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**MEETING MINUTES**  
**April 19, 2018**

**Commission Members**

Lois Ann Disponett, Chair  
Tom Biederman  
Joe Hayden  
Shirley McVay Wiseman  
Tom Waldrop

**Commission Members Absent**

Bill Beckham

**Commission Staff**

Nick Van Over, Licensing

**KREA Staff**

H.E. Corder II, Executive Director  
Liz Swearingin, Administrative Coordinator  
Ryan Morrison, General Counsel  
Haley Bradburn, KBHI Board Administrator

**Public Protection Cabinet Staff**

Barry Dunn, Executive Director, Office of Legal Services  
Carson Kerr, Executive Advisor, Office of Legal Services  
Tony Cotto, Executive Advisor, Office of Legal Services

**Guests Present**

Steve Stevens, KY Realtors  
Ruth Ann Bowen, KRI – KY Realtors



Andre Bowen, Real Estate Student  
Michael Lawrence, Lawrence & Lawrence, PLLC  
Cindy Rice Grissom, Rice Insurance Services Co.  
Sandy Hackney, BCTC  
Bob Weiss, HBAK  
Anetha Sanford, HBAK  
Paul Ogden, Realtor  
Joyce Sterling, Career Development Center  
Steve Kline

### **Call to Order, Guest Welcome, and Roll Call**

A regular meeting of the Kentucky Real Estate Commission was called to order by the Commission's Chair, Lois Ann Disponett, at 9:10 AM. on Thursday, April 19, 2018. A quorum was present. Guests in attendance were welcomed and introductions were made.

### **Approval of Meeting Minutes**

A motion was made by Commissioner Hayden to approve the March 22, 2018 meeting minutes. The motion was seconded and the motion carried.

### **2018 KREC Meeting Calendar**

The May and June meeting dates were discussed. It was established that the Commission would meet May 24<sup>th</sup>, and then in June their meeting would be held at the Owensboro Convention Center. The date was set for Thursday, June 14, 2018 at 1 PM.

### **Administration Report**

No report.

### **Education Report**

Nick Van Over presented the education report in Hannah Carlin's absence. Commissioner Tom Biederman made a motion to approve the education report. The motion was seconded and passed.

### **Licensing and Renewal Report**

Mr. Van Over reported that 21,426 licensees renewed their sales associate or broker license by April 2, 2018. That is approximately 92% of Kentucky licensees. Out of the 1,862 individuals who did not renew, 237 held an active license status. Commissioner Hayden asked if there is any year-to-year data on renewals. Mr. Van Over replied that there are no solid numbers as there are fluctuations with people who come back. In total, the Real Estate Commission renewed a greater number of licensees than the rest of all other licensees in the Department of Professional Licensing combined.

The Commission discussed whether the renewal schedule should be changed to spread out the renewal application volume over more of the year versus keeping it from mid-February to end of March. A two-year renewal period was discussed. Authority staff stated that the biggest issues during the 2018 renewal was with the new renewal system. System users failed to create their new online account and did not purchase insurance. Licensees were confused because two separate steps were required to renew their license and obtain their insurance through the RISC insurance website. In the past, renewal was one transaction with KREC but this process had KREC improperly acting as an insurance broker. A RISC insurance representative pledged to work with KREC to make improvements.

### **Real Estate Authority Executive Director Comments**

Director Corder addressed the following points that are his focus and priorities right now.

1. Continuing Education – There are those who like to do just enough to get by, and there are those who like to learn and excel, furthering their education and quality of it. It is discouraging when CE class participants only focus on lunch and breaks. There is a lack of commitment by a specific group and it hurts the entire profession.
2. Escrow Licenses – Escrow is actually an improper term and it needs to be referred to as an “inactive license.” KREC has thousands of inactive licensees. The inactive status was meant to be a temporary thing to help a licensee through hard circumstances. It has become too easy for a person to move in and out of inactive status in Kentucky. The Commission has received phone calls from licensees who have been in escrow / inactive for 30 years or more. There are some serious concerns that people who “pop” in and out are not providing proper quality real estate services to the public. Auctioneer Board has 130 inactive licensees. KREC has 7,100 licensees currently in escrow. There is a difference between utilizing the inactive status when necessary versus gaming the system. A number one complaint is of people using these loopholes and using professional standards. One solution presented was the idea of reforming KREC education regulations to raise the CE requirements to reactivate, similar to the requirements of the Auctioneer and Home Inspector Boards.

Director Corder also addressed the need for background checks for licensees coming out of escrow/inactive status.

Director Corder suggested the idea of a six (6) year maximum limit for a licensee to hold an inactive license and the thought of pursuing a 2-year renewal period. Commissioner Wiseman if licensees would be “grandfathered in” as part of the reform. Director Corder indicated that would defeat the purpose of the reform and stated, “Working in real estate is not about nostalgia, but profession in the industry.”

Chair Disponett named Commissioners Biederman and Hayden to a task force to work with Director Corder on these issues and present an update on their efforts at the next meeting. She also asked the other Commissioners to give suggestions.

## **Legal Report**

Chair Disponett introduced PPC Office of Legal Services Executive Director, Barry Dunn. Director Dunn proposed reforming the KREC complaint process so that cases could be resolved more expeditiously. The new process would model the complaint process in HB 465 from the 2018 legislative session and create multiple complaint committees to manage cases up to the hearing stage. The committee would be empowered to dismiss the case, conduct sufficient investigation, resolve the matter with a settlement through an agreed order, or order a hearing. If the committee ordered a hearing, then voting Commissioners that were not on the complaint committee for a given case would issue the final ruling after a hearing.

Commissioner Biederman stated two (2) commissioners could make up each committee. It was noted that even non-voting commissioners can be on a committee.

Commissioner Biederman made a motion to refine the process to have complaints and answers reviewed by two (2) commissioners appointed by the chairperson to make decisions to reach a settlement, dismiss, investigate, or send to hearing and adopt the disciplinary process outlined in HB 465 of the 2018 General Assembly session, section 15, subsection 1-4. Commissioner Hayden seconded the motion. The motion carried unanimously.

General Counsel Morrison discussed advertising regulation reform. The new regulation could be ready for a vote at the next meeting and be ready to file with the Legislative Research Commission by June 15. The Commission stated that the new regulation should have a January 1, 2019 effective date so that licensees have time to prepare for the new law.

General Counsel Morrison stated that all forms incorporated by reference in KREC regulations are now on the KREC website, with the exception of the timeshare forms. He reported that he is working with Commissioner Hayden to determine what additional forms may be placed on the website.

## **KREC Chair Comments**

Chair Disponett raised the issue of electronic signatures and if they may be used for Commission business. Executive Adviser Kerr stated that the Administrative Office of the Courts allows attorneys to file with electronic signature. The Commission agreed to discuss this matter more at a later date.

Chair Disponett asked Authority staff for statistics on incomplete license applications. Mr. Van Over reported 25 incomplete license applications, mostly due to missing insurance documentation.

## **Public Comments**

Paul Ogden made a comment regarding escrow. He was aware of a member in escrow 10 years and was active with membership. He asked a question regarding the flow of the money received by the Commission – where does it go?

Director Corder stated that he recognized that some people may place their license in escrow due to a conflict of interest with another job or licensure for a period of time and said that some exemptions would need to be made for such a case. Public Protection Cabinet accounting officials were unavailable to come address the flow of money but someone would come to the next meeting to make a presentation on the matter.

Steve Kline offered update on forms that Kentucky Realtors intended to publish for licensees' use. Kentucky Realtors drafted 21 types of contracts, intend to draft more, and will complete the project by the end of the year. Mr. Kline asked if the Commission can provide meeting agendas and minutes on the KREC website for licensee review. Chair Disponett remarked that this is one of the Director's action items as well as publishing an e-newsletter.

### **Executive Session, Legal Matters, and Case Deliberations**

Commissioner Joe Hayden made a motion to enter executive session pursuant to KRS 61.810, subsection 1 (g), and (j) to discuss a specific business proposal, and deliberate on individual adjudications. Commissioner Tom Biederman seconded the motion and it passed. Subsequently, a motion was made to come out of closed session. This motion was seconded and carried unanimously. The Commission returned to open session and voted on the following cases:

- ❖ In the matter of Lawrence Martin's violation of 201 KAR 11:147 a motion was made and the Commission unanimously voted to present an agreed order requiring a \$200 fine be paid and 6 hours of core education completed.
- ❖ In the matter of case no. 17-012 a motion was made and the Commission voted unanimously to dismiss.
- ❖ In the matter of Bishop Warren's violation of 201 KAR 11:147 a motion was made and the Commission voted unanimously to present an agreed order requiring a \$200 fine be paid and 6 hours of core education completed.
- ❖ In the matter of case no. 16-089 a motion was made and the Commission voted unanimously to dismiss.
- ❖ In the matter of case no. 16-022 a motion was made and the Commission voted unanimously to dismiss.
- ❖ In the matter of licensee applicant Brittany Harrison, a motion was made and the Commission voted unanimously to allow her application to proceed.
- ❖ In the matter of case no. 16-079 a motion was made and the Commission voted unanimously to dismiss and send a letter to real estate licensees involved in the matter to remind them of document retention obligations.

- ❖ In the matter of case no. 16-001 a motion was made and the Commission voted unanimously to dismiss.
- ❖ In the matter of Marianne Chen's license application, a motion was made and the Commission voted unanimously that the application should proceed to a hearing.
- ❖ In the matter of Ronald D. Kincer, a motion was made and the Commission voted unanimously to offer him an agreed order that removes him from probation if he produced a current copy of his criminal history.
- ❖ In the matter of case no. 13-015 a motion was made and the Commission voted unanimously to dismiss the case.
- ❖ In the matter of case no. 14-020 a motion was made and the Commission voted unanimously to dismiss the case.

### **Other Matters**

Commissioner Wiseman raised the issue of using KREC resources to fund trips for the commissioners to attend conferences and events. A short discussion ensued about future possibilities but no decision was made.

### **Next Meeting**

The next regular meeting of the Kentucky Real Estate Commission will be held Thursday, May 24, 2018 at 9:00 AM at the Public Protection Cabinet, 656 Chamberlin Avenue, Suite B, Frankfort, KY 40601.

### **Meeting Adjournment**

A motion was made and the Commission voted unanimously to adjourn at 1:08 PM.