legal Action Committee. She has also earned several national designations.

Of the late Commission Chairman Daniel, Commissioner Ford said, "Tina was a wonderful leader and I've got some very big shoes to fill, but with the support I've received from the Governor, Gary Isom (Executive Director of the AREC), and Ken Gill (Acting Chairman of the Commission), I am extremely enthusiastic about this position...I feel I have a solid foundation for the position of Real Estate Commissioner."

The ARA has endorsed Commissioner Ford's appointment to the AREC, stating that she "is more than qualified to represent Arkansas Realtors." She will serve with the four other current Commissioners - Acting Chair Ken Gill of Little Rock and Commissioner Allen W. Trammell of Alexander, industry representatives, and Sylvester L. Smith III of Camden and Sherman E. Tate of Little Rock, who represent consumers.

What Does Section 8 Have to Do with Me?

By Grant Grigg, Senior Investigator

Well, Section 8 of the AREC Commission Regulations can sometimes be confusing to everyone, but it plays a very specific role in a transaction and it is important that all parties to the transaction are aware of what each Licensee's role is.

Section 8 covers Agency Disclosure. Let me briefly examine Section 8 with you - it might save you from a complaint.

Regulation 8.1: Seller or Lessor Agents. This regulation addresses the role of a Licensee as the agent solely for the Seller. In most cases the Licensee's role is established with the Exclusive right to sell or listing agreement. The agreement grants a Licensee permission to act as the Seller's agent and in most cases grants the Licensee permission to act as a dual agent, if the situation arises.

Reg 8.2: Buyer or Lessee Agents. This is where the majority of problems arise. Some Licensees are not using a "Buyer Representation Agreement" form. I have heard Licensees say "We don't use those forms" or "We take a man's word around here."

While trusting a person's word is great, it could be a possible violation of Regulation 8.2(a)(2)(b) that says "In all cases, disclosure shall be in writing..." Buyer representations offer a layer of protection for the Licensee and the Buyer - making sure everyone's role in the transaction is clear.

Regulation 8.3: Dual agency. This is another one that can cause some issues and later headaches. It is important to remember that a Licensee must have permission to be a dual agent. A consumer cannot be forced into a dual agent situation without his/her consent.

If a member of the public contacts a Licensee inquiring about a property, the Licensee should be clear on the front end who they represent. That Licensee can represent that consumer as long as the consumer grants permission.

For further clarification, check out the AREC publication entitled "*Regulation Sections 8 & 10 Quick Reference Guide*" available at the AREC office and online at www.arec.arkansas.gov.

Baby Boomers 'Aging Out' of RE Industry

By Gary C. Isom, Executive Director

Of persons who held an active Arkansas real estate license at the close of 2012, approximately twenty-four percent (24%) are sixty-five (65) or more years of age. According to the Bureau of Labor Statistics, for the total nationwide non-farm labor force, only five percent (5%) are aged sixty-five (65) plus.

On the opposite end of the scale, less than ten percent (10%) of real estate licensees in Arkansas are under the age of thirty-five (35). Readers may view more detailed statistics at the Real Estate Commission's website, www.arec.arkansas.gov.

So, what does this mean? Will the number of real estate salespersons and brokers decline as more licensees reach their birthday that in years past was considered "retirement" age? What will it take to entice younger persons to choose real estate as a career?

The business model for the real estate profession has long been based upon a "commission-only" pay structure. Will that model appeal to new entrants into the labor market as it has to past generations? Or will it be a deterrent?

According to comments I've heard lately, some assume the turnaround in the housing market will propel new applicants for licensure. I tend to think that it will take a "vibrant" market rather than a "recovering" market to attract new entrants to real estate to any significant extent.

I will not be surprised to see a mild upsurge in new licensees as the market regains strength; however, I'm concerned that in the short-term we will have an offsetting number of licensees headed for the exit.

Also of concern is the retention rate of some of the persons who have obtained their licenses in the past few years. As those of you who have made a career in real estate know, it's no "cake walk". It takes a lot of hard work, perseverance and long hours to produce a decent income in real estate.

Unfortunately, in an economic downturn, some who turn to real estate as a career may do so out of desperation at not being able to find employment elsewhere.

Also, federal and state background checks have eliminated many career options for new entrants to the labor market. A felony on the record can represent an invisible barrier to many chosen professions.

While real estate has some of the same protections, applicants can be granted a waiver to apply for a real estate license. I do question whether those persons who chose real estate after other doors of opportunity were closed will have the staying power it takes to make it in the real estate business.

As the staff that the commissioners hold responsible for the well-being and fiscal soundness of this licensing and regulatory agency, we have to think about these things and attempt to anticipate change.

There are lots of issues to consider about the future direction of this licensed profession. The answers will surface in time and along with those answers there will be change.

It's a question not only of when it will occur, but also, how much change will be involved, and most importantly, who will it be that discovers those answers?



Gary C. Isom
Executive Director

New Process in Place for Disciplining Tardy Renewals

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In the past, we have entered into Consent Orders with licensees who have committed these violations (a laborious and often lengthy process); now, we can issue citations (a swift and simple process).

Instead of waiting to experience the change in our law firsthand, what if you shook things up a bit? If you normally wait until December 31 to renew your license, why not challenge yourself to renew by September 30 and save yourself \$20 or \$30 in extra fees?

And if you haven't done your CE yet, why not get crazy and

book it now? Get it out of the way before the holidays because let's face it – nothing's worse than sitting in a CE class when all of your friends are out drinking hot cocoa, singing Christmas carols, and generally enjoying all things merry and bright.

For information on renewing your license for 2014, take a gander at the back of our newsletter, and be on the lookout for those red and yellow postcards we send out each year.

As always, if you have any questions or would like assistance with the license renewal process, we can be reached at 501-683-8010.

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RENEW ONLINE

www.arec.arkansas.gov

Renew your license online

by September 30, 2013 to avoid penalty.

To be an active agent for 2014, required CE must be submitted before December 31, 2013.

RENEW ONLINE TODAY.

www.arec.arkansas.gov

This will be the only notice sent.

Notice sent 7-15-2013. **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 16, 2013.

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

2014 Renewal Fees By 9/30/2013

Broker: \$80.00
Salesperson: \$60.00

2014 Renewal Fees After 9/30/2013

Broker: \$110.00
Salesperson: \$80.00

Online payment methods



Urgent Renewal Notice Urgent Renewal Notice Urgent Renewal Notice