

Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

All Licensees Must Renew By March 31, 2013

The deadline to renew your license (*active and escrow*) is March 31, 2013. Several thousand of you have already renewed, but there are still approximately 15,000 licensees who have not yet renewed.

Renewing your license is very easy with the KREC online renewal system. If you do not have access to a computer, you can either stop by the KREC office or go to your local library. Our office is open Monday through Friday, 8:00 a.m - 4:30 p.m. Keep in mind, active brokers and sales associates cannot renew until their principal broker has renewed his or her license.

Will I receive a renewal notice?

Renewal notices were mailed to all licensees. If you did not receive a notice, it is most likely because you have not updated your home/business address.

Where can I renew?

Navigate to the KREC home page (krec.ky.gov) and click on the link, "**Licensee Login**." This link in the blue main menu bar (far right). The system will guide you through the renewal process.

What if I do not know my license number?

Your license number can be found in the "KREC Database." This link is located on the KREC home page. Type in your first and last name and

click "Search" for your license number to appear.

What if I forgot my password?

From the login screen, click on the blue link, "Forgot Password" and follow the prompts to reset your password.

What if my home address is incorrect?

We strongly urge you to update your address in the online system. Keep in mind this can be done online if you live in Kentucky. Licensees who live out of state must submit Form #205 and Form #407 to the Commission. Those forms can be found by clicking the "Forms" link on the KREC homepage.

What is the amount for renewal of my license?

All licensees are required to pay a \$60.00 renewal fee. Active licensees are also required to either purchase group errors and omissions insurance coverage or provide proof of private coverage. There is a \$5.00 portal fee to receive immediate confirmation of your license renewal.

Who has the group errors and omissions insurance contract and what is the premium?

Rice Insurance Services Company, LLC renewed the group real estate errors and omissions insurance program for license year 2013/2014.

The premium is \$116.00, plus applicable taxes and surcharges. For more information about the group program, please see page 4 of this newsletter.

When is the renewal payment due?

Payment must be received by March 31, 2013, at midnight. Avoid the late renewal fine and renew on time. Any renewal fee received after March 31, 2013, will be assessed a \$100.00 fine. Renewal payments received after May 15, 2013, will be assessed a \$200.00 fine.

Don't forget, March 31, 2013 is a Sunday and the KREC office will be closed. On Friday, March 29, 2013, the KREC office will close at noon, so please renew early if you need assistance from a KREC staff member.

CONTENTS

Comments from the Chair	2
From the Director's Desk	3
RISC Contract Renewed	4
Fair Housing Conference	5
Updating Your Contact Information	6
Principal Broker's Escrow Account	6
Staff Presents at KAR	6
Disciplinary Actions	7
Commission Meeting Notice	8



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Kentucky Real Estate Commission

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Comments from the Chair

by: **Linda Gibson Cecil,
Chair**



On December 31, 2012, there were 22,062 real estate licensees in Kentucky, including both active and escrow licensees. Of the total number of licensees, 12,099 were active licensees and therefore required to take continuing education. A total of 506 active licensees were identified as delinquent in meeting their continuing education requirements for the 2012 calendar year.

In order to avoid the cancellation of their real estate license, these individuals were required to pay a mandated fine of \$500 and to provide a delinquency plan to the Commission agreeing to complete their continuing education hours before June 15, 2013, or place their license in escrow. These penalties are in addition to the licensee meeting the required six hours of continuing education for 2013.

You may be thinking that you have plenty of time before December 31, 2013, to complete your continuing education hours. This is true if you begin planning now to take your continuing education. However, by delaying this task you may find yourself in a situation being unable to complete your requirements, which can be expensive and inconvenient. By waiting until the last days and weeks of the calendar year, you may want to keep in mind the following experiences that licensees have faced that prevented them from meeting their continuing

education requirements on a timely basis:

- It will be in the middle of the busy holiday season and you may find your time limited or you may be traveling out of state;
- An injury or illness may prevent you from completing your continuing education by the December 31, 2013 deadline;
- An unexpected family situation or emergency may occur;
- Courses that you may have planned to attend may not be available when you would like to take them;
- Classes you would like to attend may simply be full and no new registrants are being accepted by the provider;
- Bad weather may cause the cancellation of a class; or,
- Not verifying that the classes you are taking, as well as the education provider, have been approved by the Kentucky Real Estate Commission.

According to Kentucky law, all active real estate agents licensed in Kentucky after June 19, 1976, must comply with the continuing education requirements. Licensees with their license in escrow status and individuals licensed in Kentucky



From the Director's Desk

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

I am pleased to announce the promotion of Kristen Reese as the Kentucky Real Estate Commission's Director of Education and Licensing. She replaces Deirdre "Deedee" Cummings who resigned on December 31, 2012, in order to provide full-time care and support to an ailing family member.

Allow me to first thank Deedee for her service to the Kentucky Real Estate Commission and to Kentucky's real estate licensees and consumers. Deedee's competence, experience, and leadership contributed greatly to KREC's licensing initiatives and educational programming. She was instrumental in bringing technology based strategies and advanced operational systems to the Commission, including the development and implementation of the online license renewal process and expansion of the licensee data base information system.

While we are disappointed to see our colleague and friend leave the Commission, we realize how fortunate we are to have someone of Kristen Reese's abilities lead the Education and Licensing Department. As Director, Kristen will be responsible for the day-to-day management of all agency licensing and education activities, including: coordination of all licensing matters related to sales associates and brokers; oversight of statutory and regulatory compliance of all real estate licensees; and on-going evaluation of the effectiveness of Kentucky's real estate license laws and administrative regulations.

Kristen will have responsibility for the management and security of licensee information and files and provide oversight for implementation of the online license renewal process and further development of technology-based systems and resources.

In addition, education responsibilities will include: management of the agency's higher education grant program; supervision of all curriculum development and instructor training; review and approval of provider applications and pre-license education and continuing education classes; collaboration with KREC's testing provider and field experts to ensure the security, validity, and reliability of Kentucky's real estate license

examination. Kristen will also be responsible for planning and conducting the annual KREC Educators Conference and will work to expand the agency's communications strategies for the benefit of both licensees and consumers.

Kristen has been a member of the KREC staff since 2007, serving as a Staff Attorney in the Legal Department. In this position she managed the handling of administrative disciplinary actions filed against real estate licensees, drafted complaints, negotiated settlements, provided legal research and developed legal analysis and strategy, represented the Commission at administrative hearings and other legal proceedings, and handled administrative appeals cases.

In addition, Kristen administered the unlicensed brokerage claims and all litigation relating to these claims, along with assisting with any other KREC litigation and appeals. She coordinated the handling of advertising complaints and violations. She assisted with drafting of real estate transaction documents and forms, provided legal expertise for numerous agency publications and websites, and provided assistance to both licensees and consumers with license law inquiries.

Prior to joining the Kentucky Real Estate Commission, Kristen served as an associate with the law firm of Frost Brown Todd, LLC. She is a graduate of Indiana University, having received her Bachelors of Arts Degree in Political Science and Afro-American Studies, graduating Cum Laude in 1998. In 2001, she received her Juris Doctorate Degree from the University of Kentucky College of Law. Kristen is licensed to practice law in Kentucky and Indiana and is a member of the Kentucky Bar Association, Indiana State Bar Association, and Louisville Bar Association.

All of us at the KREC congratulate Kristen on her promotion and appreciate her willingness to undertake the important responsibilities of Director of Education and Licensing. We are fortunate to have someone of Kristen's experience, commitment, and leadership skills working for the Commission and serving Kentucky's real estate licensees and consumers.

Congratulations Kristen!



**KREC
Commissioners**



Linda Cecil, Chair



Jim Huff, Vice-Chair



Bob Roberts



Ken Perry



Kimberly Sickles

KREC and RISC Renew the Errors & Omissions Insurance Contract for License Year 2013/2014

We are pleased to announce that the Commission has secured a renewal of the group errors and omissions (E & O) insurance contract with Rice Insurance Services Company, LLC (RISC). The group carrier for the 2013/2014 program is Continental Casualty Company (Continental, one of the CNA insurance companies). The premium is \$116.00 (plus applicable taxes & surcharge) per licensee. Information regarding the group program was mailed to all principal brokers along with the KREC renewal package.

The basic group E & O policy may be purchased online when you renew your license. The group program provides the required **limits of liability of \$100,000 per claim and \$1,000,000 in the aggregate per licensee, with no deductible**. It is important that licensees read the entire policy, including the section entitled "Exclusions." A copy of the policy can be found on the RISC website (risceo.com). Included in the group program are the following free automatic endorsements:

1. **Primary Residence Endorsement** provides coverage up to policy limits for covered claims relating to the sale or listing of the licensee's primary residence under certain conditions;
2. **Environmental Endorsement** provides coverage for defense costs and damages up to \$5,000 per claim and \$10,000 in the aggregate for covered environmental claims;
3. **Fair Housing Act Endorsement** provides coverage for defense costs and damages up to \$10,000 per claim and \$10,000 in the aggregate for covered fair housing claims;
4. **Earnest Money Disputes Endorsement** provides coverage for defense costs up to \$2,500 per claim and \$5,000 in the aggregate for covered claims alleging, arising from, or related to the failure to pay, collect, or return escrow monies or earnest money deposits under certain conditions; and
5. **Limited Claims Expenses Coverage Regulatory Complaints Endorsement** provides coverage for defense costs up to \$2,500 per covered complaint to a real estate regulatory board or commission, up to an aggregate of \$5,000, provided the complaint arises from a negligent act, error, or omission in the rendering of professional services that would otherwise be covered by the policy.

It is important to keep in mind that this insurance is written on a claims-made and reported basis. No coverage exists for claims first made against the insured before the beginning or after the end of the individual policy period. In addition, the claim must be reported to Continental during the individual policy period and in no event more than ninety (90) days after the insured is notified of the claim. The Commission encourages licensees to consider purchasing Optional Extended Reporting Period Endorsement when you are going to either escrow your license or if you change from group coverage to private coverage. This coverage is commonly known as "Tail Coverage" and it can only be purchased during the individual policy period or within ninety (90) days after the effective date of cancellation or non renewal of the individual policy period. Tail Coverage is important because so many professional liability claims are not made until months after the subject transaction occurs, and some claims may be made years after the transaction.

Licensees also have the option of purchasing additional endorsements and higher limits endorsements. However, optional endorsements and higher limits cannot be purchased from the Commission. Licensees must send the enrollment form (found on the RISC website) and a check or money order directly to RISC at the address below.

Rice Insurance Services Company, LLC (RISC)
P.O. Box 6709, Louisville, KY 40206-0709
Website - (risceo.com)
Louisville Area (502) 897-1876 ext. 1
Toll Free (800) 637-7319 ext. 1

Comments from the Chair

Continued from Page 2

prior to June 19, 1976, are exempt from the continuing education requirements.

- The deadline for completion of continuing education requirements is December 31st
- All active licensees must take six hours each calendar year (January 1st through December 31st)
- At least three of the six hours required annually must be taken in an approved legal topic
- Once every four years, each licensee subject to the continuing education requirements, must take the six-hour Kentucky Core Course (which is available in a classroom setting or online)
- Make sure the continuing education provider has been approved by the Kentucky Real Estate Commission
- Confirm with the provider that the course listed has been approved by the Kentucky Real Estate Commission, and therefore, can be credited toward your continuing education hour requirements (some providers may offer courses in addition to the “approved” courses)
- Keep in mind that when you take the six-hour Kentucky Core Course, it satisfies your continuing education requirement for the year, but if you take regular continuing education when you are required to take the Core Course, you will be delinquent
- If you choose to take an online course, it is important to remember that the entire course must be started and completed by December 31st
- A \$500 fine mandated by statute will be assessed to any licensee who fails to complete their continuing education

It is important for all active licensees to remember the following:

If you are uncertain of your continuing education status, go to the KREC website [krec.ky.gov] and refer to the “KREC Database.” The database will provide you with the details of your current compliance status. You can also call the KREC office at (502) 429-7250 to have your questions answered about continuing education requirements and your status.

The KREC website will also have information regarding approved continuing education providers, approved Core Course providers, Core Course schedules, listing of online and live web classes available for the Kentucky Residential Core Course, and information for the Broker-Only Core Course.

Fair Housing Proclamation & Conference

Governor Steven Beshear and Secretary of State Alison Lundergan Grimes have been invited to designate April 2013 as Fair Housing Month in Kentucky with a proclamation signing ceremony on April 9, 2013. The proclamation signing will take place from 11:00 a.m. to 11:45 a.m. at the Capitol Rotunda in Frankfort.

The Kentucky Commission on Human Rights, along with several sponsors, is having a Fair Housing Conference on April 9, 2013 from 1:00 p.m. to 4:00 p.m. at Kentucky State University. The conference will start with a panel discussion of several critical fair housing areas.

Also, the conference will offer a session that will cover details about fair housing law, including reasonable accommodations and modifications for qualified individuals with a disability, and accessibility guidelines for new home construction.

Real estate licensees are highly encouraged to participate. For more information contact Juan Pena at 502-595-4024.

PLEASE NOTE: This conference is not an approved KREC course and you will not receive continuing education credit.

**FAIR HOUSING CONFERENCE
April 9, 2013
From 1pm to 4pm
Cooperative Extension Building
Kentucky State University
400 East Main Street**

**The Kentucky Real Estate
Commission will be closed on:**

**March 29, 2013
(Closing at noon for Good Friday)**

**May 30, 2013
(Memorial Day)**

**July 4, 2013
(Independence Day)**

Updating Your Contact Information is EASY

It is easier than ever to maintain your residential address, e-mail and phone number with the Commission. Each year we receive hundreds of pieces of returned mail and undeliverable e-mails. This often results in late fines and penalties since those licensees are not receiving notifications and courtesy reminders. Below are instructions for updating your contact information. This can all be done online, with the exception of licensees who reside outside of the Commonwealth.



To update your e-mail, phone number and Kentucky residential address

1. Navigate to krec.ky.gov
2. Click on [Licensee Login](#)
3. Enter your license # & password, click [Login](#)
4. Click on [Update My Contact Information](#) and update any incorrect information
5. Click box **“I verify that ALL the information provided above is correct”**
6. Click [Update](#)
7. Click [Log Out](#) (Top right)

To update your residential address OUTSIDE Kentucky

1. Navigate to krec.ky.gov
2. Click on [Forms](#)
3. Scroll down and select [Form #205](#) and print
4. Scroll down and select [Form #407](#) and print
5. Complete both forms and mail to:

Mary O’Wheatley
Kentucky Real Estate Commission
10200 Linn Station Road, Suite 201
Louisville, KY 40223

Failure to update your residence address change with the Commission is a violation of license law

Escrow Account Notice for Principal Brokers

All principal brokers are required to maintain an escrow account at a bank within the State of Kentucky. Principal brokers who have more than one firm are required to have a separate escrow account for each firm. There is no exception to this rule. If the escrow account changes throughout the year, principal brokers should update that record through the online system by clicking on “Licensee Login” from the Commission’s website.



Staff Members Kristen Reese and Shelly Saffran present at the KAR Leadership Retreat on March 7, 2013



Disciplinary Actions

**Ralph D. Roy**

Case No. 10-0086 (Jamestown)

Violation: Mr. Roy stipulated to a violation of KRS 324.160(4)(r) for failing, within a reasonable time, to provide information to the Commission that was requested as part of a formal complaint involving allegations of escrow account violations.

Disposition: Mr. Roy agreed that since he has retired and no longer wants to practice real estate brokerage, he will permanently voluntarily surrender his Kentucky real estate license.

Anna F. Kirby-Hunt

Case No. 12-0057 (Marion)

Violation: Ms. Kirby-Hunt stipulated to a violation of KRS 324.160(4)(t) for violating a Final Order of the Commission, which was entered on November 23, 2011 in Case No. 09-0162, by failing to pay the fine and complete the additional hours of continuing education, pursuant to same.

Disposition: Because Ms. Kirby-Hunt has retired from brokering real estate and changed careers, she voluntarily surrendered her license, permanently.

Ann E. Wittman

Case No. 12-0118 (Prospect)

Violation: Ms. Wittman stipulated to a violation of KRS 324.160(4)(t), for violating 201 KAR 11:230 by failing to complete the requirements of her 2011 Continuing Education Delinquency Plan and Agreement, for the aforementioned reasons.

Disposition: The status of her license shall immediately be changed from "canceled" to "voluntarily surrendered" for a minimum period of one (1) year. Upon the expiration of the one (1)-year

minimum period of surrender, she shall meet the requirements for initial licensure, including retaking/successfully completing the required examination for same, if she, thereafter, desires to engage in real estate brokerage in Kentucky.

Rick A. Fritschle

Case No. 12-0072 (Flora, IL)

Violation: Mr. Fritschle stipulated to a violation of KRS 324.160(4)(t), for violating 201 KAR 11:230 by failing to complete the requirements of his 2011 Continuing Education Delinquency Plan and Agreement,

Disposition: Mr. Fritschle agreed to voluntarily surrender his license for a minimum period of one (1) year, beginning on the entry date of the Commission's Final Order.

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krec.ky.gov**

Upon expiration of the one (1)-year minimum period of surrender, he shall meet the requirements for initial licensure, including retaking/successfully completing the required examination for same, if he, thereafter, desires to engage in real estate brokerage in Kentucky.

Joshua McKinley

Case No. 12-0053 (Russell Springs)

Violation: Mr. McKinley stipulated to a violation of KRS 324.160(4)(t) for violating 201 KAR 11:250, Section 2(2) for failing to properly fill out a purchase contract and 201 KAR 11:400, Section 2(5) for failing to fill out agency disclo-

sure statements and for failing to properly disclose a dual agency transaction. Mr. McKinley further stipulates to a violation of KRS 324.160(4)(t) for violating KRS 324.360(4) and (8) when he failed to obtain a Sellers Disclosure of Property Condition Form from his seller-client and/or to communicate in writing to his buyer-clients that the seller refused to fill out the Sellers Disclosure Form. Mr. McKinley violated KRS 324.160(4)(t) by violating 201 KAR 11:121, Section 1(4)(e), when he failed to exercise reasonable care and diligence by failing to provide clarity on the rental fee issue that was set forth in the unsigned purchase contract and thereby failed to ensure that his seller-client, in a dual agency transaction, was kept on a level playing-field, which actions led to his seller-client incurring a \$2800 fee.

Disposition: Mr. McKinley's license shall be placed on probation for a period of one (1) year, which shall commence upon the entry of the Final Order. He shall pay a fine of one thousand dollars (\$1,000.00) to the Commission and he shall successfully complete six (6) hours of continuing education in license law. Mr. McKinley accepted a formal reprimand.

Andrea H. Lane

Case No. 12-0037 (Paducah)

Violation: Ms. Lane stipulated to a violation of KRS 324.160(4)(t) for violating KRS 324.111(4) by inadvertently releasing earnest money in mistaken reliance upon a provision from KRS 324.111(4) that was included in her local Board of Realtors® Offer to Purchase Contract, which provision is no longer applicable law.

Disposition: Ms. Lane agreed to

Disciplinary Actions

Continued from Page 7

pay a fine of five hundred dollars (\$500.00) and agreed to successfully complete three (3) hours of continuing education in law. Ms. Lane also accepted a formal reprimand.

Betty J. Higdon

Case No. 12-0037 (Paducah)

Violation: Ms. Higdon stipulated to a violation of KRS 324.160(4)(t) for violating KRS 324.11(4) by inadvertently releasing earnest money in mistaken reliance upon a provision from KRS 324.111(4) that was included in her local Board of Realtors® Offer to Purchase Contract, which provision is no longer applicable law.

Disposition: Ms. Higdon agreed to pay a fine of five hundred dollars (\$500.00) and agreed to successfully complete three (3) hours of continuing education in law. Ms. Higdon also accepted a formal reprimand.

Charles B. Hinckley

Case No. 11-0151 (Vine Grove)

Violation: Mr. Hinckley stipulated to a violation of KRS 324.160(4)(t) for violating 201 KAR 11:250, Section 1(3) and KRS 324.160(4)(u) when he inadvertently failed to include the expiration date in the copy of the listing contract that he provided to his seller-clients attempting to correct the oversight by adding the date to the listing contract without asking the seller-clients to initial, date, and time the change, which resulted in him providing his seller-clients with a copy that contained no expiration date.

Disposition: Mr. Hinckley agreed to pay a fine of two hundred and fifty dollars (\$250.00) to the Commission within thirty (30) day of the entry of the Final Order. Within ninety (90) days from the entry of the Commission's Final Order in this proceeding, Mr. Hinckley shall successfully complete three (3) hours of continuing education, in contract law, in addition to any hours he is otherwise

required to complete. Mr. Hickley shall accept a formal reprimand.

Graham Goldsmith

Case No. 12-0018 (Louisville)

Violation: Mr. Goldsmith pled guilty to a criminal matter that will be conditionally discharged by the Courts and he is settling this matter with the Commission in order to avoid the undue burden and expense of an evidentiary hearing.

Disposition: Mr. Goldsmith agreed to pay a fine to the Commission in an amount totaling seven hundred fifty dollars (\$750.00). Mr. Goldsmith also agreed to accept a formal reprimand.

Jennifer H. Divine

Case No. 12-0086 (Richmond)

Violation: Ms. Divine stipulates to a violation of KRS 324.160(4)(t) for violating a lawful Order of the Commission by inadvertently failing to timely pay the fine imposed in Case No. 10-0022.

Disposition: Ms. Divine agreed to pay a fine in the amount of three hundred and fifty dollars (\$350.00).

KREC Takes Commission Meeting on the Road!

We are Coming to Lexington

When? Where? What Time?

July 25, 2013

Griffin Gate Marriott

1800 Newtown Pike

Lexington, KY 40511

9:00 a.m.

Please join us. We hope to see you there!!

