

**Title 20—DEPARTMENT OF
COMMERCE AND INSURANCE
Division 2250—Missouri Real
Estate Commission
Chapter 2—General Rules**

PROPOSED AMENDMENT

20 CSR 2250-2.040 Compensation Disputes and Compensation Paid to Unlicensed Business Entity The commission is amending the title, purpose and section (1) and adding new section (2).

PURPOSE: This amendment enacts legislative changes effective August 28, 2021 that permits brokers to pay real estate compensation to unlicensed business entities registered with the Missouri Secretary of State.

PURPOSE: This rule defines the commissioner's limitations with regard to civil problems of licensees and establishes guidelines for brokers paying compensation to unlicensed business entities owned by broker-salespersons or salespersons that were formed for the purpose of receiving compensation earned by such licensee.

(1) Disputes Concerning Matters of Compensation

(A) The commission will not enter into disputes between licensees concerning matters of commissions. The license law and these rules are designed to regulate the business conduct of licensees in the interest of the public and to discipline licensees when warranted. The commission has no authority to award money damages, but, as a condition of probation, may order restitution be made to injured parties.

(2) Compensation Paid to Unlicensed Business Entity

(A) A broker may pay real estate compensation directly to an unlicensed business entity if the entity:

- 1.** Has a valid registration on file with the Missouri Secretary of State that reflects the business entity was formed for the purpose of receiving real estate compensation earned by the licensee, and
- 2.** Is owned solely by the licensee, or owned by the licensee and the licensee's unlicensed spouse, or owned by the licensee and the licensee's licensed spouse both of whom are affiliated with the broker/brokerage paying the compensation, or owned by the licensee and other licensees all of whom are affiliated with the broker/brokerage paying the compensation.

(B) A business entity that receives compensation from a broker as provided for in subsections 4 and 5 of section 339.150 RSMo, shall not be required to be licensed under Chapter 339, but the business entity must be:

- 1.** Owned by a currently licensed broker-salesperson and/or salesperson.
- 2.** Properly registered with the Missouri Secretary of State, in good standing, and authorized to conduct business in Missouri.

- 3. Established for the purpose of receiving real estate compensation to which the business entity's Articles of Organization or Articles of Incorporation filed with the Missouri Secretary of State must include verbiage indicating the business entity was formed for the purpose of receiving real estate compensation.**
- (C) The designated broker of the brokerage paying the compensation to an unlicensed business entity shall be responsible for ensuring the business entity is in compliance with 339.150 RSMo, and the corresponding regulations promulgated thereunder.**
- (D) Any compensation paid to an unlicensed business entity must be paid in the exact name of the entity registered with the Secretary of State, or under a currently registered fictitious name of the business entity.**
- (E) Entities currently licensed as a Missouri real estate entity, that wish to cease being licensed, may surrender their current license(s) as delineated under rule 20 CSR 2250-8.155(1) and must ensure they meet the requirements of sections 339.100 and 339.150, RSMo., and all regulations promulgated thereunder before receiving compensation payable to the unlicensed entity from a designated broker.**

*AUTHORITY: sections 339.100.3., 339.120, and, **339.150**, RSMo Supp. [2012] **2021** and section 339.205, **RSMo 2016**. * This rule originally filed as 4 CSR 250-2.040. Original rule filed Sept. 25, 1975, effective Oct. 15, 1975. For intervening history, please consult the **Code of State Regulations**. Amended: Filed September 22, 2021.*

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate.

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed amendment with the Real Estate Commission, PO Box 1339, Jefferson City, MO 65102, by facsimile at 573-751-2777 or via email at realestate@pr.mo.gov. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.*