

Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

BIG CHANGE!!! BIG CHANGE!!! GET READY - GET SET - GET RENEWED 2011 RENEWAL EVERYONE WILL RENEW THEIR LICENSE ONLINE

Get ready! New for March 2011 Renewal, **ALL** (escrow, active, sales associates, brokers and principal brokers) licensees will renew online. The KREC is excited about this change, and we hope that all licensees find it, not only easy to use, but more convenient. The biggest change will be that active licensees will now be required to renew their license individually. In the past, active licensees renewed through their principal broker. Now, as soon as your principal broker registers his/her company, licensees will be able to login and renew individually. In order to renew, licensees will need their individual license number and password (this will be mailed to you). To find your license number, go to www.krec.ky.gov and click on the Database Tab, check the disclaimer and type in your last name and start search. Licensees will also need a valid email address for registration and future notices from the KREC. If you do not have an email address, you can obtain one for free at www.msn.com (hotmail) or www.yahoo.com, as well as many other internet service providers.

Get set! In February, ALL licensees will be sent information about the online renewal process, along with a

temporary password (**please keep this in a safe place**). As always, make sure your mailing information is up to date. Not updating your residential address with the Commission is a violation of license law.

Get Renewed! When March 2011 rolls around, simply login and renew your license by March 31, 2011 with credit card, debit card or bank draft.

***Principal Brokers** - Principal brokers will receive information on how to register their firm(s). Principal brokers register their firm information and renew their license first. Get it done as soon as possible (before March 15th), so your agents have plenty of time to get on the system and renew their own licenses.

***Active Sales Associates and Broker Associates** - Once your principal broker has renewed you will renew your license online.

***Escrow Licensees** - You will renew your license online too.

Online renewal will allow licensees immediate confirmation of renewal. No more waiting on the mail. No more lost checks and returned paperwork.

So, get ready, get set and get renewed online in March 2011!!!

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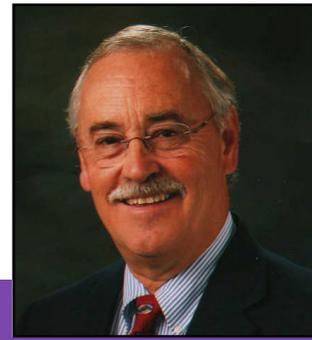
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Comments from the Chair

by: **Glenn Thomas,**
Chair



Licensees in a Referral Company MUST Comply with ALL of the Active Licensee Requirements

At the Commission we often hear, "I am not an active licensee; I am a referral licensee." This is a big misconception and completely inaccurate. The referral provisions of KRS Chapter 324 are oftentimes misunderstood. The definition of real estate brokerage includes referring or offering to refer for the purpose of securing prospects for a fee, compensation or other valuable consideration. This means, to receive a fee for a referral, a licensee must be actively licensed with the Commission. Also, in order to avoid a license law violation, the licensee must not accept compensation for a referral from any person except his or her principal broker. All commissions and fees owed to active licensees must be paid directly to their principal broker and then paid out by the principal brokers to the licensees who have earned them.

In addition to the above requirement, an active licensee must carry errors and omissions insurance, either through the group program or through a private carrier. An active licensee is also subject to continuing education requirements if he/she was licensed after June 19, 1976. The continuing education requirements are six (6) hours per year with at least three (3) of those hours in law. Also keep in mind that the Kentucky Core Course must be taken by active licensees at least once every four years (new

licensees must check the KREC website to verify their first core year requirement). You can track your continuing education courses and requirements on the licensee database on the Commission's website. Licensee course records are posted on the website, as well as the requirements needed for each year.

Licensees in escrow are not subject to the errors and omissions insurance requirements nor are they subject to any continuing education requirements. Also, a licensee in escrow may not receive compensation for real estate brokerage activity, unless the compensation was earned when the licensee's license was active.

Also, allow me to reference KRS 324.160(4)(s), which states that it is illegal for a licensee to pay valuable consideration for the names of potential buyers and sellers of real estate, except that a licensed broker may pay a referral fee to another broker in exchange for a referral of a client or customer. This means that licensees cannot pay for lists of potential clients or customers.

In closing, it has been an honor and a privilege to serve as your Chair over the last year. I encourage licensees to keep up-to-date with the license law either through this newsletter, the Commission's website, or through the many continuing education opportunities.

I would also like to wish everyone a very Happy Holiday Season.



Comments from the Executive Director

By: **Michael W. Wooden,**
Executive Director

Errors and Omissions Insurance - A Model Program

In 1987, Kentucky became the first state in the nation to mandate errors and omissions insurance for active real estate licensees. As provided in KRS 324.395, the Commission is required to make errors and omissions insurance available to all active licensees by contracting with an insurance provider for a group policy, subject to competitive bidding requirements in accordance with KRS Chapter 45A. Also, licensees have the option of obtaining errors and omissions insurance independently.

Since the establishment of the Kentucky program by the legislature, twelve other states have followed Kentucky's lead in mandating errors and omissions insurance coverage for real estate licensees. Now in the 24th year of the program, Kentucky remains a model for states to follow both in terms of benefits and affordable premiums.

The chart, "State Mandated Errors and Omissions Insurance Programs" provides a comparison of programs in all mandated states. The comparison reflects very positively on the Kentucky group program. The chart clearly states the benefits of Kentucky's errors and omissions insurance program to licensees, including:

* Kentucky's premium per licensee for the current policy period is \$107.00, compared to the average for all other mandated states of \$173.41;

* Only Rhode Island has a lower annual premium (\$97.00). However, it is important to note that Rhode Island has approximately 400 resident licensees enrolled in the program, which results in fewer claims filed and makes any comparison with Kentucky difficult;

* All states have established the minimum per claim level at \$100,000. Aggregate claim limits vary, with Kentucky's limit established at \$1,000,000 and for other states between a range of \$100,000 and \$500,000;

* Kentucky requires no deductible, including both damages and defense costs;

* Only Iowa has a "no deductible" plan with the deductible level for most states established at \$1,000 for damages; and,

* Five of the thirteen mandated states require a defense cost deductible ranging from \$500 to \$1,000.

Clearly, Kentucky licensees are receiving a quality program at a competitive and reasonable cost. There are several reasons for this success, including: (1) A high degree of professionalism by Kentucky's real estate licensees, which has resulted in a favorable claims history for the group program; (2) The regulatory oversight of the industry and licensees by the Kentucky Real Estate Commission and the Commission's direct involvement with the program's administrator; and, (3) The experience, professionalism and high level of services provided by the group program administrator, Rice Insurance Services Company, LLC and the insurance carrier, Continental Casualty Insurance. These companies have served as administrator and carrier for seven of the past eight years and currently administer group programs in twelve of the thirteen mandated states.

Activities are now underway by the Commission staff to evaluate the errors and omissions program, considering such factors as program benefits, services provided, premium cost, and feedback from licensees. Based upon this program assessment, the Commission will soon consider the recommendations of staff regarding the planning and implementation of the errors and omissions insurance program for the 2011-2012 policy period. As part of the evaluation, we welcome the comments and suggestions of real estate licensees and consumers that are the ultimate beneficiaries of the insurance program.

STATE MANDATED ERRORS AND OMISSIONS PROGRAMS
Comparison by State

STATE	PER CLAIM LIMIT AGGREGATE LIMIT	DEDUCTIBLE	POLICY	GROUP PREMIUM Per Licensee
New Mexico	\$100,000 \$500,000	0 defense \$1,000 damages	1 year	\$272
Colorado	\$100,000 \$300,000	0 defense \$1,000 damages	1 year	\$243
Mississippi	\$100,000 \$500,000	\$1,000 defense \$1,000 damages	1 year	\$205
Idaho	\$100,000 \$300,000	0 defense \$1,000 damages	1 year	\$186
Louisiana	\$100,000 \$300,000	0 defense \$1,000 damages	1 year	\$184
South Dakota	\$100,000 \$500,000	\$500 defense \$1,000 damages	1 year	\$182
North Dakota	\$100,000 \$500,000	\$1,000 defense \$1,000 damages	1 year	\$167
Wyoming	\$100,000 \$500,000	\$1,000 defense \$1,000 damages	1 year	\$150
Iowa	\$100,000 \$100,000	None	1 year	\$145
Nebraska	\$100,000 \$300,000	0 defense \$1,000 damages	1 year	\$135
Tennessee	\$100,000 \$300,000	0 defense \$1,000 damages	2 years	\$230
Kentucky	\$100,000 \$1,000,000	None	1 year	\$107 *
Rhode Island	\$100,000 \$500,000	\$1,000 defense \$1,000 damages	2 years	\$194

Short Sales: The "Who, What, When & Why" Information You Should Know



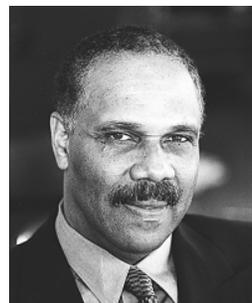
Glenn Thomas



Jim Huff



Ken Perry



Ron Smith



Bob Roberts

By: **Y. Denise Payne Wade,**
Staff Attorney

The purpose of this article, as well as the Commission documents referenced in it, is to provide general information about Short Sale transactions; specifically: WHO is involved in a Short Sale transaction? WHAT is a "Short Sale" and what are some of the practical and legal issues involved in them? WHEN and WHY does a Short-Sale occur?

The term "Short Sale" is used in the real estate business to describe a situation where there is more debt owing against a property than the property is worth. In other words, the owner cannot sell the property unless the creditors agree to accept a payment that is less than the amounts actually owed to those creditors. The creditors are usually mortgage lenders, mortgage insurers, bankruptcy trustees, and federal, state and local taxing authorities (such as the IRS or State Revenue Commission).

A Short Sale requires written approval from the creditors. Consequently, the owner of the property, and any interested buyer, are advised that even if they reach an agreement between themselves for the purchase and sale of the property, that agreement will be contingent upon receipt of creditor approval of the terms of the Short Sale.

Based upon the obvious financial loss, creditors may reject a proposed Short Sale. If, however, the creditors do not reject the proposed Short Sale, they may send to the owner a list of requested changes to the proposed purchase contract. Some of those changes may affect the owner and others may affect the interested buyer.

For example, the creditors may require that the property be sold in "As-Is" condition. Also, the creditors will normally not permit the owner to pay for any of the buyer's closing costs, repairs, etc. The owner and the interested buyer are not obligated to accept any of the changes requested by the creditors in which case, there will be no Short Sale. If, however, the owner, the interested buyer, and the creditors reach a written agreement with each other, then, the Short Sale transaction may proceed to closing.

Most purchase contracts for Short Sales impose a deadline for written approval by the creditors. As a practical matter, the creditors rarely meet that deadline. **THE OWNER AND THE INTERESTED BUYER SHOULD BE PREPARED FOR SIGNIFICANT DELAYS IN RECEIVING ANY RESPONSE FROM THE CREDITORS.**

Finally, the above information appears in the Short Sale documents that the Commission has made available for optional use by its licensees. These documents can be downloaded from the Commission's website, under the "Forms & Contracts" drop-down box for "Legal." They are entitled: An Explanation of Short Sales (Utah) Updated 5-28-09 (Commission Form No. S101), Short Sale Listing Addendum (California) Updated 9-08 (Commission Form No. S102), and Short Sale Listing Addendum to Real Estate Purchase Contract (Utah) Updated 9-08 (Commission Form No. S103).

To conclude, help us help you and your clients. Visit the Commission's website to take the information that is there for the taking. Nothing to lose, everything to gain. Everything!

Education, Research and Recovery Fund Annual Statement of Income and Expenses for Fiscal Year Ending June 30, 2010

<u>Income FY 2009/2010</u>		<u>Expenditures FY 2009/2010</u>		<u>Printing Vendor</u>	
Exam Recovery Fee	22,465	Attorney General's Office	18,533	State Fair	8,637
Reciprocal Recovery	3,180	Continuing Ed. Services	92,252	Cassettes/Books	1,855
Renewal Recovery	625,975	Investigative Services	116,094	Subpoenas/Court Fees	1,208
Core Course	9,081	Court Reporter	194	Judgments	10,000
Fines	13,043	Speaker Fees	14,648	Subscriptions	711
Education Fines	79,915	Room Rental	1,345	Seminar Refreshments	7,055
Investment Income	11,582	Postage/Parcel Delivery	2,969	College Grants	132,529
Law Book Revenue	630	Postage/Meter & Bulk	13,217	On-line subscriptions	9,073
<u>TOTAL INCOME \$765,871</u>		Printing State	321	<u>TOTAL EXPENDITURE \$444,062</u>	

Helpful Tips For Better Communication

How often have you heard: "we'd be much more effective if we communicated better" or "we need better communication" or "that conflict was caused by a lack of communication"? Why should it be so hard to get your message across? I'd bet you would agree with me that few of us deliver our messages as well as we can. Why is that so? How hard is it to "speak in the language of the receiver"?

We communicate to pass along information, to get things done, to influence other people, to reach decisions and to develop and maintain relationships. However, because communication is a two-way process, there are natural barriers to its success: namely, your wants, needs and attitudes and the wants, needs and attitudes of those with whom you are communicating.

As real estate professionals, one of the most significant skills essential to overcoming communication barriers, in your office, with your colleagues, and with your clients, is listening. Are you an outgoing extrovert? Is your definition of listening "Waiting my turn"? Do you "listen with your answer running"? If so, or even if you're a more thoughtful listener, we can all benefit from a quick reminder of three levels of listening, each with its own special characteristics:

1. **Selective listening (hearing and reacting)**: Tune into any broadcast talk show and watch the new shouting-down methods of getting different points across. It's finding the greatest fault or points of disagreement with someone and focusing all energy on these points. At best, it's bad debating. However, in some views, those who can shout the loudest or get in the last cynical comment wins! To what degree does

being exposed to this on a regular basis influence how we conduct our discussions? Resolve our conflicts? Find common ground?

2. **Active listening (engaging and focusing)**: It's a validating type of listening that actively involves both parties in the process. For example, asking non-directive questions leads to better understanding on all sides: "What is the situation?" "What's the motivation?" "What's the impact if we do nothing?" It means avoiding the tendency to find the easiest answer or succumbing to the goal of being liked. Rather, it's showing genuine concern through engagement and validation. Confidence is inspired in a speaker who listens attentively.

3. **Reflective listening (accepting and supporting)**: Great in a situation in which there is high emotion, whether it be at the office, in a client meeting or at the "family pow-wow." It reflects your willingness to show empathy towards the emotions being felt at the time. The key to using this type of listening effectively is not to prolong the empathy to the level of co-dependency, but to respond to the emotional components of the issues and then, as soon as reasonable, steer the discussion toward the second level of listening - engaging and focusing. No matter how emotional or complicated the issue is, at some point, it must be fixed.

So what's to be learned here? The lessons are probably best expressed by Sir Robert Baden-Powell (1857-1941), author of *My Adventures as a Spy*: "If you make listening and observation your occupation, you will gain much more than you can by talking."



Disciplinary Actions



John M. Hall

Case No. 09-0022 (Louisville)

Violation: Mr. Hall stipulated to violations of KRS 324.160(4) (v) and (w) for negligently - not fraudulently - failing to take proper action to ensure that his buyers-clients, his for-sale-by-owner customers and the closing agent handling their real estate transaction, received true and accurate copies of the parties' contract; thereby, causing confusion at the closing over the price of the property.

Disposition: Mr. Hall's license shall be placed on probation for twelve (12) months from the date of the final order. Mr. Hall has already paid the sum of two thousand dollars (\$2,000.00) to the complainants. Mr. Hall also agreed to complete six (6) hours of continuing education in law, in addition to any courses he was otherwise required to complete by December 31, 2010 and to accept a formal reprimand.

Debbie L. Little

Case No. 09-0024 (Slade)

Violation: Ms. Little stipulated to a violation of KRS 324.160(4)(u) for failing to take corrective action, after obtaining her broker's license, to ensure that a pre-existing agreement that she had signed, involving property management services, clearly stated that Ms. Little and her husband were acting solely as "partners" under the terms of a "partnership agreement" rather than as "licensees" under the terms of a property management agreement for the development.

Disposition: Ms. Little agreed to

pay a fine in the amount of five-hundred dollars (\$500.00) and to accept a formal reprimand.

Benjamin J. Neltner

Case No. 09-0146 (Alexandria)

Violation: Mr. Neltner stipulated to a violation of KRS 324.160(4)(t) for inadvertently failing to timely complete the continuing education requirements ordered in Case No. 08-0078.

Disposition: Mr. Neltner agreed to pay a fine in the amount of two-hundred and fifty dollars (\$250.00).

Donald R. Spear

Case No. 09-0165 (Bowling Green)

Violation: Mr. Spear stipulated to a violation of KRS 324.160(4)(e) for inadvertently failing to disclose his licensee status in two (2) purchase contracts.

Disposition: Mr. Spear agreed to pay a fine in the amount of two-hundred and fifty dollars (\$250.00).

Clayton E. Lewis

Case No. 07-0175 (Lexington)

Violation: Mr. Lewis stipulated to a violation of KRS 324.160(4)(b) for unintentionally making misrepresentations on the seller's disclosure form that he completed for his investment property, in reliance upon his mistaken belief that the Property's uneven floors did not constitute a "current problem" or "defect" because of its age.

Disposition: Mr. Lewis agreed

to send a check or money order payable to the Complainant in the amount of two-hundred and fifty dollars (\$250.00), which is approximately one-half of the cost to correct the electrical problem.

Brandon G. Morris

Case No. 09-0167 (Russellville)

Violation: Mr. Morris stipulated to a violation of KRS 324.160(4)(e) for inadvertently failing to disclose his status as a licensee and principal on a purchase contract.

Disposition: Mr. Morris agreed to pay a fine in the amount of two-hundred and fifty dollars (\$250.00).

John W. Gray

Case No. 09-0128 (Louisville)

Violation: Mr. Gray stipulated to an unintentional violation of KRS 324.160(4)(t), resulting from the fact that the Commission did not timely receive his payment of a fine imposed in another case.

Disposition: Mr. Gray agreed to pay a fine in the amount of two-hundred and fifty dollars (\$250.00).

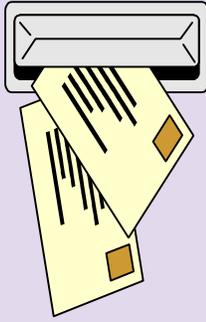
William T. Pogue, Jr.

Case No. 09-0060 (Owensboro)

Violation: Mr. Pogue stipulated to a violation of KRS 324.160(4)(t) for inadvertently failing to timely complete the continuing education requirements ordered in Case #06-0028.

Disposition: Mr. Pogue agreed to pay a fine in the amount of two-hundred and fifty dollars (\$250.00).

New Requirement for Licensees Using the Optional Affidavit Process



Applicants who decide to use the Optional Affidavit process are now required to provide the Commission with a “certificate of mailing” of their request for an FBI criminal background check. A “certificate of mailing” can be obtained at any United States Post Office for a nominal charge (presently \$1.15), plus the cost of the postage. If an applicant decides to use the Optional Affidavit process, then he or she must file with the Commission a copy of the “certificate of mailing,” along with his or her AOC (state) background report, the Optional Affidavit for Licensure form and the Principal Broker Authorization form. The AOC report takes approximately 2-5 business days to obtain and is only valid for licensing purposes for 60 days from the date issued. To obtain the AOC report, go to the Administrative Office of the Courts website at <http://courts.ky.gov>. Applicants who reside outside of Kentucky should obtain a state background report from their respective state. The Optional Affidavit for Licensure form and the Principal Broker Authorization form are located on the Commission’s website.

The Commission has notified all pre-license providers of this new requirement, but if you are in charge of recruiting or dealing with new applicants, please make sure they are aware of this requirement if they decide to use the Optional Affidavit process.

Only applicants applying for an active license, who do not have any felony conviction(s) in their lifetime or any misdemeanor conviction(s) within the last five years, can use the Optional Affidavit process.

R*E*M*I*N*D*E*R

Licensee Requests **MUST** be on Commission-Approved Forms

The Commission will no longer accept transfers, address changes, escrow requests, or any other licensee requests that are not on Commission-approved forms. Hand-written requests will no longer be accepted. Forms for all licensee requests can be found on the Commission’s website (www.krec.ky.gov) under “Forms.” There is an online catalog displayed by form number and form name. Simply find the form you want and click on the number. If you are unsure where to find something on our website, please use the site map.

KENTUCKY QUICK STAT

Active Brokers
4,542

Active Sales Associates
9,014

Escrow Brokers
1,379

Escrow Sales Associates
10,486

*Numbers are as of November 2010

12th Annual Fifty-Year Luncheon Celebrated in Louisville

On October 21, 2010, the Commission held its 12th Annual 50-Year Celebration honoring licensees who have held a real estate license for 50 years. The event was held at the Park Inn Louisville East directly following the monthly Commission Meeting.

Honorees and guests were treated to a luncheon and a guest speaker. Opening remarks and comments were given by Executive Director Michael Wooden. Chairman Glenn Thomas had the pleasure of introducing the guest speaker, Mrs. Heather French Henry. Mrs. Henry is the former Miss America 2000 and the only Miss Kentucky to ever be crowned Miss America. Mrs. Henry delighted the crowd with comments on patriotism and the importance of honoring and revering veterans. Besides her dedicated work for veterans and being crowned Miss America, Mrs. Henry is also an author of several children's books. After the luncheon, the honorees were invited to pose for pictures with Mrs. Henry.

Invited guests of the event also included KAR President John Smither, KAR Executive Vice President Susie Helm, and GLAR Executive Vice President Lisa Stephenson.



Each of the honorees were presented a plaque commemorating this great milestone in their real estate career. As a special treat, on the back of each plaque was a picture of the honoree at the time of licensure in 1960. Each honoree also received a picture with

Mrs. Henry and Chairman Thomas.

The Commissioners and Staff of the KREC always look forward to this event. The Commission enjoys hearing the tales of real estate sales years ago. We appreciate the dedication and service of the honorees for the contributions they have given to the real estate industry over the last fifty years. Again, congratulations to all of the honorees for this prestigious award and for 50 years of dedication to real estate industry.



Pictured left to right, front row: Carol Hebel, Marilyn Miller, Elsie Martin, Edwin Birdwhistell, and John McWhorter, Jr.; back row: James Riley, Thomas Gates, Robert Adelberg, Wendell Littlefield, and Robert Cornell

Licensees honored but not present were: Harvey Bailey, Russell Broaddus, David Buchanan, Thomas Castlen, Notice Colston, Jr., Jerome Devitt, Edward Dornbusch, William Johnson, Lewis Mathis, Jr., Joseph Powers, Joyce Ridge, Thomas Russell, Robert Schroering, Ben Smithson, Richard Thompson, James Vaught, John Walton, Jr. and, M. J. Williams

Owner-Financing May No Longer be a Practical Option

By: Kristen Reese, Staff Attorney

There have been some recent changes to Kentucky's mortgage laws (KRS 286.08) of which licensees should be aware. Specifically, the laws relating to people who must register as mortgage loan originators have been expanded to apply to some owner-financing real estate transactions. These changes were proposed in House Bill 106. That bill was signed by Governor Steven L. Beshear on March 27, 2009, and became effective on June 25, 2009, bringing Kentucky into compliance with the Federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act).

Under the new law, the requirement to register with the Kentucky Department of Financial Institutions as a mortgage loan originator now applies to property owners who would like to sell their rental property or investment property. This law change is important to licensees because some sellers will no longer be able to offer owner-financing agreements without first meeting the registration requirements. Consequently, licensees should be aware of the recent changes to Kentucky's mortgage laws so that they will be able to inform their seller-clients that

owner-financing may not be an option if the seller is not registered as a mortgage loan originator. Of equal significance, the registration requirement does not apply to a property owner financing a loan in a transaction involving the sale of his or her personal residence. As previously stated, if a person owns rental property or other investment properties and wants to sell that property utilizing owner-financing for the transaction, then he or she will need to register.

The registration requirements include the completion of an application, payment of a fee, and completion of twenty (20) hours of pre-licensing education courses. Mortgage loan originators are also required to take continuing education courses and pay a renewal fee annually and they may be subject to a criminal background check.

Licensees should visit the Kentucky Department of Financial Institution's website at <http://www.kfi.ky.gov/> or contact its office by telephone at (502) 573-3390 to obtain detailed information about the registration requirements for mortgage loan originators and more detailed information regarding possible exemptions to the registration requirements.



Commissioner Smith, Chairman Thomas, former Commissioner Betty Kaiser, and Commissioner Roberts at the recent 50-Year Luncheon



Former Miss America and Veteran advocate Heather French Henry speaking at the 50-Year Luncheon

New Regulations From EPA Went Into Effect On April 22, 2010

By: Shelly Saffran, Director of Administration

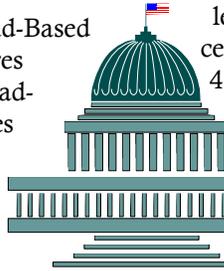
In 1992, Congress passed the Residential Lead-Based Paint Hazard Reduction Act. The Act requires owners and real estate agents to provide a Lead-Based Paint Disclosure Form for all properties built prior to 1978. The pamphlet is entitled "Protect Your Family from Lead in Your Home." When this law was passed, Congress required the Environmental Protection Agency (EPA) to develop regulations to address renovation, repair and painting (RRP) activities that create lead-based paint hazards in single and multi-family homes. The EPA developed and finalized the Renovation, Repair and Painting (RRP) Program regulation, which went into effect on April 22, 2010.

This new rule could affect many real estate licensees who also perform property management and who perform work to rental property they own that was built prior to 1978. If you are a property manager or an owner of rental property and you do RRP work for the properties you manage that were built prior to 1978, you will need to be certified as a renovation firm. If you own a duplex, tri-plex, etc., and you do the renovation yourself to units where you will be receiving compensation, you are now required to be a certified renovation firm. The requirement to be a certified renovation firm is only required when compensation is exchanged.

Prior to beginning any renovation work, you must provide tenants with a copy of the EPA's lead hazard information pamphlet "**Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools.**" Owners of these rental properties can document compliance with this new requirement through the EPA's pre-renovation disclosure form. There are three simple procedures that must be followed under lead-safe work practices: (1) contain the work area, (2) minimize dust and (3) clean thoroughly. If you decide not to do the renovations yourself and you hire outside contractors to conduct work for you the responsibility is left to the contractor, but they too must be a certified firm.

These new rules may be waived under the following conditions:

1. The home was built after 1978;
2. If repairs on interior work disturb less than six (6) sq. ft. or exteriors disturb less than 20 sq. ft. (Note: This exemption does not apply to window replacements, demolition or jobs involving practices prohibited by this regulation.);



3. If the house or components have been found to be lead free. Such a determination can be made by a certified inspector or risk assessor; and

4. If the property owner is conducting the RRP work themselves and the home where the work is being done is their principal residence, or if the owner of the property is not receiving compensation for the work being performed.

In order to become a certified renovator, individuals must take an eight-hour training course from an EPA-approved training provider. Training locations can be found in Louisville, Lexington, Paducah, and Bowling Green. The application and training information can be found on the EPA's website (www.epa.gov).

Many licensees, as a courtesy to their clients and customers, give out a list of recommended contractors. Although it is not required under this new rule, it is recommended that real estate licensees only recommend certified renovation firms to their clients and customers. Licensees can find out if contractors are EPA certified by logging on to the EPA's website (http://cfpub.epa.gov/flpp/searchrrp_firm.htm).

In closing, real estate licensees and property managers should make themselves aware of the requirements in the Lead Renovation, Repair and Painting (RRP) Rule. The EPA is working closely with the National Association of REALTORS® to make real estate licensees and property managers aware of the hazards of lead paint poisoning and ways to prevent it. The NAR has developed several guidance videos that can be viewed on the EPA's website.

Violating the Residential Lead-Based Paint Hazard Reduction Act or the new RRP regulation could result in the imposition of both civil and criminal penalties. Also, courts are authorized to award treble damages against violators; which is three times the complainant's actual damages. Recently, a 23-year old woman was awarded nearly \$21 million dollars from a Baltimore jury after finding that the woman suffered lead poisoning. The apartment that the woman lived in was owned and operated by the Housing Authority of Baltimore City. Attorney Brian Brown said that the woman's IQ was diminished by 10 points as a result of lead based paint poisoning.

For more information, please log on to the EPA's website at www.epa.gov. Once on the site, click on "lead," which is under "Popular Topics," and then just click on "Renovation, Repair and Painting."

The Continuing Education Deadline is December 31, 2010

Active licensees (licensed after June 19, 1976) have until December 31, 2010, to complete six (6) hours of continuing education. As part of the continuing education requirement, licensees must also take the Kentucky Core Course once every four (4) years. The licensee database can be found on the Commission's website and details exactly what each licensee is required to take for 2010. The website also has contact information for all continuing education providers. As a courtesy, reminders were mailed in October to any licensee who had not fulfilled the continuing education requirement for 2010. If licensees are taking an online course to fulfill the continuing education requirement, the entire course must be completed by December 31, 2010. If it is your year to take the Kentucky Core Course and you take six (6) hours of regular continuing education, you will be considered delinquent. Keep in mind that, when you take the Kentucky Core Course, it satisfies your continuing education

requirement for that year, but if you take regular continuing education when you are required to take the Core Course, you will be delinquent.

The Commission will be closed on December 30 & 31, 2010. Licensees in escrow on December 31, 2010, are not subject to continuing education. If you wish to place your license in escrow, the Commission must have Form #203 and your payment in our office by December 31, 2010 or post-marked by December 31, 2010. The Commission office has a drop-box slot in the front door.

A \$500.00 fine will be assessed to any licensee who fails to complete the continuing education requirement by December 31, 2010. Again, please take your continuing education by December 31, 2010, and avoid the \$500.00 fine. In cases of serious illness or family emergencies the Commission will consider waiver of the fine on a case-by-case basis.

If you have not completed your continuing education, GET IT DONE TODAY!



Commissioners with Miss America 2000 Heather French Henry at the recent 50-Year Awards Luncheon. Pictured left to right; Chairman Glenn Thomas, Commissioner Ken Perry, Vice Chairman Jim Huff, Mrs. Heather French Henry, Commissioner Bob Roberts, and Commissioner Ron Smith

A licensee who pleads guilty to a felony or sexual misdemeanor and receives a deferred adjudication must report this under license law.

Please see KRS 324.160(4)(k) for the precise language of the law.

Renting homes and farms for special events still requires a real estate license . Under the definition of "real estate brokerage" found in KRS 324.010(1), property management requires a license, even if it is for short-term leases for special events such as the Kentucky Derby.

Happy Holidays From The Kentucky Real Estate Commission

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**PRESORTED STANDARD
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LOUISVILLE, KY
PERMIT NO. 73**

The Kentucky Real Estate Commission will be closed on:

**December 23 & 24,
(Christmas Day)**

**December 30 & 31
(New Year's Day)**