



Kentucky Real Estate Authority
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Matthew G. Bevin
Governor

K. Gail Russell, Secretary
Public Protection Cabinet

H.E. Corder II, Executive Director
Kentucky Real Estate Authority

Authority Boards
Kentucky Real Estate Commission
Kentucky Real Estate Appraisers Board
Kentucky Board of Auctioneers
Kentucky Board of Home Inspectors

Heather L. Becker, General Counsel
Kentucky Real Estate Authority

KENTUCKY REAL ESTATE COMMISSION

MEETING MINUTES

February 21, 2019 * Meeting occurred in Room #180 and included a via video teleconference pursuant to KRS 61.826*

Commission Members Present

Commissioner Chair, Lois Ann Disponett
Commissioner Billy Beckham
Commissioner Steve Cline
Commissioner Joseph Hayden
Commissioner Shirley Wiseman, via video teleconference
Commissioner Tom Waldrop

KREA Staff

H.E. Corder II, Executive Director
Heather Becker, General Counsel
Alex Gaddis, Deputy General Counsel
Maryellen Mullikin, Licensing Coordinator and Administrative Coordinator
Hannah Carlin, KREC Education Coordinator
Leah Spears, Counsel, Public Protection Cabinet
Michael Spann, Investigator
Haley Bradburn, Board Administrator
Shannon Buzard, Executive Administrative Assistant

Guests Present

Joyce Sterling, Career Development Center	Gabe Anderson, KREC Classes
Virginia Lawson, McBrayer Law Firm	Samantha Wilson, Career Development Center
Paul Ogden, RE/MAX Properties East	Linda Amos, Career Development Center
Steve Stevens, KY Realtors	Sherry Ross, Career Development Center
Emily Timblin, Hondros College	Shelly Saffron, Coldwell Banker McMahan Co.
Betsy Butler, Hondros College	Lee Harris, Harris Law Office
Lalie Gibson, Hondros College	Jessica Arambul
Angi Cline, KY RRC	Sandy Holley Bolde, Career Development Center
Nichole Knudtson, KY Realtors	Maranda Holley, Career Development Center
Richard Wilson, KY Realtors	Pam Featherstone, KRI
Justin Landon, LBAR	

Call to Order and Guest Welcome

The Kentucky Real Estate Commission meeting was called to order by Commission Chair, Lois Ann Disponett, at 11:22 AM on Thursday, February 21, 2019. 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 Hayden made a motion to approve the January 17, 2019 Regular Commission Meeting Minutes. Commissioner Cline seconded the motion. With all in favor, motion carried. Commissioner Hayden made a motion to approve February 15, 2019 Special Commission Meeting Minutes. Commissioner Cline seconded the motion. With all in favor, motion carried.

Education Committee and Licensing Reports

Three new provider applications were reviewed and recommended for approval by Hannah Carlin. Commissioner Hayden made a motion to approve Fri Mason, RECP, and Hondros as new providers. Commissioner Cline seconded the motion. With all in favor, motion carried.

One new instructor application was reviewed and recommended for approval by Hannah Carlin. Commissioner Hayden made a motion to approve the Simms Instructor application. Commissioner Cline seconded. With all in favor, motion carried.

Twenty 2019 Continuing Education Courses were reviewed and recommended for approval by Hannah Carlin. Commissioner Hayden made a motion to approve the “attached list of courses.” Commissioner Beckham seconded the motion. All in favor, motion carried.

Ms. Carlin presented Licensee #223791, as requesting to have the 96 CE credit hours waived from the 336 CE broker license requirement per it not being a requirement when initially licensed as a sales associate in 1978. Ms. Carlin made a recommendation that the request be denied, as current broker applicants must obtain 336 hours of education to become licensed as a broker. Commissioner Cline made a motion to deny Licensee #223791 request. Commissioner Hayden seconded the motion. With all in favor, motion carried.

Ms. Carlin presented “the attached” January 2019 education and licensing statistics.

Applicant Review Committee Report

Commissioner Waldrop presented the Applicant Review Committee’s report and recommended issuance of three new licensees. Commissioner Waldrop recommended reactivation of Shelly Kelley’s license, and he recommended that future applicant Ricardo Gonzalez be allowed to proceed as a license recognition broker applicant from Puerto Rico. Commissioner Hayden seconded the motion. With all in favor, motion carried.

Complaint Review Committee Reports

Commissioners Cline and Hayden presented the Complaint Committee’s report and recommended the following action to the full Commission:

13-0063: Dismiss.

15-043: Reaffirm July 2018 dismissal.

16-0039 and 16-003: Order payment of all fines and reinstatement of license in accordance with statutory and regulatory criteria. (*Commissioner Hayden recused*)

16-0056 and 19-C-3: Dismiss.
16-0072: Dismiss.
16-0077: Order further investigation.
16-0086: Order to non-recovery fund hearing.
16-0093: Dismiss.
16-INF-40: Order to non-recovery fund hearing.
17-0003: Order further investigation.
18-C-23: Dismiss.
18-C-73: Dismiss.
18-C-86: Dismiss.
18-C-87: Hold in abeyance.
18-C-93: Dismiss.
Anonymous (Henson): Order further investigation. (*Commissioner Hayden recused*)

Commissioner Hayden made motion to accept committee recommendations. Commissioner Beckham seconded motion. With all in favor, motion carried.

Legal Summary and Review

Commissioner Hayden announced that the Education Committee is scheduled to meet on March 12, 2019 beginning at 9am in the KREC conference room.

Counsel Becker introduced brief summaries regarding public inquiry emails. The first email came from counsel representing a client who wants to receive Commission advice regarding pursuing interests for a new real estate “Uber” like business app. The Commission recommended the client adhere to all KY Real Estate Laws and regulations. The next legal email consisted of submitting CFA research and the latest press releases relating to encouraging states to make improvements with enforcing their real estate laws and education on real estate agents. The last legal email was a renewed request for legal advice regarding education providers and brokerages engaging in partnerships for applicant and licensee education. Counsel Becker relayed that she cannot provide legal representation or advice to private businesses, but advised to adhere to Kentucky Real Estate laws and seek their own legal counsel. The Commission was with agreement and understanding to Counsel Becker’s summaries and advice.

Counsel Becker summarized the next steps in the regulatory review process and advised that more work needs to be done. She suggested subdividing into committees again and preparing a schedule of meetings to review the remaining regulatory provisions. The Commission agreed to her suggestions and offered services according to availability. Legal will notify the public of these meetings.

Counsel Becker explained summary and changes for HB 436 that included noting the financial impacts on the Commission. The public engaged in public comments and suggestions for HB 436. Commissioner Hayden motioned for Counsel Becker to draft letter of recommended changes and corrections to the bill sponsor regarding HB 436. Commissioner Cline seconded the motion. All in favor, the motion passed and counsel was directed accordingly.

Real Estate Authority Director Comments

Director Corder thanked the Commission and staff for all the hard work. He addressed concerns of the financial impacts of HB 436 and would like to see improvements made. Director Corder voiced his concerns regarding the first legal matter discussed, the creation of an “Uber” app for real estate agents. He was not in favor of the realtor app due to disclosure and state line issues.

Director Corder addressed the Commission and licensees to make sure contact information is up to date at all times for smoother renewal transition.

Open Forum - Public Comments

Suggestions and corrections were offered by attendees for HB 436.

Paul Ogden spoke to the Commission in care and advocacy of the “attached letter” from multiple boards and associations in relation to the potential increase in continuing education hours for licensees and the impact it will have on licensees who practice exclusively in the commercial real estate field.

Steve Stevenson, CEO of KY Realtors offered brief comments and support regarding HB436.

Executive Session Legal Matters and Case Deliberations

Chair Disponett did not call for executive session for this meeting.

Approval of Travel & Per Diem

Commissioner Hayden moved to approve an increase in Commissioner compensation for regular and special meetings to \$300 per meeting. The Commission recognized the statutory cap on compensation in KRS 324.281 (9) for the Kentucky Real Estate Commission. Commissioner Beckham seconded the motion. All in favor, the motion carried.

Next Committee Meeting

The next regular meeting of the Kentucky Real Estate Commission will be held March 21, 2019 at 11:00 AM at Kentucky Real Estate Authority, 656 Chamberlin Avenue, Suite B Frankfort, Kentucky 40601.

Meeting Adjournment

Commissioner Beckham made a motion to adjourn meeting with Commissioner Hayden seconding motion. All in favor, the meeting adjourned at 12:57 PM.



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MEMORANDUM

DATE: February 15, 2019
FROM: Hannah Carlin, KREC Education Coordinator
TO: Kentucky Real Estate Commission
RE: 2019 Course Approvals

BACKGROUND

The attached list of education providers submitted applications for review and approval by the Commission. Commission staff members have reviewed the information submitted, which includes provider, course, and instructor applications. The courses meet the continuing education and post-license education requirements as outlined in KRS Chapter 11. New courses are italicized.

RECOMMENDATION

Please approve the applications associated with the attached list of providers.

1. 2019 Continuing Education Courses

Dennis Badger & Associates

Course Name- Course Number	Instructors	CE Hours
ANSI Measurements Z765-2013 (22585)	Dennis Badger, Larry Disney	3 law
Protect Your Appraisal Practice by Practicing Professionally (22590)	Dennis Badger, Larry Disney	3 elective
Supporting Your Opinion of Value (22601)	Dennis Badger, Larry Disney	6 elective

HomeServices Real Estate Academy

Course Name- Course Number	Instructors	CE Hours
Realtors and Builders- Working Together (22598)	Michael Bowers	3 elective

Kentucky Real Estate College

Course Name- Course Number	Instructors	CE Hours
Maximizing Results in Real Estate (22432)	Tim Burgess	3 elective

McKissock

Course Name- Course Number	Instructors	CE Hours
Educating Homebuyers (22583)	Paul Lorenzen	3 elective
Intro to Property Management: Market Analysis, Risk Management, and Maintenance (22581)	Paul Lorenzen	3 elective
Real Estate Taxes (22582)	Paul Lorenzen	3 elective

2. 2019 Post-licensing Education Courses

Huff Realty

Course Name- Course Number	Instructors	PLE Hours
Contracts (22059)	Steven Tucker	6 contracts
Creating a Successful Business Plan (22061)	Jamie Wagenlender	3 elective
Disclosures (22060)	Steven Tucker	3 disclosure

Technology (22067)	Gregory Adams	3 technology and data security
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3. 2019 Continuing Education and Post-licensing Education Courses

Dennis Badger & Associates

Course Name- Course Number	Instructors	CE Hours	PLE Hours
Real Estate Mortgage Fraud and Questionable Practice Allegations (22591)	Dennis Badger, Larry Disney	3 law	3 elective

Heart of Kentucky Association of REALTORS

Course Name- Course Number	Instructors	CE Hours	PLE Hours
Keeping It Between the Lines with Ethics (22602)	Pam Featherstone	3 law	1 agency, 1 fair housing, 1 risk management

HomeServices Real Estate Academy

Course Name- Course Number	Instructors	CE Hours	PLE Hours
Contracts (21143)	Steven Tucker	3 law	3 contracts
Creating a Successful Business Plan (21142)	Jamie Wagenlender	3 elective	3 elective
Disclosures (21144)	Steven Tucker	3 law	3 disclosures
Staging (22422)	Jo Potvin	3 elective	3 elective
Technology (21139)	Gregory Adams	3 elective	3 technology and data security

Northern Kentucky Association of REALTORS

Course Name- Course Number	Instructors	CE Hours	PLE Hours
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You Bet Your License (22353)	Art Reed	3 law	2 risk management, 1 elective
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MEMORANDUM

DATE: February 12, 2019
FROM: Hannah Carlin, KREC Education Coordinator
TO: Kentucky Real Estate Commission
RE: Education and Licensing Report

BACKGROUND

The attached document includes the following:

- January 2019 testing statistics
- 2019 licensing statistics (by month)
- Escrow statistics
- Post-licensing statistics
- 2018 continuing education and core statistics

RECOMMENDATION

Please review. No action required.

ATTACHMENTS

Please see the attachment for the full report.

1. PSI Testing Statistics

January 2019

Type of Exam	Passed	% Passed	Failed	% Failed	Total Exams
License Recognition-Broker	2	40.00	3	60.00	5
License Recognition-Salesperson	19	55.88	15	44.12	34
Broker- National	11	50.00	11	50.00	22
Broker- State	13	68.42	6	31.58	19
Salesperson- National	113	62.43	68	37.57	181
Salesperson- State	111	52.36	101	47.64	212
TOTAL	269	56.87	204	43.13	473

2. Licensing Statistics

As of 2/12/2019

Type	Active	Escrow	TOTAL
Sales Associate	10,375	6,998	17,373
Broker	3,980	989	4,969
TOTAL	14,355	7,987	22,342

New Licenses Issued in 2019 (by month)

Month	Sales Associate	Broker	Total
January	92	11	103
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTAL	92	11	103

Escrowed Licensees (according to current data)

- Average time spent in escrow: 11.47 years
- Longest time spent in escrow: 34.6 years (July 3, 1984)
- 25 licensees have been in escrow since 1984
- 603 licensees have been in escrow since 1990

3. Education Statistics

- a. Licensees currently cancelled for failure to complete post-license education: **54**
- b. Licensees failed to complete continuing education or core: **96**

COURTESY COPY OF DRAFT
OF PAUL OGDEN'S REMARKS FOR KRE C MEETING

Thank you for a few moments of your time this morning. I am here to address concerns regarding the proposed legislation and specifically the Continuing Education requirement.

I am here speaking as an individual but have in fact spoken to the Boards of the Ky CCIM chapter, the Ky Real Estate Exchangers, and the Ky Real Estate Investors association and sought their input on this topic.

In general nobody is objecting or pushing back on the increase to 9 or 12 hours. Our concern is that if this requires additional Education that in fact the appropriate and valuable curriculum be available. Don't make us take more hours simply for the sake of more hours. We need and appreciate education. We do not need any more information on Lead based paint, Fair Housing, RESPA, Sellers' Disclosures, etc. While aware of these laws they are very very rarely impacting our transaction.

Right now the vast majority of classes available are pretty much a huge waste of time and yes could even be called punitive. The exception is a few online courses offered nationally and the joint full day Education Day each October presented by the CCIM Chapter, Louisville Bar Association and Property Managers Association.

I address this from a proportionately small group of licensees. There are estimated between 100-175 licensees that I might classify as full-time exclusively Commercial Realtors. While Kentucky's licensing structure does not differentiate, the licenses, such as myself elect to focus our practice 100% on Commercial transactions - be they leasing or selling. Some of us even specialize further limiting our activity to a specific discipline, be it Industrial, Retail, Office, Land, etc.

It is this very small group that has a problem with and stumbles through the current Education structure. First, Thank you for eliminating the Core requirement.

We feel that it is incumbent upon this body and we plead that if you increase the education requirement that you assure that the course or programs are available to fulfill said requirement.

Right now if I were to search any of the proprietary or association schools available to me I would have difficulty identifying a course that I could say would be educational and worth the time. We cannot rely on the proprietary schools to fill this void. And I don't blame them. They are not at fault. They are in business and very frankly there just are not enough Commercial licensees to fill their classes and make their investment be a good economical decision.

Please understand I do appreciate that courses are available explaining how to transition into Commercial real estate. There are classes on 1031 tax deferred exchanges. Very frankly for the most part most of this small group could teach those or actually have done enough 1031 exchanges and reverse exchanges that any class would be boring. I am not addressing the group of many of our licensees who may be very good commercial practitioners, but because they reside in an area with fewer commercial opportunities, their practice is often supplemented by and a mix of residential or farm transactions. I often refer to them as "Residential" Realtors.

Again, our group may be small but collectively their production accounts for the vast majority of commercial transactions in this state. Obviously most are located in urban areas.

I don't know that I am here asking for anything specific, nor do I have a solution. I guess I am here, asking that we all put our heads together and if you are going to change the requirements that in fact we have solutions.

I understand it's a new era in the regulatory world. You are not as involved in Arello and those groups as in the past. In the past the Commission was also in a position to provide grants for specific purposes, such as to subsidize a school to develop solutions for things like this.

One thing I might offer for consideration is that as regulators you consider varying from what we traditionally view as C.E. and give some level of credit for different items.

Examples that come to mind are:

1. Last month I paid \$80 to attend a morning breakfast and panel discussion focused on "Opportunity Zones." This was sponsored by CCIM and sold out to about 100 people. The program consisted of two 4-person panels and addressed the economic development as well as the finances and tax impact of this new product. Opportunity Zones are a big deal.
2. In May I will be paying over \$ 300 to spend two ten-hour days at a regional marketing session sponsored by the Real Estate Exchangers. While this is really a "deal making" marketing session, the education and experience are invaluable. Last year we were exposed and went through the details of 1031 Exchanges that involved five parties and four properties. One participant offered details on how he has a property available that creates a reverse exchange. Again, while not the traditional C.E. activity, I value these experiences as much more educational than sitting in a very structured classroom. These events make me much more valuable to my clients and keep me on the right track and from screwing up a transaction.
3. Lastly, in years past we have had speakers or seminars on things like Zoning. We were told that such a topic didn't qualify for CE because it was too localized and not of a state-wide value. Let me share I see more E & O activity and I personally spend a large portion of my time regarding zoning issues.

We might hope that the Commission might be a little more flexible and receptive and we will look forward to working with Hannah, to make her comfortable that some new programs, while not fitting the cookie cutter mold of traditional C.E. that maybe licensees might get some partial credit for things like luncheons with national speakers or some of these seminars, panel discussions.

Not every Educational Opportunity has a written structured curriculum. Frequently the paper work and application forms are in a format that doesn't always work. Very frankly we would all benefit from a breakfast meeting with a one hour speaker such as a Fred Faulkner, Steve Poe, Bill Weyland, David Nickiles, Gil Holland, etc. Examples of local developers, and entrepreneurs who have developed thousands of acres and millions of square feet. Nor does a lot of this type activity really qualify for C.E. credits. It would be difficult to get some quality speakers to fill out C.V. and biographical data, nor might they hold degrees or designations that put them in front of a classroom. They simply have the dirt on their boots experiences.

Again, we look forward for the opportunity for more education, but especially if it brings value to our careers, and to our clients. Thank you for this opportunity.