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**KENTUCKY REAL ESTATE COMMISSION
(KREC)**

MEETING MINUTES

April 21, 2022

Mayo-Underwood Hearing Room 133CE

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

Commission Members Present

Commissioner Chair, Lois Ann Disponett
Commissioner Larry Disney
Commissioner James Simpson
Commissioner James King
Commissioner Jennifer Brown-Day
Commissioner Raquel Carter
Commissioner Anthony Sickles

KREA Staff

Robert Astorino, Executive Director
Molly Cassady, General Counsel
Hannah Carlin, Education Coordinator
Brian Travis, Investigator
Terri Hulette, Executive Administrative Secretary
Angie Reynolds, Administrative Specialist III

Guests Present

Donna Miller
Tom Cox
Stephen Zoglman
Virginia Lawson
Janie Wilson
Nicole Knudtson

Jim DeMaio
Douglas Meyers
Shellie May
Lori Carter
Rene Rogers
Norman Jones

Jaclyn Graves
Joyce Sterling
Dennis Stigers
Tracy Langford
Matt Oller

Call to Order and Guest Welcome

The Kentucky Real Estate Commission meeting was called to order through video teleconference by Commission Chair, Lois Ann Disponett, at 9:00 a.m. on April 21, 2022. Roll call was taken, and a quorum was present. Guests in attendance were welcomed and introductions of guests, staff, and Commissioners were made.

Approval of Meeting Minutes

Commissioner Disney made a motion to approve the **March 17, 2022** KREC Meeting Minutes Commissioner King seconded the motion. With all in favor, the motion carried.

Education and Licensing Report

Ms. Carlin presented the Commission the following:

1. PSI Testing Statistics

2022 March (First Time)

Type of Exam	Passed	% Passed	Failed	% Failed	Total Exams
License Reciprocity- Broker	2	40.00	3	60.00	5
License Reciprocity- Salesperson	14	60.87	9	39.13	23
Broker- National	1	33.33	2	66.67	3
Broker- State	1	33.33	2	66.67	3
Salesperson- National	116	70.73	48	29.27	164
Salesperson- State	92	55.76	73	44.24	165
TOTAL	226	62.26	137	37.74	363

2022 March (Repeat)

Type of Exam	Passed	% Passed	Failed	% Failed	Total Exams
License Reciprocity- Broker	2	100.00	0	0.00	2
License Reciprocity- Salesperson	5	62.50	3	37.50	8
Broker- National	1	25.00	3	75.00	4
Broker- State	5	62.50	3	37.50	8
Salesperson- National	48	37.80	79	62.20	127
Salesperson- State	72	44.44	90	55.56	162
TOTAL	133	42.77	178	57.23	311

2022 (Cumulative)

Type of Exam	Passed	% Passed	Failed	% Failed	Total Exams
License Reciprocity- Broker	11	64.71	6	35.29	17
License Reciprocity- Salesperson	46	58.97	32	41.03	78
Broker- National	78	60.47	51	39.53	129
Broker- State	78	56.93	59	43.07	137
Salesperson- National	385	53.45	344	46.55	739
Salesperson- State	402	47.97	436	52.03	838
TOTAL	1,010	52.12	928	47.88	1,938

2. Licensing Statistics**As of April 18, 2022**

Type	Active	Inactive	TOTAL
Sales Associate	11,965	4,653	16,618
Broker	3,825	629	4,454
TOTAL	15,790	5,282	21,072

Licensees cancelled in March 2022: 1,847 (287 brokers, 1,560 sales associates)

New Licenses Issued in 2022 (by month)

Month	Sales Associate	Broker	Total
January	132	11	143
February	39	14	53
March	190	56	246
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTAL	361	81	442

Most of those individuals were cancelled for non-renewal. There is an influx of reactivation paperwork from the non-renewal licensees. Which she is taking care of this herself with a turnaround time no longer than seven (7) days.

Instructors

- Lori Carter
- Lori Lopez
- Alysson Oliger
- Brian Phillips

Instructor Training Courses

- Greater Louisville Association of Realtors, *Instructor Professionalism 101* (Craig Grant)

Continuing Education and Post-License Education Courses

Greater Louisville Association of Realtors

Course Name- Course Number	Instructors	CE Hours	PLE Hours
Market Like a Rock-Star on a Roadie’s Budget (23489)	Craig Grant	3 elective	3 advertising
Real Estate Pro’s Essential Technology Toolbox (23490)	Craig Grant	3 elective	3 technology and data security

Lexington Bluegrass Association of Realtors

Course Name- Course Number	Instructors	CE Hours	PLE Hours
The Scariest Form in the Real Estate Transaction! (23491)	Virginia Lawson	3 law	3 disclosure

Kaplan Real Estate Education

Course Name- Course Number	Instructors	CE Hours	PLE Hours
Environmental Issues in Your Real Estate Practice V6.0 (23509)	Ted Highland	6 law	6 elective
Everyday Ethics in Real Estate (23510)	Ted Highland	6 elective	6 elective

Realtor Association of Southern Kentucky *retroactive to March 17, 2022

Course Name- Course Number	Instructors	CE Hours	PLE Hours
Introduction to MLS Real Estate Marketing (23514)	Lori Carter	3 elective	1 advertising, 1 elective, 1 technology and data security

Post-License Education Courses

Greater Louisville Association of Realtors

Course Name- Course Number	Instructors	PLE Hours
Transaction Desk (23515)	Tyler Hill	3 technology and data security

HomeServices Real Estate Academy

Course Name- Course Number	Instructors	PLE Hours
Antitrust in Real Estate (23492)	Tom Huber, Donna Miller	2 electives
Appraisals and Home Inspections (23493)	Tom Huber, Donna Miller	4 electives
Developing a Comparative Market Analysis (23494)	Tom Huber, Donna Miller	2 agency
Kentucky Agency Review (23495)	Tom Huber, Donna Miller	4 agency
Kentucky Contract Requirements for Agency (23505)	Tom Huber, Donna Miller	4 contracts
Kentucky Contract Requirements for Leases (23506)	Tom Huber, Donna Miller	2 contracts
Kentucky Disclosure Rules (23507)	Tom Huber, Donna Miller	3 disclosure
Kentucky Real Estate Finance Review (23501)	Tom Huber, Donna Miller	3 finance
Kentucky Risk Management (23503)	Tom Huber, Donna Miller	2 risk management
KREC Licensee Compliance (23504)	Tom Huber, Donna Miller	3 licensee compliance

Marketing, Advertising, and Social Media Compliance (23496)	Tom Huber, Donna Miller	3 advertising
Real Estate Auctions (23497)	Tom Huber, Donna Miller	1 elective
Roadmap to Success – Business Planning for Real Estate Professionals (23498)	Tom Huber, Donna Miller	3 electives
Technology and Data Security (23499)	Tom Huber, Donna Miller	3 technology and data security
Working with Real Estate Investors: Understanding Investor Strategies (23500)	Tom Huber, Donna Miller	3 elective

Continuing Education Courses

HomeServices Real Estate Academy

Course Name- Course Number	Instructors	CE Hours
Kentucky Residential Core Law Course (23502)	Tom Huber, Donna Miller	6 law (core)

McKissock

Course Name- Course Number	Instructors	CE Hours
Real Property Appraisals (23515)	Robert Fleck	4 elective

Northern Kentucky Association of Realtors

Course Name- Course Number	Instructors	CE Hours
Cyber Security: How Technology Can Ruin Your Business (23512)	Craig Grant	3 elective
Working with Today's Connected Consumers (23511)	Craig Grant	3 elective

The April 2022 Continuing Education Applications were reviewed for compliance with 201 KAR 11:170 and recommended to the Commission for approval by Hannah Carlin.

Commissioner Carter made a motion to approve the list of applications. Commissioner Simpson seconded the motion. Commissioners Disney and Day abstained from the discussion and the vote. Remaining all in favor, motion carried.

Data Base Issues

Ms. Carlin report that there are two database issues for the commission to consider.. In both cases, the errors were caused inadvertently as a result of changes to the database to fit the needs of other boards. KREC staff was not responsible for the issues. T

1. There were 62 licensees that were supposed to complete the Kentucky Core Course for 2020 by the end of December that year. However, the deadline was extended until February 14, 2022. Those 62 people did not complete the Core Course, but the licensing database failed to cancel their licenses.. These individuals remained active and were allowed to renew. She recommended that they give the 62 licensees thirty (30) days to complete the core course without penalty. At the end of the extension period, the licensees that failed to complete the course would be cancelled and required to pay the education fine.

Commissioner Carter made a motion to give those individuals an additional sixty (60) days to complete the missing course. Commissioner Disney seconded the motion. With all in favor, the motion carried.

2. There were twenty-six (26) licensees whose 2022 renewal was never generated in our system due to a data glitch. The license renewal process is generated automatically. Licensees are sent multiple email notifications regarding the renewal process. However, these individuals did not receive notifications nor could they renew on their KREC eServices account. Because of this Ms. Carlin recommended that they waive the \$200 late fee for those twenty-six (26) individuals.

Commissioner Disney made a motion to waive the \$200 late fee for the individuals affected by this data glitch in the licensing database. Commissioner King seconded the motion. With all in favor, the motion carried.

Ms. Carlin presented the April 2022 licensing requests:

1. **185144:** Commissioner Simpson made the motion to deny waiving the \$1,000 education fine. Commissioner Disney seconded the motion. Having all in favor, the motion carried.
2. **185736:** One of the 26 approved above to waive the \$200 late fine.
3. **188747:** Commissioner Simpson made the motion to deny waiving the \$200 late renewal fee. Commissioner Carter seconded the motion. Having all in favor, the motion carried.
4. **189654:** One of the 26 approved above to waive the \$200 late fine.
5. **192021:** Commissioner King made the motion to deny activation of their license, despite failure to submit required paperwork and fees according to the statute. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.

6. **203893:** Commissioner Carter made the motion to deny a refund for the \$1,000 education fine. Commissioner King seconded the motion. Having all in favor, the motion carried.
7. **215787:** Commissioner King made the motion to approve waiving the \$200 late renewal fee. Commissioner Disney seconded the motion. Having all in favor, the motion carried.
8. **218593:** Commissioner King made the motion to deny waiving the \$1,000 education fine. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.
9. **247571:** Commissioner Disney made the motion to deny the licensee's request to (1) waive the \$200 late renewal fee; (2) allow her to use her sales associate pre-license hours towards her broker's license; and (3) extend her test scores for ninety (90) days so she can finish the remaining education hours. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.
10. **261121:** Commissioner Simpson made the motion to deny waiving the \$200 late renewal fee. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
11. **276587:** Commissioner Simpson made the motion to deny the request that the Commission in the future not require brokers who are issued a license in March of the renewal year to pay the renewal fee and the waiving of the renewal fees. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
12. **276575:** Commissioner Simpson made the motion to deny the allowance that the license complete the additional three hours and count her associate prelicense hours or allow her to use her other designation courses that are not currently approved by the Commission. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
13. **276777:** Commissioner Disney made the motion to deny the licensee's request to use her sales associate pre license hours towards her broker's license on account that Ms. Carlin did not respond to her email. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
14. **277337:** Commissioner Carter made the motion to deny the licensee's request to allow him to obtain his broker's license by using his sales associate pre license hours. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.

Executive Director Comments

Director Astorino took a moment to acknowledge the great work that had been done by staff during the license renewal period. As of April 4, 96% of brokers and 92% of sales associates renewed their license.

Director Astorino also gave a brief update regarding the request for proposals for the Commission's license examination contract. He will have additional updates once the proposals

are received and reviewed.

Director Astorino and Commissioner Disney met with a group of educators from all four (4) Authority boards to discuss potentially providing opportunities for “common ground education” – courses that are approved by multiples Authority boards. He hopes to continue the discussion with interested parties.

Committee Reports

Diversity, Equity, & Inclusion Committee

DEI did not meet this month however; they are working on drafts for both the application and the framework for the broker mentor requirements. They have their next meeting scheduled for May 3, 2022 at 2 p.m. They hope to have these items finalized by then.

Applicant Review Committee

Commissioner Simpson read the report of the Application Review Committee and the Committee’s recommended action on each licensee:

1. To approve the license application of K.M.
2. To approve the license application of T.L.
3. To approve the license application of D.M.
4. To approve the license application of M.O.
5. To approve the license application of P.J.
6. To defer the license application of W.S. to next month’s meeting when their Principal Broker can be present.

Complaint Review Committee

Commissioner Carter read the report of the Complaint Review Committee:

1. 19-C-098 – The Committee found evidence of violations and makes the following recommendation: a six (6) month suspension, followed by a one (1) year probationary period, a thousand-dollar (\$1,000) fine, completion of a forty-eight (48) hour broker law course, and a formal reprimand. Additionally, KREC’s investigator is to investigate other matters as discussed in Executive Session.
2. 21-C-014 – Recommendation: Dismissal.
3. 21-C-028 – Recommendation: Dismissal against both Respondents.

Executive Session Legal Matters and Case Deliberations

At 10:15 a.m. Commissioner Simpson made a motion to enter executive session, pursuant to KRS 61.810(1)(c) and (j), and KRS 61.815 to deliberate on individual adjudications and to discuss the

6 new applications as offered by the ARC Committee and 3 complaints as offered by the CRC Committee.

Commissioner Day seconded the motion and the Commission entered into executive session discussion.

Reconvene Open Session and Committee Recommendations

Commissioner Simpson motioned for the Commission to come out of executive session. Commissioner King seconded the motion. Commission Chair Disponett resumed the full Commission meeting at 11:23 a.m. and welcomed everyone in attendance back to the teleconference Commission meeting.

Commissioner Simpson made the motion to adopt the **Applicant Review Committee** recommendations regarding K.M., T.L., D.M., M.O., & P.J. as previously recommended to the Commission. Commissioner King seconded the motion. Having all in favor, the motion carried.

Commissioner Simpson made the motion to adopt the **Applicant Review Committee** recommendations to defer license application of W.S. to next month's meeting when their Principal Broker can be present. Commissioner King seconded the motion. Having all in favor, the motion carried.

Commissioner Carter made the motion to adopt the **Complaint Review Committee** items as follows:

1. **19-C-098** - The Committee found evidence of violations and makes the following recommendation: a Formal Reprimand. Six (6) months suspension; one (1) year probationary period; forty (40) hours in Broker Law; \$1000 fine. Investigator Brian Travis to look into other matters as discussed in Executive Session.
2. **21-C-014** – Recommendation: Dismissal.
3. **21-C-028** – Recommendation: Dismissal against both Respondents.

Commissioner Day seconded the motion. Having all in favor, the motion carried.

22-KREC-002 - Commissioner Day made the motion for General Counsel to communicate with opposing counsel per what was discussed in the Executive Session discussion. Commissioner King seconded the motion. Having all in favor, the motion carried.

Shellie May, Office of the Attorney General (AG), gave a presentation on wire fraud. The AG's office has seen an increase of such scams at both the state and national level. Ms. May believes awareness and education is the best way to prevent these issues in the future.

Final Adjudications

1. **20-KREC-005** – Complainant (home buyer) alleged that Respondent (seller’s agent) misrepresented the condition of the property by failing to disclose known defects which substantially affected the value of the property and failed to instruct the seller to update the Seller’s Disclosure after learning of such defects, constituting improper, fraudulent, or dishonest dealing. Respondent represented a seller who inherited the property, lived out of state, and had no personal knowledge of the condition of the property. All items on the Seller’s Disclosure were marked “unknown.” The property received several offers, but each potential buyer declined to pursue the purchase of the home upon learning the extent of the repairs that would be necessary. Two potential buyers conducted home inspections and learned that the sewer line had been cut and sewage allowed to run underneath the house. One learned that the home was not adequately connected to the city’s sewer system and that the sewer line would need to be replaced, not only underneath the house, but the road as well. Another, a real estate broker, advised Respondent in writing, “Your sellers left out a material fact in that they had severed a section of sewer pipe out and allowed the sewage to run under the house. They also did not disclose this or the fact that the reason it was cut out was due to massive corrosion of the pipe. This should have been disclosed.” He further noted the issue “hurts the value of the property.” Despite several reports of the same issues causing multiple experienced buyers to withdraw their offers, Respondent did not advise the seller to investigate the issues to confirm their existence or to update the Seller’s Disclosure. When Complainant viewed the home and submitted an initial offer, Respondent advised her agent that there were two other offers and that neither was contingent upon a home inspection. Complainant subsequently submitted an offer that removed the home inspection contingency, and the offer was accepted. Upon moving into the home, Complainant discovered the sewer issues along with several other problems, including a leaking gas line, leaking water pipes, electrical issues, and an HVAC issue. Complainant was forced to spend over five thousand dollars (\$5,000) to restore the property’s various systems to working order. In her Sworn Answer to the Commission, Respondent stated, “As an agent, I was unaware of the issues with the home and legally I am not required to notify any buyer of any issues that are unknown.” Upon reviewing the complaint materials, the Commission found evidence of violations and voted to permanently revoke Respondent’s real estate license and pursue an administrative hearing to determine whether Complainant was entitled to damages. At the administrative hearing of this matter, the Commission established that Respondent violated KRS 324.160(4)(b) and (u), 201 KAR 11:121 Section 4(1), and 201 KAR 11:135 (now 201 KAR 11:190(6)). Furthermore, the Commission established that Respondent, in committing these violations, was guilty of fraud as that term is defined in 201 KAR 11:011 Section 1(26). Accordingly, Complainant was entitled to damages for the property defects of which Respondent had knowledge and failed to disclose. Director Astorino issued a final order on April 18, 2022 which upheld the Commission’s revocation of Respondent’s license and ordered Respondent to pay damages in the amount of four thousand seven hundred dollars (\$4,700).

Public Comment

There were no Public Comments at this time.

Legal Report

Legal Staff Update

The staff attorney III position has finally posted, and it is available for review on our website.

Docket Update

There are still ongoing administrative and civil suit actions. A final order was issued in 20-KREC-005.

Regulation Update

Amendments to 201 KAR 11:121 were filed with the Legislative Review Committee. The hearing for public comments is scheduled for June 22, 2022. The proposed amendments are available on the Commission's website.

New Business

Arelllo Conference Experience

Commissioners and staff in attendance at the ARELLO midyear conference gave a brief overview of their experience. Each attendee expressed the benefits of networking with and learning from staff and commissioners from other jurisdictions.

Next Arelllo Meeting

The Arelllo Mid Year Conference is going to be held in Nashville, TN, August 29th - September 2nd, 2022. General Counsel encouraged staff and commissioners to consider attending the next ARELLO event.

Approval Per Diem

1. Commissioner Disney made a motion to approve the per diem for Commissioners King and Simpson for the attendance of the April 20, 2022 Application Review Committee meeting. Because it was teleconferenced, there were no travel expenses. Commissioner Day seconded the motion. Having all in favor, the motion carried.
2. Commissioner Sickles made a motion to approve the per diem for Commissioners Carter and Disney for the attendance of the April 20, 2022 Complaint Review Committee meeting. Because it was teleconferenced, there were no travel expenses. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.

3. Commissioner Sickles made a motion to approve the per diem for the April 21, 2022 KREC Regular meeting. Because it was teleconferenced, there were no travel expenses. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.

Meeting Adjournment

The next KREC meeting will be May 19, 2022 at 9:00 a.m. for the regular meeting. Watch for a zoom link.

Commissioner Day made a motion to adjourn the meeting. Commissioner Simpson seconded. Meeting adjourned at 11:55 a.m.

