

## **BEFORE THE MISSISSIPPI REAL ESTATE COMMISSION**

**MISSISSIPPI REAL ESTATE COMMISSION**

**vs.**

**NO. 019-1904**

**GLEN HUGH REED, BROKER**

**RESPONDENT**

### **AGREED ORDER**

This cause came before the Mississippi Real Estate Commission (sometimes hereinafter “Commission”) pursuant to authority of Miss. Code Ann. §73-35-1, et seq. on a formal complaint brought against Respondent Glen Hugh Reed, Broker. Prior to a hearing before the Commission, it was announced that an agreement was reached as to the resolution of the matters alleged and any disciplinary actions that may be imposed upon the Respondent, Glen Hugh Reed, Broker. This agreement is in lieu of further disciplinary proceedings on this Complaint. By entering into this Agreed Order, Respondent Glen Hugh Reed waives his right to a hearing with full due process, any right to assistance of legal counsel, and the right to appeal any adverse decision resulting from that hearing. Having reached an agreement on the matter, the Commission issues this, its Findings of Fact, Conclusions, and Disciplinary Order as follows:

#### **I.**

Respondent, Glen Hugh Reed (sometimes hereinafter called “Reed” or “Respondent”), is an adult resident citizen of Mississippi whose last known address of record with the Commission is 1450 Amberjack Dr., Gautier, MS 39553. Respondent Reed is the holder of a Broker license issued by the Commission pursuant to Miss. Code Ann. §§73-35-1, et seq., and, as such, he is subject to the provisions, rules, regulations and statutes governing the practice of real estate under Mississippi law and the administrative rules of the Mississippi Real Estate Commission.

## **II.**

On April 4, 2019 this office received a sworn statement of complaint from Tom & Janice Dierickx ("the Dierickxs") of Bellevue, Iowa. Their complaint stated that on 4/24/2018 they purchased a duplex located at 829 Hardy Avenue in Gulfport, MS. Based on a referral, that same day they signed a property management agreement with Respondent Glen Hugh Reed. The Complainants required someone close to this rental property to take care of needed renovations, marketing the property after the renovations, and day to day responsibilities of renting the property. Their complaint stated that Broker Reed failed to furnish them copies of signed documents at the time of the document execution. They stated that Reed was unable to meet with them to get the documents signed so he sent his unlicensed administrative assistant, Christa Couch, to meet them at a UPS store in Gulfport. The unlicensed assistant did not give the Complainants copies of any of the documents they signed, and, as of the date of their complaint, the Complainants had only recently received a copy of their management agreement. The WWREB form between Reed and Tom Dierickx has the box "client - Landlord's agent" checked but Deirickx signed it as a "customer".

## **III.**

Renovations to the property, managed by Respondent Reed, were extensive, over the complainants' budget, and not completed by the owner's goal of 8/1/2018. The Dierickxs' accountant wanted invoices from suppliers and contractors to differentiate maintenance expenses from depreciation expenses, for tax purposes. Supplier invoices were requested on major items like doors, flooring, appliances and other items. Respondent Reed failed to provide any invoices for charges, which amounted to \$8,637.13 and \$5,420.01 and were included in an 8/8/2018 billing statement, thus, a full accounting was not provided to the clients as requested, when requested.

#### IV.

There was another complaint issue concerning grass sod that Reed bought and had delivered on 8/10/2018. The Dierickx's helped install it on 8/13/2018. Reed was to keep it watered. It "greened up" so well that Reed ordered a Weed & Feed treatment. The Dierickx's son lives in New Orleans and drove up to view the property on 9/15/2018. He called his parents to say that the grass was dead. When notified of this, Reed stated that if the Weed and Feed treatment he had ordered caused the grass to die, then Reed said he would get a refund from the sod company or a settlement from the lawn service. The complainants received neither from Reed. They were never billed for the Weed & Feed Treatment from the lawn service. Reed explained that he ordered sod from Home depot, not from a nursery as the Dierickxs believed, had it delivered by Home Depot, and had some workmen assist the Dierickx's in laying it. An invoice for this was contained in Reed's response. One or both of the workmen apparently followed up by watering the sod for approximately 2 weeks. After this period passed, Dierickx and Reed discussed a Weed and Feed application. This application was performed by the same workers hired to help lay the sod. Other services were performed by the unlicensed assistant, Couch, and her adult son, such as mowing and yardwork.

#### V.

The complaint also alleged that in February of 2019, Reed allowed a tenant in Unit A to terminate the lease 7 months early with no prior discussion with the Complainants or documentation to support his decision. When the Dierickxs received the March invoice from Reed showing the disbursements paid to them, a security deposit in the amount of \$995.00 was not included in the amount of the disbursement; even though it was reflected on the invoice along with two other amounts which were given to them. There was also a nonrefundable pet fee in the amount of \$250.00 collected by Reed that was not turned over to the owners. Mr. Dierickx was present at the exit walk through and he

said the unit was spotless. They assert that the decision by Reed to the early release from the lease cost them an anticipated \$6965.00 in rent and should have been first discussed with the owners.

## **VI.**

They also claim that Reed failed in his due diligence to properly market and advertise these rental properties. The owners believe that website marketing is essential in apartment rentals. Reed responded that he only had to market through his website, and that, because he was on the MLS, the information would automatically forward to other websites like Realtor.com, Trulia, Zillow, etc. That turned out not to be true. Both units were ready to rent on 9/1/2018 with an agreed rental price of \$1095 per unit, as recommended by Respondent Reed. In a 9/19/2018 phone call, the complainants asked for an update and were told that there were no prospects. There was no advertising on Realtor.com or similar websites, and there was no signage in the yard or directional signage on Beach Boulevard. Reed suggested a rent reduction of \$100.00. With that reduction, Unit A was subsequently rented the next month, on 10/5/2018, for \$995.00 a month.

## **VII.**

Later that year, in early December 2018, Dierickx called Reed to release him from the management agreement because only one unit was leased after all that time, and at a lower price than the complainants were happy with. Reed refused to release the complainants but again suggested lowering the unit rental price to \$895.00. Subsequently, Unit B was rented later that same month at the lower rate of \$895.00. The Dierickx's felt it was their price concessions that had led to the leasing of their second unit, not due to efforts of Respondent Reed, as Reed had not put up realty signage or done any website marketing to produce tenants.

## VII.

On 4/30/2019, Respondent Reed's response was received with correspondence from his attorney, J. Wilson Eaton III, of Young Law Group PLLC. This response contained a sworn affidavit from Reed. Attorney Eaton admitted that Reed did not provide copies of signed documents at the time those were executed, because Reed was not there at the meeting. It was acknowledged that Reed's unlicensed assistant, Christa Couch, met the clients instead, because of Reed's unavailability. Reed later signed the management agreement and provided a copy shortly after the complainants' meeting with the unlicensed assistant. Respondent Reed does not remember any other documents signed on 4/24/2018. In the complainants' 4/25/2018 email, included in Reed's response, the complainants stated that they were taking other paperwork with them back to Iowa. They subsequently signed a WWREB form, dated 4/28/2018, but did not return it to Respondent Reed until a meeting in Gulfport around 7/6/2018.

## VIII.

The Dierickxs complained specifically about a receipt from Pine Hills Nursery & Garden for an amount of \$2358.82 that was not itemized, and 2 work orders from Hermetic Rush, both dated 8/7/2018 with a description of services but no amount to be charged. Upon inquiry, Reed's attorney provided a copy of an itemized invoice from Pine Hills Nursery, stating that the invoice showing the amount of the Hermetic Rush work orders was in Reed's response. The amount of \$445.39 was a cost split between Unit A and B and was reflected in line items on the owner's statement that was previously sent to them. Reed's response contained many itemized invoices and bills that the Complainant had sought. The Respondent was contacted for additional explanation and itemization on a few documents that contained just one charge but did not include the breakdown of specific charges. These were *later* supplied upon request. By email, Mr. Dierickx stated that the invoices provided closely reconciled with the amount that was subsequently billed to them.

## IX.

It is alleged that Respondent Glen Hugh Reed, Broker, is in violation of M. C. A. §73-35-21(1)

- (a) Making any substantial misrepresentation in connection with a real estate transaction;
- (i) Failing to furnish voluntarily, at the time of signing, copies of all listings, contracts and agreements to all parties executing the same;
- (n) Any act or conduct, whether of the same or a different character than hereinabove specified, which constitutes or demonstrates bad faith, incompetency or untrustworthiness, or dishonest, fraudulent or improper dealing.

### Rule 3.2 Documents

- A. A real estate licensee shall immediately (at the time of signing) deliver a true and correct copy of any instrument to any party or parties executing the same.

### Rule 4.1 Purpose

Consumers shall be fully informed of the agency relationships in real estate transactions identified in M. C. A. §73-35-3. This rule places specific requirements on Brokers to disclose their agency relationship. This does not abrogate the laws of agency as recognized under common law and compliance with the prescribed disclosures will not always guarantee that a Broker has fulfilled all of his responsibilities under the common law of agency. Compliance will be necessary in order to protect licensees from impositions of sanctions against their license by the Mississippi Real Estate Commission.

### Rule 4.2 Definitions

- A. "Agency" shall mean the relationship created when one person, the Principal (client), delegates to another, the agent, the right to act on his behalf in a real estate transaction and to exercise some degree of discretion while so acting. Agency may be entered into by express agreement, implied through the actions of the agent and or ratified after the fact by the

B. principal accepting the benefits of an agent's previously unauthorized act. An agency gives rise to a fiduciary relationship and imposes on the agent, as the fiduciary of the principal, certain duties, obligations, and high standards of good faith and loyalty.

G. "Fiduciary Responsibilities" are those duties due the principal (client) in a real estate transaction are:

(5) 'Reasonable skill, care and diligence' - the agent must perform all duties with the care and diligence which may be reasonably expected of someone undertaking such duties.

(6) 'Full accounting' - the agent must provide a full accounting of any money or goods coming into the agent's possession which belong to the principal or other parties.

#### **Rule 4.3 Disclosure Requirements**

A. In a single agency, a broker is required to disclose, in writing, to the party for whom the broker is an agent in a real estate transaction that the broker is the agent of the party. The written disclosure must be made before the time an agreement for representation is entered into between the broker and the party. This shall be on an MREC Agency Disclosure Form.

#### **DISCIPLINARY ORDER**

THEREFORE, by agreement, understanding and consent, the Commission **ORDERS** discipline as follows:

As to Glen Hugh Reed, Broker, the Commission orders that his license incur a one (1) month full suspension period, followed by one (1) month of license suspension held in abeyance, and be immediately followed by ten (10) months of probation; contingent upon both his future compliance with all Mississippi Real Estate Statutes and Commission Rules and also contingent upon him completing eight (8) hours of Mandatory Continuing Education (4 hours of Agency in a classroom environment and 4 hours of on-line property management courses) during the month of April, 2020. Said education is to be courses approved by this Commission, be in addition to any regular hours of

continuing education that may be required of him for license renewal and will not be the same classes from the same provider as those used by this Respondent in his last renewal period. Evidence of completion of these classes is to be provided to this Commission upon completion. Respondent Reed's one (1) month full suspension of license period will start April 01, 2020.

So Ordered this the 15<sup>th</sup> day of April, 2020.

**MISSISSIPPI REAL ESTATE COMMISSION**



By: \_\_\_\_\_

**Robert E. Praytor, Administrator**

Agreed: \_\_\_\_\_

**Glen Hugh Reed, Broker**

DATE: 3-10-2020