

BEFORE THE IOWA REAL ESTATE COMMISSION
1920 SE HULSIZER
ANKENY, IOWA

COPY

IN RE:)	
)	
)	CASE NUMBER: 04-051
KAROL S. LEECH)	
Broker (B31887))	STATEMENT
)	OF
REAL ESTATE DEPOT)	CHARGES
214 S. MARKET STREET)	
OSKALOOSA, IA 52577)	
)	

The Iowa Real Estate Commission has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 543B, and 272C (2003).

Licenses issued by the Commission are subject to the laws of the state of Iowa and to the administrative rules of the Commission.

KAROL S. LEECH was at all material times, during the following events, a licensed Sole-Proprietor Broker, in Oskaloosa, Iowa. Her license, number B031887 was reissued June 12, 1998 and is in full force and effect through 12-31-2006.

COUNT I

The Respondent, as dual agent and undisclosed principal, engaged in practices harmful or detrimental to the public by failure to make written disclosure of the direct business relationship with the owner and failure to make written disclosure of a beneficial financial interest in a property, in violation of Iowa Code sections 543B.29(3)(practice harmful or detrimental to the public), 543B.34(1) & (8), 543B.56(1)(a) & (1)(b) (2003), and 193E IAC 12.5(1)(b), 7.8(1)1.4 and 18.14(5)(s).

CIRCUMSTANCES OF THE COMPLAINT

1. In February 2003, Respondent and Charlotte Hockman, a real estate salesperson assigned to Respondent, agreed to purchase the property located at 1301 M Avenue West, Oskaloosa, Iowa, with Hockman paying \$34,000 cash. The agreement was for each to share the cost of remodeling, Respondent to sell the property without brokerage fee, and to split the profit when sold.
2. On May 16, 2003, Hockman transferred to Kanselaar Real Estate. Shortly thereafter, the commission split between Respondent and Kanselaar Real Estate changed from 50/50 commission split to \$10 to the selling broker, or 25% for just a referral.
3. Hockman changed to inactive status on November 5, 2003. On or about November 17, 2003, Respondent entered into an exclusive office listing agreement for the property located at 1301 M Avenue West, Oskaloosa, Iowa, Hockman as seller, for \$65,000. In late November 2003, Tami Givens, a former licensee with Respondent, with Kanselaar Real Estate, elected to refer her Buyers to the Respondent because of the unfavorable commission split to Given's broker. The Buyers preferred to keep Givens as their agent, but could not.
4. On or about December 28, 2003, Respondent, as dual agent, prepared an offer on the property for \$60,000 with Complainants as buyers. Dual agency was the only option Respondent presented to the Buyers. Subsequent negotiations resulted in a sale price of \$64,000.
5. The Buyers wanted more repairs and work finished than the Respondent and owner were willing to make which created a conflict of interests.
6. The Buyers' trusted the Respondent to represent their interests to the owner, however, their bargaining position was clearly placed at a disadvantage by not knowing the respondent had a business arrangement with the owner and a financial interest in the property. The Buyers would have participated in negotiations differently had the Respondent's true position been known.
7. The Respondent made decisions detrimental to the Buyers without consulting the owner without regard for fiduciary responsibilities to the Buyers.
8. The transaction closed February 20, 2004.

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FINDING OF PROBABLE CAUSE

On September 16, 2004 the Iowa Real Estate Commission found probable cause to file this Statement of Charges and to order that a hearing be set in this case.

Executed this 14th day of JULY, 2005.



Roger L. Hansen, Executive Officer
Iowa Real Estate Commission

**BEFORE THE IOWA REAL ESTATE COMMISSION
1920 SE HULSIZER
ANKENY, IOWA**

IN RE:

**KAROL S. LEECH
Broker (B31887)**

**REAL ESTATE DEPOT
214 S. MARKET STREET
OSKALOOSA, IA 52577**

CASE NUMBER: 04-051

**STIPULATION
AND
ORDER**

On this 14th day of JULY, 2005, the Iowa Real Estate Commission and **KAROL S. LEECH**, each hereby agree with the other and stipulate as follows:

1. The allegations specified in the Statement of Charges in this case shall be resolved without proceeding to hearing, as the parties have agreed to the following Stipulation and Consent Order.
2. The Respondent has a right to a hearing on the charges, but waives the right to hearing and all attendant rights, including the right to appeal, by freely and voluntarily agreeing to this Order. Once entered, this Order shall have the force and effect of a disciplinary order entered following a contested case hearing.
3. The Respondent was issued a real estate broker license on June 12, 1998, and is full force and effect through December 31, 2006.
4. The Iowa Real Estate Commission has jurisdiction over the parties and subject matter jurisdiction over each allegation in the Statement of Charges.
5. A Statement of Charges will be filed against Respondent together with this voluntary Stipulation and Consent Order.
6. Respondent admits each and every allegation in the Statement of Charges.
7. If this Stipulation and Consent Order is approved by the Commission it will be filed, along with the Statement of Charges, and upon filing both documents will become public records.

8. This Stipulation and Consent Order shall be made a part of the record of the Respondent and may be considered by the Commission in determining the nature and severity of any disciplinary action to be imposed on the Respondent for any future violations of the laws and rules governing the practice of real estate.

9. Failure to comply with the terms of this Stipulation and Consent Order shall be prima facie evidence of a violation of Iowa Code sections 543B.29(3), 543B.34(2) and 272C.3(2)(a) (2003).

10. This Stipulation and Consent Order shall be presented to the Commission in closed session by the prosecuting attorney and/or Commission staff. Respondent waives any right of notice of this meeting or any right which the Respondent might have to participate in the discussion of this Stipulation and Consent Order among the Commission, the Commission staff and the prosecuting attorney.

11. This Stipulation and Consent Order is not binding on the Iowa Real Estate Commission until it has been formally approved by a majority of the Commission members. In the event that this Stipulation and Consent Order is rejected by the Commission it shall be of no force or effect to either party.

THEREFORE IT IS ORDERED that the Respondent is **Reprimanded**.

IT IS FURTHER ORDERED that within six (6) months of acceptance of this stipulation by the Commission, the Respondent shall personally attend the following four (4) Commission approved courses:

A. Eight (8) hour broker pre-license education courses:

- 1). "Real Estate Law and Agency,"
- 2). "Contract Law and Contract Writing,"
- 3). "Federal and State Laws Affecting Iowa Practice, and

B. Twelve (12) hour continuing education course:

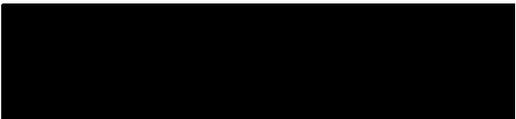
- 1). "Developing Professionalism and Ethical Practices."

These hours shall be in addition to any real estate continuing education required by law for license renewal. The original certificate of attendance must be submitted to the Iowa Real Estate Commission within six (6) months of the signing of this agreement by the Commission and must come under a cover letter addressed to the Commission's Executive Officer and refer to case 04-051.

IT IS FURTHER ORDERED AND AGREED that at all future times Respondent shall fully and promptly comply with all pertinent Orders of the Commission and the statutes and Commission rules regulating the practice of real estate.

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Leech

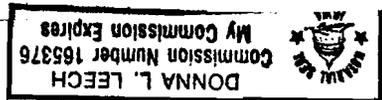
I agree to the informal settlement of the commission. I shall comply with the settlement within 6 months of acceptance of this matter by the commission


Karol Leech 7/11/05

State of Iowa On this 1 day of July year 2005
County of Mahaska

Before me, the subscriber, personally appeared to me personally known and known to me to be the same person described in and who executed the within instrument, and she duly acknowledged to me that she executed the same.


Notary 6-11-07 commission expires



FOR THE RESPONDENT:

This Stipulation and Consent Order is voluntarily entered into by **KAROL S. LEECH** on this 14 day of July, 2005.

KAROL S. LEECH, Respondent

State of _____)

County of _____)

Signed and sworn to before me on this _____ day of _____, 2005, by

Notary Public, State of Iowa
Printed Name: _____
My Commission Expires: _____

FOR THE COMMISSION:

This Stipulation and Consent Order is accepted by the Iowa Real Estate Commission on this day of July 14, 2005.


~~James E. Hughes, Chair~~ LAURIE DAWLEY, VICE CHAIR
Iowa Real Estate Commission