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KENTUCKY REAL ESTATE COMMISSION
(KREC)

MEETING MINUTES

February 17, 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

Linda Cissna	Steve Cline	Stephen Zoglman
Lisa Horne	Angi Cline	Jim DeMaio
Nicole Knudtson	Ben Schreiber	Tangilla
Alecia Lococo	Lynn Fernandez	Peggy Smith
Dennis Stigers	Cindy Grissom	Michael Lawrence
Elizabeth Monarch	Margie Harper	Monica Underwood
Douglas Meyers	Gina Schaal	Rene Rogers
Janie Wilson	Virgina Lawson	Donna Miller
Joyce Sterling	Tom Cox	Rhonda Richardson

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 9:01 a.m. on February 17, 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

1. Commissioner Disney made a motion to approve the **January 19, 2022** ARC Meeting Minutes Commissioner King seconded the motion. With all in favor, the motion carried.
2. Commissioner Carter made a motion to approve the **January 5, 2022** DEI Meeting Minutes Commissioner Disney seconded the motion. With all in favor, the motion carried.

Swearing In of New Commissioner

Commissioner Jennifer Brown-Day was sworn in by Angie Reynolds, KREC administrative assistant and notary public.

Education and Licensing Report

Ms. Carlin presented the Commission the following:

1. PSI Testing Statistics

January 2022 (First Time)

Type of Exam	Passed	% Passed	Failed	% Failed	Total Exams
License Reciprocity- Broker	1	50.00	1	50.00	2
License Reciprocity- Salesperson	5	41.67	7	58.33	12
Broker- National	5	62.50	3	37.50	8
Broker- State	4	50.00	4	50.00	8
Salesperson- National	79	68.10	37	31.90	116
Salesperson- State	57	47.90	62	52.10	119
TOTAL	151	56.98	114	43.02	265

January 2022 (Repeat)

Type of Exam	Passed	% Passed	Failed	% Failed	Total Exams
License Reciprocity-Broker	0	0	0	0	0
License Reciprocity-Salesperson	6	46.15	7	53.85	13
Broker- National	2	66.67	1	33.33	3
Broker- State	1	16.67	5	83.33	6
Salesperson- National	28	29.47	67	70.53	95
Salesperson- State	54	42.19	74	57.81	128
TOTAL	91	37.14	154	62.86	245

January 2022 (Cumulative)

Type of Exam	Passed	% Passed	Failed	% Failed	Total Exams
License Reciprocity-Broker	1	50.00	1	50.00	2
License Reciprocity-Salesperson	11	44.00	14	56.00	25
Broker- National	7	63.64	4	36.36	11
Broker- State	5	35.71	9	64.29	14
Salesperson- National	107	50.71	104	49.29	211
Salesperson- State	111	44.94	136	55.06	247
TOTAL	242	47.45	268	52.55	510

2. Licensing Statistics

As of February 13, 2022

Type	Active	Inactive	TOTAL
Sales Associate	12,434	5,913	18,347
Broker	3,907	828	4,735
TOTAL	16,341	6,741	23,082

Licensees cancelled in January 2022: 46 (8 brokers ; 38 sales associates)

New Licenses Issued in 2022 (by month)

Month	Sales Associate	Broker	Total
January	132	11	143
February			
March			
April			
May			
June			

July			
August			
September			
October			
November			
December			
TOTAL	132	11	143

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

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

Ms. Carlin stated that the education cancellations started February 15. There was a total of 573 licensees that were cancelled for failure to complete their required education; of the 573, 365 were specifically for failure to complete CE and/or Core, depending on their individual requirements. Eighty-four of the 365 were brokers, 281 of which were principal brokers. There was a total of 208 people cancelled for failure to complete PLE.

Ms. Carlin presented the February 2022 licensing requests:

1. **275676** - Commissioner Carter made the motion to approve. Commissioner Disney seconded the motion. Having all in favor, the motion carried.
2. **219402** - Commissioner King made the motion to deny. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
3. **186458** - Commissioner King made the motion to deny. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
4. **201701** - Commissioner Carter made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
5. **223120** - Commissioner Simpson made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
6. **200287** - Commissioner Carter made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
7. **212816** - Commissioner Carter made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
8. **220857** - Commissioner Sickles made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
9. **252325** - Commissioner Sickles made the motion to deny. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.

10. **182162** - Commissioner King made the motion to approve. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.
11. **186903** - Commissioner Sickles made the motion to approve. Commissioner Carter seconded the motion. Having all in favor, the motion carried.
12. **188062** - Commissioner Disney made the motion to approve. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
13. **218409** - Commissioner King made the motion to deny. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
14. **243885** - Commissioner Carter made the motion to deny. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
15. **242115** - Commissioner Carter made the motion to deny. Commissioner Disney seconded the motion. Having all in favor, the motion carried.
16. **217305** - Commissioner Carter made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
17. **242113** - Commissioner Carter made the motion to deny. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
18. **262448** - Commissioner Carter made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
19. **247196** - Commissioner Sickles made the motion to deny. Commissioner Disney seconded the motion. Having all in favor, the motion carried.
20. **260336** - Commissioner King made the motion to deny. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.
21. **213479** - Commissioner King made the motion to deny. Commissioner Simpson seconded the motion. Having all in favor, the motion carried.
22. **215841** - Commissioner Simpson made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
23. **243856** - Commissioner King made the motion to deny. Commissioner Disney seconded the motion. Having all in favor, the motion carried.
24. **239725** - Commissioner Simpson made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
25. **223175** - Commissioner Simpson made the motion to deny. Commissioner Disney seconded the motion. Having all in favor, the motion carried.
26. **218071** - Commissioner Simpson made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.
27. **198609** - Commissioner Simpson made the motion to deny. Commissioner Disney seconded the motion. Having all in favor, the motion carried.

28. **219206** - Commissioner Disney made the motion to approve with the caveat that that education be completed within 30-days of today. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.

29. **194577** - Commissioner Simpson made the motion to deny. Commissioner King seconded the motion. Having all in favor, the motion carried.

At this time Chairperson Disponett recognized and thanked former Commissioner Steve Cline and his wife Angi for their years of service to the Commission. Ms. Carlin noted that Commissioner Cline has always been helpful to staff by working to get the resources that they need to be successful. Director Astorino thanked Commissioner Cline for being a consistent voice in many disciplinary matters. General Counsel Cassady stated that she was sorry to see him leave the Commission and wished that they had more of an opportunity to work together. She remarked that he was always prepared and had provided great input on all of the matters that they had previously discussed. She thanked him for his service.

Commissioner Cline stated that he had really enjoyed working with each and every one of the Commissioners and staff. He feels that they have helped the industry. He stated that Lois Ann Disponett had been a great leader and chairperson. He will continue to support KREC.

Broker Experience Guidance and Request

Ms. Carlin reported that the Commission delayed the enforcement of 201 KAR 11:210 Section 2(1)(a)(1), which prohibits an applicant for a broker's license to use his/her sales associate pre-license education hours towards the cumulative education requirement, for forty-five (45) days after the SOE ends. Applicants for a broker's license must complete all broker education requirements, obtain a background check, pass the broker examination, and submit his/her license application before March 1, 2022 to use sales associate pre-license hours towards a broker's license. Because of this looming deadline, staff has received numerous inquiries regarding the experience requirement.

KRS 324.046(1)(b) states: "(1) Every applicant for initial licensure as a broker shall have: (b) been engaged in the real estate business as a sales associate averaging at least twenty (20) hours per week for a period of twenty-four (24) months prior to application." She asked how does the Commission interpret KRS324.046(1)(b), specifically for applicants who do not have the requisite experience immediately preceding the filing of a broker application? She asked the Commission to please advise staff how to proceed with broker applications going forward. Additionally, she asked that they review the attached request from 201052 and decide whether they meet the experience requirement, pursuant to KRS 324.046(1)(b).

General Counsel stated that this issue had come up in the past and previous General Counsel, had interpreted the statute as requiring the person be engaged in the business of a real estate agent for 24 months immediately preceding the application. Since this has been the most recent precedent for the Commission, she would recommend staying consistent in their interpretation of the statute. This will help to avoid any confusion and from having to decide on a case-by-case basis. There may be some extenuating circumstances for some, and the Commission has the authority to treat things on a case-by-case basis, but it is best practice to adhere to a strict interpretation. It is ultimately up to the Commission as to what they would like to do.

Ms. Carlin noted that the consensus was that the experience would need to be immediately after the filing. If someone wants to ask the Commission to make an exception or if they have an extenuating circumstance, they can submit a request for the Commission to review.

201052 - Commissioner Disney made the motion to deny. Commissioner Carter seconded the motion. Commissioners Simpson opposed. Having the majority in favor, the motion carried.

Executive Director Comments

Director Astorino welcomed new Commissioner Jennifer Brown-Day to the Commission.

Since December, Director Astorino has spoken with several individuals regarding cross-training amongst the four (4) Authority boards. Examples of a cross-training topics are ANSI standard of measurement, drones, and standards of practice.

Director Astorino reported that KREC staff made several updates to the website, which made the site user-friendly. The goal is to direct callers to the website for quicker response times.

Committee Reports

Education Committee

There was no Education Committee meeting for this month.

Form Committee

There was no Form Committee meeting for this month.

Complaint Review Committee

There was no Complaint Review Committee meeting for this month.

Diversity, Equity, & Inclusion Committee

There was no Diversity, Equity, & Inclusion Committee meeting for this month.

Applicant Review Committee

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

1. To approve the license application of C.T.

Executive Session Legal Matters and Case Deliberations

At 10:48 a.m. Commissioner Disney 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 1 new application as offered by the ARC Committee.

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

Reconvene Open Session and Committee Recommendations

Commissioner King motioned for the Commission to come out of executive sessions. Commissioner Simpson seconded the motion. Commission Chair Disponett resumed the full Commission meeting at 12:52 p.m. and welcomed everyone in attendance back to the teleconference Commission meeting.

Commissioner Simpson made the motion to adopt the **Applicant Review Committee** items as previously recommended to the Commission. Commissioner King seconded the motion. Having all in favor, the motion carried.

Instructor Issue Update - Commissioner Carter made the motion authorizing General Counsel to counter the settlement offer as discussed in Executive Session. Commissioner King seconded the motion. Having all in favor, the motion carried.

Administrative Action No. 20-KREC-005 - Commissioner King made the motion authorizing General Counsel to draft recommended order of Commission in accordance with executive session discussion including an order of damages in the amount \$4,700. Commissioner Sickles seconded the motion. Having all in favor, the motion carried.

Public Comment

There were no questions or comments at this time.

Legal Report

Legal Staff Update

General Counsel Cassady reported that they had been approved for a merit staff attorney position and she is in the process of completing that paperwork.

E&O Insurance

At the February KREC meeting, someone asked the Commission to consider requiring all licensees to obtain a two-year errors and omissions insurance policy. General Counsel looked into the legality of that and determined the Commission would have to change its administrative regulations before implementing that requirement. However, she advised the Commission to refrain from doing so. Approximately 75% of active licensees currently take advantage of the two-year policy. If the Commission required a two-year policy, it would make it more difficult to maintain independent insurance through another company. The statute permits the Commission to contract for group policy but not to require licensees to buy the Commission policy. General Counsel stressed the Commission should be careful of taking any action that may have antitrust implications, or in other words, be construed as an attempt to unlawfully restrain trade and commerce or encourage a monopoly or unfair business practice.

House Bill 89

General Counsel gave an update on House Bill 89, which would amend KRS 324.360 to include proximity to a military installation on the seller disclosure. This bill is being sponsored by Representatives Nancy Tate and Steve Bullard. The goal of this bill is to ensure that buyers understand that they may be living near a military installation that could result in increased noise or air traffic as well as letting military families know the distance from the base as they are required to live within a certain drive time of the base. As discussed in a previous meeting, the Commission had some concerns that proximity and military installation

were not defined. Kentucky REALTORS® invited General Counsel and KREC staff to attend a meeting with the sponsors to get a better understanding of the intent of the bill. The bill has been introduced but has not been referred to a committee. General Counsel will continue to provide updates on this bill as they become available.

Title Companies Paying Agents Directly

The Commission has become increasingly aware of the practice of title companies issuing commission checks to agents at closings. KRS 324.160(4)(f) makes it a violation for agents to accept valuable consideration for the performance of any acts specified in Chapter 324 from any person except from his or her principal broker in accordance with a compensation agreement between them. Commission checks are valuable consideration for the performance of acts specified so agents should not be accepting commission checks from anyone other than their principal broker. Principal brokers cannot create an exception for their agents by delegating this duty to a title company nor should they. The statute protects brokers and ensures that money is not misappropriated. It was General Counsel's understanding that while the Commission was aware of this potential issue, it had never been the subject of a complaint against a licensee. However, the Commission recently received a complaint regarding this exact issue. General Counsel found it important, now that a licensee is facing disciplinary action, to clarify this issue in an open meeting. According to the statute, accepting a commission check from a title company is a violation of KRS 324.160, whether it's with the knowledge and permission of the principal broker or not.

New Business

Areello Conference April 6-8, 2022 Savannah, Georgia – Commissioner Simpson made the motion to approve attendance by Commissioners and staff to attend the Conference. Commissioner Disney seconded the motion. Having all in favor, the motion carried.

Approval Per Diem

1. Commissioner Disney made a motion to approve the per diem for Commissioners Simpson and King for the attendance of the February 16, 2022 Application Review Committee meeting. Because it was teleconferenced, there were no travel expenses. Commissioner Carter seconded the motion. Having all in favor, the motion carried.
2. Commissioner Simpson made a motion to approve the per diem for the February 17, 2022 KREC Regular meeting. Because it was teleconferenced, there were no travel expenses. Commissioner King seconded the motion. Having all in favor, the motion carried.

Meeting Adjournment

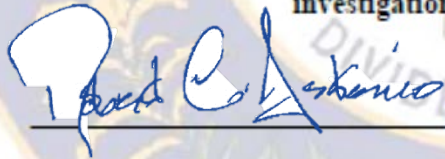
The next KREC meeting will be March 17, 2022 at 9:00 a.m. for the regular meeting. Watch for a zoom link.

Commissioner Disney made a motion to adjourn the meeting. Commissioner Simpson seconded. Meeting adjourned at 1:22 p.m.

I, Robert Astorino, Executive Director of the Kentucky Real Estate Authority, have reviewed and pursuant to KRS 324B.060, have (Approved or Disapproved) the expenditures of the Kentucky Real Estate Commission (Insert name of Board) as described in these attached minutes.

Meeting Date February 17, 2022 .

I have not reviewed, nor did I participate in discussions, deliberations, or decisions regarding, the actions of the Board as it relates to individual disciplinary matters, investigations, or applicant reviews.



Robert Astorino, KREA Executive Director

Date February 17, 2022