

documents necessary to prove the reconciliation was required to be submitted by the CPA with a statement confirming the CPA's firm completed a reconciliation of each escrow account (1103632, 1108588, and 1109266 at New Era Bank and 5701347 at First State Community Bank) and matched the reconciled balances to the check registers and the total of all reported owner and/or tenant balances.

The Specific Terms of the Joint Agreed Disciplinary Order, Page 20, Item "a", of the Settlement Agreement, is amended to shall read as follows: "Licensees shall, at their own expense, ensure that quarterly audits of their registered escrow accounts, including account numbers 1103632, 1108588, and 1109266 (New Era Bank), and 5701347 (First State Community Bank), are conducted and completed by a certified public accountant (CPA) approved by the Commission. Within 15 calendar days of the effective date of this Settlement Agreement, Licensee shall submit to the MREC in writing a list of at least three CPAs, including name, address, and relationship to Licensees. The Commission may approve one or more of the listed CPAs or may require Licensees, on grounds that are reasonable, to submit additional names for consideration and approval. The Commission directs the procurement of the services of a CPA to reconcile the registered escrow accounts, including account numbers 1103632, 1108588, and 1109266 (New Era Bank), and 5701347 (First State Community Bank), and submit quarterly reports to the Commission office. These reports shall begin with the fourth quarter of 2019, which ends December 31, 2019, and continue for one year, concluding with the third quarter of 2020, which ends on September 30, 2020. The reports are due within one month of the quarter end and should contain a three-way reconciliation from the check register to the bank balance to the owner balances. All documents necessary to prove the reconciliation should be submitted with the signed CPA's statement confirming the CPA'S firm completed a reconciliation of each escrow account and matched the reconciled balance to the check register and the total of all reported owner and/or tenant balances. If the CPA should find that the three-way reconciliation does not match, the CPA report should include the details and documentation necessary to show that all discrepancies were identified and corrected. The first report will be for the fourth quarter of 2019 covering the months of October, November, and December 2019 and is due on or before January 30, 2020. The second report will be for the first quarter of 2020 covering the months of January, February, and March 2020 and is due on or before April 30, 2020. The third report will be for the second quarter of 2020 covering the months of April, May, and June 2020 and is due on or

before July 30, 2020. The fourth and final report is for the third quarter of 2020 covering the months of July, August, and September 2020 and is due on or before October 30, 2020.”

The Specific Terms of the Joint Agreed Disciplinary Order, Page 20, Item “c” will be added to amend the Settlement Agreement and shall read as follows: “c. Licensee will address all negative balances in escrow account numbers 1103632, 1108588, and 1109266 (New Era Bank), and 5701347 (First State Community Bank) to the satisfaction of the Commission. Licensee will not write checks on any escrow account if the funds are not in the account to cover the check amount at the time the check was written.”

All other terms and conditions of the June 23, 2018 Settlement Agreement shall remain in effect unless expressly modified in writing and signed by Licensees and the Commission.

LICENSEES



Patricia Lynn Weddle
Professional Property Management and Real Estate, LLC
dba Professional Property Management
Date 10-15-19

COMMISSION



Terry W. Moore
Executive Director
Missouri Real Estate Commission
Date OCTOBER 23, 2019

SETTLEMENT AGREEMENT BETWEEN
MISSOURI REAL ESTATE COMMISSION AND PROFESSIONAL PROPERTY MANAGEMENT AND REAL
ESTATE, LLC – D.B.A. PROFESSIONAL PROPERTY MANGEMENT
AND PATRICIA LYNN WEDDLE

Come now Professional Property Mangement and Real Estate, LLC - dba Professional Property Management ("Professional") and Patricia Lynn Weddle ("Weddle") (collectively "Licensees") and the Missouri Real Estate Commission ("Commission") and enter into this settlement agreement for the purpose of resolving the question of whether Professional's license as a real estate association and Weddle's license as a real estate broker associate will be subject to discipline.

Pursuant to the terms of § 536.060, RSMo,¹ the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri ("AHC") regarding cause to discipline the Licensees' licenses, and, additionally, the right to a disciplinary hearing before the Commission under § 621.110, RSMo.

Licensees Professional and Weddle acknowledge that they understand the various rights and privileges afforded them by law, including the right to a hearing of the charges against them; the right to appear and be represented by legal counsel; the right to have all charges against them proven upon the record by competent and substantial evidence; the right to cross-examine any witnesses appearing at the hearing against them; the right to present evidence on their own behalf at the hearing; the right to a decision upon the record by a fair and impartial administrative hearing commissioner concerning the charges pending against them and, subsequently, the right to a disciplinary hearing before the Commission at which time they may present evidence in mitigation of discipline; and the right to recover attorney's fees incurred in defending this action against their licenses. Being aware of these rights provided them by operation of law, Professional and Weddle knowingly and voluntarily waive each and every one of these rights and freely enter into this settlement agreement and agree to abide by the terms of this document, as they pertain to them.

Professional and Weddle acknowledge that they have received a copy of the documents relied upon by the Commission in determining there was cause to discipline their licenses, along with citations to law and/or regulations the Commission believes were violated.

¹ All statutory references are to Missouri Revised Statutes 2000, as amended, unless otherwise indicated.

For the purpose of settling this dispute, Professional and Weddle stipulate that the factual allegations contained in this settlement agreement are true and stipulates with the Commission that their licenses, numbered 2012025760 (Professional) and 1999106062 (Weddle) are subject to disciplinary action by the Commission in accordance with the provisions of Chapter 621 and §§ 339.010-339.205 and 339.710-339.855, RSMo.

Joint Stipulation of Fact and Conclusions of Law

1. The Commission is an agency of the state of Missouri created and established pursuant to § 339.120, RSMo, for the purpose of licensing all persons engaged in the practice as a real estate broker or salesperson in this state. The Commission has control and supervision of the licensed occupations and enforcement of the terms and provisions of Sections 339.010-339.205 and 339.710-339.855, RSMo.

2. Licensee, Professional, holds a real estate association license from the Commission, license number 2012025760. The Commission issued Professional's license on July 24, 2012 and it expires June 30, 2018. Professional's license was current and active at all relevant times herein. Licensee Patricia Lynn Weddle is the designated broker for Professional.

3. Licensee, Patricia Lynn Weddle, holds a broker associate license from the Commission, license number 1999106062. The Commission issued Weddle's broker associate license on January 14, 1998. Weddle's license expires June 30, 2018. Licensee Weddle's license was current and active at all relevant times herein.

4. On June 22, 23, 25, 30 and July 1, 6 – 9, and September 17, 2015, the Commission conducted an audit of the Licensees. The Commission's audit revealed:

- a. In violation of §§ 339.100.2(1) and 339.105.1, RSMo, and 20 CSR 2250-8.120(4) and 2250-8.120(3), Weddle engaged in improper business dealings in that rent was not deposited and maintained in an escrow account on two occasions.
- b. In violation of § 339.100.2(1), RSMo, and 20 CSR 2250-8.220(1) insufficient funds checks were written on the property management escrow accounts in 117 instances, as follows:
 - i. New Era Bank, account number 1103632, on 58 instances;
 - ii. New Era Bank, account number 1108588, on 33 instances;
 - iii. New Era Bank, account number 1109266, on 26 instances;

- c. In violation of §§ 339.100.2(19), RSMo, Weddle had an inaccurate owner's statement in one company, overstating income for November 2014.
- d. In violation of § 339.105.1, RSMo, there were fifty-nine instances of overdrafts in property management escrow accounts as follows:
 - i. New Era Bank, account number 1103632, on 39 instances;
 - ii. New Era Bank, account number 1108588, on 9 instances;
 - iii. New Era Bank, account number 1109266, on 11 instances;
- e. In violation of § 339.105.1, RSMo, there was a temporary overage in the New Era Bank property management escrow account, number 1108588.
- f. In violation of § 339.105.1, RSMo, there was a temporary overage in the New Era Bank property management escrow account, number 1109266, which involved a range of \$10.00 - \$309.00 from June 30, 2014 through October 16, 2014, due to bank charges exceeding broker funds in the account.
- g. In violation of § 339.105.1, RSMo, there was a net shortage of \$63,655.61 in the property management escrow accounts (combined balances of New Era Bank, numbers 1103632, 1108588, and 1109266). The shortage can be partially identified as follows:

Identified Overages:

- i. \$200.00 due to a leasing commission not removed from account number 1108588;
- ii. \$390.00 due to funds held in error in account number 1109266;
- iii. \$715.00 due to check numbers 16339 and 16390 from account number 1103632, voided but not reissued, while remaining charged to owner as an expense.

Total identified overages equal \$1,305.00.

Identified Shortages:

- i. \$2,208.93 due to the following:
 - 1. \$105.00 due to paying personal expenses from account number 1109266;
 - 2. \$77.00 due to paying personal expense from account number 1109266;
 - 3. \$870.00 due to bank charges which exceeded broker funds in account number 1108588;

4. \$428.93 due to bank charges which exceeded broker funds in account number 1103632;
5. \$8.00 due to paying personal expense from account number 1103632;
6. \$20.00 due to rent not deposited into escrow account number 1103632;
7. \$100.00 due to an error in recording income in account number 1103632;
8. \$600.00 due to check number 16435 from account number 1103632 cleared but was not charges to any specific owner.

- ii. \$4,167.32 due to May 2015 negative owner balances.
- iii. \$27,830.00 due to security deposits not held as specified in management agreements.

Total identified shortages equal \$32,206.25.

This leaves an effective unidentified shortage of \$30,754.36.

- h. In violation of § 339.105.1, RSMo, there were 10 instances of commingling in property management escrow accounts as follows:
 - i. Two instances involving New Era Bank, account number 1108588, due to personal funds and leasing commission in the escrow account;
 - ii. Seven instances involving New Era Bank, account number 1109266, due to one instance of a commission earned on a sale transaction deposited into escrow, four instances of personal expenses paid through the escrow account, and two instances of an unexplained deposit;
 - iii. One instance involving New Era Bank, account number 1103632, due to a personal transfer out of escrow account.
- i. In violation of § 339.105, RSMo and 20 CSR 2250-8.120(4), there was a temporary shortage in the sales escrow account (\$100.00 from October 21, 2014 – November 7, 2014 on Higbee/Mungenast closed transaction, acceptance date October 7, 2014, no deposit earnest money was not held as specified in the contract).
- j. In violation of § 339.730.1(1), RSMo, the Weddle (Broker) failed to perform the terms of the written agreement with the landlord on numerous instances as follows:
 - i. The Broker did not prepare and send owner statements as the management agreement

specified for owners on numerous instances:

1. Eagle Lake Ranch, LLC, Todd & Sheryl Busenbark, and Black Knight Apartments (as per broker, all deposits are made into owner accounts, and broker only occasionally pays expenses, in which case they are invoiced to owner for reimbursement).
 2. All other owners (as per broker, owner statements are not provided unless owner requests them).
 - ii. Security deposits were not held as management agreements specified.
- k. In violation of § 339.760.1, RSMo, Weddle, the designated broker, failed to adopt a written policy which identified and described the relationships in which the designated broker and affiliated licensees may engage with any seller, landlord, buyer, or tenant.
- l. In violation of § 339.780.1, RSMo, and 20 CSR 2250-8.090 (4) (A) 11, Licensee, Denise Elaine Gallagher, entered into a listing agreement on behalf of the broker without written authorization from the designated broker.
- m. In violation of § 339.780.2, RSMo, and 20 CSR 2250-8.090 (4) (A) 2, the listing agreement did not include the commission to be paid.
- n. In violation of § 339.780.2, RSMo, and 20 CSR 2250-8.200 (1), In four instances the broker (Weddle) managed property without a current written management agreement, as follows:
- i. 407, 412, 422, 424, 493 and 495 Shade Tree Lane; 1807, 1815, 1817, 1823 and 1825 Woodland Trail (owner, Mungenast (Lida Properties, LLC));
 - ii. 301 Hickory Street (owner, J. Laslovich);
 - iii. 314 S. Carleton Street (owner, R. Seaber);
 - iv. 125 Delaware (owner, Barbara Russell).
- o. In violation of § 339.780.3, RSMo, In four instances, Weddle acted as an agent of the buyer without obtaining a written agency agreement.
- p. In violation of 20 CSR 2250-8.090(2), In two instances, Weddle showed residential property for sale without a currently effective written listing agreement, or other written agreement for brokerage services.

- q. In violation of 20 CSR 2250-8.090 (4) (A), in two instances, Licensees Gallagher and Weddle failed to provide all the terms and conditions (compensation terms and motivating factors) under which the property could be sold in the listing agreement.
- r. In violation of 20 CSR 2250-8.090 (9) (C), the management agreement did not specify whether security deposits and prepaid rents would be held by the broker or owner.
- s. In violation of 20 CSR 2250-8.090(9) (L), the management agreement did not contain the signature of the licensee Weddle.
- t. In violation of 20 CSR 2250-8.096(1), In ten instances, Weddle made incorrect disclosures as follows:
 - i. Weddle is disclosed as a seller's agent when Weddle is actually representing only the buyer (3 instances);
 - ii. Weddle is disclosed as both a Landlord's and Tenant's Agent on an in-house transaction (7 instances).
- u. In violation of 20 CSR 2250-8.096 (1), the written brokerage relationship disclosure did not identify the source or sources of compensation in three instances (Weddle and Gallagher in one instance, and Weddle in two instances).
- v. In violation of 20 CSR 2250-8.096(1) (A) 5, in ten instances, the written brokerage relationship disclosure was not dated by the tenant (Gallagher in one instance and Weddle in nine instances).
- w. In violation of 20 CSR 2250-8.096 (1) (A) 5, in one instance, the written brokerage relationship disclosure completed by Weddle, was not signed or dated by the tenant.
- x. In violation of 20 CSR 2250-8.096(1) (A) 6, the written brokerage relationship disclosure was not signed and dated by the disclosing licensee (Weddle) on or before the contract date.
- y. In violation of 20 CSR 2250-8.096(1) (A) 6, the written brokerage relationship disclosure was not signed and dated by the disclosing licensee (Weddle) on three instances.
- z. In violation of 20 CSR 2250-8.100 (1), in one instance earnest money was not held where specified in the contract.

- aa. In violation of 20 CSR 2250-8.100 (1), in two instances, all terms and conditions were not specified in the offer to purchase.
- bb. In violation of 20 CSR 2250-8.100 (1), in one instance, the property was not properly identified on the contract.
- cc. In violation of 20 CSR 2250-8.160 (1), in three instances, the brokerage failed to retain records (copy of contract 2 instances and closing statement 1 instance).
- dd. In violation of 20 CSR 2250-8.160 (2), in fifty-six instances, the brokerage failed to retain records as follows:
 - i. void checks from New Era Bank, account number 1103632 – 27 instances;
 - ii. void checks from New Era Bank, account number 1108588 – 16 instances;
 - iii. void checks from New Era Bank, account number 1109266 – 10 instances;
 - iv. invoices related to expenses paid from New Era Bank, account number 1109266 – 3 instances.
- ee. In violation of 20 CSR 2250-8.160 (2), in one instance, the brokerage released records to the owner without a detailed written receipt (management agreement for owner of B & B Properties).
- ff. In violation of 20 CSR 2250-8.220 (1), in fifteen instances, the broker disbursed funds from the property management escrow account when the owner's account balance was not sufficient to cover the disbursement.
- gg. In violation of 20 CSR 2250-8.220 (2), in five instances, security deposits were held in the property management escrow account without written authorization.
- hh. In violation of 20 CSR 2250-8.220 (1), in multiple instances, the broker failed to maintain security deposits intact.
- ii. In violation of 20 CSR 2250-8.220 (8), in one instance, the related transaction was not indicated on each deposit ticket for the property management escrow account (New Era Bank, account number 1103632).

- jj. In violation of 20 CSR 2250-8.220 (8), in one instance, the related transaction was not indicated on each check written, the corresponding check stub, or other disbursement on the property management escrow account (New Era Bank, account number 1103632).

5. During the Commission's February 2016 meeting, the Commission reviewed the 2015 audit and determined a corrective action letter was appropriate for the broker and the agent, the broker was required to submit quarterly CPA reports beginning with the 2nd quarter of 2016 for one year. A re-audit was ordered by the Commission in eighteen months.

6. On August 14, 16, 17, 22-24, 28 – 31, 2017 and September 5, 2017, the Commission conducted a re-audit of the Licensees. The Commission's audit revealed:

- a. In violation of §§ 339.100.2(19) RSMo, and 20 CSR 2250-8.220(1), in twelve instances, there were insufficient funds checks written on the property management escrow account (First State Community Bank, account number 5701347).
- b. In violation of § 339.105.1, RSMo, there were identified overages of \$1,067.79 and identified shortages of \$13,216.50 in the property management escrow account (New Era Bank, account number 1103632).

Identified Overages:

- i. \$180.00 due to management fees not removed;
- ii. \$887.79 due to commingling.

Identified Shortages:

- i. \$10,800.00 due to failure to follow terms and conditions of the management agreement (management agreement specified broker to hold security deposits when the owner held);
- ii. \$2,391.50 due to payment of expenses for the property owner (1858 Black Oak Drive). Broker ceased management of property prior to audit period. Broker paid out expenses on behalf of the property owner while no longer managing property. A new management agreement was entered into effective July 15, 2017;
- iii. \$25.00 due to incorrect management fees taken.

- c. In violation of §§ 339.105.1, RSMo, in four instances, there were temporary shortages in the property management account (New Era Bank, account number 1103632) due to failure to perform the terms of the written agreement with the owner (management agreement specified for the broker to hold the security deposits when the owner held in case of properties no longer being managed at end of the audit period).
- d. In violation of § 339.105.1, RSMo, there were eleven instances of overdrafts in property management escrow accounts as follows:
 - i. New Era Bank, account number 1103632, on 3 instances;
 - ii. First State Community Bank, account number 5701347, on 8 instances;
- e. In violation of § 339.105.1, RSMo, there was a temporary shortage of \$140.00 in the New Era Bank property management escrow account, number 1103632, from July 17, 2017 to July 19, 2017, due to late deposits.
- f. In violation of § 339.105.1, RSMo, there was one instance of commingling of funds in the property management escrow account (New Era Bank, account number 1103632).
- g. In violation of § 339.105.1, RSMo, there was an identified shortage of \$3,875.00 in the property management escrow account (First State Community Bank, account number 5701347) due to failure to follow terms and conditions of the management agreement.
- h. In violation of § 339.105.3, RSMo, the broker did not maintain records necessary to determine the adequacy of the New Era Bank property management escrow account number 1103632, as follows:
 - i. The broker's Income Statement reports did not reflect the balance of owner funds that were held at the end of the audit period. Examiner was also unable to determine if owner funds were held at the start of the audit period.
 - ii. The broker's Balance Sheet reports did not reflect property owner's cash held. All cash was listed under the brokerage's name and was not split out to the individual property owners.
 - iii. The broker's CPA downloaded the broker's property management information into a software program (*Sage Peachtree*) that was the property of his firm. The CPA used

this software to generate the quarterly owner liability reports to submit to the MREC.

The examiner did not have access to this software program and was unable to determine how liabilities were calculated.

- iv. The broker's outstanding check list was inaccurate. The balance of the outstanding checks from the broker's bank reconciliation was \$27,588.91. After the outstanding checks list was adjusted for the discrepancies, the balance was \$17,094.91, a difference of \$10,494.00.
- v. The July 31, 2017 bank reconciliation reflected a deposit of \$400.00 as a deposit in transit. The deposit actually cleared the bank on July 11, 2017.
- vi. The broker's recap of her deposits, withdrawals to the escrow account and adjustments to her commissions taken did not agree with bank statement activity. The broker's recap of bank charges did not agree with the examiner's work paper.
- vii. The broker did not reflect each property owner's cash as a separate line item on the balance sheet. The broker reflected all cash under the balance sheet line item labeled Professional Property Management. The balance sheet reflected a negative cash amount of <\$14,558.79> as of July 31, 2017 while the bank reconciliation reflected a register balance of <\$26,530.79> as of July 31, 2017.
- viii. The checks that were outstanding when the broker's CPA had her switch to a new company in *QuickBooks* (effective June 2016) were not addressed. When the bank reconciliations were completed, the broker had to reenter any outstanding check that had been paid into *QuickBooks* in order to make *QuickBooks* balance. When entering these amounts the broker just reflected the expense of the check and no related income. This caused large negative liabilities for some of the property owners.
- i. In violation of § 339.730.1, RSMo, in two instances, licensee, Denise Elaine Gallagher, failed to perform the terms of the written agreement with the seller (advertised for a price different from the listed price):
 - i. Listing price - \$890,000.00, Advertised price - \$795,000.00;
 - ii. Listing price - \$1,650,000.00, Advertised price - \$1,725,000.00.

- j. In violation of § 339.730.1(1), RSMo, in nineteen instances, the broker failed to perform the terms of the written agreement with the owner, as follows:
 - i. Management agreement specified for the broker to hold the security deposits when owner held, in fifteen instances;
 - ii. Management agreement specified for owner statements to be produced monthly, in one instance;
 - iii. Management fees not removed monthly, in one instance;
 - iv. Broker collected fees in excess of fees authorized in the management agreement (broker received all application fees which are not addressed in the management agreement), in one instance;
 - v. Incorrect management fees taken, in one instance.
- k. In violation of § 339.780.2, RSMo, in one instance, Licensee Denise Elaine Gallagher, acted as an agent of the landlord without obtaining a written agency agreement.
- l. In violation of § 339.780.2, RSMo, in one instance, Licensee Denise Elaine Gallagher, acted as an agent of the landlord without a currently effective written agency agreement.
- m. In violation of § 339.780.2 and 20 CSR 2250-8.090 (9) (G), the management agreement with the landlord did not contain a statement which permitted or prohibited an offer of subagency.
- n. In violation of § 339.780.2 and 20 CSR 2250-8.200 (1), in one instance, the Broker, Patricia Lynn Weddle, managed property without an agreement (1817 Woodland Trail – property not listed on broker's attached sheet to the management agreement, which listed properties to be managed).
- o. In violation of 20 CSR 2250-4.030 (1), in one instance, the fictitious name (Professional Property Management) was not registered with the Secretary of State.
- p. In violation of 20 CSR 2250-4.030 (1) and 20 CSR 2250-8.010 (2), in one instance, the brokerage's business sign contained an expired fictitious name (Professional Property Management). Note – Broker renewed the fictitious name with the Secretary of State's office on August 28, 2017.

- q. In violation of 20 CSR 2250-8.090 (4) (A) 11, in two instances, the listing agreement did not include the signature of the licensee, one instance with Weddle and one instance with Licensee Denise Elaine Gallagher.
- r. In violation of 20 CSR 2250-8.090 (4) (A) 14, in five instances, all the terms and conditions under which the property could be sold were not contained in the listing agreement.
 - i. Disclosure of pending offers, three instances;
 - ii. Disclosure of pending offers, market fee and lead-based paint disclosures, two instances.
- s. In violation of 20 CSR 2250-8.090 (9) (D), in two instances, the management agreement did not contain the beginning date.
- t. In violation of 20 CSR 2250-8.090 (9) (H), in one instance, the management agreement did not include a statement which permitted or prohibited the designated broker from acting as a dual agent.
- u. In violation of 20 CSR 2250-8.090 (9) (I), in one instance, the management agreement did not include a statement which permitted or prohibited the designated broker from acting as a transaction broker.
- v. In violation of 20 CSR 2250-8.090 (9) (L), in two instances, the management agreement did not contain the signature of the broker or their authorized agents.
- w. In violation of 20 CSR 2250-8.096 (1), in two instances there were incorrect disclosures.
- x. In violation of 20 CSR 2250-8.096 (1) (A) 2, in one instance, the written brokerage relationship disclosure did not correctly identify the source or sources of compensation.
- y. In violation of 20 CSR 2250-8.096 (1) (A) 5, in four instances, the written brokerage relationship disclosures were not signed and dated by the landlord.
- z. In violation of 20 CSR 2250-8.096 (1) (A) 5, in four instances, the written brokerage relationship disclosures were not dated by the tenant.
- aa. In violation of 20 CSR 2250-8.096 (1) (A) 6, in one instance, the written brokerage relationship disclosure was not dated by the disclosing licensee.
- bb. In violation of 20 CSR 2250-8.160 (2), in twenty-two instances, the brokerage failed to retain records as follows:

- i. Voided checks;
 - ii. Invoices.
- cc. In violation of 20 CSR 2250-8.220 (1), in thirteen instances, the broker distributed funds from the property management escrow account when the owner's account balance was not sufficient to cover the disbursement.
- dd. In violation of 20 CSR 2250-8.220 (3), in one instance, the broker failed to deposit rents within ten banking days.
- ee. In violation of 20 CSR 2250-8.220 (6), in one instance, management fees were not removed monthly.
7. Section 339.100, RSMo, states, in relevant 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;
 - ...
 - (19) Any other conduct which constitutes untrustworthy, improper or fraudulent business dealings, demonstrates bad faith or incompetence, misconduct, or gross negligence[.]
8. Section 339.105, RSMo, states, in relevant part:
1. 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. This requirement includes funds in which he or she may have some future interest or claim. Such funds shall be deposited promptly unless all parties having an interest in the funds have agreed otherwise in writing. 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.
- ...

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. The account and other records shall be provided to the commission and its duly authorized agents for inspection at all times during regular business hours at the broker's usual place of business.

9. Section 339.730, RSMo, states in relevant part:

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[.]

10. Section 339.760, RSMo, states that Every designated broker who has affiliated licensees shall adopt a written policy which identifies and describes the relationships in which the designated broker and affiliated licensees may engage with any seller, landlord, buyer, or tenant as part of any real estate brokerage activities.

11. Section 339.780, RSMo, states, in relevant part:

1. All written agreements for brokerage services on behalf of a seller, landlord, buyer, or tenant shall be entered into by the designated broker on behalf of that broker and affiliated licensees, except that the designated broker may authorize affiliated licensees in writing to enter into the written agreements on behalf of the designated broker.

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.

3. Before or while engaging in any acts enumerated in section 339.010, except ministerial acts defined in section 339.710, a designated broker acting as a single agent for a buyer or tenant shall enter into a written agency agreement with the buyer or tenant. The agreement shall include a licensee's duties and responsibilities specified in section 339.740 and the terms of compensation.

12. Regulation 20 CSR 2250-4.030 states, in relevant part:

(1) Any broker doing business under any name other than the broker's legal name or any entity doing business under any name other than the name registered with the secretary of state, shall first comply with the provisions of sections 417.200–417.230, RSMo on the registration of fictitious names and shall furnish the commission a copy of the registration within ten (10) days of receipt of the official registration from the secretary of state.

13. Regulation 20 CSR 2250-8.010 states, in relevant part:

...

(2) A broker's business sign of sufficient size to identify it and bearing the name under which the broker or the broker's firm is licensed, or the regular business name, shall be displayed outside of the broker's regular place of business.

14. Regulation 20 CSR 2250-8.090 states, in relevant part:

(2) A licensee shall not show residential property unless a broker holds a currently effective written seller's/lessor's agency agreement, seller's/lessor's transaction brokerage agreement, or other written authorization to show.

...

(4) Seller's/Lessor's Agency (Sale/Lease Listing) Agreement.

(A) Every written listing agreement or other written agreement for brokerage services shall contain all of the following:

...

2. The commission to be paid (including any and all bonuses);

...

11. The signatures of all owners and the listing broker or listing agent as authorized by the broker;

...

14. All other terms and conditions under which the property is to be sold, leased, or exchanged.

(9) Every written property management agreement or other written authorization between a broker and the owners of the real estate shall:

...

(C) Specify whether security deposits and prepaid rents will be held by the broker or the owner;

(D) Contain the beginning date of the agreement;

...

(G) Contain a statement which permits or prohibits the designated broker from offering subagency (not applicable for transaction broker agreements);

(H) Contain a statement which permits or prohibits the designated

broker and/or affiliated licensee from acting as a disclosed dual agent and if permitted, the duties and responsibilities of a dual agent;

(I) Contain a statement which permits or prohibits the designated broker and/or affiliated licensee from acting as a transaction broker and if permitted, the duties and responsibilities of a transaction broker;

...

(L) Contain the signatures of all the owners and the broker or affiliated licensee as authorized by the broker[.]

15. Regulation 20 CSR 2250-8.096 states, in relevant part:

(1) Licensees acting with or without a written agreement for brokerage services pursuant to sections 339.710 to 339.860, RSMo, are required to have such relationships confirmed in writing by each party to the real estate transaction on or before such party's first signature to the real estate contract. Nothing contained herein prohibits the written confirmation of brokerage relationships from being included or incorporated into the real estate contract, provided that any addendum or incorporated document containing the written confirmation must include a separate signature section for acknowledging the written confirmation that shall be signed and dated by each party to the real estate transaction.

(A) Written confirmation must –

...

2. Identify the source or sources of compensation;

...

5. Be signed and dated by the seller/landlord and buyer/tenant. If the landlord has entered into a written property management agreement pursuant to 20 CSR 2250-8.200 – 20 CSR 2250-8.210, the landlord shall not be required to sign the written confirmation;

6. Be signed and dated by the disclosing licensees on or before the contract date. If a landlord's agent or transaction broker is conducting property management pursuant to 20 CSR 2250-8.200 – 20 CSR 2250-8.210, the unlicensed office personnel may, in the performance of the duties enumerated in 339.010.5(5)(a)-(e), sign the written confirmation on behalf of the landlord's agent or transaction broker.

16. Regulation 20 CSR 2250-8.100 states in relevant part:

(1) Every licensee shall make certain that all of the terms and conditions authorized by the principal in a transaction are specified and included in an offer to sell or buy and shall not offer the property on any other terms. Every written offer shall contain the legal description or property address, or both, and city where the property is located, or in the absence of, a clear

description unmistakably identifying the property.

17. Regulation 20 CSR 2250-8.120 states in relevant part:

...

(3) The escrow or trust account maintained by a broker, as required by the license law, shall be a checking account in a bank, savings and loan, or credit union. If the escrow or trust account maintained by a broker is an interest-bearing account, the broker shall disclose in writing to all parties to the transaction that the account is interest-bearing and the disclosure shall indicate who is to receive the interest.

(4) Each broker shall deposit into the escrow or trust account all funds coming into the broker's possession as set out in section 339.100.2(1), RSMo, including funds in which the broker may have some future interest or claim and including, but not limited to, earnest money deposits, prepaid rents, security deposits, loan proceeds, and funds paid by or for the parties upon closing of the transaction. No broker shall commingle personal funds or other funds in the broker's escrow account except to the extent provided by section 339.105.1, RSMo. Commissions payable must be removed from the escrow account at the time the transaction is completed. After the transaction is completed, interest payable shall be disbursed to the appropriate party(ies) from the escrow account no later than ten (10) banking days following the receipt of the next statement of the escrow account. When the licensee receives all interest earned, interest payable to a licensee must be removed from the escrow account within ten (10) banking days following the receipt of the next statement of the escrow account.

18. Regulation 20 CSR 2250-8.160 states, in relevant part:

(1) Every broker shall retain for a period of at least three (3) years true copies of all business books; accounts, including voided checks; records; contracts; brokerage relationship agreements; closing statements and correspondence relating to each real estate transaction that the broker has handled. The records shall be made available for inspection by the commission and its authorized agents at all times during usual business hours at the broker's regular place of business. No broker shall charge a separate fee relating to retention of records.

(2) Every broker shall retain for a period of at least three (3) years true copies of all property management agreements, correspondence or other written authorization relating to each real estate transaction relating to leases, rentals or management activities the broker has handled. The broker must also retain all business books, accounts and records unless these records are released to the owner(s) or transferred to another broker by written detailed receipt or transmittal letter agreed to in writing by all

parties to the transaction.

19. Regulation 20 CSR 2250-8.200 states, in relevant part:

(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.

20. Regulation 20 CSR 2250-8.220 states, in relevant part:

(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 owner(s) 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.

(2) All security deposits held by a broker shall be maintained, intact, in an escrow account other than the property management account(s), pursuant to section 339.105, RSMo, unless the owner(s) have agreed otherwise in writing.

(3) All money received by a broker in connection with any property management must be deposited within ten (10) banking days to the escrow or trust account maintained by the broker.

...

(8) Each check written on an escrow account, or each corresponding check stub, or other record of disbursement of funds from the account and each deposit ticket shall indicate the related transaction. Each check written on an escrow account for licensee fees or commission shall be made payable to the licensee who is owed the fee or commission or to the firm's general operating account.

21. Licensees' conduct, as described in paragraphs 4 through 6 above, constitutes cause to discipline Licensees' licenses.

22. Cause exists for the Commission to take disciplinary action against Licensees' licenses under § 339.100.2(1), (15), (16), and (19), RSMo, which states 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, RSMo, 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 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;

...

(19) Any other conduct which constitutes untrustworthy, improper or fraudulent business dealings, demonstrates bad faith or incompetence, misconduct, or gross negligence[.]

Joint Agreed Disciplinary Order

23. Based upon the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the Commission in this matter under the authority of §§ 536.060, 621.045.4 and 621.110, RSMo.

24. The terms of discipline shall include **Licensees' licenses, 2012025760 (Professional) and 1999106062 (Weddle), shall be placed on probation for a period of three (3) years.** Licensees' licenses are hereby placed on three (3) years' probation. During the period of **probation** on their licenses, Licensees shall be entitled to practice as a real estate association and real estate broker associate provided they adhere to all the terms stated herein. The period of probation shall constitute the "disciplinary period."

25. **Terms and conditions of the disciplinary period.** Terms and conditions of the disciplinary period are as follows:

Specific Terms

- a. Licensees shall, at their own expense, ensure that quarterly audits of their registered escrow accounts, including account numbers 1103632, 1108588, and 1109266 (New Era Bank), and 5701347 (First State Community Bank), are conducted and completed by a certified public accountant (CPA) approved by the Commission. Within 15 calendar days of the effective date of this Settlement Agreement, Licensees shall submit to the MREC in writing a list of at least three CPAs, including name, address, and relationship to Licensees. The Commission may approve one or more of the listed CPAs or may require Licensees, on grounds that are reasonable, to submit additional names for consideration and approval. The Commission directs the procurement of the services of a CPA to reconcile the registered escrow accounts, including account numbers 1103632, 1108588, and 1109266 (New Era Bank), and 5701347 (First State Community Bank), and submit quarterly reports to the Commission office. These reports shall begin with the third quarter of 2018, which ends September 30, 2018, and continue for one year, concluding with the second quarter of 2019, which ends on June 30, 2019. The reports are due within one month of the quarter end and should contain a three-way reconciliation from the check register to the bank balance to the owner balances. All documents necessary to prove the reconciliation should be submitted with the signed CPA's statement confirming the CPA'S firm completed a reconciliation of each escrow account and matched the reconciled balance to the check register and the total of all reported owner and/or tenant balances. If the CPA should find that the three-way reconciliation does not match, the CPA report should include the details and documentation necessary to show that all discrepancies were identified and corrected.
- b. In addition to the above, within six (6) months of the effective date of this Settlement Agreement, the Commission requires that Licensee Weddle and an employee of Professional Property Management and Real Estate, LLC attend a class designed to train both on the proper use of the property management computer software being used by Professional Property Management and Real Estate, LLC. Upon completion of this required training, Licensee Weddle is to submit proof of the completion of the training by both individuals to the Commission office.

General Terms

- a. Licensees shall keep the MREC apprised at all times in writing of their current addresses and telephone numbers at each place of residence and business. Licensees shall notify the MREC in writing within ten days of any change in this information.
- b. Licensees shall timely renew Licensees' licenses, timely pay all fees required for license renewal, and comply with all other requirements necessary to maintain their licenses in a current and active state. During the disciplinary period, Licensees shall not place their licenses on inactive status as would otherwise be allowed under 20 CSR 2250-4.050. Alternatively, without violating the terms and conditions of this Settlement Agreement, Licensees may surrender their real estate licenses by submitting a Surrender of Real Estate Rights form to the MREC along with the original license and any duplicate copies issued to Licensee. If Licensee Weddle applies for a real estate license after surrender, Licensee Weddle shall be required to requalify as if original applicants. Licensee Weddle would have to apply as an original applicant for a salesperson license. 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.
- c. Licensees shall meet in person with the MREC or its representative at any such time and 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.
- d. Licensees shall immediately submit documents showing compliance with the requirements of this Order to the MREC when requested by the MREC or its designee.
- e. During the probationary period, Licensees shall accept and comply with unannounced visits from the MREC's representatives to monitor compliance with the terms and conditions of this Order.
- f. Licensees shall comply with all relevant provisions of Chapter 339, RSMo, as amended; all rules and regulations of the MREC; and all local, state, and federal laws. "State" as used herein refers to the State of Missouri and all other states and territories of the United States.
- g. Licensees shall report to the MREC each occurrence of Licensees being finally adjudicated and found guilty, or entering a plea of guilty or nolo contendere, in a state or federal criminal prosecution, to felony or misdemeanor offenses, within ten business days of each such occurrence.

26. This Agreement does not bind the Commission or restrict the remedies available to it concerning facts or conduct not specifically mentioned in this Agreement that are either now known to the Commission or may be discovered.

27. This Agreement does not bind the Commission or restrict the remedies available to it concerning any future violations by Licensees of Chapter 339, RSMo, as amended, or the regulations promulgated thereunder, or of the terms of this Agreement.

28. All parties agree to pay all their own fees and expenses incurred as a result of this case, its settlement or any litigation.

26. The parties to this Agreement understand that the Missouri Real Estate Commission will maintain this Agreement as an open record of the Commission as provided in Chapters 339, 610 and 324, RSMo.

29. The terms of this settlement agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise provided 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.

30. Licensees, together with Licensees' heirs and assigns, and Licensees' attorneys, do hereby waive, release, acquit and forever discharge the Commission, its respective members and any of its employees, agents, or attorneys, including any former Commission members, employees, agents, and attorneys, of, or from, any liability, claim, actions, causes of action, fees, costs and expenses, and compensation, including but not limited to, any claims for attorney's fees and expenses, including any claims pursuant to § 536.087, RSMo, or any claim arising under 42 U.S.C. § 1983, which may be based upon, arise out of, or relate to any of the matters raised in this case, its settlement, or from the negotiation or execution of this settlement agreement. The parties acknowledge that this paragraph is severable from the remaining portions of this settlement agreement in that it survives in perpetuity even in the event that any court of law deems this settlement agreement or any portion thereof to be void or unenforceable.

31. If no contested case has been filed against Licensees, Licensees have the right, either at the time the settlement agreement is signed by all parties or within fifteen days thereafter, to submit the agreement to the Administrative Hearing Commission for determination that the facts agreed to by the parties to the

settlement agreement constitute grounds for denying or disciplining the licenses of Licensees. If Licensees desire the Administrative Hearing Commission to review this Agreement, Licensees may submit this request to: **Administrative Hearing Commission, United States Post Office Building, 131 West High Street, P.O. Box 1557, Jefferson City, Missouri 65102-1557.**

32. If Licensees have requested review, Licensees and Commission jointly request that the Administrative Hearing Commission determine whether the facts set forth herein are grounds for disciplining Licensees' licenses and issue findings of fact and conclusions of law stating that the facts agreed to by the parties are grounds for disciplining Licensees' licenses. Effective the date the Administrative Hearing Commission determines that the agreement sets forth cause for disciplining Licensees' licenses, the agreed upon discipline set forth herein shall go into effect. If the Administrative Hearing Commission issues an order stating that the Settlement Agreement does not set forth cause for discipline, then the Commission may proceed to seek discipline against Licensees as allowed by law. If the Licensees do not submit the agreement to the Administrative Hearing Commission for determination, the agreement shall become effective fifteen (15) days following the signature of the Commission's Executive Director.

LICENSEES

Patricia Lynn Weddle
Professional Property Management and
Real Estate, LLC
D.B.A. Professional Property Management
Patricia Lynn Weddle, Designated Broker

Patricia Lynn Weddle
Patricia Lynn Weddle

Date 5-31-18

COMMISSION

Terry W. Moore
Terry W. Moore
Executive Director
Missouri Real Estate Commission

Date 06-08-18