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**KENTUCKY REAL ESTATE COMMISSION
Complaint Review Committee**

MEETING MINUTES

July 14, 2021

1:30 p.m.

*** This meeting occurred via Zoom Teleconferencing, pursuant to KRS 61.826***

Committee Members Present

Commissioner Steve Cline
Commissioner Raquel Carter

KREA Staff

John Hardesty, General Counsel
Brian Travis, Investigator
Angie Reynolds, Board Administrator

Call to Order and Guest Welcome

A meeting of the Complaint Committee was called to order by Commissioner Carter at 1:36 p.m. on July 14, 2021.

Committee Meeting Minutes

Commissioner Carter made a motion to approve the May 19, 2021 and the June 16, 2021 Complaint Committee Meeting Minutes. Commissioner Cline seconded the motion. With all in favor, the motion carried.

Executive Session Case Deliberations

Commissioner Carter made a motion for the Complaint Committee to enter executive session, pursuant to KRS 61.815(1) and 61.810(1)(c) and (1)(j) at 1:40 p.m. to discuss proposed or pending litigation and deliberate on individual adjudications in:

- 20-C-001
- 20-C-009
- 20-C-011



- 20-C-013
- 20-C-016
- 20-C-018
- 20-C-020
- 20-C-022
- 20-C-023
- N.S. unlicensed brokerage.

Commissioner Cline seconded the motion and the meeting was ordered into executive session discussion.

Reconvene in Open Session

At 3:46 p.m. Commissioner Carter motioned for the Complaint Committee to come out of executive session. Commissioner Cline seconded the motion.

Committee Recommendations

Commissioner Carter made a motion for the Complaint Committee to recommend disposition of the following cases to the full Commission in the following manner. Commissioner Cline seconded the motion. Having all in favor, the motion carried.

Final Adjudications

1. **20-C-001** – Complainant claimed he was contacted by Respondent in his capacity as a realtor. He claims he gave the Respondent a clear directive to submit an offer to the seller of a property on his behalf. He claims Respondent accepted the task. In addition, the Complainant claims Respondent was negligent. That instead, the Respondent pursued his own self-interest and placed his own offer on the property. In his sworn answer, the Respondent claims he submitted an offer to the seller’s agent before ever speaking with Complainant. Afterwards he claims he contacted the Complainant with interest in buying the Complainant’s building. He claims the complainant became irate with demands, at which time Respondent referred him to the listing agent. He claims he did not agree to or comply with Complainant’s demands, including to put an offer on the property for or represent Complainant.

The Respondent claims the seller explained his previous relationship/friendship with the Complainant. At that time, the Respondent discussed a release agreement with the seller to allow Complainant to make an offer on the property. The Respondent and the seller signed the release agreement. The Commission believes the lack of evidence of violations and Respondent’s release from the contract establishes Respondent committed no wrongdoing. **The Committee recommends to the full Commission to dismiss the complaint with caution regarding full disclosure of situations where the agent has personally placed prior offers on a property.**

2. **20-C-009** – Complainant received a call from several interested parties stating that they had heard about the subject farm property being for sale and wanted additional information. The Complainant claims the Respondent, agent and broker, had told the individuals about the property. Because the property was not on the MLS or online anywhere, the Complainant contacted the Respondent to request information. He claims the Respondent told him he’d send information on the property once they had finalized a listing contract. Respondent sent the information the next day, but Complainant claims by the time he was able to get information and communicate it to his interested buyers, the property listed by Respondent broker was already under contract with a buyer represented by Respondent agent, who was an affiliate of Respondent broker. Complainant claims the Respondents colluded and shared confidential information about the property to ensure they kept the entire transaction within their brokerage,

In his sworn answer, the Respondent broker claims that he did nothing inappropriate in this transaction that constitutes a violation of real estate law. He claims the seller contacted him about selling the farm. He told her she could sell the property on her own if she wanted, but she chose to list with him. The seller executed a listing contract and had told the Respondent that two neighbors had already contacted her about purchasing the property. The Respondent claims he did not meet with any potential buyers prior to listing the farm for the seller. He claims his client had conversations with potential buyers prior to the signed listing of the farm. Respondent agent claims he had no discussions with Respondent broker about this property other than when the broker asked him to pull the deed for the property. He claims he did his own research and obtained maps of the property for his potential buyers, which Complainant could have done for his buyers instead of waiting for Respondents to send them to him. Respondent agent claimed he was competing with Complainant, as all agents do, and had no duty to send Complainant the requested maps or information. The Commission believes there is no evidence of violations. **The Committee recommends to the full Commission to dismiss the complaint.**

3. 20-C-013 – In the complaint, Complainant alleges she bought a home with the understanding that the Respondent would help her with significant remodeling projects, including a leaking roof, a gas leak, or alleged asbestos tiles. She claims Respondent told her that he could do the remodeling “at cost” and offered two days of free work from his contractor as a closing gift. The evidence was clear Respondent helped Complainant in many ways, including paying for her home inspection, paying for the paint and materials for certain work done at the house when she wasn’t pleased with it, and convincing his contractors to do work for her at cost. The evidence suggests Respondent only committed to give Complainant access to his contractors, not to actually perform any of the work for her, as he is not a contractor. There is no evidence that the Respondent committed violations of KRS 324.160 or 201 KAR 11:121. The evidence suggests he went above and beyond to help Complainant. He negotiated a lower price for the property, paid for her home inspection and other things at a cost to himself. Despite this assistance, the Complainant never paid for any of the additional work or materials, which is why the contractors did not finish it. Notably, Complainant resold the home a while after for a \$30,000 profit. There is no evidence that the Respondent knew about the leaking roof, gas leak, or alleged asbestos tiles. If he did, he would have had a duty to disclose them, but there is no evidence he had such knowledge. **The Committee recommends to the full Commission to dismiss the complaint.**

4. 20-C-016 – The Complainant alleges she purchased a home with the assistance of the Respondent, and communicated immediately upon hiring Respondent that the home had to have adequate high speed internet because of her job. She told Respondent that she worked remotely and her job required her to have high speed internet, so she needed a home that could guarantee that. There was evidence Complainant contacted internet companies for all properties she previously considered purchasing, so Respondent assumed she was handling that for this property, too. Out of an abundance of caution, however, Respondent contacted Spectrum to confirm it provided service for this property, and it told her it did during that call. Likewise, the existing homeowners had high-speed DSL internet through AT&T. For unknown reasons, neither ATT nor Spectrum were ultimately able to provide high speed internet service. There is no evidence that the Respondent made any false promises to Complainant. She also didn’t fail to disclose any known defects, because she didn’t know of any, nor did she misrepresent the condition of the property, based on her knowledge of it. **The Committee recommends to the full Commission to dismiss the complaint.**

5. 20-C-020 – The Complainant claims that Respondent has allowed her husband, who is not a licensee, to show homes without a license. Complainant claims Respondent has sold lots with conditions that violate covenants, and the broker has not fulfilled his duties to the subdivision, including failure to pave the subdivision and failure to correct drainage problems. He also claims Respondent has broken covenants in order to sell lots with a broker involved. There is no evidence Respondent committed any violations of KREC’s statutes or regulations. Because her husband is the co-owner of the properties, there is no unlicensed brokerage issue. Moreover, the issue regarding violation of covenants for allowing a business in the neighborhood appears unfounded for two reasons. First, there is no evidence anyone is running a business out of their home in the neighborhood. Second, even if they were, this is permitted in the Restrictive Covenants, as long as the individual has prior written consent of the owner. There is also no evidence to suggest Respondent has delayed in finishing pavement of the road, as the delays were attributable to the county. **The Committee recommends to the full Commission to dismiss the complaint.**

6. 20-C-022 – The Complainant claims the septic tank in the property he purchased quit working. He claims the Respondents said it was pumped out and it was not. An septic technician allegedly told Complainant the septic system appeared to not have been pumped in several years. The Respondent agreed to pay for the septic tank to be pumped, which was verified by an accompanying invoice. Though he did not witness the tank being pumped, he did pay for it to be pumped. While the seller may have engaged in wrongdoing or a cover up of certain issues, it does not appear Respondent engaged in such conduct. There is no objective evidence he knew about certain of the alleged issues with the property that Complainants allege they have discovered since closing. **The Committee recommends to the full Commission to dismiss the complaint.**

Pending Actions

- 7. 20-C-011 - The Committee found evidence of violations and recommends a formal reprimand, a \$1000 fine per violation, 6 hours of CE in Law in addition to existing CORE requirements, and a 90-day suspension.**
- 8. 20-C-018 - The Committee found evidence of violations and recommends a formal reprimand, \$1,000 fine, and 6 hours of CE in law in addition to existing CORE requirements.**
- 9. 20-C-023 - The Committee recommends to send the complaint to Respondent for a sworn answer.**
- 10. N.S. Unlicensed Brokerage** – N.S. license was cancelled from December 16, 2020 until July 2, 2021 for failure to maintain E&O. He was one of the individuals who had the RISC extension, but didn’t pay RISC for his 2020-2021 policy. N.S. claims to have had no idea he was cancelled and was actively working with his old and new brokerage during that time period. N.S. has received payments during his cancellation. **The Committee recommends to the Commission to file a complaint by the KREC against N.S., his previous Principal Broker and designated manager at the time.**

Meeting Adjournment

Commissioner Carter made a motion to adjourn the meeting of the Complaint Committee. Commissioner Cline seconded the motion. There being no objection, the meeting was adjourned at 3:49 p.m.

Next Scheduled Meeting

The next regular meeting of the Kentucky Real Estate Commission's Complaint Review Committee is to be determined.

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