



**Department
of State**

**2020 ANNUAL REPORT:
REAL ESTATE COMPLAINTS**

Pursuant to Paragraph (7) of Section 442-k of the Real Property Law

**FOR SUBMISSION TO:
THE JUDICIARY COMMITTEE OF THE NEW YORK STATE SENATE &
THE JUDICIARY COMMITTEE OF THE NEW YORK STATE ASSEMBLY**

**ANDREW M. CUOMO
GOVERNOR**

**ROSSANA ROSADO
SECRETARY OF STATE**

INTRODUCTION

The Department of State (the “Department”) submits the following report regarding real estate complaints on behalf of the New York State Real Estate Board (the “Board”), in compliance with paragraph (7) of section 442-k of the Real Property Law (“NY RPL”). Specifically, paragraph (7) requires the Board to submit information regarding the types of complaints the Department has received, the status of cases, and the length of time from the initial complaint to any final disposition.

COMPLAINTS RECEIVED

In 2020, the Department received 827 complaints against real estate brokers and salespersons. The range of allegations include but are not limited to: failure to disclose the broker or salesperson’s agency status; retaining a rental or other security deposit as an unearned commission; housing discrimination; and general acts of untrustworthiness and incompetency.

In addition to investigating consumer-based complaints, the Department of State conducts state-initiated audits and investigations. These initiatives vary by year. As previously reported, during 2019, the Division audited compliance with title and qualifying education requirements. In 2020, the Division shifted the attention of its audit programs to focus on the below described special initiatives.

In 2020, 150 licensees were audited for compliance with continuing education requirements. Of those audited, 128 were in compliance with continuing educational requirements. Twenty-two (22) licensees did not complete the required education. Of these, 22 were fined. \$2500 in fines were collected. The continuing education audits were suspended in March in consideration of the COVID pandemic. Specifically, many schools were closed making it difficult for licensees to complete coursework and/or obtain proof of completion to respond to a DOS audit. It is anticipated that these audits will resume in 2021.

The Department continued its 35 investigations into acts of alleged housing discrimination that were reported in a November 2019 article published by Newsday. The investigations were jointly conducted, as part of a collaborative effort, with the NYS Division of Human Rights and are focused on brokerages, brokers, salespeople and licensed educational providers under Article 12-A of the NY RPL. The Department of State investigated allegations of fair housing violations covering a total of 80 respondents. The 80 respondents break out as follows: 32 Agents, 42 Brokers of Record, 4 Instructors and 2 School Coordinators. One license holder has surrendered her license, as a revocation, in response to the Department’s investigation. The Department is moving forward with cases against agents and instructors, and anticipates holding administrative hearings on these matters in 2021.

Finally, in 2020, the Division assisted with executive order compliance by auditing and enforcing provisions of the Governor’s NY Forward reopening guidelines and executive orders. In 2020, the Division received and investigated 32 complaints involving violations of the executive order pertaining to Real Estate Businesses. In all instances, intervention to ensure compliance with applicable public health guidelines occurred, which included the issuance of cease and desist notices.

STATUS OF CASES

In 2020, the Department completed 613 investigations against real estate brokers or salespersons; some of these investigations were commenced prior to 2020. Following investigation, 519 cases were closed for reasons including, but not limited to: Complaint Withdrawn, No Violation of Law, No Jurisdiction, Hearing Referral, Dispute Resolved and Civil Litigation Pending. Of the 613 investigations completed, 94 were referred to the Department's Office of General Counsel with the recommendation to commence formal disciplinary proceedings.

LENGTH OF TIME TO FINAL DISPOSITION

The Department closed complaints in an average of 343 days. Actual cycle time for each complaint varies on a case-by-case basis due to factors such as the complexity of the subject-matter, the volume of records required for review, and the degree of cooperation received from potential witnesses. Cycle times for 2020 were also impacted by COVID-19.