

CHANGES TO THE REGULATIONS SINCE THE LAST “YELLOW” LAW MANUAL (May 2006 Version)

On October 6, 2006, new regulations were passed. The official language can be on the Legislative Research Commission’s website at www.lrc.ky.gov. The statutes did not change since the last edition of the law manual. The changes are as follows:

201 KAR 11:105 (Advertising listed property)

Licenses are now allowed to advertise the listings of another brokerage company, if the licensee obtains the listing broker’s consent and the advertisement includes the listing company’s complete firm name.

201 KAR 11:220 (Errors and omissions insurance requirements)

This regulation was amended to establish new minimum requirements for independently-carried errors and omissions insurance.

201 KAR 11:250 (Listing and purchase contracts and other agreements entered into by licensees)

This regulation was amended to say that any agreement for compensation from a licensee to his or her client or customer shall be in writing. This includes rebates and/or inducements.

201 KAR 11:350 (Seller’s disclosure of property conditions form)

The form was amended slightly to include questions on pets in the home, waste water systems, historic districts and a suggestion that the buyer obtain an inspection. There is a new section at the beginning of the form outlining the intention of the form and the timeframe for which the seller is providing the information. The new form can be

found on our website under licensee-restricted contracts and forms.

201 KAR 11:400 (Agency disclosure requirements)

The new regulation entirely changes the process for disclosing agency relationships. First, the licensee will present a Consumer Guide to Agency Relationships, which may be developed by the broker to include that company’s agency policy. This form is to be given to prospective customers or clients at the time that licensees are now giving the agency disclosure form. There is also an Agency Disclosure Statement, one for the buyer and one for the seller. The buyer’s form should be given at the time of the drafting of an offer, and the seller’s form should be given at the time of the presenting of an offer. There is a detailed explanation of the new process on our website, as well as copies of the Guide and Disclosure Statements.

201 KAR 11:430 (Procedure for criminal records background check)

This regulation was amended to allow the Commission to use alternate sources, other than the FBI, for criminal background checks.

Keep in mind that the *NEW* Seller’s Disclosure and *NEW* Agency Disclosure Forms must be used as of January 1, 2007. The new forms can be found on the Commission’s website (www.krec.ky.gov) under the licensee restricted forms and contracts. The user name is “get” and the password is “forms.”