March 2012
Arkansas Real Estate Commission
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Tina Daniel, Vice Chair
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Karen C. Crowson
Benton
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Gary C. Isom
Executive Director
Andrea S. Alford
Deputy Executive Director
Debra Randolph
AREC Supervisor, Investigations

ARKANSAS
REAL ESTATE COMMISSION
NEWSLETTER

Notes From the Executive Director....
By Gary C. Isom

Ken Gill Re-appointed to Commission
Ken Gill was re-appointed by Governor Mike Beebe to a second three-year term on the Arkansas Real Estate Commission. Ken served the Commission as its 2011 Chairman. Ken is a Designated Executive Broker with Coldwell Banker Rector Phillips Morse (CBRPM) Maumelle and Midtown in Little Rock.

Jim Newell Elected Chairman
Jim Newell was elected 2012 Chair of AREC. Jim has served on the Commission as a Consumer Member since his appointment in 2007. Jim, who owns The Newell Agency in Little Rock, has been in the life and employee benefits business for over 40 years.

Proposed 2012 Regulation Changes
The Commission is proposing three regulation changes. A public hearing is anticipated for May 21, 2012 at 9:00 a.m. in the AREC meeting room. Interested parties should check the AREC website at www.arec.arkansas.gov for updates or changes to the schedule.

The first proposed change is to Commission Regulation 6.3 entitled Expired licenses. The change will reduce the number of years that a licensee can reinstate an expired license from three (3) years to one (1) year. Currently, AREC retains hardcopy and electronic records for five years for those persons who have let their license expire and dropped out of the real estate business. The records are kept two (2) additional years after the three (3) year reinstatement period has lapsed. This change will reduce the record retention requirement to three (3) years. The Real Estate Commission is a fee-based cash-funded agency and since these persons are no longer paying license fees, the cost of maintaining their records becomes an unnecessary expense that must be passed on to those of you who pay annual fees. Approximately ninety percent (90%) of licensees who allow their licenses to expire for over a year never reinstate their license.

The second proposed change is to Section 9 of the Commission Regulations entitled Complaints; Investigations; Hearings. This change provides procedures for the Commission to investigate complaints and take action against unlicensed persons who practice real estate. The Commission gained authority over unlicensed persons by new legislation passed in 2011.

Lastly, we are proposing a change to Commission Regulation 11.5 entitled Post-license education requirements. Newly licensed real estate brokers often need to become a Principal Broker or Executive Broker immediately upon receiving their broker license. Current regulation requires these brokers to complete the thirty-hour post-license education first. This change will allow the broker licensee to become a Principal Broker or Executive Broker without having completed the post-license course but will shorten the time for which they are required to complete their post-license education from one year to ninety days.

Karen Crowson ARELLO President
Karen Crowson, member of the Arkansas Real Estate Commission (AREC) and a Benton real estate broker, is serving as the 2012 president of the Association of Real Estate License Law Officials (ARELLO). She is the second Arkansan to have been elected president of ARELLO in the past three years.

Karen, principal broker for Crye-Leike of Benton, has been active in local, state, regional and national real estate organizations since she was first licensed in 1987. A Commissioner since 2007, Karen served as the AREC Commission Chair in 2009. Karen was twice selected as the Benton/Bryant REALTORS® Association’s Realtor® of the Year.
On October 21, 2009, Complainants Sellers John and Norma Curlett and Joe Balenton, Potential Buyer, met with Respondent Stevens at Complainants’ property at 1610 Duke Street, Conway, AR. At Respondent Stevens’ request, Complainant Seller John Curlett signed a blank Exclusive Right-to-Sell Agreement. The closing date Respondent Jackson entered on the Real Estate Contract was November 18, 2009. The transaction did not close on November 18, 2009. Neither Respondent Jackson nor Respondent Stevens obtained a written agreement between the parties to extend the closing date. On January 7, 2010, a General Addendum was signed by Complainant Seller John Curlett and Buyer Balenton amending the sales price to $118,000, with Buyer Balenton to pay his own closing costs and the closing date to be extended to January 31, 2010. The transaction did not close on January 31, 2010. Neither Respondent Jackson nor Respondent Stevens obtained a written agreement to extend the closing date. On March 15, 2010, a General Addendum was signed by Complainant Seller John Curlett, Buyer Balenton and Respondent Broker Jackson changing the Sales Commission to $1,500. On March 29, 2010 the closing occurred and Complainants Sellers Curlett paid the Buyer’s closing costs of $4,997.47.

On March 4, 2011, the Disciplinary Hearing Commission of the North Carolina State Bar, 10 DHC 27, disbarred Respondent Stevens from the practice of law in North Carolina. Respondent failed to make a written report to the Arkansas Real Estate Commission within 30 days after the disbarment from the practice of law in North Carolina.

On March 21, 2009, Vickie and Gerald Wallace, Respondent Jerry Wallace’s parents, made an offer of $166,000 on a property at 1480 Hilltop Road, Alexander, AR. Respondent Wallace did not present this Offer to Seller Complainant Davidson until December 2009. Closing date was set for December 30, 2009. A second Offer was made by RI, LLC for $166,000 with a closing date of June 1, 2009. This offer was signed by Seller Complainant Davidson but was not dated. Respondent Virgil Brown held an ownership interest in Seller Complainant Davidson.

On April 2, 2009, another Offer by RI, LLC was received for a sales price of $163,300 with a closing date of May 15, 2009. This offer was signed by Seller Complainant Davidson and was not dated. Respondent Jerry Wallace, their sales agent with Truman Ball and Associates. This offer was not signed by Seller Complainant Davidson, listing agent Respondent Wallace or listing Broker Respondent Brown. This Offer was not presented to Seller Complainant Davidson. Complainants Vaughan were aware that this was a Short Sale. Respondent Wallace informed Complainants Vaughan’s sales agent McCorkel that a previous offer was no longer in consideration. The expiration date on Complainants Vaughan’s offer was October 5, 2009.

On October 5, 2009, Bank of America contacted Respondent Wallace stating the HUD-1 and real estate contract were needed to prevent deactivation of the account. Records received from Bank of America reflect that on October 8, 2009, a HUD-1 was received.
by Bank of America listing RI, LLC as the buyer for $166,000. On October 21, 2009 Bank of America asked Respondent Wallace for the name of the buyer to provide the investors. Respondent Wallace provided the HUD-1 listing Vickie Wallace as the buyer. On October 22, 2009, Bank of America issued a Pre-foreclosure Settlement Statement showing Vickie Wallace as the buyer for the $166,000 sales price. This Statement from Bank of America Home Loans Servicing, LP, was provided by the Respondents; however, it had the date and account number removed. This Statement stated the closing had to occur no later than December 5, 2009.

A Pre-foreclosure Settlement Statement from Bank of America Home Loans Servicing, LP states “...(Bank of America) Home Loans Servicing, LP and/or its investors agree to accept a short sale payoff...The approved buyer(s) is/are Vickie Wallace and the sales price for the property is $166,000.” October 22, 2009, was the date the Statement from Bank of America showed as an acceptance date. Complainants Vaughan were notified by Salesperson McCorkel that the party who made the original offer was again interested in the property; therefore, Complainants Vaughan needed to make their highest and best offer. At 7 pm. on October 22, Complainants Vaughan made an offer of $206,000 for the subject property.

On October 28, Complainants Vaughan’s offer of $206,000 on the property located at 1480 Hilltop Road, Alexander, AR was accepted by Seller Complainant Davidson. The closing date was stipulated as October 30, 2009. On or about October 29, 2009, Salesperson McCorkel told Complainants Vaughan that she was told by Respondent Wallace that the Complainants Vaughan had the highest offer and “got the house” with a closing date of November 13, 2009. Respondent Wallace did not prepare an agreement to extend the closing date.

Sometime in early November, Complainants Vaughan received a call from Salesperson McCorkel that Vue Realty had neglected to change the name on the contract to reflect the Vaughan Offer when submitting the Vaughan offer to Bank of America. Respondents did not present Complainants Vaughan’s offer to Bank of America.

A couple of days later, Complainants Vaughan received a call from Salesperson McCorkel and were told the Listing Agent, Respondent Wallace, wanted McCorkel to let Complainants Vaughan know that there was a possibility that mobile homes and duplexes would be placed on the four acres adjoining the subject property. Respondent Wallace later purchased this adjoining property and built a house for his use on the property.

About Mid-November of 2009, Complainants Vaughan received a call from Salesperson McCorkel stating that their contract was canceled, that the other buyer was getting the property because they could close faster. Complainants Vaughan were told by Salesperson McCorkel that Vue Realty would reimburse them for their expenses if they signed the termination agreement stating they mutually agreed to terminate the contract between Buyer/Complainants Vaughan and Seller Complainant Davidson.

On November 16, 2009, the termination agreement was signed by Complainants Vaughan, Seller Complainant Davidson, Respondent Wallace and Respondent Brown. Complainants Vaughan signed the termination agreement because they were afraid they would not get their money for the expenses Complainants Vaughan had incurred and still might not get the house. On November 18, two days after signing the termination agreement, Respondent Wallace faxed to the buyer’s agent, Salesperson McCorkel, a copy of the Short Sale Addendum for Complainants Vaughan’s signatures. A Short Sale Addendum had never been signed by Complainants Vaughan. On or about November 23, 2009, Complainants Vaughan received a check in the amount of $800 from Brown Riordan Associates, refunding Complainants Vaughan’s appraisal and inspection expenses. On or about mid-November 2009, Respondents Wallace and Brown contacted agent McCorkel’s Principal Broker, Scott Cobb, and offered to arrange for Complainants Vaughan to rent the subject property from the Buyers Wallace for 90 days and then purchase the property from Buyers Wallace for $206,000. Broker Cobb notified Complainants Vaughan of the Respondents’ offer. Complainants Vaughan chose not to rent or buy the property from Buyers Wallace.

Sometime in December 2009, Respondent Wallace went unannounced to Seller Complainant Davidson’s home in Cave City, AR to obtain Complainant Davidson’s signature on a new Offer. Seller Complainant Davidson stated that Respondent Wallace informed her that Complainants Vaughan’s Offer of $206,000 was taking too long to close, and in order to prevent the property from going into foreclosure on December 5, 2009, Seller Complainant Davidson would need to sign the Offer from Vickie and Gerald Wallace in the amount of $166,000. This day in December 2009 was the first time Seller Complainant Davidson was made aware of Vickie and Gerald Wallace’s offer of $166,000. Seller Complainant Davidson accepted and signed the $166,000 Offer.

On June 17, 2009, Arkansas Real Estate Commission Staff sent a letter to Respondent Brown requesting the dates and proof of presentation to Bank of America of all Offers written by Complainants James and Peggy Vaughan and Buyers Vickie and Gerald Wallace. On June 22, 2009, Bank of America issued a Pre-foreclosure Settlement Statement showing RI, LLC as the buyer for $166,000. On October 21, 2009, Bank of America informed Respondent Wallace of the original offer that was again interested in the property. At 7 pm on October 22, Respondent Wallace made an offer of $206,000 for the subject property. On October 28, Complainants Vaughan’s offer of $206,000 on the property located at 1480 Hilltop Road, Alexander, AR was accepted by Seller Complainant Davidson. The closing date was stipulated as October 30, 2009. On or about October 29, 2009, Salesperson McCorkel told Complainants Vaughan that she was told by Respondent Wallace that the Complainants Vaughan had the highest offer and “got the house” with a closing date of November 13, 2009. Respondent Wallace did not prepare an agreement to extend the closing date.

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On June 17, 2009, Arkansas Real Estate Commission Staff sent a letter to Respondent Brown requesting the dates and proof of presentation to Bank of America of all Offers written by Complainants James and Peggy Vaughan and Buyers Vickie and Gerald Wallace and any response from Bank of America pertaining to these Offers, including rejection or acceptance notices. This information was not provided to the Commission by Respondent Brown.

Respondent: Jere Allen, Principal Broker
Sunbelt Hotel Brokers
Mountain Home, AR
Formal Hearing # 3169

Violations: Arkansas Code Annotated § 17-42-311(6)(a), 17-42-311(a)(2), 17-42-311(a)(13) and 17-42-311(a)(11); and Commission Regulations 10.8(g)(1), 10.8(b), 10.9(a) and 8.5(a)

Sanctions: Respondent Allen’s license is revoked and he is fined $1,000 per violation for a total of $5,000. In a Recovery Fund Hearing, Respondent was ordered to pay Complainant Jignesh Patel $23,332.57.

Mitesh Patel, potential purchaser and customer of Respondent Allen, entered into a Letter of Intent to purchase a hotel located in Bessemer, AL. Respondent Allen accepted a cashier’s check for $25,000 dated July 23, 2009 paid to the order of “Sunbelt Hotel Brokers LLC-Escrow Account” remitted by Mitesh Patel as a deposit for the purchase of the hotel. On July 24, 2009, the $25,000 was deposited into Respondent’s operating account. When the real estate transaction did not occur, Respondent Allen submitted a check in the amount of $25,000 on the account of Sunbelt Hotel Brokers LLC to refund Mitesh Patel’s escrow deposit. The check was returned for “Not Sufficient Funds.” Respondent refunded the escrow deposit to Mitesh Patel on November 11, 2009 with a cashier’s check paid to the order of the Prosecuting Attorney.

(Continued on Page 4)
Randy Ricketts, representing P&R Management, LLC, potential purchaser and customer of Respondent Allen, entered into a Letter of Intent to purchase a hotel in St. Augustine, FL from an owner whom Respondent represented. The Letter of Intent dated March 1, 2010 stated “Purchaser shall deliver to Sunbelt Hotel Brokers LLC - Escrow $50,000 by certified funds or Wire transfer upon execution of the letter of intent by the seller and purchaser.” On March 7, 2010 Randy Ricketts instructed by email that $50,000 be wired to Sunbelt Hotel Brokers LLC-Escrow Account as a deposit for the purchase of the hotel. When the real estate transaction did not occur, Randy Ricketts requested the deposit be returned. On or about May 28, 2010, Randy Ricketts received a wire transfer of $40,000 from Respondent. On or about September 2010, Randy Ricketts received $1,000 from Respondent. A check dated September 20, 2010 written on the account of Sunbelt Hotel Brokers LLC for $9,000 payable to Randy Ricketts was returned for “Not Sufficient Funds.” Respondent signed a Promissory Note dated October 15, 2010 for the $9,000 owed to Randy Ricketts.

Jignesh Patel, potential purchaser and client of Respondent, entered into a Letter of Intent to purchase a hotel located in Union City, GA. The Letter of Intent, dated April 11, 2011, stated, “Purchaser shall deliver to Escrow agent Sunbelt Hotel Management, LLC $22,500 by wire transfer with letter of intent.” The Letter of Intent, written on the letterhead of Respondent’s real estate firm, Sunbelt Hotel Brokers, included the signature of Jignesh Patel but not the seller. The $22,500 deposit was received by Respondent and deposited on April 12, 2011 into Respondent’s operating account, where it was commingled with Respondent’s personal or non-trust funds. When the real estate transaction did not occur, Complainant Jignesh Patel requested Respondent return the deposit money on or about April 28, 2011. Respondent has not returned the deposit to Complainant Jignesh Patel. In an email to Complainant Jignesh Patel, dated May 20, 2011, Respondent indicated that he had used part of the Complainant’s deposit to loan a friend $16,000.

违反行为：
- 《阿肯色州法典》第 17-42-311（a）(3) 项和 17-42-312（a）(4) 项
- 委员会规章第 10.16（a）

处罚：
- 响应者的经纪执照状态被降低为销售员执照，并暂停60天。响应者在两年内不得申请经纪执照。

响应者：
- 苏珊·史密斯·海莉，经纪人，派拉高德，AR
- 正式听证# 3170

On October 14, 2011, Respondent Hailey submitted to the Commission a letter of request to activate her real estate broker license. Respondent self-disclosed that, while an inactive real estate Broker, she pled guilty to one Felony charge. On or about the 5th day of January 2011, Respondent pled guilty to the charge of Tampering with a Public Record, a Class D Felony. Respondent was sentenced to 30 months supervised probation and ordered to pay fines and restitution. Respondent is currently serving her probation and resolving fines and restitution through court payments. Respondent failed to submit a written report to the Commission within 30 days of the plea as required by Commission Regulation 10.16(a).