

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
94th General Assembly  
Regular Session, 2023

# A Bill

HOUSE BILL 1573

By: Representatives McGrew, Achor, Andrews, Bentley, Breaux, Duffield, Gazaway, Gramlich, Hawk, Ladyman, McAlindon, McCollum, B. McKenzie, Painter, Ray, J. Richardson, R. Scott Richardson, Rye, Underwood, Womack  
By: Senator Caldwell

## For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE ARKANSAS REAL ESTATE COMMISSION; TO CREATE A PROPERTY MANAGEMENT BROKER AND PROPERTY MANAGEMENT ASSOCIATE LICENSE; TO AMEND THE REAL ESTATE LICENSE LAW; AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND THE LAW CONCERNING THE ARKANSAS REAL ESTATE COMMISSION; TO CREATE A PROPERTY MANAGEMENT BROKER AND PROPERTY MANAGEMENT ASSOCIATE LICENSE; AND TO AMEND THE REAL ESTATE LICENSE LAW.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Legislative findings.

The General Assembly finds that:

(1) The Arkansas Real Estate Commission currently requires an individual to have a real estate broker license issued through the commission to rent or lease real property on behalf of an owner;

(2) The knowledge and skills necessary for a property management broker to protect citizens and the business community can be specialized and does not require all of the same skills and knowledge for a real estate broker or salesperson;



(3) A property management broker license would create a higher quality of property management broker in Arkansas with specialized knowledge;

(4) The creation of a property management broker license would reduce the education burden on individuals who would not pursue other real estate broker license activities and potentially create new jobs; and

(5) The commission is the appropriate entity to license an individual as a property management broker and as property management associate.

SECTION 2. Arkansas Code § 17-42-103 is amended to read as follows:  
17-42-103. Definitions.

As used in this chapter:

(1)(A) “Associate broker” means an individual who has a broker’s license and who is employed by a principal broker, or is associated with a principal broker as an independent contractor, and who participates in any activity described in subdivision (10) or subdivision (12) of this section while under the supervision of a principal broker or executive broker.

(B) An associate broker shall have no supervisory authority over any other licensee;

(2) “Branch office” means a principal broker’s office or property management broker’s office other than his or her principal place of business;

(3) “Broker’s price opinion” means an estimate prepared by a licensee salesperson or real estate broker that details the probable selling price of real estate and provides a varying level of detail about the real estate’s condition, market, and neighborhood, and information about sales of comparable real estate;

(4) “Classroom hour” means a period of at least fifty (50) minutes, ~~but not more than sixty (60) minutes,~~ of actual classroom instruction with ~~the~~ an instructor present;

(5) “Continuing education” means postlicensure education derived from participation in courses in real estate-related subjects that have been approved by the Arkansas Real Estate Commission or that are not required to be approved by the commission;

(6) “Continuing education unit” means a period of ten (10) contact hours of actual classroom instruction with ~~the~~ an instructor present;

(7)(A) “Executive broker” means an individual who:

- (i) Has a real estate broker's license;
- (ii) Is employed by a principal broker or associated with a principal broker as an independent contractor; and
- (iii) Participates in any activity described in subdivision (10) or subdivision (12) of this section while under the supervision of a principal broker.

(B) An executive broker may supervise associate brokers and salespersons;

(8)(A) "Licensee" means an individual who holds any type of license issued by the commission.

(B) "Licensee" includes a principal broker, an executive broker, an associate broker, ~~and a salesperson,~~ a property management associate, and a property management broker.

(C) This chapter does not preclude a licensee from:

- (i) Doing business as a professional corporation under § 4-29-101 et seq.; or
- (ii) Receiving payment from a real estate firm or principal broker of an earned commission to the licensee's legal business entity if the licensee earned the commission on behalf of the real estate firm or principal broker;

(9) "Participate in a real estate auction" means to do any act or conduct for compensation or the expectation of compensation on behalf of a seller at auction and designed, intended, or expected to affect the bidding or results of a real estate auction, including without limitation serving as an auctioneer or ringman or encouraging, soliciting, or receiving bids;

(10)(A) "Principal broker" means an individual expecting to act or acting for another for a fee, commission, or other consideration who:

- ~~(A)(i)~~ Sells, exchanges, purchases, rents, or leases real estate;
- ~~(B)(ii)~~ Offers to sell, exchange, purchase, rent, or lease real estate;
- ~~(C)(iii)~~ Negotiates, offers, attempts, or agrees to negotiate the sale, exchange, purchase, rent, or lease of real estate;
- ~~(D)(iv)~~ Lists, offers, attempts, or agrees to list real estate for sale, lease, or exchange;
- ~~(E)(v)~~ Auctions, offers, attempts, or agrees to auction

real estate, or participates in a real estate auction;

~~(F)(vi)~~ Buys, sells, or assigns or offers to buy, sell, or assign or otherwise deals in options on real estate or improvements to real estate;

~~(G)(vii)~~ Collects, offers, attempts, or agrees to collect rent for the use of real estate;

~~(H)(viii)~~ Advertises or holds himself or herself out as being engaged in the business of buying, selling, exchanging, renting, or leasing real estate;

~~(I)(ix)~~ Assists or directs in the procuring of prospects calculated to result in the sale, exchange, lease, or rent of real estate;

~~(J)(x)~~ Assists or directs in the negotiation of any transaction calculated or intended to result in the sale, exchange, lease, or rent of real estate;

~~(K)(xi)~~ Engages in the business of charging an advance fee in connection with any contract whereby he or she undertakes to promote the sale or lease of real estate either through its listing in a publication issued for such a purpose or for referral of information concerning the real estate to brokers, or both; or

~~(L)(xii)~~ Performs any of the acts described in this subdivision (10) as an employee of or on behalf of the owner of, or any person who has an interest in, real estate;

(B) A principal broker may perform any act listed in subdivision (12) of this section;

(11)(A) "Property management associate" means an individual who has a property management associate license and who is employed by a property management broker, or is associated with a property management broker as an independent contractor, and who participates in any activity described in subdivision (12) of this section while under the supervision of a property management broker.

(B) A property management associate shall have no supervisory authority over any other licensee;

(12) "Property management broker" means an individual licensed under this chapter who for a salary, commission, or compensation of any kind or with the intent or expectation of receiving valuable consideration engages in the business of leasing, renting, or subleasing real estate located in

this state on behalf of an owner, lessor, or potential lessee and who:

(A) Accepts employment by or on behalf of the owner, lessor, or potential lessee of real estate to promote or conduct the leasing or subleasing of the real estate;

(B) Negotiates or attempts to negotiate the lease of any real estate located in this state or of the improvements on any real estate located in this state;

(C) Engages in the business of promoting the lease or rental of real estate located in this state;

(D) Assists in completing real estate lease contracts or property management agreements;

(E) Procures tenants for owners of real estate located in this state;

(F) Aids or offers to aid for a fee any person in locating or obtaining any real estate for lease in this state;

(G) Makes the advertising of real property for lease available by public display to potential tenants;

(H) Shows rental or leased properties to potential tenants;

(I) In conjunction with property management responsibilities, acts as a liaison between the owners of real estate and a tenant or potential tenant;

(J) In conjunction with property management responsibilities, generally oversees the inspection, maintenance, and upkeep of leased real estate belonging to others;

(K) In conjunction with property management responsibilities, collects rents or attempts to collect rents for any real estate located in this state;

(L) Pays a fee, commission, or other compensation to a licensed broker, salesperson, or property manager for referral of the name of a prospective lessor or lessee of real property;

(M) Receives a fee, commission, or other compensation from a licensed real estate broker, salesperson, or property management broker for referring the name of a prospective lessor or lessee of real property; or

(N) Advertises or represents to the public that the individual is engaged in any of the activities referred to in this

subdivision (12);

~~(11)(A)~~(13)(A) “Real estate” means an interest in real property.

(B) “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;

(14) “Real estate broker” means a principal broker, an executive broker, or an associate broker;

~~(12)~~(15) “Salesperson” means an individual who:

(A) Has a salesperson’s license;

(B) Is employed by a principal broker or is associated with a principal broker as an independent contractor; and

(C) Participates in any activity described in subdivision (10) or subdivision (12) of this section while under the supervision of a principal broker or executive broker; and

~~(13)~~(16) “Unlicensed real estate activity” means offering or engaging in any practice, act, or operation set forth in subdivision (10) or subdivision (12) of this section without a valid active Arkansas license issued by the commission.

SECTION 3. Arkansas Code § 17-42-104(a)(6), concerning exemptions to Real Estate License Law, is amended to read as follows:

(6) A person other than a property management associate employed only at a salaried or hourly rate to engage in the leasing of real ~~property~~ estate for or on behalf of a licensed principal broker, the real estate firm of a licensed principal broker, a licensed property management broker, or an owner of real estate, if the person:

(A) Does not otherwise engage in or offer to perform any practice, act, or operation set forth in § 17-42-103(10) or § 17-42-103(11) other than receiving a security deposit or payment as permitted by subdivision (a)(6)(B)(iii) of this section; and

(B) Performs only one (1) or more of the following functions:

(i) Delivering a lease application, lease, or an amendment to a lease application or lease to any person;

(ii) Receiving a lease application, lease, or an

amendment to a lease application for delivery to the principal broker, real estate firm, property management broker, or owner;

(iii) Receiving a security deposit, rental payment, or any related payment for delivery to and made payable to the principal broker, real estate firm, property management broker, or owner;

(iv) Acting under the direct written instructions of the principal broker, real estate firm, property management broker, or owner:

(a) Showing a rental unit to any person; or

(b) Assisting in the execution of a preprinted lease or rental agreement containing terms established by the principal broker, real estate firm, property management broker, or owner; or

(v) Conveying information prepared by the principal broker, real estate firm, property management broker, or owner about a lease application, lease, the status of a security deposit, or the payment of rent to or from any person;

SECTION 4. Arkansas Code § 17-42-107(a), concerning the capacity to sue and be sued under the Real Estate License Law, is amended to read as follows:

(a) An action or suit shall not be instituted, nor recovery be had, in any court of this state by any person or other legal entity for compensation for performance of any acts described in § 17-42-103(10) or § 17-42-103(11) unless at the time of offering to perform and performing any such act or procuring any promise to contract for the payment of compensation for any such contemplated act:

(1) The person holds an active license under this chapter as a principal broker; ~~or~~

(2) The person or other legal entity was the owner of the real estate firm that contracted for or otherwise performed the acts for the compensation that is the subject of the action or suit through either a principal broker or a person approved by the Arkansas Real Estate Commission under § 17-42-301(f) while licensed or approved by the commission at the time of the acts;

(3) The person holds an active license under this chapter as a property management broker; or

(4) The person or other legal entity was the owner of the

property management firm that contracted for or otherwise performed the acts for the compensation that is the subject of the action or suit through either a property management broker or a person approved by the commission under § 17-42-301(h) while licensed or approved by the commission at the time of the acts.

SECTION 5. Arkansas Code § 17-42-109(b), concerning civil penalties for engaging in unlicensed real estate activity, is amended to read as follows:

(b) The fact that a person offers to engage in or offers to perform any practice, act, or operation set forth in § 17-42-103(10) or § 17-42-103(11) without ~~a~~ the appropriate license is prima facie evidence that the person is engaged in unlicensed real estate activity.

SECTION 6. Arkansas Code § 17-42-110(a), concerning the authority to issue broker's price opinions, is amended to read as follows: is amended to read as follows:

(a) A ~~licensee~~ real estate broker or salesperson may prepare, provide, and collect a fee for issuing a broker's price opinion for:

- (1) An existing or potential seller for the purposes of listing and selling real estate;
- (2) An existing or potential buyer of real estate;
- (3) A third party making decisions or performing due diligence related to the potential listing, offering, sale, exchange, option, lease, or acquisition price of real estate; or
- (4)(A) An existing or potential lienholder.

(B) However, a broker's price opinion prepared for an existing or potential lienholder in conjunction with the purchase of a buyer's principal residence shall not be used as the primary basis to determine the value of the buyer's principal residence for the purpose of a loan origination of a residential mortgage loan secured by the buyer's principal residence.

SECTION 7. Arkansas Code § 17-42-203(e), concerning the powers and duties of the Arkansas Real Estate Commission, is amended to add an additional subdivision to read as follows:

(3) Shall post prominently on the commission's website a link entitled "Property Management Licensee Information" that leads directly to information that is helpful to existing and prospective property management brokers and property management associates, including without limitation:

(A) Application and renewal requirements, procedures, forms, deadlines, and related information;

(B) Commission-sponsored educational courses and materials and other educational courses and materials; and

(C) Links to websites containing industry standards and best practices.

SECTION 8. Arkansas Code § 17-42-301(a) and (b), concerning license required by the Arkansas Real Estate Commission and violations of the Real Estate License Law, are amended to read as follows:

(a) ~~No~~ A person shall not practice or represent himself or herself as a real estate broker, property management associate, property management broker, or salesperson without first applying for and receiving ~~a~~ the appropriate license to practice under this chapter.

(b) Any person who directly or indirectly for another with the intention, or on the promise of receiving any valuable consideration, offers, attempts, or agrees to perform any single act described in § 17-42-103(10) or § 17-42-103(11), whether as part of a transaction or as an entire transaction, shall be deemed a broker, property management associate, property management broker, or salesperson within the meaning of this chapter.

SECTION 9. Arkansas Code § 17-42-301(d), concerning license required by the Arkansas Real Estate Commission and violations of the Real Estate License Law, is amended to read as follows:

(d) It shall be unlawful for any person, directly or indirectly, to act as a real estate broker, property management associate, property management broker, or salesperson without first obtaining ~~a~~ the appropriate license and otherwise complying with the provisions of this chapter.

SECTION 10. Arkansas Code § 17-42-301(e), concerning license required by the Arkansas Real Estate Commission and violations of the Real Estate

License Law, is amended to read as follows:

(e)(1) Notwithstanding the provisions of this section, a person or other legal entity not licensed by the Arkansas Real Estate Commission may own a real estate firm, provided the employees or agents employed by or associated with the firm who perform real estate activities identified under § 17-42-103(10) or § 17-42-103(11) hold an active license under this chapter.

(2) The firm may enter into contracts or otherwise perform activities identified under § 17-42-103(10) or § 17-42-103(11) only through a principal broker and a licensee employed by or associated with the principal broker that holds an active license issued by the commission at the time of performing the contract or activities.

SECTION 11. Arkansas Code § 17-42-301, concerning license required by the Arkansas Real Estate Commission and violations of the Real Estate License Law, is amended to add additional subsections to read as follows:

(g)(1) Notwithstanding the provisions of this section, a person or other legal entity not licensed by the commission may own a property management firm, provided the employees or agents employed by or associated with the firm who perform property management activities identified under § 17-42-103(11) hold an active license under this chapter.

(2) A firm under subdivision (g)(1) of this section may enter into contracts or otherwise perform activities identified under § 17-42-103(11) only through a property management broker and a licensee employed by or associated with the property management broker who holds an active license issued by the commission at the time of performing the contract or activities.

(h) The commission may provide for the continuing temporary operation of a property management firm having all rights under § 17-42-107(a) upon the death, resignation, termination, or incapacity of the property management broker or upon the closing of a property management firm, under the direction of a person approved by the commission, subject to time limitations and other conditions imposed by the commission.

SECTION 12. Arkansas Code § 17-42-302, concerning conditions for issuing a license under the Real Estate License Law, is amended to add an additional subsection to read as follows:

(c)(1) An applicant for a property management broker or property management associate license shall furnish to the commission evidence that a corporate fidelity bond acceptable to the commission in the amount of fifty thousand dollars (\$50,000) or such other amount not to exceed seventy-five thousand dollars (\$75,000) established by rule of the commission is in effect, conditioned upon the performance of the duties and responsibilities of the property management broker or property management associate.

(2) If two (2) or more property management associates or property management brokers are affiliated with a property management broker or property management firm, upon satisfactory proof of the affiliation to the commission a corporate fidelity bond covering all affiliated parties in the amount of one hundred thousand dollars (\$100,000) or other amount not to exceed one hundred fifty thousand dollars (\$150,000) established by rule of the commission may be furnished to the commission, conditioned upon the performance of the duties and responsibilities of each property management broker and property management associate.

(3)(A) The license of a property management broker or property management associate may be suspended or revoked for the failure at any time to satisfy the bond requirements of this subsection.

(B) The termination of bond coverage under this subsection is not effective until thirty (30) days have elapsed from the time the commission was provided written notice of the termination of bond coverage.

SECTION 13. Arkansas Code § 17-42-303 is amended to read as follows:  
17-42-303. Education and experience requirements.

(a) The Arkansas Real Estate Commission shall establish education requirements for licensure, including the standards and procedures for approval of education programs, subject to the following conditions:

~~(1)(A) The most~~ education hours required of an applicant for a real estate broker's license shall not exceed one hundred twenty (120) hours within the thirty-six (36) months immediately preceding the date of application, and shall include

~~(B) Effective on May 1, 2014, an applicant for a broker's license shall complete at least forty-five (45) of the required education hours in a course developed by the commission; and~~

(2) The ~~maximum number of~~ education hours required of an

applicant for a salesperson's license shall not exceed ninety (90) hours, at least thirty (30) hours of which shall be in the basic principles of real estate;

(3) The education hours required of an applicant for a property management broker's license shall not exceed sixty (60) hours and shall include property management principles and practices, including without limitation:

(A) Thirty (30) hours consisting of the following topics:

(i) Landlord tenant law;

(ii) Federal and state fair housing laws;

(iii) Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq;

(iv) State licensing law and rules;

(v) Trust accounts;

(vi) Accounting procedures and recordkeeping;

(vii) Contract law; and

(viii) Agency and disclosure; and

(B) Thirty (30) hours of commission property management supervision best practices; and

(4) The education hours required of an applicant for a property management associate's license shall not exceed thirty (30) hours and shall include property management principles and practices, including without limitation:

(A) Landlord tenant law;

(B) Federal and state fair housing laws;

(C) Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq;

(D) State licensing law and rules;

(E) Trust accounts;

(F) Accounting procedures and recordkeeping;

(G) Contract law; and

(H) Agency and disclosure.

(b)(1) The commission shall establish the experience requirement for licensure for an applicant for a real estate broker's license subject to the condition of serving an active, bona fide apprenticeship by holding a valid salesperson's license issued by the commission or by holding a valid

salesperson's license or real estate broker's license issued by the appropriate licensing agency of another state for a period of not less than twenty-four (24) months within the previous forty-eight-month period immediately preceding the date of application.

(2) However, the commission may waive the experience requirement for a real estate broker applicant who has held an active real estate broker's license for a period of not less than eighteen (18) months or who has experience acceptable to the commission in a field considered real estate-related for a period of not less than twenty-four (24) months within the previous forty-eight-month period immediately preceding the date of application.

(3) The experience requirement for licensure for an applicant for a property management broker license shall be any combination of:

(A) Two (2) years of experience as a property management associate;

(B) Two (2) years of experience managing not less than four (4) residential or commercial units; or

(C) A total of two (2) years of a combination of the experience in subdivisions (b)(3)(A) and (b)(3)(B) of this section.

(c)(1) The commission shall establish a post-licensure education requirement for individuals in their first ~~year~~ six (6) months of licensure as salespersons, property management associates, property management brokers, or real estate brokers.

(2) The commission shall not require more than thirty (30) classroom hours of post-licensure education hours under subsection (c)(1) of this section.

SECTION 14. Arkansas Code § 17-42-304 is amended to read as follows:  
17-42-304. Fees.

The Arkansas Real Estate Commission shall have authority to establish, charge, and collect the following fees:

(1) An application fee not to exceed fifty dollars (\$50.00);

(2) An original real estate broker's license fee not to exceed eighty dollars (\$80.00);

(3) A real estate broker's license annual renewal fee not to exceed eighty dollars (\$80.00);

(4) An original salesperson's license fee not to exceed sixty dollars (\$60.00);

(5) A salesperson's license annual renewal fee not to exceed sixty dollars (\$60.00);

(6) A real estate broker's expired license fee not to exceed one hundred ten dollars (\$110) per year or fraction thereof;

(7) A salesperson's expired license fee not to exceed eighty dollars (\$80.00) per year or fraction thereof;

(8) An original property management broker license fee not to exceed eighty dollars (\$80.00);

(9) A property management broker license annual renewal fee not to exceed eighty dollars (\$80.00);

(10) A property management broker expired license fee not to exceed one hundred ten dollars (\$110.00) per year or fraction thereof;

(11) An original property management associate license fee not to exceed sixty dollars (\$60.00);

(12) A property management associate annual renewal fee not to exceed sixty dollars (\$60.00);

(13) A property management associate expired license fee not to exceed eighty dollars (\$80.00);

(14) A license reissuance fee not to exceed thirty dollars (\$30.00);

~~(9)~~(15) An initial duplicate license fee not to exceed thirty dollars (\$30.00);

~~(10)~~(16) A duplicate license annual renewal fee not to exceed thirty dollars (\$30.00);

~~(11)~~(17) A transfer fee not to exceed thirty dollars (\$30.00);

~~(12)~~~~(A)~~(18)(A) An examination fee not to exceed seventy-five dollars (\$75.00).

(B) However, the commission at its discretion may direct each applicant to pay the actual costs of the examination fee directly to a testing service engaged by the commission to administer the examination;

~~(13)~~(19) Pursuant to § 17-42-313, an appeal filing fee not to exceed one hundred dollars (\$100);

~~(14)~~(20) A Except for an application for a property management broker license or property management associate license, a Real Estate

Recovery Fund fee not to exceed twenty-five dollars (\$25.00); and

~~(15)~~(21) The actual cost of a state and federal criminal history background check.

SECTION 15. Arkansas Code § 17-42-307(b)(4), concerning license expiration and renewal under the Real Estate License Law, is amended to read as follows:

(4) ~~Effective September 30, 2019, the~~ The commission may promulgate rules to add additional hours of continuing education to the annual amount required under subdivision (b)(1)(A) of this section with no statutory maximum for hours of continuing education.

SECTION 16. Arkansas Code § 17-42-307(c)-(f), concerning license expiration and renewal under the Real Estate License Law, are amended to read as follows:

(c)(1) A property management broker or property management associate shall complete annually:

(A) Not less than six (6) hours nor more than seven (7) classroom hours of continuing education required by the commission, with at least one (1) classroom hour focusing on safety;

(B) The distance education equivalent of subdivision (c)(1)(A) of this section required by the commission; or

(C) A course that the commission has determined to demonstrate mastery of an acceptable property management subject.

(2) A licensee who satisfies subdivision (c)(1) of this section completes the continuing education requirements for the licensing year.

(3) If a licensee files for renewal of a license but fails to provide proof of continuing education, the licensee's license is inactive until proof is provided to the commission.

(d)(1) To renew or reactivate a license, a licensee shall complete the number of classroom hours of continuing education or the distance education equivalent of continuing education required by the commission for each inactive year not to exceed a total of thirty (30) classroom hours.

(2) Except as provided in subdivision ~~(e)(1)~~(d)(1) of this section, a person is not subject to the education requirements of this section while the person's license is inactive.

(3) The commission may waive all or part of the requirements of subdivision ~~(e)(1)~~(d)(1) of this section if a licensee is unable to complete the continuing education due to extenuating circumstances.

~~(d)(1)~~(e)(1) For each active licensee, the commission shall issue a new license for each ensuing renewal period in the absence of a reason or condition that may warrant the refusal of a license, upon receipt of the:

(A) Written request for license renewal at least ninety (90) days before the expiration of the license upon forms provided by the commission; and

(B) Renewal fee.

(2)(A) A broker, ~~or~~ salesperson, property management associate, or property management broker who does not wish to engage in the real estate or property management business may renew a license on inactive status in the absence of a reason or condition that may warrant the refusal of a license upon receipt of the:

(i) Written request of the applicant at least ninety (90) days before the expiration of the license upon forms provided by the commission; and

(ii) Renewal fee.

(B) The commission may limit the number of renewal periods in which a license may be renewed on inactive status.

(C) The renewal fee for inactive status is the same as for renewal of an active license.

(3) An application for renewal filed after the date established by the commission to renew a license is treated as an application to renew an expired license.

~~(e)(f)~~ If a person to whom a valid license has been issued permits the license to expire for a period not in excess of that established by the commission, the commission shall issue to the person a current license without requiring the person to submit to an examination if the person furnishes the information required by the commission, including proof of completion of appropriate continuing education requirements, and pays the fee required by the commission.

~~(f)(1)~~(g)(1) New salesperson, property management associate, property management broker, and real estate broker licensees shall complete post-licensure education under § 17-42-303(c).

(2) If the licensee fails to complete the post-licensure education requirements within twelve (12) months after the date the license was issued, the commission shall place the license on inactive status until the commission receives documentation that the licensee has completed the post-licensure education requirements.

SECTION 17. Arkansas Code § 17-42-308(a)(2), concerning an inactive license under the Real Estate License Law, is amended to read as follows:

(2) The holder of an inactive license shall not practice as a real estate broker, ~~or~~ salesperson, property management associate, or property management broker in this state without first activating the license.

SECTION 18. Arkansas Code § 17-42-309, concerning a place of business, is amended to add additional subsections to read as follows:

(c) Every property management broker shall maintain a place of business and shall display sign that is permanently attached to the building bearing the name under which the property management broker conducts his or her property management business and the words "property management", "rentals", "leasing", or other words approved by the commission which clearly indicate to the public that the property management broker is engaged in the property management business.

(d)(1) If a property management broker maintains a branch office, a duplicate license shall be issued upon payment by the property management broker of the initial fee and, thereafter, such renewal fee as the commission may require under § 17-42-304.

(2) However, a duplicate license shall not be issued for a branch office at which property management associates are assigned unless the property management broker establishing the branch office has designated another property management broker with the firm to supervise the property management associates.

SECTION 19. Arkansas Code § 17-42-310(c)-(e), concerning the names and affiliations of licensees under the Real Estate License Law, is amended to read as follows:

(c) The licenses of the principal broker or property management broker

and all licensees employed by or associated with him or her shall be retained by the principal broker or property management broker and conspicuously displayed in his or her place of business.

(d)(1) Upon the termination of a licensee's employment by or association with a principal broker or property management broker, the licensee shall promptly deliver his or her pocket card to the principal broker or property management broker, and the principal broker or property management broker shall promptly notify the commission of the termination and return to the commission the license and pocket card of the terminated licensee, which shall automatically inactivate the license.

(2) If the pocket card is unavailable, the principal broker or property management broker shall promptly ~~se~~ notify the commission in writing.

(e) A license inactivated under this section may be transferred to another principal broker or property management broker upon application of the licensee, payment of the relevant fee, and submission of a statement that he or she is not taking any listings, management contracts, appraisals, lease agreements, or copies of any such documents or any other pertinent information belonging to the licensee's previous principal broker, property management broker, or firm.

SECTION 20. Arkansas Code § 17-42-311(a)(9)-(13), concerning violations under the Real Estate License Law, is amended to read as follows:

(9) Acting as a broker~~or~~, salesperson, property management associate, or property management broker while not licensed with a principal broker or property management broker, representing or attempting to represent a broker other than the principal broker or property management broker with whom he or she is affiliated without the express knowledge and consent of the principal broker or property management broker, ~~or~~ representing himself or herself as a salesperson or having a contractual relationship similar to that of a salesperson with anyone other than a licensed principal broker, or representing himself or herself as a property management associate or having a contractual relationship similar to that of a property management associate with anyone other than a licensed property management broker;

(10) Advertising in a false, misleading, or deceptive manner;

(11) Being unworthy or incompetent to act as a property

management associate, property management broker, real estate broker, or salesperson in such a manner as to safeguard the interests of the public;

(12) Paying a commission or valuable consideration to any person for acts or services performed in violation of this chapter, including paying a commission or other valuable consideration to an unlicensed person for participation in a real estate auction; ~~and~~

(13) While licensed only as a property management broker or property management associate, participating in or accepting anything of value for the listing, negotiation, or sale of real estate that is not owned by the property management broker or property management associate, including without limitation real estate managed by a property management broker or property management associate; and

(14) Any other conduct, whether of the same or a different character from that specified in this section, which constitutes improper, fraudulent, or dishonest dealing.

SECTION 21. Arkansas Code § 17-42-312(a)(1), concerning investigation of complaints, citations, and penalties under the Real Estate License Law, is amended to read as follows:

(a)(1) The Arkansas Real Estate Commission may, on its own motion, and shall, upon the verified complaint in writing of any person, provided that the complaint and any evidence, documentary or otherwise, presented in connection therewith shall make out a prima facie case, investigate the actions of any person engaged in the business or acting in the capacity of a real estate broker, ~~or~~ real estate salesperson, property management associate, or property management broker regardless of whether the transaction was for his or her own account or in his or her capacity as a broker, ~~or~~ salesperson, property management associate, or property management broker.

SECTION 22. Arkansas Code § 17-42-312(d)(1)(A) and (B), concerning investigation of complaints, citations, and penalties under the Real Estate License Law, are amended to read as follows:

(A) A penalty of not more than one hundred dollars (\$100) to a broker, ~~or~~ salesperson, property management associate, or property management broker who:

(i) Fails to complete annual education requirements;  
or

(ii) Fails to complete post-licensure education requirements by the established deadline; or

(B) A penalty of not more than two hundred fifty dollars (\$250) to a broker, salesperson, property management associate, property management broker, or the supervising broker of a broker, ~~or salesperson, or property management broker~~ if a broker, ~~or salesperson, property management associate, or property management broker~~:

(i) Performs activities that require an active real estate license while his or her license is expired; or

(ii) Advertises, publishes, or otherwise distributes information about real property, ~~or real estate brokerage, or property management~~ business or activities in violation of this chapter or rules adopted under this chapter.

SECTION 23. Arkansas Code § 17-42-313(a), concerning complaints and appeals before the Arkansas Real Estate Commission, is amended to read as follows:

(a) Any person whose complaint against a licensed real estate broker, ~~or salesperson, property management associate, or property management broker~~ is dismissed by the Executive Director of the Arkansas Real Estate Commission without a hearing may appeal the dismissal to the Arkansas Real Estate Commission subject to and in accordance with the following provisions:

(1) The request for appeal must be in writing and received in the office of the commission not later than sixty (60) days following the date of dismissal by the executive director;

(2) The request for appeal must be accompanied by such filing fee as the commission may require pursuant to § 17-42-304; and

(3)(A)(i) The appellant must also pay the cost of preparing the record for the commission's review, which cost shall be determined by the commission.

(ii)(a) The costs must be paid by the appellant within thirty (30) days after notification of the amount.

(b) Otherwise, the appeal will be dismissed.

(B) However, if the commission's review results in a

hearing being ordered on the complaint, both the filing fee and the cost of preparing the record shall be refunded to the appellant.

(C) Any person who is indigent and unable to pay either the filing fee or the cost of the record, or both, may file a pauper's oath in such form as required by the commission, and, if the commission determines that the appellant is indeed indigent, the filing fee or cost of the record, or both, shall be waived.

SECTION 24. Arkansas Code § 17-42-314(b), concerning hearings under the Real Estate License Law, is amended to read as follows:

(b) Except in cases in which a licensee has obtained a license by false or fraudulent representation, the Arkansas Real Estate Commission shall not investigate the actions of or conduct any disciplinary hearing regarding any real estate broker, ~~or~~ salesperson, property management associate, or property management broker unless the complaint is filed or the investigation initiated within three (3) years from the date of the actions complained of or concerning which an investigation is initiated.

SECTION 25. Arkansas Code § 17-42-401, is amended to read as follows:  
17-42-401. Applicability.

The provisions of this subchapter shall apply only to:

(1) ~~Licensees~~ Real estate broker or salesperson licensees who were licensed at the time of the occurrence of the acts or violations complained of; and

(2) Acts or violations which occur after December 31, 1979.

SECTION 26. Arkansas Code § 17-42-405(b), concerning additional fees under the Real Estate License Law, is amended to read as follows:

(b) ~~Likewise, each~~ Each person who becomes a real estate broker or salesperson licensee for the first time shall at that time pay to the commission for the benefit of the fund such fee as the commission may require, not to exceed twenty-five dollars (\$25.00).

SECTION 27. Arkansas Code § 17-42-406(a)(1), concerning disciplinary hearing procedure involving the Real Estate Recovery Fund, is amended to read as follows:

(a)(1) In any disciplinary hearing before the Arkansas Real Estate Commission which involves any real estate broker or salesperson licensee who has allegedly violated any provision of this chapter or commission ~~regulations~~ rules, the commission shall first determine whether a violation has occurred.

SECTION 28. Arkansas Code § 17-42-406(a)(3), concerning disciplinary hearing procedure involving the Real Estate Recovery Fund, is amended to read as follows:

(3) The commission shall then direct the real estate broker or salesperson licensee to pay that amount to the aggrieved party or parties.

SECTION 29. Arkansas Code § 17-42-406(a)(4)(A), concerning disciplinary hearing procedure involving the Real Estate Recovery Fund, is amended to read as follows:

(A) Pay in excess of twenty-five thousand dollars (\$25,000) for any one (1) violation or continuing series of violations, regardless of the number of real estate broker or salesperson licensees who participated in such a violation or continuing series of violations; or

SECTION 30. Arkansas Code § 17-42-406(c)(1), concerning disciplinary hearing procedure involving the Real Estate Recovery Fund, is amended to read as follows:

(1) The acts of any one (1) real estate broker or salesperson licensee; or

SECTION 31. Arkansas Code § 17-42-501 is amended as follows:  
17-42-501. Real estate education program.

(a) The Arkansas Real Estate Commission shall establish an education program for real estate brokers, salespersons, and property management licensees to ensure that education is available and accessible to an applicant or a licensee.

(b) The education program is intended to fulfill the education requirements for a real estate broker, salesperson, or property management license and to provide real estate and property management courses intended to fulfill the education requirements for a real estate broker, salesperson,

or property management license.

SECTION 32. Arkansas Code § 17-42-502(3)-(5), concerning definitions under the education programs of the Real Estate License Law, are amended to read as follows:

(3) "Approved course" means a course of instruction approved by the commission that satisfies the education requirements for prelicense education, postlicense education, or continuing education for a real estate license issued by the commission;

(4) "Associate instructor" means a person who is licensed by the commission to teach real estate or property management courses while under the supervision of an administrator or principal instructor that satisfy the education requirements for a real estate license issued by the commission;

(5) "Association license" means a license granted by the commission to a real estate trade or professional association offering approved education that satisfies education requirements for a real estate license issued by the commission;

SECTION 33. Arkansas Code § 17-42-502(12)-(14), concerning definitions under the education programs of the Real Estate License Law, are amended to read as follows:

(12) "Nonqualified offering" means a course in real estate education that has not been approved by the commission but is offered to persons intending to apply for a real estate license issued by the commission;

(13) "Postlicense education" means real estate or property management education required to be successfully completed within a time frame established by the commission after a real estate or property management license is issued;

(14) "Prelicense education" means real estate or property management education required to be successfully completed by an applicant before sitting for the examination for a broker or salesperson license issued by the commission;

SECTION 34. Arkansas Code § 17-42-502(15)(B)(iv) an (v), concerning definitions under the education programs of the Real Estate License Law, are

amended to read as follows:

(iv) Advertise as being engaged in the business of offering real estate or property management education courses; and

(v) Charge tuition and fees for real estate or property management education courses;

SECTION 35. Arkansas Code § 17-42-502(17) and (18), concerning definitions under the education programs of the Real Estate License Law, are amended to read as follows:

(17) "School license" means a license granted by the commission to a proprietary education institution offering education courses approved by the commission that fulfill mandatory education requirements for attaining or maintaining a real estate license issued by the commission; and

(18) "Student" means an applicant or licensee who attends real estate or property management education courses approved by the commission.

SECTION 36. Arkansas Code § 17-42-503(b), concerning exemptions to the course approval authority of the Arkansas Real Estate Commission, is amended to read as follows:

(b) The requirement for course approval by the Arkansas Real Estate Commission under this subchapter does not apply to:

(1) A classroom course in a real estate-related subject identified by the commission as an approved topic if it is offered by the National Association of Realtors, the National Association of Real Estate Brokers, or other associated entities;

(2) A course of at least three (3) semester hours or equivalent in a real estate or property management subject that is approved by the commission and offered by an accredited college or university;

(3) A course in a property management or real estate-related subject offered by the commission;

(4) A course or a conference in a property management or real estate-related subject approved by the commission and offered annually on a limited basis in Arkansas; or

(5) A course that is not used to fulfill the education requirements of this subchapter for attaining a real estate or property management license.

SECTION 37. Arkansas Code § 17-42-504(c), concerning requirements to provide real estate education courses under the Real Estate License Law, is amended to read as follows:

(c)~~(1)~~ On and after July 1, 2025, a person shall not practice as a provider of property management education for property management licensure unless the person holds a property management broker license issued by the commission.

(d) A person or school shall not represent that an offered property management course satisfies the education requirements for property management licensure unless the course is approved by the Arkansas Real Estate Commission.

(e)(1) It is a violation of this subchapter to fail to obtain:

(A) A license to practice as a provider of real estate education for real estate licensure; ~~or~~

(B) Approval for a real estate education course by the commission;

(C) A license to practice as a provider of property management education for property management licensure; or

(D) Approval for a property management education course by the commission.

(2) A real estate or property management education course offered in violation of this subchapter is a nonqualified offering.

SECTION 38. Arkansas Code § 17-42-506 is amended to read as follows:  
17-42-506. Powers and duties.

(a) The Arkansas Real Estate Commission may adopt rules as necessary to implement this subchapter.

(b) The commission shall license, approve, and regulate schools, associations, principal instructors, and associate instructors offering commission-approved prelicense, postlicense, and continuing education courses offered to satisfy education requirements for ~~real estate~~ licensure under this chapter.

(c) The commission shall establish the licensing or education requirements for:

(1) A school or association that applies for a license to offer

~~real estate~~ courses that satisfy the education requirements for ~~real estate~~ licensure under this chapter;

(2) Principal and associate instructors of courses approved by the commission;

(3) Courses that satisfy the education requirements for applicants for ~~real estate~~ licensure ~~and~~ under this chapter, real estate licensees, and property management licensees; and

(4) Guest speakers of courses approved by the commission.

(d) The commission shall:

(1) Establish procedural guidelines for licensed schools and their locations and those providing real estate or property management education designed for students to meet the education requirements for a real estate license issued by the commission;

(2) Charge fees and pay the necessary expenses to develop, approve, sponsor, contract for, or conduct real estate or property management courses and seminars for real estate or property management licensees or instructors of real estate or property management education;

(3) Maintain in electronic format a list of the names of real estate schools, associations, administrators, instructors, and courses approved under this subchapter;

(4) Publish in electronic format the names of the persons, associations, or schools that have been sanctioned by formal hearing or consent order under this subchapter;

(5) Periodically monitor courses offered or taught by the licensed schools and instructors; and

(6) Establish course requirements with respect to:

(A) Accessibility;

(B) Attendance;

(C) Satisfactory completion; ~~and~~

(D) Curricula; and

(E) Student license or applicant type.

SECTION 39. Arkansas Code § 17-42-513(a), concerning the approval of courses and course content by the Arkansas Real Estate Commission, is amended to read as follows:

(a) Except for courses exempted in § 17-42-503(b), a real estate or

property management course that is intended to satisfy the education requirements for a real estate license issued by the Arkansas Real Estate Commission shall first be approved by the ~~Arkansas Real Estate Commission~~ commission.

SECTION 40. Arkansas Code § 17-42-514(a)(1), concerning curricula required by the Real Estate License Law, is amended to read as follows:

(1) Require ~~not less than six (6) nor more than seven (7) classroom hours of~~ continuing education for licensees under § 17-42-307;

SECTION 41. Arkansas Code § 17-42-514(a), concerning curricula required by Real Estate License Law, is amended to add an additional subdivision to read as follows:

(6) Develop and require a specific curriculum for continuing education courses for property management associates and property management broker licensees.

SECTION 42. Arkansas Code § 17-42-514, concerning curricula required by Real Estate License Law, is amended to add an additional subdivision to read as follows:

(c)(1) A course that is intended to satisfy the education requirements for a property management license issued by the commission shall only be approved by the commission for participation and attendance by applicants for property management licensure or property management licensees.

(2) A real estate broker or salesperson applicant or a real estate broker or salesperson licensee shall not receive education credit for any course that is intended to satisfy the education requirements for a property management license.

(d)(1) A course that is intended to satisfy the education requirements for a real estate license issued by the commission shall only be approved by the commission for participation and attendance by applicants for real estate licensure or real estate licensees.

(2) A property management license applicant or a property management licensee shall not receive education credit for any course that is intended to satisfy the education requirements for a real estate license.

SECTION 43. Arkansas Code § 17-42-515 is amended to read as follows:  
17-42-515. Violations.

An applicant for a ~~real estate educator~~ license or a licensee under this chapter is subject to disciplinary action under this subchapter if the applicant for a ~~real estate educator~~ license or a licensee pleads guilty or nolo contendere to or is found guilty of any of the following:

- (1) Obtaining a ~~real estate educator license~~ an instructor license, school license, or ~~real estate~~ education course approval by fraud, misrepresentation, or concealment;
- (2) Violating this subchapter, the rules adopted by the Arkansas Real Estate Commission, or an order issued by the commission;
- (3) Committing an act, a felony, or a crime involving moral turpitude, fraud, dishonesty, untruthfulness, or untrustworthiness regardless of whether the imposition of the sentence has been deferred or suspended;
- (4) Engaging or allowing unlawful discriminatory practices;
- (5) Violating the requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., regarding access to and delivery of real estate or property management education courses;
- (6) Issuing or reporting a false certificate of completion for a real estate or property management education course;
- (7) Teaching a course in a way that instructs licensees to engage in unlawful or noncompliant activities;
- (8) Failing to monitor attendance of students to ensure satisfactory completion of real estate or property management education courses approved by the commission;
- (9) Utilizing an instructor or guest speaker who does not meet the requirements of this subchapter;
- (10) Making a substantial misrepresentation of a material fact to the commission;
- (11) Advertising in a false, misleading, or deceptive way;
- (12) Being unworthy or incompetent to act or operate as a real estate education school or association or a real estate educator; ~~or~~
- (13) Refusing or failing to make available to the commission for inspection the records required to be maintained by the principal instructor or administrator;
- (14) Refusing or failing to cooperate with an investigation

commenced by the commission under this chapter; or

(15) Engaging in other conduct that constitutes improper, fraudulent, or dishonest dealing.

SECTION 44. TEMPORARY LANGUAGE. DO NOT CODIFY. Change of heading for Title 17, Chapter 42, Subchapter 5.

The authority to change the heading of Title 17, Chapter 42, Subchapter 5 rests with the Code Revisor. The Code Revisor shall change the heading of Title 17, Chapter 42, Subchapter 5 from "Renewal of Licenses" To "Real Estate and Property Management Education".

SECTION 45. DO NOT CODIFY. Rules implementing this act.

(a) The Arkansas Real Estate Commission shall promulgate rules necessary to implement this act.

(b)(1) When adopting the initial rules to implement this act, the final rules shall be filed with the Secretary of State for adoption under § 25-15-204(f):

(A) On or before July 1, 2024; or

(B) If approval under § 10-3-309 has not occurred by July 1, 2024, as soon as practicable after approval under § 10-3-309.

(2) The commission shall file the proposed rules with the Legislative Council under § 10-3-309(c) sufficiently in advance of July 1, 2024, so that the Legislative Council may consider the rule for approval before July 1, 2024.

(c)(1) The General Assembly finds that:

(A) Each of the existing rules of the commission is necessary for the efficient operation of the commission; and

(B) The repeal of any of the commission's rules would cause unnecessary hardship and may render the commission unable to fully discharge its duties and responsibilities.

(2) Therefore, it is the intent of the General Assembly that the rules promulgated to implement this act should be exempt from the provision of Executive Order 23-02 which requires an agency to simultaneously submit two rules for repeal for every one rule presented for rulemaking to a legislative committee of the General Assembly.