

### **324.160 Sanctions -- Grounds for sanctions.**

- (1) The commission may order any or all of the following sanctions for violation of subsections (4) to (7) of this section:
  - (a) Suspension of any license;
  - (b) Revocation of any license;
  - (c) Levy of fines not to exceed one thousand dollars (\$1,000);
  - (d) Placing of any licensee on probation for a period of up to twelve (12) months;
  - (e) Requiring successful completion of academic credit hours or additional credit hours in real estate courses from an accredited institution or approved real estate school; or
  - (f) Issuing a formal or informal reprimand.
- (2) A canceled license may be renewed if the licensee pays all necessary fees and meets all other active licensure requirements within one (1) year of the cancellation date. No licensee whose license is canceled shall engage in real estate brokerage during the period of cancellation or receive any compensation for real estate brokerage unless the compensation was earned prior to the effective date of the cancellation.
- (3) No licensee whose license is suspended shall engage in real estate brokerage or receive any compensation for real estate brokerage unless the compensation was earned prior to the suspension period.
- (4) The commission shall impose sanctions set out in subsection (1) of this section against a licensee for:
  - (a) Obtaining a license through false or fraudulent representation;
  - (b) Making any substantial misrepresentation or failing to disclose known defects which substantially affect the value of the property;
  - (c) Making any false promises of a character likely to influence, persuade, or induce;
  - (d) Pursuing a continued and flagrant course of misrepresentation or making false promises through agents or advertising or otherwise;
  - (e) Acting for more than one (1) party in a transaction without the knowledge of all parties for whom the licensee acts;
    1. A real estate licensee shall not directly or indirectly buy property listed with him or her or with the broker with whom the licensee is affiliated, nor acquire an interest therein, without first indicating in writing on the offer to purchase his or her status as a licensee;
    2. Before a licensee becomes a party to a contract to purchase real property, the licensee shall disclose his or her status as a licensee to all parties to the transaction, in writing, on the sales contract or on the offer to purchase;
    3. Before a licensee sells, or receives compensation for property in which the licensee owns an interest, the licensee shall disclose, in writing, any interest in the property to all parties to the transaction;

- (f) Accepting valuable consideration for the performance of any of the acts specified in this chapter, from any person, except from his or her principal broker in accordance with a compensation agreement between them. When acting as an agent in the management of property, a real estate licensee shall not accept any commission, rebate, or profit on expenditures made for a client without the full knowledge and consent of the client;
- (g) Representing or attempting to represent a broker other than a principal broker, without the express knowledge and consent of the principal broker with whom the licensee is affiliated;
- (h) Failing to account for or remit, within a reasonable time, any money belonging to others that comes into the licensee's possession. When acting as a property manager, the licensee shall render an accounting and remit all moneys to his or her client strictly in accordance with the contract of employment;
- (i) Paying valuable consideration to any person for services performed in violation of this chapter;
- (j) Entering a plea of guilty or an "Alford" plea to, or having been found guilty of, or having been convicted of, a felony or of a misdemeanor involving sexual misconduct the time for appeal has lapsed or the judgment or conviction has been affirmed on appeal, irrespective of an order granting probation following the conviction suspending the imposition of sentence;
- (k) Failing to report a conviction, plea of guilty, or an "Alford" plea to a felony or a misdemeanor involving sexual misconduct to the commission;
- (l) Soliciting, selling, or offering for sale real property under a scheme or program that constitutes a lottery, contest, or deceptive practice;
- (m) Acting in the dual capacity of licensee and undisclosed principal in any real estate transaction;
- (n) Guaranteeing, authorizing, or permitting a person to guarantee that future profits shall result from a resale of real property;
- (o) Negotiating or attempting to negotiate the sale, exchange, lease, or rental of real property, or attempting to obtain a brokerage agreement with a consumer knowing that the consumer had a written outstanding contract granting exclusive agency with another real estate broker;
- (p) Publishing or circulating an unjustified or unwarranted threat of legal proceedings or other action;
- (q) Failing or refusing on demand to furnish copies of a document pertaining to a transaction dealing with real estate to a person whose signature is affixed to the document;
- (r) Failing, within a reasonable time, to provide information requested by the commission as a result of a formal or informal complaint to the commission which may indicate a violation of this chapter;
- (s) Paying valuable consideration to any person for the name of potential sellers or buyers, except as otherwise provided in KRS 324.020(4);

- (t) Violating any of the provisions in this chapter or any lawful order, rule, or administrative regulation made or issued under the provisions of this chapter;
  - (u) Any other conduct that constitutes improper, fraudulent, or dishonest dealing; or
  - (v) Gross negligence.
- (5) Any conduct constituting a violation of the Federal Fair Housing Act, including use of scare tactics or blockbusting, shall be considered improper conduct as referred to in subsection (4)(u) of this section.
- (6) No unlawful act or violation of any provision of this chapter by any affiliated licensee of the principal broker shall be cause for holding the principal broker primarily liable, unless the broker has knowledge of the unlawful violation and did not prevent it. The principal broker and his or her designated manager, if any, shall exercise adequate supervision over the activities of licensed affiliates and all company employees to ensure that violations of this chapter do not occur. The failure of a broker or his or her designated manager to exercise adequate supervision of the licensed affiliates shall constitute a violation of this chapter.
- (7) The practice of obtaining, negotiating, or attempting to negotiate "net listings" shall be considered improper dealing.

**Effective:** June 25, 2009

**History:** Amended 2009 Ky. Acts ch. 58, sec. 7, effective June 25, 2009. -- Amended 2004 Ky. Acts ch. 45, sec. 7, effective July 13, 2004. -- Amended 2000 Ky. Acts ch. 488, sec. 17, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 313, sec. 10, effective July 15, 1998. -- Amended 1992 Ky. Acts ch. 448, sec. 17, effective July 14, 1992. -- Amended 1988 Ky. Acts ch. 304, sec. 4, effective July 15, 1988. -- Amended 1984 Ky. Acts ch. 111, sec. 142, effective July 13, 1984; and ch. 352, sec. 7, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 196, sec. 20, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 172, sec. 5, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 100, sec. 17. -- Repealed in part 1942 Ky. Acts ch. 184, sec. 12. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 3990e-6, 3990e-7.

**Legislative Research Commission Note (9/22/92).** In codifying 1992 Ky. Acts ch. 448, sec. 17, a technical error in unaffected text in subsection (1), paragraphs (a) and (b) of this statute has been corrected to make the language of these two paragraphs accurately reflect the way in which they were created by 1988 Ky. Acts ch. 304, sec. 4. See KRS 446.270 and 446.280.