SETTLEMENT AGREEMENT
BETWEEN
MISSOURI REAL ESTATE COMMISSION
AND
MICHELLE NICHOLE CRAVENS

Michelle Nichole Cravens ("Cravens") and the Missouri Real Estate Commission (MREC) enter into this Settlement Agreement for the purpose of resolving the question of whether Cravens's license as a real estate broker, no. 1999124672, will be subject to discipline. Pursuant to § 536.060, RSMo 2000,[1] the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri and, additionally, the right to a disciplinary hearing before the MREC under § 621.110, RSMo Supp. 2013. The MREC and Cravens jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo Supp. 2013.

Cravens acknowledges that she understands the various rights and privileges afforded her by law, including the right to a hearing of the charges against her; the right to appear and be represented by legal counsel; the right to have all charges proven upon the record by competent and substantial evidence; the right to cross-examine any witnesses appearing against her at the hearing; the right to present evidence on her behalf at the hearing; the

[1] All statutory citations are to the Revised Statutes of Missouri, as amended, unless otherwise noted.

right to a decision upon the record of the hearing by a fair and impartial administrative hearing commissioner concerning the charges pending against her; the right to a ruling on questions of law by the Administrative Hearing Commission; the right to a disciplinary hearing before the MREC at which time Cravens may present evidence in mitigation of discipline; the right to a claim for attorney fees and expenses; and the right to obtain judicial review of the decisions of the Administrative Hearing Commission and the MREC.

Being aware of these rights provided to her by law, Cravens knowingly and voluntarily waives each and every one of these rights and freely enters into this Settlement Agreement and agrees to abide by the terms of this document as they pertain to her.

Cravens acknowledges that she has received a copy of documents that were the basis upon which the MREC determined there was cause for discipline, along with citations to law and/or regulations the MREC believes were violated. Cravens stipulates that the factual allegations contained in this Settlement Agreement are true and stipulates with the MREC that Cravens's license as a real estate broker, license no. 1999124672, is subject to disciplinary action by the MREC in accordance with the relevant provisions of Chapter 621, RSMo, and §§ 339.010 to 339.180 and §§ 339.710 to 339.860, RSMo, as amended.

The parties stipulate and agree that the disciplinary order agreed to by the MREC and Cravens in Part II herein is based only on the agreement set out in Part I herein. Cravens understands that the MREC may take further disciplinary action against her based on facts or conduct not specifically mentioned in this document that are either now known to the MREC or may be discovered.

I.
Joint Stipulation of Facts and Conclusions of Law

Based upon the foregoing, the MREC and Cravens herein jointly stipulate to the following:

1. Michelle Nichole Cravens ("Cravens") holds an individual real estate broker license, No. 1999124672, and previously held a broker associate license No. 2013006611, which expired on June 30, 2014. At all times relevant herein, Cravens's real estate license, No. 1999124672, was current and active.

2. J.E. Cravens Investments LLC, ("Cravens Investments LLC") is a Missouri limited liability company, charter no. LC0567131. Cravens Investments, LLC, was licensed as a real estate association, license No. 2004019410.

3. From February 28, 2013 to May 6, 2014, Cravens was the designated broker of Cravens Investments LLC and at all relevant times

herein bears responsibility for her own conduct as well as that of Cravens Investments LLC.

4. Cravens's real estate license is culpable for the conduct and violations revealed by the MREC's audit of Cravens Investments LLC.

5. References herein to Cravens are also references to Cravens Investments LLC and to Cravens Investments LLC are also references to Cravens.

6. Section 339.710(12), RSMo, defines the term "designated broker" and provides:

> (12) "Designated broker", any individual licensed as a broker who is operating pursuant to the definition of real estate broker as defined in section 339.010, or any individual licensed as a broker who is appointed by a partnership, association, limited liability corporation, or a corporation engaged in the real estate brokerage business to be responsible for the acts of the partnership, association, limited liability corporation, or corporation. Every real estate partnership, association, or limited liability corporation, or corporation shall appoint a designated broker[.]

7. State Regulation 20 CSR 2250-8.120(7) provides:

> (7) The designated broker and the branch office manager shall be responsible for the maintenance of the escrow account and shall ensure the brokerage's compliance with the statutes and rules related to the brokerage escrow account(s).

8. Section 339.100.2, RSMo, provides in pertinent part:

2. The commission may cause a complaint to be filed with the administrative hearing commission as provided by the provisions of chapter 621 against any person or entity licensed under this chapter or any licensee who has failed to renew or has surrendered his or her individual or entity license for any one or any combination of the following acts:

(1) Failure to maintain and deposit in a special account, separate and apart from his or her personal or other business accounts, all moneys belonging to others entrusted to him or her while acting as a real estate broker or as the temporary custodian of the funds of others, until the transaction involved is consummated or terminated, unless all parties having an interest in the funds have agreed otherwise in writing;

. . . . .

(15) Violation of, or attempting to violate, directly or indirectly, or assisting or enabling any person to violate, any provision of sections 339.010 to 339.180 and sections 339.710 to 339.860*, or of any lawful rule adopted pursuant to sections 339.010 to 339.180 and sections 339.710 to 339.860*;

. . . . .

(16) Committing any act which would otherwise be grounds for the commission to refuse to issue a license under section 339.040;

12. Section 339.105.2, RSMo, provides:

2. Each broker shall notify the commission of his or her intent not to maintain an escrow account, or the name of the financial institution in which each escrow or trust account is maintained, the name and number of each such account, and shall file written

> authorization directed to each financial institution to allow the commission or its authorized representative to examine each such account; such notification and authorization shall be submitted on forms provided therefor by the commission. A broker shall notify the commission within ten business days of any change of his or her intent to maintain an escrow account, the financial institution, account numbers, or change in account status.

13. Section 339.730.1(1), RSMo provides:

> 1. A licensee representing a seller or landlord as a seller's agent or a landlord's agent shall be a limited agent with the following duties and obligations:
>
> (1) To perform the terms of the written agreement made with the client[.]

Audits

14. From May 14 to June 11, 2013, an MREC examiner conducted an audit and examination of Cravens Investments LLC's business records and escrow accounts, No. LF-1013581 ("Audit") for the period of February 28, 2013 to May 14, 2013 ("Audit Period").

15. From January 5 to January 22, 2015, an MREC examiner conducted an audit and examination of Cravens Investments LLC's business records and escrow accounts, No. DJ-415123 ("Re-Audit") for the period of January 1, 2014 to May 6, 2014 ("Re-Audit Period").

16. Cravens Investments LLC maintained two property management escrow accounts: a property management account and a security deposits account.

Insufficient Account Balance to Cover Disbursements

17. During the Audit Period, when no brokerage funds were maintained or set aside in the account for account maintenance, various fees and service charges were charged to the property management account creating shortages in the account in March and April of 2013.

18. During the Re-Audit Period, Cravens Investments LLC disbursed funds on several occasions from the property management account when the owners' account balances were insufficient to cover the disbursements.

19. At no time during the Audit or Re-Audit periods did Cravens Investments LLC maintain funds in the escrow accounts for service charges, yet service charges were charged to the escrow accounts.

20. By disbursing funds on behalf of property owners, and to maintain the property management account when the owners' account balances were insufficient to cover the disbursements, Cravens Investments LLC violated 20 CSR 2250-8.220(1), which states:

> (1) A broker shall establish and maintain a separate escrow account(s), to be designated as a property management escrow account(s), for the

> deposit of current rents and money received from the owners or on the owner's(s') behalf for payment of expenses related to property management. Before making disbursements from a property management escrow account, a broker shall ensure that the account balance for that owner's(s') property(ies) is sufficient to cover the disbursements.

21. By overspending the owners' funds in the property management escrow accounts, resulting in a failure to maintain the funds of her clients, Cravens Investments, LLC violated § 339.105.1, which states:

> Each broker who holds funds belonging to another shall maintain such funds in a separate bank account in a financial institution which shall be designated an escrow or trust account. . . No broker shall commingle his or her personal funds or other funds in this account with the exception that a broker may deposit and keep a sum not to exceed one thousand dollars in the account from his or her personal funds, which sum shall be specifically identified and deposited to cover service charges related to the account.

22. Based on Cravens Investments LLC's conduct, as alleged herein, and violation of 20 CSR 2250-8.220(1) and § 339.105.1, RSMo, cause exists to discipline Cravens's real estate license pursuant to § 339.100.2(1) and (15), RSMo.

Insufficient Records

23. During the Audit Period, Cravens Investments LLC's Trust Account Balance report of April 30, 2013 shows a discrepancy of $5,754.44 between the balance in the security deposits account and the liability of

Cravens Investments LLC's Rent Roll report of that same date to the security deposits account.

24. During the Re-Audit Period, Cravens Investments LLC was unable to provide the examiners with an accurate listing of properties being managed. As a result, the property management account was unable to be reconciled.

25. Between January 1, 2014 and April 30, 2014, Cravens Investments LLC failed to make transfers from the security deposit account to the property management account timely. Bank records showing deposit transfers in March and April of 2014 do not match Cravens Investments LLC's Bank Account Activity Report of January through April of 2014.

26. During the Re-Audit Period, Cravens Investments LLC's Reconciliation and Bank Account Activity Reports of April 30, 2014, for the property management show a deposit that is not reflected in the corresponding bank statement.

27. During the Re-Audit Period, the Bank Account Activity Report for the property management account shows check numbers 24682 and 24683 are each entered in the report twice, showing a different amount recorded for each entry.

28. During the Re-Audit Period, Cravens Investments LLC failed to account in its Bank Account Activity report for a deposit correction to the property management account made by the bank in April 2014.

29. During the Re-Audit Period, Cravens Investments LLC failed to report liabilities to the security deposits account due to several management agreements in its Security Deposit Funds Detail Report of April 2014.

30. During the Re-Audit Period, Cravens Investments LLC, showed in its Security Deposit Funds Detail Report of April 2014 that it continued to hold security deposits on behalf of a property owner when the management agreement had been terminated in August 2012, and all such security deposits had been disbursed.

31. During the Re-Audit Period, Cravens Investments LLC showed in its Security Deposit Funds Detail Report that it continued to hold a pet deposit on behalf of a tenant, however Cravens Investments LLC could not locate the lease, or any record for the tenant, and was unable to confirm whether the pet deposit had been refundable or non-refundable.

32. During the Re-Audit Period, Cravens Investments LLC's bank statement for the security deposits account shows a deposit on April 2, 2014, which is not reflected in Cravens Investment LLC's Deposit Register Report.

33. Cravens Investments LLC's Deposit Register Report shows deposits recorded as received in the security deposits account without corresponding deposits into the account on February 19, 2014, and April 30, 2014.

34. Cravens Investments LLC failed to reconcile outstanding deposits dated September 1, 2012 through December 26, 2013 on its Reconciliation Report dated March 31, 2014.

35. Based on the conduct stipulated to herein, Cravens Investments LLC failed to maintain the records that would be necessary to determine the adequacy of its property management and security deposits accounts, in violation of § 339.105.3, RSMo, which states:

> 3. In conjunction with each escrow or trust account a broker shall maintain books, records, contracts and other necessary documents so that the adequacy of said account may be determined at any time...

36. Based on Cravens Investments LLC's violation of § 339.105.3, RSMo, cause exists to discipline Cravens's real estate broker license under § 339.100.2(15), RSMo.

Properties Managed Without a Written Agreement

37. During the Audit Period, Cravens Investments LLC performed the duties of a property manager on 85 different properties formerly managed

by Metro Housing Finders LLC without a current written property management agreement from the respective owners of each property.

38. During the Re-Audit Period, Cravens Investments LLC performed the duties of a property manager without a current written property management agreement from the respective owners of the property.

39. By performing the duties of a property manager on behalf of property owners without a current written property management agreement, Cravens Investments LLC violated §339.780.2, RSMo, which states:

> 2. Before engaging in any of the activities enumerated in section 339.010, a designated broker intending to establish a limited agency relationship with a seller or landlord shall enter into a written agency agreement with the party to be represented. The agreement shall include a licensee's duties and responsibilities specified in section 339.730 and the terms of compensation and shall specify whether an offer of subagency may be made to any other designated broker.

40. By managing a property without a current written property management agreement, Cravens Investments LLC also violated the terms of 20-CSR 2250-8.200(1), which states:

> (1) When managing property a licensee shall not rent or lease, offer to rent or lease, negotiate, or offer or agree to negotiate, the rent or lease, list or offer to list for lease or rent, assist or direct in procuring of prospects calculated to result in the lease or rent, assist or direct in the negotiation of any transaction calculated or intended to result in the lease or rent,

> or show that property to prospective renters or lessees unless the licensee's broker holds a current written property management agreement or other written authorization signed by the owner of the real estate or the owner's authorized agent.

41. Based on Cravens Investments LLC's violation of §339.780.2, RSMo, and 20-CSR 2250-8.200(1), cause exists to discipline Cravens's real estate broker license pursuant to § 339.100.2(15), RSMo.

Comingling

42. During the Re-Audit Period, Cravens Investments LLC improperly maintained and/or failed to withdraw its own funds monthly on certain owner's accounts from its property management account.

43. Cravens Investments LLC's failures to remove on a monthly basis the fees, commissions, and expense reimbursements payable to it from its escrow accounts are violations of 20 CSR 2250-8.220(6), which states:

> (6) Fees or commissions payable to a broker must be withdrawn from a property management escrow account at least once a month unless otherwise agreed in writing. Any rent paid in advance as a deposit for the last month's rent or as rent other than the current month's rent held by a broker shall be deposited in the property management escrow account unless otherwise agreed to in writing.

44. By failing to remove management fees, personal rental fees, and application fees from the property management escrow account, Cravens

Investments LLC commingled its funds with its clients' funds in violation of § 339.105.1, RSMo.

45. Based on Cravens Investments LLC's conduct alleged herein, and its violation of 20 CSR 2250-8.220(6) and § 339.105.1, RSMo, cause exists to discipline Cravens's real estate broker license pursuant to § 339.100.2(1) and (15), RSMo.

Failure to Specify in Agency Agreements the Responsibility for Holding Security Deposits and Prepaid Rents

46. During the Audit and Re-Audit Periods, Cravens Investments LLC maintained agency agreements with certain owners which did not specify whether security deposits or prepaid rents would be held by the broker or the owner, in violation of § 339.780.2, RSMo.

47. Craven's Investment LLC's failure to specify whether security deposits or prepaid rents would be held by the broker or the owner is also in violation of § 339.105.3 RSMo, and of 20 CSR 2250-8.090(9)(C), which states:

> 9. Every written property management agreement or other written authorization between a broker and the others of real estate shall:
>
> (C) Specify whether security deposits and prepaid rents will be held by the broker or the owner;

48. The conduct of Cravens Investments LLC and Cravens, individually and collectively, as alleged in the facts, individually and

collectively demonstrates that Cravens Investments LLC and Cravens are not competent to transact the business of a broker or salesperson in such a manner as to safeguard the interest of the public, which are grounds for the MREC to refuse to issue a license under § 339.040.1, RSMo, providing cause to discipline the real estate licenses of Cravens Investments LLC and Cravens pursuant to § 339.100.2(16), RSMo.

49. Section 339.040, RSMo, provides, in pertinent part:

> 1. Licenses shall be granted only to persons who present, and corporations, associations, or partnerships whose officers, associates, or partners present, satisfactory proof to the commission that they:
>
> (3) Are competent to transact the business of a broker or salesperson in such a manner as to safeguard the interest of the public.

II.
Joint Agreed Disciplinary Order

Based on the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the MREC in this matter under the authority of §§ 536.060, 621.045.3 and 621.110, RSMo.

50. **Cravens's license is on probation.** Cravens's license as a real estate broker is hereby placed on PROBATION for a period of FIVE YEARS. The period of probation shall constitute the "disciplinary period." During the

disciplinary period, Cravens shall be entitled to practice as a real estate broker under §§ 339.010 to 339.180 and §§ 339.710 to 339.860, RSMo, as amended, provided Cravens adheres to all the terms of this agreement.

51. **Terms and conditions of the disciplinary period.** The terms and conditions of the disciplinary period are as follows:

A. Cravens will not be permitted to engage in any property management activities that require licensure by the MREC under Chapter 339, RSMo, during the entire disciplinary period.

B. Cravens shall keep the MREC apprised at all times of her current address and telephone number at each place of residence and business. Cravens shall notify the MREC in writing within ten (10) days of any change in this information.

C. Cravens shall timely renew her real estate license. No. 1999124672, timely pay all fees required for license renewal and shall comply with all other requirements necessary to maintain her license(s) in a current and active status. During the disciplinary period, Cravens shall not place her real estate license(s) on inactive status as would otherwise be allowed under 20 CSR 2250-4.040. Alternatively, without violating the terms and conditions of this Settlement Agreement, Cravens may surrender her real estate license(s) by submitting a letter

to the MREC and complying with 20 CSR 2250-8.155. If Cravens applies for a real estate license after surrender, Cravens shall be required to requalify as if an original applicant and the MREC will not be precluded from basing its decision, wholly or partially, on the findings of fact, conclusions of law, and discipline set forth in this Settlement Agreement.

D. Cravens shall meet in person with the MREC or its representative at any such time or place as required by the MREC or its designee upon notification from the MREC or its designee. Said meetings will be at the MREC's discretion and may occur periodically during the probation period.

E. Cravens shall submit documents showing compliance with the requirements of this Settlement Agreement to the MREC within ten days of being requested by the MREC or its designee.

F. During the probationary period, Cravens shall accept and comply with unannounced visits from the MREC's representative to monitor compliance with the terms and conditions of this Settlement Agreement. Such unannounced visits shall occur on Monday through Friday between 9:00 a.m. and 5:00 p.m., or during the normal business hours registered with the MREC. During such visits, Cravens shall

comply with the MREC's representative's requests to produce documents immediately for examination.

G. Cravens shall comply with all relevant provisions of Chapter 339, RSMo, as amended, all rules and regulations duly promulgated thereunder, all local, state, and federal laws. "State" as used herein includes the State of Missouri and all other states and territories of the United States. Any cause to discipline Cravens's license as a real estate broker under § 339.100.2, RSMo, as amended, that accrues during the disciplinary period shall also constitute a violation of this Settlement Agreement.

H. Broker Acknowledgement. If at any time during the disciplinary period Cravens wishes to transfer her license affiliation to a new broker/brokerage, she must submit a Broker Acknowledgment form signed by the new broker. This acknowledgement is in addition to any other required application, fee, and documentation necessary to transfer her license. Cravens must obtain the Broker Acknowledgement form from the MREC.

52. Upon the expiration of the disciplinary period, the license of Cravens shall be fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREC determines that Cravens has

violated any term or condition of this Settlement Agreement, the MREC may, in its discretion, after an evidentiary hearing, vacate and set aside the discipline imposed herein and may suspend, revoke or otherwise lawfully discipline Cravens's license.

53. No additional discipline shall be imposed by the MREC pursuant to the preceding paragraph of this Settlement Agreement without notice and opportunity for hearing before the MREC as a contested case in accordance with the provisions of Chapter 536, RSMo.

54. This Settlement Agreement does not bind the MREC or restrict the remedies available to it concerning any future violations by Cravens of §§ 339.010 to 339.180 and §§ 339.710 to 339.860, RSMo, as amended, or the regulations promulgated thereunder, or of the terms and conditions of this Settlement Agreement.

55. This Settlement Agreement does not bind the MREC or restrict the remedies available to it concerning facts or conduct not specifically mentioned in this Settlement Agreement that are either now known to the MREC or may be discovered, except for matters identified in audits Nos. LF-1013581, and DJ-415123 as current violations during the period in which Cravens served as Designated Broker for J.E. Cravens Investments, LLC. Additionally the MREC is not bound or restricted from the remedies available

to it with regard to ongoing violations resulting from conduct within the scope of audits Nos. LF-1013581, and DJ-415123.

56. If any alleged violation of this Settlement Agreement occurred during the disciplinary period, the parties agree that the MREC may choose to conduct a hearing before it either during the disciplinary period, or as soon thereafter as a hearing can be held, to determine whether a violation occurred and, if so, may impose further disciplinary action. Cravens agrees and stipulates that the MREC has continuing jurisdiction to hold a hearing to determine if a violation of this Settlement Agreement has occurred.

57. Each party agrees to pay all their own fees and expenses incurred as a result of this case, its litigation, and/or its settlement.

58. The terms of this Settlement Agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise contained herein, neither this Settlement Agreement nor any of its provisions may be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.

59. The parties to this Settlement Agreement understand that the MREC will maintain this Settlement Agreement as an open record of the MREC as required by Chapters 324, 339, and 610, RSMo, as amended.

60. Cravens, together with her partners, members, managers, heirs, assigns, agents, employees, representatives and attorneys, does hereby waive, release, acquit and forever discharge the MREC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from any liability, claim, actions, causes of action, fees, costs, expenses and compensation, including, but not limited to, any claim for attorney's fees and expenses, whether or not now known or contemplated, including, but not limited to, any claims pursuant to § 536.087, RSMo (as amended), or any claim arising under 42 U.S.C. § 1983, which now or in the future may be based upon, arise out of, or relate to any of the matters raised in this case or its litigation or from the negotiation or execution of this Settlement Agreement. The parties acknowledge that this paragraph is severable from the remaining portions of the Settlement Agreement in that it survives in perpetuity even in the event that any court or administrative tribunal deems this agreement or any portion thereof void or unenforceable.

61. This Settlement Agreement goes into effect 15 days after the document is signed by the Executive Director of the MREC.

LICENSEE

Michelle Nichole Cravens

Date: 2/10/17

MISSOURI REAL ESTATE COMMISSION

Terry Moore, Executive Director

Date: FEB. 15, 2016

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SETTLEMENT AGREEMENT
BETWEEN
MISSOURI REAL ESTATE COMMISSION
AND
MICHELLE NICHOLE CRAVENS

SIGNATURE PAGE AMENDMENT

Due to a clerical or Scrivener's error, the year in which Missouri Real Estate Commission Executive Director, Terry Moore signed the attached Settlement Agreement was incorrectly denoted as "2016", as opposed to the correct year, "2017". As such, this Signature Page Amendment shall be attached to, and incorporated as a part of, the existing Settlement Agreement. This Signature Page Amendment shall constitute sufficient proof that the correct date on which the attached Settlement Agreement was signed by the Missouri Real Estate Commission Executive Director, Terry Moore was February 15, "**2017**". No other changes, additions. edits or corrections have been made, or are authorized to be made, to this Settlement Agreement pursuant to this Signature Page Amendment.

MISSOURI REAL ESTATE COMMISSION

Terry Moore

Terry Moore, Executive Director

Date: MARCH 28, 2017