

Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

KREC IMPLEMENTS THE GROUP ERRORS AND OMISSIONS INSURANCE PROGRAM

As many of you know, active license renewal was delayed in March due to a bidder protest of the errors and omissions group insurance contract. As a result, the original contract award was rescinded and the Commission had to re-bid the group program, which caused a delay in the license renewal. In late March, the Commission was able to secure a three-month extension and licensees were able to renew their licenses with the option to purchase group coverage that expired on June 30, 2010.

After the delayed renewal, the three-month extension and a re-bid, the Commission was able to secure coverage for the remaining nine months. The contract was awarded to Rice Insurance Services Company, LLC (RISC) and the premium awarded was \$107.00 per year, plus processing fee, taxes and surcharge. The \$107.00 premium is pro-rated for the nine-month policy.

On June 7, 2010, the Commission mailed out the group errors and omissions insurance invoices for the remaining nine months of the license year. The mailing was sent to any principal broker who had licensees who had purchased the

three-month extension. The invoice was for the remaining nine months only. Licensees who purchase the remaining nine months will receive a Certificate of Coverage from RISC at their home addresses.

As always, licensees should become familiar with their errors and omissions insurance policy. A sample of the group policy can be found on the insurance administrator's website (www.risceo.com).

Also, on January 1, 2010, a new law went into effect that requires insurance carriers to use a verified software system when calculating municipal taxes. What does this mean for Kentucky licensees? Unfortunately, the Commission is not able to provide the errors and omissions tax chart that was based on the city or county location. When a licensee purchases group errors and omissions insurance, he or she must now contact the Commission for the verified municipal tax amount. These amounts are based on the exact location of the office. We are hoping to develop a program on our website that will allow individuals to look up the var-

Continued on Page 9

CONTENTS

Comments from the Chair
From the Director's Desk
KREC Honored
Kentucky Core Course
Education, Research and Recovery Fund Annual Statement
Staff Spotlights
New Testing Provider
Disciplinary Actions
Commission-Approved Forms
Fifty-Year Celebration
Group E & O Information
License Responsibility
Registering Real Estate Firms
Auction Updates
Commissioner Appointments
In Memoriam



Printed with State Funds
Issue No. 212, Summer 2010

Kentucky Real Estate Commission

10200 Linn Station Road,
Suite 201
Louisville, KY 40223
Phone: 502-429-7250
Toll Free: 1-888-373-3300
Fax: 502-429-7246
Web Site: www.krec.ky.gov

Commissioners

Glenn Thomas, Chair
Mundfordville

James H. Huff, Vice-Chair
Ft. Mitchell

Ken Perry
Cold Spring

Bob Roberts
Richmond

Ron Smith
Louisville

Commission Staff

Michael W. Wooden
Executive Director

Education and Licensing

Deedee Cummings
Education Director

Michelle Gary
Karen Huff
Rachael Carmicle

Legal

Y. Denise Wade, Staff Attorney
Kristen Reese, Staff Attorney
Dianna Rogers
Patricia Farris

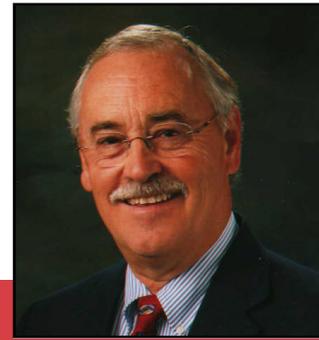
Administrative

Shelly Saffran
Director of Administration

Shelley Hunter
Mary O'Wheatley
Tracy Delgado

Comments from the Chair

**by: Glenn Thomas,
Chair**



I am very honored to be serving as Chair of the Kentucky Real Estate Commission. I have now been serving in this capacity for about eight months, and I would like to update you on few things going on at the Commission.

In January 2010, the Commission contracted with Ross & Company, PLLC CPA's, Inc. to perform an audit of the Commission's Trust and Agency and Education, Research and Recovery Fund Accounts. I am happy to report that the Commission received an "unqualified opinion" or a "clean report."

We are also funding a project that will allow licensees to take an online version of the Kentucky Core Course. Many licensees are located out-of-state and this will be an option for them instead of having to physically travel to Kentucky. This will also be a terrific option to any licensee who prefers online courses. We are anticipating that this project will be complete and ready to use by September 2010.

The Commission is also working on the development of an online renewal system for 2011. Developing an online renewal program is not a simple process. Renewal amounts vary from office to office and during renewal, many licensees either go into

escrow or transfer their license. We are excited about this new process and we will keep you posted through future newsletters.

Another change in the works is a newly designed Commission website. We are working with a company called Kentucky.Gov. We are in the final stages and we anticipate that the new site will go live in July. We hope that licensees and consumers find our new website professional and user-friendly.

The Commission will also be printing a new manual in 2010. In the meantime, the most up-to-date version of the law manual can be downloaded from the Commission's website.

In addition to these projects, we will continue the programs that have been so successful in the past. We will again have a booth at the Kentucky State Fair, so please stop by Main Street Kentucky and say hello.

In closing, I want to thank former General Counsel Lee Harris for her dedicated service to the Commission over the past 12 years. Lee was a high-energy individual and very responsive to consumer and licensee needs. We wish her the best in her future endeavors.

From the Executive Director's Desk

by: Michael W. Wooden,
Executive Director



2009/2010 License Law Changes and Updates

In August, I will reach my one-year anniversary as Executive Director of the Commission. I have truly enjoyed getting to know so many people in the real estate industry, from our staff and Commissioners to licensees to consumers to other regulators. I am also very proud of what we have accomplished in my first year, and I am very excited about our future goals.

I thought I would use this column to outline for you several new regulations and legislation that have been approved in the last few months:

First, as part of a new approach to continuing education, in October, we passed an amendment to 201 KAR 11:230, which allows courses to be approved in one- to six-hour increments. This will allow schools and instructors to develop more courses in subjects that may not take three or six hours to cover. In addition, it will allow you, as licensees, more flexibility to fit courses into your daily routine. When you are registering for your continuing education this year, check with the school to see what courses they are offering that comply with these new rules.

Second, in December of 2009, three amendments to existing administrative regulations and one new regulation were enacted. The first one, an addition to 201 KAR 11:300, explains the process for using and responding to documents containing electronic signatures. The second amendment, to 201 KAR 11:450, puts a one-year limit on the completion of projects for passing the brokerage management course. The final amendment, to 201 KAR 11:121, eliminates duplicative information about guaranteed sales plans. Lastly, we created a new regulation, 201 KAR 11:215, which provides the details for applying for a license under our new license recognition law.

Third, 201 KAR 11:250 has been amended to include two new sections - sections 6 & 7 - setting out the requirements that a licensee must meet regarding negotiating a subsequent listing agreement with another broker. These requirements, which became effective on February 5, 2010, include the use of a form, which has been incorporated into the regulation in section 7. This form can be found on our website at www.krec.ky.gov under our licensee-restricted documents and forms section.

Finally, on April 12, 2010,

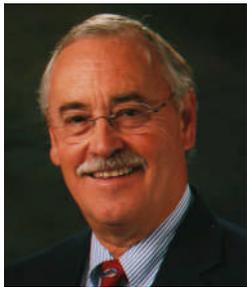
House Bill 356 was signed by the Governor and the following statutory amendments will become law on July 15, 2010. KRS 324.090 has been amended to change the statutory March 31, 2010 renewal date to a date that will be established by the Commission by a regulation. The bill also amended KRS 324.112 to allow principal brokers to maintain a branch office within 100 miles without a broker managing the office. A branch office outside a 100-mile radius of the main office will require a managing broker. Under this amended statute a sales associate with two (2) years experience in the real estate business, averaging at least twenty (20) hours per week for twenty (24) four months prior, may manage a branch office inside a 100-mile radius of the main office. KRS 324.330 has been amended to state that, by promulgation of a regulation, licensees shall annually file their telephone numbers and email addresses with the Commission. And finally, KRS 324.410 has been amended to state that the Commission has 120 days after the end of each fiscal year to make the Commission's Education, Research and Recovery Fund Statement public either through the website or other public media.

If you have specific concerns about certain areas in the practice of real estate, the Commission is always open to suggestions on how to better serve the industry and the consumers.

KREC HONORED

The Commission is proud to announce that our Spanish and English homebuyer videos won the ARELLO Consumer Education award. If you would like a copy of one or both of these videos, please contact our office or you can find it on our website at www.krec.ky.gov.

Commissioner's
Corner



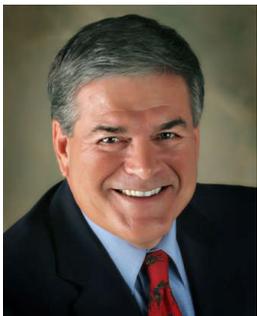
Glenn Thomas, Chair



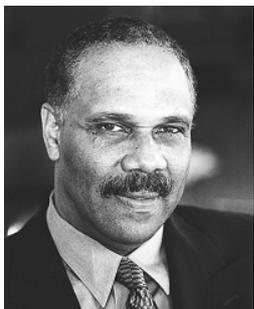
Jim Huff, Vice-Chair



Ken Perry



Bob Roberts



Ron Smith

IS IT YOUR YEAR TO TAKE THE KY CORE COURSE?

Log on to our website to find out!!

All active licensees are required to take six hours of continuing education each year (with the exception of individuals licensed prior to June 19, 1976). As part of this mandate, active licensees are also required to take the Kentucky Core Course once every four years. Taking the Core Course fulfills the continuing education requirement for the year that the course is taken. The deadline for continuing education is December 31st of each year. **If you do not take your continuing education by December 31, a fine of \$500.00 will be imposed against you. Please do not delay or miss this deadline.**

As a convenience to its licensees, the Commission has developed a link on our website which allows licensees to monitor their individual continuing education, as well as confirm the specific requirements for each year. We highly encourage licensees to become familiar with this tool and to access this program to verify whether it is your year to take the Kentucky Core Course.

Below are step-by-step instructions on how to access your personal continuing education record through the Commission's website.

Logon to www.krec.ky.gov

1. Click on KREC Database
2. Check the disclaimer box and click the "Next" button
3. Type in your last name and then your first name (as it appears on your license) and click the "START THE SEARCH" button. This must be the exact name that appears on your license. You do not need to type anything other than your first and last name.
4. Click on the [+] button to the left of your name. This will display your license number, license type, license status, original license date and license expiration date.
5. Click on the **Continuing Education Info** link in the far right column.

Now you will see your 2010 Continuing Education Requirements, as well as your 2009 Continuing Education History. Print the screen for your records.

If it is your year to complete the Kentucky Core Course, it will say, "You are required to take the six-hour Kentucky Core Course by December 31." Taking regular continuing education courses, six hours of law or a 48-hour course **DOES NOT** satisfy this requirement." ***If you take regular continuing education when it is your year to take the Kentucky Core Course, you will be subject to the \$500.00 fine.***

***Please use this helpful tool as a way to monitor
your personal continuing education records***

IT COULD SAVE YOU \$500.00!!!!

Education, Research and Recovery Fund Annual Statement of Income and Expenses for Fiscal Year Ending June 30, 2009

Income FY 2007/2008

Exam Recovery Fee	19,620
Reciprocal Recovery	3,270
Renewal Recovery	646,475
Core Course	6,521
Fines	18,150
Education Fines	104,500
Investment Income	21,151
Law Book Revenue	1,710

TOTAL INCOME \$ 821,397

Expenditures FY 2007/2008

Attorney General's Office	22,470
Continuing Ed. Services	32,725
Investigative Services	114,978
Court Reporter	118
Speaker Fees	17,919
Room Rental	1,095
Postage/Parcel Delivery	2,343
Postage/Meter & Bulk	28,850
Printing State	932
Printing Vendor	22,504

State Fair	5,856
Advertising	1,404
Cassettes/Books	1,624
Non-State Travel	118
Subpoenas/Court Fees	1,877
Judgments	6,240
Subscriptions	125
Seminar Refreshments	5,291
College Grants	323,425
On-line subscriptions	6,106

TOTAL EXPENDITURE \$596,000

Staff Spotlight



We are excited to introduce a new member of our team. Rachael Carmicle was hired on October 1, 2009 as the Coordinator in the Education Department.

Rachael came to the Commission with a very impressive resume. Prior to working at the Commission, Rachael worked for IntelliQuest Media, Inc, a company specializing in the recording of conference educational content. She has many years of customer service and administrative experience and she has already made many contributions to the Commission over the last nine months.

Many of you have probably talked to Rachael over the phone or possi-

bly in person. She is responsible for all of the continuing education records for real estate licensees. Specifically, Rachael is the first point of contact for out-of-state continuing education requests and continuing education course and provider applications. Many licensees contact her if there is a discrepancy regarding their continuing education record or if they just need clarification regarding their requirements for the year. Rachael ensures that all of the continuing education information on the Commission's website database is accurate and up-to-date. She also updates and compiles the approved providers and Kentucky Core Course Schedule. Rachael was born in Liberty, Kentucky, but has worked in Atlanta, New York and Boston before moving to Louisville in 1998.

Rachael lives in Butchertown, a historic district near downtown Louisville. She enjoys kayaking, swimming, horseback riding and family vacations on St. George Island. Rachael is also a devoted fan of University of Kentucky Athletics.

Rachael says, "I can't believe how

much I've learned in the short time that I've been here. The KREC staff has really made me feel like part of their family. I look forward to being part of the KREC team for many years to come."

Rachael is dedicated to the mission of the Commission and she is ready to assist licensees with all of their educational needs and questions. We are so happy to have her on "our team."

NEW TESTING PROVIDER

Beginning July 1, 2010, the new testing provider for Kentucky real estate examinations is PSI and the new exam fee is \$100.00. The testing locations have also changed. We are happy to report that many of the locations are in the state of Kentucky. The contact information for PSI is:

**PSI Call Center
(800) 733-9267
Open 4:30 a.m. - 10:00 p.m.
(Eastern Standard Time)**



Disciplinary Actions



Linda C. Laake

Case #07-0312 (Florence)

Violation: Ms. Linda C. Laake is in violation of: KRS 324.160(4)(b); KRS 324.160(4)(u) for violating KRS 324.360 and 201 KAR 11:400; and KRS 324.160(4)(v), resulting from a chain of events that began with Respondent Laake failing to provide her buyer-clients, Complainants Blevins, with required agency disclosure documents and information, while then acting in the sole capacity of a buyer's agent. This action was followed by Respondent Laake's failure to provide a properly completed seller's disclosure form to the Blevinses. These events ended with Respondent Laake placing the Blevinses' \$10,000.00 deposit into her personal account-rather than into an escrow account.

Disposition: Ms. Laake's license was revoked and a ten thousand dollar (\$10,000.00) check was issued out of the Recovery Fund, paid to the order of Michael and Michele Blevins.

Larry C. Moore

Case #09-0114 (Louisville)

Violation: Larry C. Moore, by default, was found to have violated KRS 324.160(4)(j) and (k), centering around his felony conviction while licensed, which he failed to report to Commission.

Disposition: A Default Order was issued revoking the license of Larry C. Moore.

Jess R. Woods

Case #08-0102 (Lexington)

Violation: Mr. Jess R. Woods stipulated to a violation of KRS 324.160(4)(h) and KRS 324.160(4)(v), resulting from improper handling of and failure to account for escrow funds that were involved in the sale of his real estate company to its new principal broker.

Disposition: Mr. Woods agreed to a one (1) year suspension and he agreed that upon reactivation of his license, he will not seek to become the principal broker for any company or firm for a period of twenty-four (24) months. He also agreed that, upon reactivation, his license will be on probation for a period of twelve (12) months from the date on which his license is reactivated. He agreed to pay a fine in the amount of five hundred dollars (\$500.00), payable in installments of no less than one hundred dollars (\$100.00) per month. He also agreed to successfully complete six (6) hours of continuing education in law, in addition to any other hours.

Kenneth W. Kaiser

Case #07-0317 (Louisville)

Violation: Mr. Kenneth W. Kaiser stipulated to an unintentional violation of KRS 324.160(4)(b), resulting from his buyer-clients' reliance upon his untimely discovery of an inadvertent MLS entry error, which

incorrectly stated that the property they purchased, without an inspection, was serviced by a city sewer system.

Disposition: Mr. Kaiser agreed to cause a payment to be made in the total amount of ten thousand dollars (\$10,000.00) to Complainants Dixon. Mr. Kaiser also agreed to successfully complete six (6) hours of continuing education in law and to accept a formal reprimand.

Robert M. Heuglin

Case #08-0169 (Louisville)

Violation: Mr. Robert M. Heuglin stipulates to an unintentional violation of KRS 324.160(4)(v) and (u), specifically, 201 KAR 11:105 and 201 KAR 11:250, resulting from an inadvertent failure to satisfy listing-agreement requirements prior to the public promotion of trust-held properties owned by Respondent Tom R. Thieneman and his siblings, each of whom had verbally requested and given their consent to market their inherited properties for sale after their deceased father's estate had been settled.

Disposition: Mr. Heuglin will pay a fine in the amount of one thousand dollars (\$1,000.00) and shall immediately remove any and all signage for properties that are not listed under a valid written listing agreement, as outlined in 201 KAR 11:250.

Disciplinary Actions

Continued from Page 6

Tom R. Thieneman

Case #08-0169 (Louisville)

Violation: Mr. Tom R. Thieneman stipulates to an unintentional violation of KRS 324.160(6) for his inadvertent failure to exercise adequate supervision over the activities of Mr. Heuglin to ensure his compliance with license law requirements while he was handling the listings of Mr. Thieneman's family-owned properties.

Disposition: Mr. Thieneman will pay a fine in the amount of one thousand dollars (\$1,000.00) and shall immediately remove any and all signage for properties that are not listed under a valid written listing agreement, as outlined in 201 KAR 11:250.

Ronald A. Cummings

Case #08-0183 (Bowling Green)

Violation: Ronald A. Cummings stipulates to a violation of KRS 324.160(4)(u), specifically, 201 KAR 11:400, for failing to properly complete an Agency Disclosure Form for his seller-client.

Disposition: Mr. Cummings agreed to pay restitution in the amount of two thousand one hundred ninety dollars (\$2,190.00) to complainant Tammy Sabens-Goss. He also agreed to attend three (3) hours of continuing education in law, in addition to any hours

already required by law.

Joni E. Blake

Case #07-0303 (Shepherdsville)

Violation: Joni E. Blake stipulates to violations of KRS 324.160(4)(v) and KRS 324.160(4)(u), specifically for violating 201 KAR 11:121(4), by permitting a remodeling contractor, who was working with the mortgage broker of her six (6) buyer-clients, to direct the terms in ten (10) separate real estate transactions, in reliance upon information that Ms. Blake received from the mortgage company that brokered each of her buyer-clients' loans.

Disposition: Ms. Blake agreed to pay a fine in the amount of one thousand dollars (\$1,000.00), payable at the rate of not less than one hundred dollars (\$100.00) per month. She also agreed not to apply for reactivation of her license until the fine is paid in full. Ms. Blake agreed to have her license placed on probation for one (1) year, beginning when she reactivates it.

David R. Esfahani

Case #08-0177 (Longwood, FL)

Violation: David R. Esfahani stipulates to a violation of KRS 324.160(4)(u), resulting from his failure to timely complete three (3) additional hours of continuing education in law, pursuant to a Commission-approved agreement that informally resolved Case No. 07-0147.

Disposition: Mr. Esfahani agreed to immediately file supporting documentation that he has completed his three (3) hours. Mr. Esfahani agreed that

his license will be on probation for twelve (12) months, beginning immediately upon the date that his license is reactivated. He also agreed to accept a formal reprimand.

Susan L. Daily

Cases #08-0200 & #09-0029 (Louisville)

Violation: Ms. Susan L. Daily stipulated to a violation of KRS 324.160(4)(u) for violating 201 KAR 11:245 for failing to deposit a tenant security deposit into a separate escrow account, as required by law.

Disposition: Ms. Daily agreed to pay an amount, totaling nine hundred eighty one dollars and eighty-six cents (\$981.86), to the Complainant, Shalimiar Manwani. She also agreed to attend six (6) hours of continuing education in law, in addition to any hours already required by law.

Diane L. Green

Case #08-0213 (Henderson)

Violation: Ms. Diane L. Green stipulates to a violation of KRS 324.160(4)(v), stemming from a chain of events that resulted in an improper payment to her, which she subsequently reimbursed. **Disposition:** Ms. Green's license will be placed on probation for twelve (12) months, beginning immediately upon re-activation of her escrowed license. During Ms. Green's probationary period, the Commission may conduct random investigations and/or audits of her real estate practices. In addition, Ms. Green agreed to accept a formal reprimand.

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. This new change will hopefully improve our processing time and allow for a quicker turnaround for the licensees. Forms for all licensee requests can be found on the Commission's website (www.krec.ky.gov) and click on **Forms**. Below are the Commission approved forms. **Remember, the KREC only accepts checks or money orders.**

Change Forms

- 200 Acceptance Letter
- 201 Firm Name or Firm Address Change
- 202 Licensee Name Change
- 203 Place License in Escrow
- 204 How to Activate Your Escrow Real Estate License
- 205 Change Residential Address
- 206 Open New Office
- 207 Request to Open a Branch Office
- 208 Multiple Office Request
- 209 Deceased or Incapacitated
- 210 Death of a Licensee
- 211 License Replacement

General Licensing Information

- 302 Letter of Certification Request (History of Licensure)
- 402 KREC Open Records Request
- 403 Directory Listing Information
- 404 Passing Candidates Weekly E-mail List
- 405 General Renewal Information Instructions
- 406 Escrow Account Verification
- 407 Consent to Service of Jurisdiction

Errors and Omissions Insurance Form

- 500 Private Carrier Certification of Coverage

Education Forms

- 602 Out-of-State Continuing Education Compliance
- 603 Request for Education Documentation

Legal Forms & Instructions

- 700 Information About the Commission and the Formal Complaint Process
- 701 Complaint Form
- 708 Escrow Account Information
- 710 Personal Assistant Guidelines

Fifty-Year Luncheon Celebrated at Galt House in Louisville

On September 30, 2009, the Commission held its annual 50-Year Celebration honoring licensees who have held a real estate license for 50 years. Historically, this event was held as a breakfast, but this year it was held at the Galt House Hotel in Louisville and began with a sit-down lunch. Executive Director Wooden had opening remarks and Chairman Perry spoke to all of the attendees about this tremendous accomplishment. The featured "guest speaker" was Dawn Gee of WAVE 3 News. She delighted the crowd with her motivational and very humorous comments. As a side note, Dawn Gee is the niece of our very own Commissioner Ron Smith.

Also in attendance were the KREC staff and Commissioners along with KAR President Jeff Smith and Board Executives Elaine Hangis and Lisa Stephenson.

If you happen to know one of these licensees, please congratulate them on this most prestigious award.

Licensees honored but not present were: James Barlow, Joseph Daugherty, Gilbert Flint, Curtis Jenkins, Kenneth Luca, Peggy Owens, William Stone, Martha Burress, Randolph Dean, Charles French, James Lawrence, Raymond McDonald, Clyde Reynolds, George Wimsatt, Bobby Dadisman, Thomas Dowell, Carol Hebel, Phillip Lockhart, William McMakin, & Donald Ridge



Pictured left to right, front row: Betty Kaiser, Albert Moffett, Jr., Kennie Rowens, Eleanor Foreman, Hardin McCain; back row: Robert Miller, Sr., Dwight Hatton, James Riley, and Richard Rhodes

KREC GROUP E & O

Continued from page 1

ious municipal tax amounts for each individual office. Until that time, the amount will have to be verified by calling the Commission.

We apologize for the delays in issuing license renewals and implementing the errors and omissions insurance program. We fully recognize the confusion, uncertainty, and inconvenience the challenges and protests to the bid solicitation and contract award process have caused to licensees. Please know that the KREC Commissioners and Staff appreciate your understanding, patience and cooperation during this often frustrating time.

To the right is the information on the KREC Group E & O Provider for the 2010/2011 license year.

Group E & O Insurance Information

The administrator for the 2010/2011 group errors and omissions insurance program is Rice Insurance Services Company, LLC (RISC). The group carrier is Continental Casualty Company, one of the CNA insurance companies. The premium for 2010/2011 is \$107.00 (plus fees & taxes) per licensee. Under the group program, licensees have a \$100,000 limit of liability, a \$0 deductible, and a \$1,000,000 annual aggregate. The policy also provides the following endorsements at no additional expense to the licensee:

Environmental Endorsement, Fair Housing Endorsement, Primary Residence Coverage Endorsement, Limited Claim Expense Coverage,

Real Estate Regulatory Complaints Endorsement and Limited Claim Expense Coverage Earnest Money Dispute Endorsement. There is also no additional charge for the Conformity Endorsement Enrollment to other mandatory states (except Tennessee) that accept the Kentucky policy and conformity endorsement to satisfy their mandatory insurance requirement. Principal brokers received information regarding the sublimits, which may apply to the free endorsements.

For more specific information and limitations, please visit RISC's website listed below or call their office directly.

Rice Insurance Services Company, LLC

P.O. Box 6709

Louisville, KY 40206-0709

Phone: 502-897-1876 or Toll Free: 1-800-637-7319 & Fax: 502-897-7174

Dial Ext. 1 for General Information, Ext. 2 for Claims or

Ext. 3 for Firm Excess Coverage.

Website: www.risceo.com

Staff Spotlight



We are so happy to announce that on December 16, 2009, Mrs. Tracy Delgado joined the KREC family. Tracy was hired as the Commission's accountant.

Tracy is not new to state government. She transferred to the

Commission from the Kentucky Department of Education, where she had been a Financial Analyst for the past four and one-half years. Prior to working at the Department of Education, Tracy worked as a tax preparer and an accounting instructor. With over 16 years of accounting experience, Tracy has many skills and vast accounting knowledge that she brings to the Commission. Tracy is also a Certified Public Accountant.

Tracy received her Bachelor of Science Degree in accounting from the University of Kentucky. New to the Louisville area, Tracy was born and raised in Lebanon, Kentucky.

Tracy's responsibilities include all of the Commission's accounts payables and receivables. She also manages all of the Commission's financial

records, as well as orders and maintains all Commission equipment and supplies.

Tracy moved to Louisville in June of 2009 after getting married to her husband, Gil. Tracy and her husband are the proud parents of Brianna, 18, Alex 14, Victoria, 13, Nick 12, McKenzie, 11, and Madison, 11. Gil and Tracy enjoy going to sporting events, traveling, playing golf and spending time with their children.

Tracy says, "I am very excited to join the Kentucky Real Estate Commission and work in such a professional and friendly environment!"

Tracy has already proven herself to be a valuable member of the Commission staff. She is developing new financial reports and charts and she is such a quick study. Welcome aboard Tracy!

WHO IS RESPONSIBLE FOR MY LICENSE?

ANSWER: YOU ARE

First off, there are three types of real estate licensees. There are sales associates, brokers and principal brokers. Sales associates **MUST** work under a principal broker. Brokers can work under a principal broker or they may open up an office and be a principal broker. Principal brokers are responsible for the operation of their companies and the supervision of the licensees affiliated with their company. Principal brokers also renew the licenses of the sales associates and brokers affiliated with their office. Sales associates and brokers who are in escrow are responsible for renewing their own individual license.

Below are some common questions we receive, along with the answers:

1. Can I pick up my license from the Commission? Licenses are only given to principal brokers, so sales associates and brokers are not allowed to pick up their license.

2. Can my principal broker put my license in escrow? No. The Commission **MUST** receive the request from the licensee. If a licensee wants to go into escrow, they simply send in document #203 along with a ten dollar (\$10.00) check. This is the responsibility of the licensee; it is **NOT** the responsibility of the principal broker.

3. As a principal broker, do I need to submit the paperwork to the Commission for a new licensee?

No, a principal broker should simply sign the application accepting the applicant. The applicant is responsible for mailing in the appropriate paperwork and payment of fees to the Commission to obtain their license.

4. What if my principal broker releases my license, what do I do?

When a principal broker releases a license, the Commission sends a letter to the licensee informing him or her that the license has been

released. The licensee will then have thirty (30) days to reaffiliate with another principal broker or the licensee may place the license in escrow. The fee to transfer a license or to go into escrow is \$10.00.

5. As a principal broker, how will I know when an applicant is licensed?

The Commission will mail the license to the principal broker. A principal broker should not allow an applicant to begin brokering real estate until he or she ensures that a license has been issued. If an applicant brokers real estate prior to receiving a license, any and all commissions earned could be forfeited to the Commission as a penalty.

NOTE: Principal brokers have, historically, renewed the licenses of all active licensees affiliated with their company. This process could change when online renewal is implemented. We will keep you posted in future newsletters on all of the changes that will occur with online renewal.

Requirement For Registering Your Real Estate Firm with the Secretary of State/County Clerk

When starting your own real estate company, one of the most important decisions to make is selecting the type of business you will form. The type of business structure you choose for your business will determine if and where you need to file your business name and legal status registration. You must also decide what name to give your business. By law, a name must be “distinguishable” from one already on file with the Secretary of State if you are required to file with that office. For a preliminary name check, you can contact the Secretary of State’s Office at 502-564-2848.

If your business is going to be a corporation, partnership, limited liability company (LLC) or Business Trust, you **MUST** register with the Kentucky Secretary of State’s Office (www.sos.ky.gov) and provide the Kentucky Real Estate Commission with a copy of your “Certificate of Existence” from the Kentucky Secretary of State’s Office.

If your company is going to be a sole proprietorship and you are using a name other than your “legal” name as your company name, you **MUST** include a copy of your Registration from the County Clerk’s Office in the county where you are a resident. County Clerk information can be found at <http://elect.ky.gov/countyclerks.htm>. If you are a sole proprietorship and you are using your

“legal” name as your company name, you do not need to register with the Secretary of State’s Office or the County Clerk’s Office.

The Kentucky Real Estate Commission cannot advise you on the appropriate legal entity to establish for your brokerage. We encourage you to contact an attorney or a tax advisor should you have any questions about the formation of your business.

The Commission does, however, recommend a website where you can find “The Kentucky Business Guide” (January 2010). It contains a lot of very helpful information and can be your handbook for starting and licensing a business in Kentucky. The guide was developed by the Kentucky Cabinet for Economic Development to help direct individuals through the maze of business start-up questions. Also included, is contact information for a number of government agencies that can provide additional information or assistance. The website address is www.thinkkentucky.com/kyedc/pdfs/bicguide.pdf

If you are interested in starting a real estate firm in Kentucky, simply log on to our website and click on Contracts and Forms, Public Access Forms. Document #206 will explain the entire process.

Auction Updates & Requirements

There is a new definition for auction. KRS 330.020(3) states: “Auction means any method of sale, lease, or exchange of real property, personal property, or any combination thereof, by means of competitively increasing or decreasing bids. Any sale, lease or exchange of real property, personal property, or any combination thereof, advertised or presented in any way by or at auction, is an auction for the purpose of this chapter.”

Also, the Board of Auctioneers has seen an increasing number of auctions advertised in the “MLS” which do not comply with KRS 330.230(1). That statute states, in part: “Any advertising pertaining to an auction shall include the name of the managing principal

auctioneer for the auction and indicate that he or she is an auctioneer...”

It appears that a number of these violations occur inadvertently when a standard listing contract is converted to an auction. In order to comply with KRS 330.230(1), the Board of Auctioneers suggests that real estate licensees include the name of the auctioneer that will be conducting the auction in the remarks section of the MLS. The Board of Auctioneers anticipates sanctioning licensees who violate this statute in the future.

If you have specific questions concerning auctions/auction activity, please contact the Board of Auctioneers at 502-429-7145.

COMMISSIONER APPOINTMENT

KRS 324.281 (3) states that the Kentucky Association of REALTORS® shall supply a list of not less than three (3) names of licensees to the Governor each year from which the broker or sales associate appointments shall be made. Applicants are required to have been a resident of the state of Kentucky for ten (10) years prior to the date of their appointment and they are also required to have had an active real estate licensee for ten (10) years.

Any real estate licensee wishing to be considered for a four-year term as a Kentucky Real Estate Commissioner should contact the Kentucky Association of REALTORS®. An application and detailed requirements are available at www.kar.com and by mail. July 23, 2010 is the deadline for submission of application to KAR, 161 Prosperous Place, Lexington, KY 40509. Questions may be directed to susiehelm@kar.com or call 1-800-264-2185.

In Memoriam

Mr. Robert G. Stallings, former General Counsel of the Kentucky Real Estate Commission, passed away on March 15, 2010.

Mr. William P. Snyder, real estate broker, passed away on April 25, 2010. Mr. Snyder was a real estate broker for over 59 years and contributed greatly to the real estate industry.

Mr. David Bailey, real estate broker, passed away on May 20, 2010. Mr. Bailey was a real estate broker for 54 years in the Glasgow area.

The Commissioners and staff extend their deepest sympathy to all of their family and friends.

**Kentucky Real Estate Commission
10200 Linn Station Road, Suite 201
Louisville, KY 40223
Phone: (502) 429-7250 Fax: (502) 429-7246
Toll Free: 1-888-373-3300
Web Address: www.krec.ky.gov**

**PRESORTED STANDARD
U.S. POSTAGE PAID
LOUISVILLE, KY
PERMIT NO. 73**

The Kentucky Real Estate Commission will be closed on:

**September 6, 2010
(Labor Day)**

**November 11, 2010
(Veteran's Day)**