

## Must Know Kentucky Real Estate Law Cram Review

Topics	Page
<a href="#">Kentucky Real Estate Commission</a>	1 - 3
<a href="#">Licensure Requirements</a>	4 - 7
<a href="#">Brokerage</a>	7 - 9
<a href="#">Commercial Real Estate</a>	9
<a href="#">Complaints – Hearings</a>	9 - 10
<a href="#">Continuing Education</a>	10 - 11
<a href="#">Disclosures</a>	11 - 13
<a href="#">Errors &amp; Omissions Insurance</a>	14
<a href="#">Escrow Accounts</a>	14 - 15
<a href="#">Advertising</a>	15 - 16
<a href="#">Listings and Sales Contracts</a>	16 - 17
<a href="#">Unlicensed Personal Assistant</a>	18 - 19
<a href="#">Prohibited Practices</a>	19 - 25
<a href="#">Property Management</a>	25 - 28
<a href="#">Real Estate Education, Research and Recovery Fund</a>	28
<a href="#">Brokerage Management (broker only)</a>	29
<a href="#">Zero Call List</a>	30

## **Kentucky Real Estate Commission**

### **Definition**

“Commission” means the Kentucky Real Estate Commission (KREC).

Web Address: <http://www.krec.us/krec.gov>

Physical Address: 10200 Linn Station Road - Suite 201 - Louisville, KY 40223

Phone: (502) 429-7250 Toll Free: (888) 373-3300 Fax: (502) 429-7246

**KRS 324** means **Kentucky Revised Statutes** passed by state legislatures.

**201 KAR 11** means the **Kentucky Administrative Regulations** which is the Commission’s interpretation of the laws.

### **About the Commissioners**

There are **5 Commissioners**, who are also known as members.

4 must be active licensees for the last 10 years and residents of Kentucky for 10 years.

1 member is a citizen at large (consumer member) and is not associated with the real estate industry.

No more than 3 Commissions can belong to any one political party.

The Chairperson of the Commission is selected by fellow Commissioners. (Annually)

### **Appointment of Commissioners**

The Kentucky Association of Realtors shall supply a list of three names (broker or sales associate) to the Governor and the Govern selects from the list.

Vacancies arising mid-year may be filled by the Governor from those remaining on the list or a new list.

### **Term and Compensation**

Commissioners are appointed for a 4-year term

Commissioners can serve no more than 2 consecutive terms.

Commissioners are paid \$15,000 per year plus actual and necessary expenses.

### **Automatic Removal of a Commissioner**

If a member ceases to have a real estate license

If the consumer member acquires a license/interest in the real estate business

If a member pleads or is found guilty of a felony in which fraud is an essential element or any crime involving moral turpitude (If time for appeal is over or judgment affirmed on a appeal)

If a member ceases to be a bona fide resident of Kentucky

## **Duties and Powers of the KREC**

Promulgate regulations – Promulgate means to announce

Hold disciplinary hearings - Conduct licensing examinations

Conduct continuing education classes - Develop a process to approve CE courses

Investigate violations of license law - Require continuing education of licensees

Set, charge and collect fees

Publish and maintain a registry of licensees (KREC database <http://web1.ky.gov/krec/>)

The KREC may NOT violate antitrust law by setting commission rates, fees or prices a real estate licensee charges.

## **Office and Employees**

The Commission may employ those necessary to carry out the duties of the Commission and obtain office space, supplies and equipment necessary.

## **Commission Records**

Records of the Commission are open to the public through a Public Records Request.

## **Sanctions and Penalties**

Levy fines not to exceed \$1,000

Issue formal reprimands (public and found in the newsletter)

Issue informal reprimands (in the file of the licensee but not public)

Revoke a license

5 years will be the first time a person can ask to secure another real estate license

There is no guarantee that a person can secure another license after it has been revoked.

Suspension of a license

There is no time limit on a suspension

An agent cannot be active in the business while the license is suspended.

Send licensees back to school

Place a licensee on probation for up to 12 months

---

## **Licensure Requirements**

### **Unlawful Brokerage**

It is unlawful to practice real estate without a license.

It is unlawful to pay anyone who does not have a license a referral fee.

Unlicensed brokerage activity is a Class A **misdemeanor** for the **first offense** and a **Class D felony** for any subsequent offenses.

A **circuit court** may impose an **additional penalty** on any person who violates any provision of this chapter by **fining them not less than one hundred dollars (\$100) nor more than one thousand (\$1,000)** or **imprisoning them for a term not to exceed six (6) months, or both.**

The Kentucky Real Estate **Commission may seek and obtain injunctive relief** against any **unlicensed individual acting** in violation of this chapter by **filing a civil action in the Circuit Court** where the Commission is located or **where the unlawful activity** took place.

### **Builder-Developer Who Has a Licensee**

A licensee who is an owner or builder developer must comply with all the law

### **Exceptions to Licensure**

Owners, lessors, attorneys-in-fact may sell or lease his/her own property without a license

Attorney-at-law who is practicing law

Receiver, trustee, administrator, executor

Property managers if they are:

1. Employees of the owner
2. Employees of a broker
3. Receive as their primary compensation a residential unit

A real estate license is not required for a person or business who compiles and categorizes rental lists for a fee.

### **Application for Licensure**

All license applicants must be 18 years of age and have a high school diploma or its equivalent

Education requirements for **sales license** is 6 academic credit hours from an accredited real estate school or 96 clock hours from an approved school

Education requirements for **a broker's license** is:

21 credit hours, 12 of the hours must be in real estate classes

3 hours of the real classes must be a Brokerage Management Course

2 years experience averaging 20 hours per week in the real estate business

The above requirements may be reduced to one year if a Bachelor's degree has a

major or minor in Real Estate; or the person has an Associate's degree in Real Estate