



Matthew G. Bevin
Governor

K. Gail Russell, Acting Secretary
Public Protection Cabinet

Kentucky Real Estate Authority
656 Chamberlin Avenue, Suite B
Frankfort, Kentucky 40601
Telephone: (502) 564-7760
Fax: (502) 564-3969

H. E. Corder II
Executive Director

Heather L. Becker
General Counsel

MEETING MINUTES **August 16, 2018**

Commission Members

Lois Ann Disponett, Chair
Tom Biederman
Joe Hayden
Shirley McVay Wiseman
Tom Waldrop
Billy Beckham

KREA Staff

H.E. Corder II, Executive Director
Heather Becker, General Counsel
Alex Gaddis, Deputy General Counsel
Haley Bradburn, Board Administrator
Michael Spann, Investigator
Nick Van Over, KREC Licensing Coordinator
Hannah Carlin, KREC Education Director
Christi Moffett, Administrative Coordinator

Guests Present

Nicole Knudtson, Kentucky Realtors
Bobby Tyler Prewitt, Career Development Center
Joyce Sterling, Career Development Center
Pamela Gregory, Kentucky Realtors
Angi Cline, Kentucky Realtors
Steve Cline, Kentucky Realtors
Rhonda Richardson, Home Services of KY, Inc.
Ruth Ann Bowen, Kentucky Realtors (KYI)
Jeff Recker
Ren`e Rogus, C. Ren`e Rogus PLLC
Bob Dreyer



A regular meeting of the Kentucky Real Estate Commission was called to order by the Commission's Chair, Lois Ann Disponett, at 9:05 AM on Thursday, August 16, 2018. A quorum was present. Guests in attendance were welcomed and introductions were made.

Approval of Meeting Minutes

A motion was made by Commissioner Hayden to approve the July 19, 2018 meeting minutes with an amendment to revisit the KREC 2018-2019 education grant request, exempting the decision made at the July meeting. The motion was seconded by Commissioner Wiseman and carried. [Note: At the September 25, 2018 meeting, the Commission voted to approve these August 16, 2018 meeting minutes with the exception of the amendment made above to the July 19, 2018 minutes exempting the July decision made in regards to the grant.]

Licensing Report

Licensing Statistics Report

Nick Van Over presented the current licensing statistics. This was for information only and no action was required by the Commission. One-hundred twenty-one (121) new total licenses were issued for the month of July. The total number of current licensees including both sales associates and brokers stands at twenty-two thousand two-hundred sixty-seven (22,267). Testing statistics were also shared.

Destany Lomas (Reaffiliation)

Commissioner Hayden made a motion to send an agreed order allowing licensure reinstatement with \$290 in applicable fees. Commissioner Biederman seconded the motion and it carried.

Education Report

Education Statistics

Hannah Carlin presented the education report. She shared that only 28 people have not completed PLE yet, however, low numbers have completed the 2018 CE. At the July Commission meeting, the KREC Education Department was asked to report on the number of sales associate applicants that take online pre-licensing courses versus actual classroom courses. Three hundred forty-seven (347) applicants took online courses, two hundred ninety (290) applicants took in-class courses, and one hundred fifty-four (154) applicants took a mix of both online and in-class courses. The data comes from PSI. Upon taking the exam, each applicant is required to select which pre-licensing school they attended. PSI has no way of verifying this information; therefore, the data is unclear. It is important to note that a portion of applicants selected schools that are no longer approved by KREC. Those applicants are not reflected. While the numbers may not be exact, this data still gives KREC an idea of how many applicants are choosing online pre-licensing courses. Commissioner Hayden asked if it would be possible to obtain the passing versus failing score report on this.

Course Applications

Commissioner Joe Hayden made a motion for the approval of the continuing education course applications. Chair Disponett seconded the motion and the motion carried.

Unqualified Providers

According to KRS 324.010 and 201 KAR 11:235, there are five categories of education providers:

- Accredited institutions (colleges and universities)
- Proprietary schools that hold a certificate from the Kentucky Commission on Proprietary Education
- Government agency
- Real estate program recognized by the National Association of Realtors
- Broker-affiliated training program (post-license education only)

During a recent audit of the current list of providers approved by the Commission, the Education Department has identified six providers that do not fit into one of the categories listed above. All six of these providers are currently offering continuing education courses to licensees. These classes will expire on December 31, 2018. Because the Commission has already approved courses in 2018 for the unqualified providers, the Education Department recommends that the Commission allow these providers to continue teaching their courses until they expire. The Education Department would like to notify the providers of the situation and explain to them that they will not be approved to offer education courses beyond 2018 unless they demonstrate that their entity fits into one of the four categories outlined in KREC statutes and regulations.

General Counsel Heather Becker informed the Commission that the regulations can be amended if the Commission wishes to accept these type of providers in the future that do not meet the current required criteria.

Commissioner Hayden made a motion to send a letter to the six (6) providers. Commissioner Biederman seconded the motion and it carried.

2017 Delinquent Education

At the July meeting, the Commission discussed those individuals that signed a delinquency plan for 2017 but failed to comply with the plan before the June 15, 2018 deadline. The Commission's education department sent individual notifications expressing the Commission's desire to seek a six-month suspension of their license, pursuant to 201 KAR 11:230.

In the matter of licensee 208872 Commissioner Hayden made a motion to accept recommendation and propose an agreed order requiring core education and a \$250 fine. Commissioner Wiseman second the motion and it carried.

In the matter of licensee 211136 Commissioner Hayden made a motion to have licensee complete delinquent education and core education with no fine. Commissioner Wiseman second the motion and it carried.

In the matter of licensee 216181 Commissioner Hayden made a motion to send an agreed order and fine \$250. Commissioner Wiseman second the motion and it carried.

In the matter of licensee 202006 Commissioner Biederman made a motion that licensee complete core education within 6 months after completing delinquent education and pay a \$250 fine. Commissioner Wiseman second the motion and it carried.

In the matter of licensee 220198, licensee 198834, licensee 187227, licensee 197366, licensee 212962, licensee 221016, licensee 186275, and licensee 207310 Commissioner Hayden made a motion to proceed to an administrative hearing as recommended. Commissioner Beckham seconded the motion and it carried.

Out-of-State PLE Request

A licensee reached out to the Commission's Education Department in regards to her post-licensing education. The individual obtained a sales associate license through license recognition. She has been licensed in Alabama since 2005. The individual is requesting that the Commission recognizes the designations she received in Alabama as credit for the post-licensing requirement. One designation fits the post-licensing framework outlined in the regulations. The GRI program is comprised of forty-eight hours of instruction within the framework of six different courses. It is a popular designation for licensees in Kentucky to complete as credit for the post-licensing requirement. However, because the individual did not take the GRI courses from a KREC-approved provider, they do not automatically count.

The Commission discussed how GRI is different in every state as it is a national designation, but detailed to each state. Alabama GRI is 60 hours and Kentucky GRI is 72 hours. Only 48 count for PLE. Commissioner Biederman made a motion to accept the request, but not making this precedent. Commissioner Wiseman seconded the motion and it carried.

Committee Reports

Applicant Review Committee

Commissioner Wiseman shared that the first Applicant Review Committee meeting was held and applicants were reviewed in person. She shared that the employing principal broker shall attend in the future. Nick Van Over shared a proposed procedure change for KREC in regards to the FBI/KSP background checks. Discussion was held on the attendance of the principal broker with the applicant or not. Statute requires the Commission to review any backgrounds with a misdemeanor in the last five (5) years or a felony at any time. Commissioner Hayden made a motion that if applicant voluntarily appears before the Applicant Review Committee they shall come with their principle broker in person or via video conference. Commissioner Biederman seconded the motion and it carried. Commissioner Wiseman made a motion to set the next Applicant Review Committee meeting for September to be held at the KYR convention and set a regular schedule of the third Wednesday of the month starting in October at 2 PM. Commissioner Hayden seconded the motion and it carried. Commissioner Hayden made a recommendation and motion to approve five (5) applicants. The motion was seconded by Chair Disponett and carried. In addition, five (5) other applicants were approved for administrative approval and did not need the full Commission's vote.

Complaint Committee

Commissioner Wiseman made a motion to ratify the Complaint Committee action to dismiss complaints 15-043, 15-013, and 15-049. Commissioner Biederman seconded the motion and it carried.

Commissioner Beckham made a motion to order to a hearing to proceed in the matter agency complaint cases of 15-020, 15-022, and 16-054. The recommended penalty is revocation. Commissioner Wiseman seconded the motion and it carried.

In the matter of complaints 17-010, 17-007, and 17-006, Commissioner Hayden with the Complaint Committee made a motion recommending to accept staff recommendation. In the matter of complaint 15- 058, Commissioner Hayden recommended that the matter proceed with the same settlement agreement previously proposed. With regard to the matter of Katherine Borders' criminal record reporting, Commissioner Hayden made a recommendation to accept the staff recommendation. Commissioner Wiseman seconded the motion and it carried.

Education Committee

No update at this time. Still under statute and regulation review.

Legal Report

Criminal History Review Process

The Commission discussed their criminal history review criteria to help direct legal on which background checks to flag. Commissioner Hayden made a motion to review background checks pursuant to legal counsel's recommendation regarding discretionary investigations of charges or misdemeanor convictions less than five years old. Commissioner Biederman seconded the motion and it carried.

Administrative Regulations

General Counsel Heather Becker will email regulation drafts and recommends that the Commission hold a special meeting to discuss regulatory changes.

General Update

Counsel Becker updated the Commission that the settlement from the last meeting was accepted.

Michael Spann, investigator for KREA is investigating anonymous complaints and miscellaneous questions.

The Kentucky Department of Insurance has approved the type of E&O insurance offered by the Commission. Discussion was held in regards to the insurance coverage. Requiring principal brokers to carry tail coverage or changing the insurance requirements were two options discussed. The Commission desired that principal brokers be made aware that the insurance coverage provided through KREC's agreement with RISC is claims made and not occurrence coverage. A question regarding licensees doing business under their maiden name was posed. The Commission

felt this was fine and would be treated the same as someone going by a nickname or shortened name as long as KREC was made aware of what name the licensee is doing business as. There was also a question from the Kentucky Department of Insurance that did not seem to relate to KREA and it was decided to refer it the Kentucky Department of Revenue.

Real Estate Authority Executive Director Comments

Director Corder touched on the progress of the regulation review and backlogged cases.

KREC Chair Comments

Financial Report

The financial report was reviewed for the end of fiscal year 2018, period ending June 30, 2018 and first period of fiscal year 2019, period ending July 31, 2018. At the next meeting, staff will have someone provide an overview of the financial statements.

September Meeting

Chair Disponett recommended that the September meeting be held on September 25, 2018 at the KYR convention in Louisville. The Commissioners were all in agreement. Chair Disponett shared that she would like to see some staff attend the NAR conference in Boston and recommended that inquiry be made into seeking approval for the director and certain staff to attend. Commissioner Waldrop shared that the ARELLO conference coming up will be held in September in St. Louis. Commissioner Hayden made a motion to investigate sending Commission and staff to mid-year convention, ARELLO, KYR conference and to research the use of KREC recovery funds. Commissioner Wiseman seconded the motion and it carried. Chair Disponett asked if the Director and staff would put together a plan for conferences and events in the future to attend.

Public Comments

KYR shared that statewide forms will be on the September meeting agenda for final vote.

Executive Session, Legal Matters, and Case Deliberations

Commissioner Shirley McVay Wiseman made a motion to enter executive session, pursuant to KRS 61.810, subsection 1 (c) and (j) to discuss proposed or pending litigation and deliberate on individual adjudications in case no. 17-INF-30 (17-029). Commissioner Joe Hayden seconded the motion and it passed.

Reconvene in Open Session

Commissioner Wiseman made a motion to come out of closed session. This motion was seconded by Commissioner Hayden and carried. The Commission returned to open session and voted on the following cases:

- ❖ In the matter of case no. 17-INF-30 (17-029) Commissioner Beckham made a motion to accept the final order. Commissioner Hayden seconded the motion and it carried.

Next Meeting

The next regular meeting of the Kentucky Real Estate Commission will be held Tuesday, September 25, 2018 at 1:30 PM during the KYR convention in downtown Louisville at the Galt House, 140 N. 4th Street, Louisville, KY 40202.

Meeting Adjournment

A motion was made, seconded, and the Commission voted unanimously to adjourn at 11:00 AM.

1. 2018 Continuing Education Courses

CE Shop

Course Name	Instructor(s)	CE Hours
<i>Real Estate Investing: Build Wealth Representing Investors and Becoming One Yourself</i>	Michael McAllister	6 elective

Kentucky Real Estate College

Course Name	Instructor(s)	CE Hours
<i>Maximizing Results in Real Estate</i>	Tim Burgess	3 elective

McKissock

Course Name	Instructor(s)	CE Hours
<i>Drama and the Code of Ethics</i>	Len Elder	3 elective
<i>Smart Home Technology</i>	Paul Lorenzen	2 elective

Northern Kentucky Association of Realtors

Course Name	Instructor(s)	CE Hours
<i>The Basics of Mortgage Lending for Realtors</i>	Mary Ann Mader Jones	3 elective

Southern Indiana Realtor Association

Course Name	Instructor(s)	CE Hours
<i>Measuring by ANSI & Manufactured Homes</i>	Janet K. Riggs	3 elective

2. 2018 Continuing Education and Post-Licensing Education Courses

Kentucky Realtor Institute

Course Name	Instructor(s)	CE Hours	PLE Hours
<i>New Home Construction</i>	Jason Vaughn	3 law	3 mandatory (disclosure)
<i>Safety in the Real Estate World</i>	Greg Epley	3 elective	3 mandatory (risk management)
<i>The Older Client and the Real Estate Agent</i>	John Dotson	3 law	3 mandatory (disclosure)

3. 2018 Post-Licensing Education Courses

Exit Realty Crutcher

Course Name	Instructor(s)	PLE Hours
Educating the Seller on Pricing, Marketing & Net Equity	Cindy Crutcher	3 mandatory (risk management)
Listing Contract & Other Seller Forms	Cindy Crutcher	3 mandatory (contracts)
Marketing Your Business	Cindy Crutcher	3 mandatory (advertising)
Residential Contracts & Other Buyer Forms	Cindy Crutcher	3 mandatory (contracts)
Time Management, Business Planning, & Budgeting	Cindy Crutcher	3 elective
The Comparable Market Analysis	Cindy Crutcher	3 mandatory (agency)