

PUBLIC PROTECTION CABINET
Kentucky Real Estate Authority
Kentucky Real Estate Commission
(Amendment)

201 KAR 11:170. Education provider requirements~~[Real Estate School and pre-license course approval]~~.

RELATES TO: KRS 324.010(7), 324.046(1), (2), (5), 324.085, 324.090, 324.160(1)(c), (4)(u), 324.281(7)

STATUTORY AUTHORITY: KRS 324.010(7), 324.046(1), (2), 324.085, 324.160, 324.281(5), 324.282

NECESSITY, FUNCTION, AND CONFORMITY: KRS 324.281(5) and 324.282 authorize~~[authorizes]~~ the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to implement KRS Chapter 324. KRS 324.010(7) and (8) authorizes the commission to approve a real estate school. KRS 324.046(1) and (2) require an applicant for initial licensure as a broker or sales associate to have completed the specified number of courses from an approved or accredited real estate school. KRS 324.085(4) and (5) require the commission to promulgate administrative regulations necessary to implement the continuing education, post-licensure education, and instructor qualification requirements of KRS 324.085. KRS 324.046(1)(a) requires the commission to promulgate an administrative regulation determining the required course content of a brokerage management skills course for all broker applicants. This administrative regulation establishes the requirements and application procedures for approval as a real estate school, post-licensing education provider, and a continuing education provider. This administrative regulation also establishes the requirements and application procedures for approval of instructors and courses for license credit. This administrative regulation establishes procedures for implementing the requirements for post-license education and the requirements for courses offered through distance education. This administrative regulation establishes the requirements of the brokerage management skills course and incorporates the curriculum by reference.~~[This administrative regulation establishes the requirements and application procedures for an approved real estate school seeking approval of courses for license credit.]~~

Section 1. Education Providers. (1)(a) Accredited institutions and approved real estate schools may teach:

1. Pre-licensing education;
2. Post-licensing education; and
3. Continuing education.

(b) Consistent with KRS 324.010(7)(b), National Association of Realtors (NAR) recognized programs that meet the following criteria shall be deemed an approved real estate school:

1. Has a school administrator;
2. Is an affiliated organization with NAR or the Kentucky Realtors; and
3. Would otherwise be regulated by Kentucky Commission on Proprietary Education but the program is entitled to exemption from certification by Kentucky Commission on Proprietary Education.

(2) National Association of Realtors (NAR) recognized programs that do not meet the criteria established in Section 1(1)(b) shall only teach:

- (a) Post-licensing education;
- (b) Continuing education; and

(c) Designation courses toward broker curriculum.

(3) Governmental bodies shall only teach post-licensing education and continuing education.

(4) Broker-affiliated training programs may teach post-licensing education.

Section 2. Accredited Institutions and Approved Real Estate Schools; Initial Application for Provider Approval. (1) To apply for initial certification, an approved real estate school shall submit:

(a) Completed Education Provider Application and Renewal Form, KREC Form 101, signed by the education provider's administrator or representative;

(b) Copy of the license or certification from the Kentucky Commission on Proprietary Education, if applicable;

(c) Sample copy of an official transcript or certificate that will be issued by the school;

(d)1. A copy of a sample contract or agreement, to be signed by the student, that outlines the class schedule, assignments or projects, examination requirements, grading system, and attendance requirements;

2. An approved real estate school offering a prelicensing course shall include a statement in the school application that a criminal conviction may, consistent with KRS Chapter 335B and 201 KAR 11:210, Section 6, prevent an applicant from qualifying for licensure under KRS 324.045;

(e)1. An acceptable explanation of how the provider will verify a student's identity, ensure the student completes the course, and maintain the anonymity of student evaluations;

2. For classroom courses, at a minimum, the provider shall require a student to sign in and sign out of each course; and

(f) Any documentation necessary to explain an answer on the application.

(2) To apply for renewal of an approved real estate school's approval, an approved real estate school shall submit a Education Provider Application and Renewal Form, KREC Form 101, signed by the education provider's administrator or representative, outlining any changes in the information submitted pursuant to subsection (1) of this section.

(3) After the initial approval, an approved real estate school shall renew annually consistent with subsection (2) of this section.

(4) An approved real estate school shall notify the commission in writing within ten (10) days of a substantive change in the information submitted on the initial or renewal application or in an attachment thereto.

Section 3. Education Provider; Initial Application for Provider Approval. (1) To apply for initial certification, an education provider offering continuing education or post-license education shall submit:

(a) Education Provider Application and Renewal Form, KREC Form 101, signed by the education provider's administrator or representative;

(b) Sample copy of an official transcript or certificate that will be issued by the provider;

(c)1. An acceptable explanation of how the provider will verify a student's identity, ensure the student completes the course, and maintain the anonymity of student evaluations;

2. For classroom courses, at a minimum, the provider shall require a student to sign in and sign out of each course; and

(d) Any documentation necessary to explain an answer on the application.

(2) To apply for renewal of an education provider's approval, education provider shall submit a Education Provider Application and Renewal Form, KREC Form 101, signed by the education provider's administrator or representative, outlining any changes in the information submit-

ted pursuant to subsection (1) of this section.

(3) After the initial approval, an education provider shall renew annually consistent with subsection (2) of this section.

(4) An education provider shall notify the commission in writing within ten (10) days of a substantive change in the information submitted on the initial or renewal application or in an attachment thereto.

Section 4. Education Course Curriculum Requirements. (1) All courses shall consist of topics that:

(a) Are generally applicable to real estate, including the other professions governed by the Kentucky Real Estate Authority; or

(b) Are specific to Kentucky real estate license law and regulation.

(2) To be approved as an education course, a course shall:

(a) Increase the student's knowledge of the real estate brokerage business; and

(b) Protect the public interest.

(3) Education providers approved by another real property board under the Kentucky Real Estate Authority may submit courses approved by the primary real property board to the commission for approval as a post-licensing and continuing education course.

(4) A course that is solely motivational or considered to be personal development in nature shall not be approved.

(5) The curriculum for a sales associate pre-license course at an approved real estate school shall:

(a) Be conducted for a maximum of nine (9) hours during a calendar day;

(b) Include course content on each of the following topics:

1. Introduction to the real estate business;

2. Real property and the law;

3. Forms of ownership and interests in real estate;

4. Land description;

5. Transfer of title;

6. Title records;

7. Real estate brokerage;

8. Real estate agency;

9. Client representation agreements and required disclosures;

10. Real estate contracts;

11. Real estate financing;

12. Closing a real estate transaction;

13. Real estate taxes and other liens;

14. Real estate appraisal and land valuation analysis;

15. Leases;

16. Fair Housing;

17. Property Management;

18. Land Use controls and property development;

19. Environmental issues in the real estate transaction; and

20. Kentucky real estate licensing law.

(c)1. Instruction on all topics, except Kentucky specific law and regulation, shall be from a text approved by the commission.

2. To have a text approved by the commission, an education provider shall submit to the commission the proposed text and a written explanation of how the text covers the course content on the required topics.

(d) Be a course for academic credit consisting of content focused on real estate, but shall not be a continuing education unit, examination preparation or review, experiential education, or competency testing;

(e) Include a scenario-based practicum or project applicable to the practice of real estate brokerage that:

1. Is to be completed by the individual student, without peer assistance, before sitting for the final examination;

2. Contemplates the use of at least three (3) commission approved transaction related forms;

3. Requires completion of:

a. A real estate purchase contract or a real estate listing contract; and

b. A market analysis of property value.

4. Requires application of topics covered in the sales associate pre-licensing course relating to a transaction based experience; and

5. Is graded on a pass-fail scale.

(f) Be designated specifically as a real estate course by an approved education provider;

(g) Include a closed-book monitored final examination that shall:

1. Consist of 100 multiple choice questions which shall evaluate the student's practical application of real estate principles;

2. Require a passing score of at least seventy-five (75) percent; and

3. Cover all aspects of material covered in the course, including applicable Kentucky licensing laws and administrative regulations; and

(h)1. The pre-licensing provider shall not allow a student to take the final examination more than three (3) times, unless the student retakes the sales associate pre-licensing course;

2. A student shall be permitted to retake the final examination no earlier than the fourth day following the date of a failure;

3. After the second failure, the pre-licensing provider shall provide the student with documentation of the area(s) of deficiency and the opportunity for additional training on the student's area(s) of deficiency consistent with the provider's student enrollment agreement.

(6) Approved pre-license education providers and instructors shall take appropriate steps to maintain the confidentiality of the final examinations. These steps shall include:

(a) Storing examinations and answer keys in a secure place accessible only to the school administrator and the instructor;

(b) Prohibiting students from retaining copies of the final examination and answer sheets;

(c) Monitoring students continuously during examinations; and

(d) Notifying the commission and taking appropriate steps, if an examination is compromised.

(7) The curriculum for a post-license education course shall be in hourly increments from one (1) to nine (9) hours with one (1) hour of course credit allowed for each fifty (50) minutes of actual instruction and consist of thirty-two (32) hours from the courses established in paragraphs (a) and (b) of this subsection and sixteen (16) hours as established in paragraph (c) of this subsection:

(a) The three (3) hour Commission Licensee Compliance course, which shall instruct new licensees on:

1. License statuses and the administrative processes relative to keep a license active and in good standing;

2. A review of controlling definitions;

3. A review of agency principles;

4. Overview of commission duties and functions and relationships with other governmental

bodies, regulatory bodies, and professional associations; and

5. A review of disciplinary procedures and administrative case studies.

(b) The requirements in each of the following course topics:

1. Six (6) hours in Agency;

2. Six (6) hours in Contracts;

3. Three (3) hours in Finance;

4. Three (3) hours in Advertising;

5. Three (3) hours in Disclosure;

6. Three (3) hours in Fair Housing;

7. Three (3) hours in Technology and Data Security; and

8. Two (2) hours in Risk Management; and

(c) Sixteen (16) additional hours in approved mandatory courses in excess of the prescribed hours listed in (b)1.-8. or in the following elective topics chosen by the licensee:

1. Real Estate Auctions;

2. Anti-trust;

3. Appraisals

4. Home inspections;

5. Land Use;

6. Property Rights;

7. Property Management;

8. Real Estate Investments; and

9. Business Planning.

(d) Contain course content, objectives, and assessments that include scenario-based case studies designed to ensure the application of current real estate information and knowledge to practical brokerage scenarios.

(e) If a licensee takes a post-licensing education course with the same course number more than once, the licensee shall only receive credit for one course completion.

(8)(a)The curriculum for a continuing education course shall be in hourly increments from one (1) to nine (9) hours with one (1) hour of continuing education allowed for each fifty (50) minutes of actual instruction.

(b) If a licensee takes a continuing education course with the same course number more than once in an education cycle, the licensee shall only receive credit for one (1) course completion.

(9) The commission shall review all course content to ensure that the content meets the requirements established in this administrative regulation and shall be submitted to the commission for consideration.

Section 5. Pre-license Course Approval for Sales Associates. (1) To obtain approval for a sales associate pre-license course, an approved education provider shall submit a Pre-license Course Application and Renewal Form, KREC Form 102, for each course for which approval is sought, at least ninety (90) days prior to the scheduled offering of a pre-license education course. The approval shall be valid for one (1) year. The completed form shall be accompanied by:

(a) A completed detailed course outline broken into four (4) hour increments to include, if applicable, teaching methods, learning objectives for the course, auxiliary aids, quizzes or examinations, and materials for each course.

(b) The course description and objectives;

(c) A description of the course practicum;

(d) When the final examination shall be conducted;

(e) The textbooks being used and how material will be taught in conjunction with completion of the projects and the final exam;

(f) A copy of the final examination question bank and answer key;

(g) A copy of all written material that the instructor will use in the classroom, including a copy of the curriculum that follows the mandated guidelines, if applicable;

(h) Completed Instructor Affiliation Form, KREC Form 104, for each instructor who will teach a course; and

(i) The nonrefundable initial review fee of seventy-five (75) dollars.

(2) To renew approval for a sales associate pre-license course, an approved education provider shall submit:

(a) A separate completed Pre-license Course Application and Renewal Form, KREC Form 102, for each course, at least ninety (90) days prior to the current expiration of the pre-license education course;

(b) The nonrefundable renewal review fee of twenty-five (25) dollars; and

(c) A detailed abstract of changes made to the course, course materials, and other required attachments since the initial application or most recent course renewal.

(3) An education provider shall notify the commission in writing within ten (10) days of a substantive change in the information submitted on the initial or renewal application for a sales associate pre-license course or in any attachment thereto.

(4) Every five (5) years an approved education provider shall submit a complete Pre-license Course Application and Renewal Form, KREC Form 102, for each course approval is sought, at least ninety (90) days prior to the scheduled offering of a pre-license education course.

(5) Nothing in this section shall prevent the commission from requesting the current version of a course from an approved education provider during the five (5) year review period.

Section 6. Continuing and Post-license Education Course Approval. (1) To obtain approval for a continuing education or post-license education course, an approved education provider shall submit a completed Continuing and Post-license Education Course Application and Renewal Form, KREC Form 103. The approval shall be valid for one (1) year.

(2) At least sixty (60) days prior to the scheduling of a continuing or post-license education course, an approved education provider wishing to offer a continuing or post-license education course shall submit:

(a) Continuing and Post-license Education Course Application and Renewal Form, KREC Form 103, and either:

1. The nonrefundable initial review fee of twenty-five (25) dollars for classroom courses or seventy-five (75) dollars for distance education courses; or

2. The nonrefundable renewal review fee of fifteen (15) dollars; and

(b) A completed detailed course outline broken into fifty (50) minute increments, to include, if applicable, learning objectives for the course, teaching methods, auxiliary aids, quizzes or examinations, materials, and the policies of the provider;

(c) The textbooks or course materials being used;

(d) A copy of the final examination question bank and answer key, if the course is a distance education course; and

(e) Completed Instructor Affiliation Form, KREC Form 104, for each instructor who will teach a course.

(3) A provider shall:

(a) Award each attendee listed on the roster who completes the course a course completion certificate that contains:

1. The licensee's name;

2. The licensee's license number;

3. The course completed, including the type of education, course title, and course number;

4. The date of completion; and

5. Signature of the school administrator or course provider representative.

(b) Submit to the commission, within ten (10) days of the student completing an approved continuing or post-license education course, unless the course is completed after December 21 of the calendar year in which case the deadline shall be on or before 11:59 p.m. December 31:

1. An attendance roster through the provider's online portal; and

2. A Course Evaluation, KREC Form E106, completed by each attendee listed on the roster;
and

(c) Include a notice or warning that if the course is taken after December 21 of the calendar year, the licensee's license may be cancelled if the course is not timely completed; and

(d) Subject only to space limitations, make the course available to all licensees, unless the course is offered by a broker-affiliated training program.

(4) Be subject to discipline by the commission, if a course provider fails to submit all attendance and evaluation forms completed and returned by students to the course provider.

(5) A course that has been previously approved within the same education cycle may be conducted by another provider if:

(a) The same instructor teaches the course;

(b) The same number and type of credits are awarded for the course;

(c) The content of the course is the same; and

(d) The hosting provider submits a completed Provider Host Form, KREC Form 105, to the commission thirty (30) days prior to conducting the course.

(6) To renew approval for a continuing or post-license education course, an approved education provider shall submit:

(a) A completed Continuing and Post-license Education Course Application and Renewal Form, KREC Form 103, for each course approval is sought, at least sixty (60) days prior to the current expiration of the continuing or post-license education course, and

(b) A detailed abstract of changes made to the course, course materials, and other required attachments since the initial application or most recent course renewal.

(7) An education provider shall notify the commission in writing within ten (10) days of a substantive change in the information submitted on the initial or renewal application for a continuing or post-license education course or in any attachment thereto.

(8) Every five (5) years an approved education provider shall submit a complete Continuing and Post-license Education Course Application and Renewal Form, KREC Form 103, for each course approval is sought, at least ninety (90) days prior to the scheduled offering of a continuing or post-license education course.

(9) Nothing in this section shall prevent the commission from requesting the current version of a course from an approved education provider during the five (5) year review period.

Section 7. Pre-license Course Approval for Broker Curriculum. (1) To obtain approval for a broker management or broker curriculum course, an approved education provider shall submit a Pre-license Course Application and Renewal Form, KREC Form 102, for each course approval is sought. The approval shall be valid for one (1) year.

(2) To satisfy the education prerequisites contained in KRS 324.046(1)(a), an applicant for a broker's license shall complete a broker management skills course. The broker management skills course shall:

(a) Satisfy three (3) academic credit hours of the applicant's twelve (12) academic credit

hours of real estate courses required to become a broker;

(b)1. Instruction on all topics, except Kentucky specific law and regulation, shall be from a text approved by the commission.

2. To have a text approved by the commission, an education provider shall submit to the commission the proposed text and a written explanation of how the text covers the course content on each of the required topics.

(c) Be a three (3) academic hour comprehensive review of all the skills necessary to run a brokerage office in accordance with the applicable Kentucky licensing laws and administrative regulations relating to real estate and the standards of practice for a broker pertaining to adequate supervision of all affiliated licensees, including:

1. Leadership and management skills;

2. Communications and decision-making;

3. Analyzing the business environment;

4. Analyzing the market;

5. Developing a business plan, including structuring the organization, business systems, and finances;

6. Business policies and procedures;

7. Marketing and advertising;

8. The practical and legal realities of staffing;

9. Recruiting, selecting, and hiring the staff;

10. Professional development;

11. Critiquing operations; and

12. Managing risk.

(d)1. Include a scenario-based practicum or project that shall require each student to develop a sample business plan, a sample financial plan and an office policy and procedure manual. The practicum shall:

2. Be completed by the individual student, without peer assistance, before sitting for the final examination;

3. Require application of topics covered in the broker pre-licensing curriculum;

4. Be graded on a pass-fail scale; and

5. Be allotted up to one hour of course credit for completion and review of this requirement.

(e)1. Require each student to take a comprehensive, closed-book examination consisting of at least seventy-five (75) multiple choice questions;

2. The examination shall be submitted to the commission for approval prior to use in the course;

3. The passing score for the examination shall be a minimum score of seventy-five (75) percent;

4. The broker pre-licensing provider shall not allow a student to take the final examination more than three (3) times, unless the student retakes the broker management skills course;

5. A student shall be permitted to retake the final examination no earlier than the fourth day following the date of a failure;

6. After the second failure, broker pre-licensing provider shall provide the student with documentation of the area(s) of deficiency and the opportunity for additional training on the student's area(s) of deficiency consistent with the provider's student enrollment agreement.

(e) The education provider shall report a course completion certificate to the commission through the provider's online services portal within ten (10) days of issuing the certificate to the student.

(3) To be approved as a pre-licensing course for broker curriculum, a course shall cover one of the following topics:

- (a) Federal Housing and Lending Law;
- (b) Kentucky Real Estate Law and Regulation;
- (c) Real Estate Finance;
- (d) Real Estate Marketing;
- (e) Property Management;
- (f) Real Estate Investment;
- (g) Real Estate Appraisal;
- (h) Home Inspection;
- (i) Real Estate Auction;
- (j) Construction and Blueprints;
- (k) Land Use Planning and Zoning;
- (l) Commercial Real Estate;
- (m) Real Estate Development; and
- (n) Urban Planning.

(4) In addition to being specific to the course topics listed in (3)(a) through (n), each pre-licensing course for broker curriculum shall include:

(a) A comprehensive review specific to the course topic of all the relevant laws necessary to run a brokerage office in accordance with the applicable Kentucky licensing laws, administrative regulations, and federal laws, if applicable, relating to real estate and the standards of practice for a broker;

(b) An extensive review of case studies; and

(c) Instruction on personnel management and leadership models.

(5) In addition to being specific to the course topics listed in (3)(a) through (n), each pre-licensing course for broker curriculum shall be in either three (3) academic credit hour or six (6) academic credit hour intervals and shall not be accredited for continuing education credit.

(6) Within ten (10) days of completion of an approved broker curriculum course, the provider shall submit to the commission:

(a) An attendance roster; and

(b) A Course Evaluation Form, KREC Form 106, completed by each attendee listed on the roster.

(7) If a licensee takes a broker pre-license course with the same course number more than once, the licensee shall only receive credit for one course completion.

(8) To renew approval for a broker management or broker curriculum course, an approved education provider shall submit:

(a) A completed Pre-license Course Application and Renewal Form, KREC Form 102, for each course approval is sought, at least ninety (90) days prior to the current expiration of the broker management or broker curriculum course; and

(b) A detailed abstract of changes made to the course, course materials, and other required attachments since the initial application or most recent course renewal.

(9) An education provider shall notify the commission in writing within ten (10) days of a substantive change in the information submitted on the initial or renewal application for a broker management or broker curriculum course or in any attachment thereto.

(10) Every five (5) years an approved education provider shall submit a complete Pre-license Course Application and Renewal Form, KREC Form 102, for each course for which approval is sought, at least ninety (90) days prior to the scheduled offering of a the broker management or broker curriculum course.

(11) Nothing in this section shall prevent the commission from requesting the current version of a course from an approved education provider during the five (5) year review period.

Section 8. Broker Electives. (1) To obtain approval for a broker elective course, an approved education provider shall submit a Continuing Education and Post-License Education Course Application and Renewal Form, KREC Form 103, for each course for which approval is sought, consistent with Section 6 of this administrative regulation. The approval shall be valid for one (1) year.

(2) The content of a broker elective course shall be:

(a) An NAR designation course; or

(b) A course tailored to the supervisory functions of managing and operating a real estate brokerage company beyond the scope of what is covered in a sales associate pre-licensing course.

Section 9. Distance Education Standards for Approval. (1) Continuing education, post-license education, and pre-license courses conducted for academic credit in an accredited college or university via interactive television shall include:

1. Two (2) way audio and video connections between the instructor and the student; and

2. College or university personnel stationed at each remote site to handle technology problems that may arise and to monitor attendance of students.

3. The program shall be one that has been properly approved by the college accrediting body as fulfilling the requirements for academic credit.

(2) A course initially approved for classroom instruction shall not be offered for distance education unless additional approval consistent with this section is obtained from the commission.

(3)(a) Consistent with this administrative regulation, an approved provider shall submit:

1. a. A completed Pre-license Course Application and Renewal Form, KREC Form 102 or

b. A completed Continuing Education and Post-licensing Education Course Application and Renewal Form, KREC Form 103.

(b) In addition to the attachments required by the appropriate course application form, the course application shall include:

1. A complete copy of the program on the medium that is to be used or a link to the internet site where the course is located;

2. A copy of the final examination question bank and key for each course; and

3. The appropriate non-refundable course review fee.

(4) The course shall:

(a) Be divided into learning units, modules, or chapters to provide mastery of the material. Each unit shall contain learning objectives that are sufficient to ensure that the course will likely be mastered by the student upon completion of the material;

(b) Require quizzes at the end of each learning unit, module, or chapter to assess the student's performance before proceeding to the next learning unit, module, or chapter;

(c) Require a final examination consistent with subsection (6) of this section;

(d) Provide a method for tracking the length of time a student spends on the course; and

(e) Prohibit a student from bypassing the course materials to advance directly to the end-of-module quizzes or exercises that are included to assess the student's performance.

(5)(a) Each course shall have the approved instructor available to answer questions from students.

(b) The provider shall have reasonable oversight to monitor a student's work and electronic access in order to ensure that the student completing the work and receiving credit is the one who is enrolled in the course.

(6) For all distance education courses, the student shall pass a final exam covering the content of the course and real estate laws and administrative regulations that apply to those con-

tent areas with a score of at least seventy-five (75) percent.

(a) If the course is a continuing education or post-license education course, the final exam shall:

1. Be included as the last module of the course; and
2. Have a minimum of five questions for each approved hour of education.

(b) If the course is a pre-license education course, the final exam shall:

1. Contain a minimum of fifty (50) items for a three (3) academic credit hour course or contain a minimum of 100 items for a six (6) academic credit hour course;

a. Each course shall have an item bank from which the final examination questions shall be pulled.

b. The bank shall contain multiple choice items and have forty (40) percent more questions than required on the final examination, so that retake exams will contain unique new questions.

2. Be monitored by the approved instructor for the course or another individual designated by the instructor who is not a relative or a business associate of the student;

3. If another individual is designated to monitor the exam, the monitor shall be:

a. A certified librarian;

b. A public school administrator;

c. A College professor;

d. Other real estate instructor associated with the school offering the course; or

e. A monitor from a qualified online test monitoring service;

4. The monitor shall:

a. Sign a statement certifying that he or she is not affiliated with the student in any way;

b. Verify that the person taking the examination is the person registered for the course;

c. Observe the student taking the exam;

d. Assure that the student does not use aids of any kind;

e. Assure that a calculator is nonprogrammable;

f. Assure that limitations on the final examination are not exceeded;

g. Certify to the provider in a notarized statement that all requirements for the final examination have been met; and

h. Assure that any student's mobile device, cell phone, or camera is shut down and put away, while at the test site.

(7) Prior to awarding a student credit for a distance education course, the education provider shall require each student to complete an affidavit that includes the date of completion and the student's signature, which may be provided electronically. The affidavit shall certify that the student has personally completed all components of the course and the final exam with no academic assistance.

(8) Credit shall be denied and disciplinary action taken if it is determined that a student received academic assistance on the final exam.

(9) To obtain credit for a distance education course, a student shall complete the course within the time frame allotted by the school for pre-license courses or within the education cycle for continuing and post-license education, unless the student is completing the course to comply with an order of the commission.

(10)(a) The completion date for all courses shall be the latest of the dates upon which the student completes the final examination with a passing score of at least seventy-five (75) percent and submits the student affidavit.

(b) The student shall submit the course evaluation and student affidavit to the provider from whom the course was taken.

(11)(a) The provider shall ensure that approved instructors are available to assist students who have questions regarding:

1. The technology used in the delivery;
2. The course content; or
3. The completion requirements.

(b) A student shall not be required to call more than one (1) person to obtain answers to questions about the course.

(12) The provider shall include a detailed explanation of how the course measures, documents and records the student completion of the material, and any activities or exercises required to achieve mastery of the material.

(13)(a) The provider shall obtain an evaluation from each student.

(b) An evaluation may be submitted to the provider electronically and a copy of each form shall be returned along with the attendance roster and other documents required by the commission for continuing education courses.

Section 10. Course Instructor Qualifications and Approval. (1) A person not approved pursuant to this administrative regulation shall not teach an education course for credit.

(2) To be approved, an instructor shall have:

(a) Qualifying education or experience:

1. A bachelor's or post-graduate degree from a college or university duly accredited by a nationally recognized rating or accrediting organization, in a field directly related to the nature of the course, such as real estate, business, law, or finance.

2. An associate degree in real estate from a college or university duly accredited by a nationally recognized rating or accrediting organization;

3. Completed five (5) consecutive years of full-time experience in the real estate related subject area that he or she is teaching; or

4. A combination of teaching, education, and full-time experience in real estate totaling five (5) years; and

(b) Sufficient and thorough knowledge of the subject area of the course he or she is teaching, familiarity of the provisions of Kentucky real estate licensing law and administrative regulations, and the importance of those provisions on the subject area of the course; and

(c)1. Completed a mandatory educator training course within the twelve (12) months preceding the approval or renewal as an instructor from the commission, unless one of the following exemptions apply:

a. The instructor is a national level or unique speaker and training poses an impractical burden;

b. The instructor has taken a similar course in another jurisdiction within the preceding twelve (12) months;

c. The instructor teaches two (2) or fewer courses each year; or

d. The instructor has earned a Distinguished Real Estate Instructor designation or a comparable advanced designation.

2. The mandatory educator training course shall include a minimum of three (3) fifty (50) minute blocks of instruction consisting of:

a. Classroom management principles and Generally Accepted Practices of Education;

b. Fundamentals of instruction in adult education; and

c. A review of any pertinent changes to Kentucky or federal real estate brokerage laws and administrative regulations and current real estate brokerage principles.

(3) To apply for approval, an instructor shall submit:

(a) Instructor Application and Renewal Form, KREC Form 100;

(b) A copy of the instructor's current resume;

(c) Any information necessary to explain an answer on the application;

(d) A license certification from each jurisdiction where the instructor holds a professional license; and

(e) A certification of completion for the instructor course.

(4) Instructor approval shall last for one year.

(5) To renew, an instructor shall submit the Instructor Application and Renewal Form, a certification of completion for the instructor course, and note any changes from the materials submitted in subsection (3) of this section.

(6) The commission shall maintain a roster of approved instructors who are eligible to be added to an approved course upon submission of a Completed Instructor Affiliation Form, KREC Form 104.

(7) Approval of an instructor may be withdrawn, probated, or suspended by the commission for:

(a) A violation of a provision of KRS Chapter 324 or the administrative regulations promulgated thereunder;

(b) Falsification of material submitted to the commission;

(c) Failure to provide to the commission requested material;

(d) While acting as an instructor, engaging in brokerage activity with an enrolled student while present in an educational facility;

(e) Soliciting an investment from a student;

(f) Attempting to recruit a student to a real estate company while acting as an instructor;

(g) Receipt of a complaint or poor evaluation related to the conduct of the instructor;

(h) Improper or unprofessional conduct or communication during course instruction, including comments that are clearly derogatory, not germane to the course's subject matter, or are intended to offend a particular student or group of students;

(i) Permitting a student to receive credit for a course if the licensee arrives more than ten (10) minutes after the scheduled start of the course or any break during the course; or

(j) Failure to abide by the Generally Accepted Practices of Education or other documented deficiencies in classroom management.

Section 11. Evaluation of Instructors. (1) The commission shall review each Course Evaluation Form, KREC Form 106, submitted.

(2) Within the commission's discretion, the commission may monitor an instructor's course.

(3) The commission monitor shall submit a recommendation to the commission regarding whether the instructor shall be allowed to continue to teach courses.

(4) Based on the recommendation of the commission monitor, and the comments from the monitored class, the commission shall:

(a) Take no further action; or

(b) Take disciplinary action.

(5) If the commission issues a probationary order, the commission shall establish the length and terms of the probationary period as well as the date of any class to be monitored.

(6) At the conclusion of the probationary period, the commission shall determine if the instructor's approval shall continue.

(7) If the commission determines that instructor approval shall be suspended, the instructor shall not be allowed to teach any commission-approved education courses unless approval is reinstated.

(8) The commission shall notify the instructor and the school of its decision in writing.

(9)(a) Any instructor who has been suspended from teaching education courses may apply for reinstatement by submitting:

1. An application for approval to the commission; and

2. An explanation detailing how the applicant cured the deficiency which resulted in suspension; and

(b) After submission of the above documents and consideration by the commission, the commission shall approve or deny the instructor's request for reinstatement.

Section 12. Monitoring and Withdrawal of Provider Approval. (1) An approved education provider shall ensure that all instructors shall abide by the Generally Accepted Principles of Education as adopted by the Real Estate Educators Association.

(2) An approved education provider shall permit inspection and monitoring by the commission, or its designee, to evaluate the administration or operation of any approved real estate school or approved provider education course and to evaluate the performance of instructors.

(3) An approved education provider shall not:

(a) Advertise, or permit an advertisement to be made, in conjunction with the business of a principal broker or a real estate brokerage company;

(b) Discuss, induce, or promote affiliation with a principal broker or a real estate brokerage company;

(c) Submit an application or renewal that contains false, inaccurate or misleading information;

(d) Violate the provisions of this administrative regulation as it relates to the establishment or conduct of the provider, any instructor, or any course material;

(e) Directly or indirectly attempt, or allow an official, employee, or a person on their behalf, to reconstruct the real estate licensing examination or portion of the examination.

(4) If an approved education provider's approval may be subject to withdrawal for the reasons set forth in this section, the commission shall:

(a) Give written notice to the school of the intent to withdraw approval and the reasons therefor; and

(b) Give the school an opportunity to address the notice, in writing, within thirty (30) days of the date of the notice of intent to withdraw approval.

Section 13. Records Retention. (1) An approved education provider shall maintain accurate records on each student enrolled in a course for three (3) years.

(2) A record shall include each student's record of courses completed or attempted, academic hours awarded, final grades, and test scores, if applicable.

(3) A certificate of completion shall be:

(a) Included in the records of each student; and

(b) Delivered to each student upon completion of a course.

Section 14. Instructors to Receive Credit for Teaching. (1) A licensee who teaches an approved continuing education course shall receive credit on an hour-for-hour basis, not to exceed three (3) hours per calendar year.

(2) To obtain continuing education credit, the instructor's name shall be added to the education attendance roster for the course.

(3) The instructor shall not receive credit more than once in a calendar year for teaching a specific course.

Section 15. Effective Date. The first provider application, course approval application, and instructor application for each provider, course, or instructor received after the effective date of this administrative regulation shall be considered an initial application for purposes of the application and renewal processes prescribed in this administrative regulation.

Section 16. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) "Provider Application and Renewal Form", KREC Form 101, 07/19;

(b) "Pre-license Course Application and Renewal Form", KREC Form 102, 07/19;

(c) "Continuing and Post-license Education Course Application and Renewal Form", KREC Form 103, 07/19;

(d) "Instructor Application and Renewal Form", KREC Form 100, 07/19;

(e) "Provider Host Form", KREC Form 105, 07/19;

(f) "Instructor Affiliation Form", KREC Form 104, 07/19;

(g) "Course Evaluation Form", KREC Form 106, 07/19; and

(h) "Generally Accepted Principles of Education", KREC Form 107, 07/19.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Real Estate Commission, 656 Chamberlin Avenue, Suite B, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available from the commission's Web site: www.krec.ky.gov.

LOIS ANN DISPONETT, Chair
H.E. CORDER II, Executive Director
K. GAIL RUSSELL, Secretary

APPROVED BY AGENCY: July 15, 2019

FILED WITH LRC: July 15, 2019 at 9 a.m.

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on August 21, 2019 at 10:00 a.m. Eastern Time at the Kentucky Real Estate Commission, 656 Chamberlain Ave., Suite B, Frankfort, Kentucky. Individuals interested in being heard at this hearing shall notify this Department in writing by five working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 p.m. on August 31, 2019. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Alex D. Gaddis, Deputy General Counsel, Kentucky Real Estate Authority, 656 Chamberlin Ave., Suite B, Frankfort, Kentucky 40601, phone (502) 564-7760, fax (502) 564-1538 email: Alex.Gaddis@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Alex D. Gaddis

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the requirements and application procedures for approval as a real estate school, post-licensing education provider, and a continuing education provider. This administrative regulation also establishes the requirements and application procedures for approval of instructors and courses for license credit. This administrative regulation establishes procedures for implementing the

requirements for post-license education and the requirements for courses offered through distance education. This administrative regulation establishes the requirements of the brokerage management skills course and incorporates the curriculum by reference.

(b) The necessity of this administrative regulation: KRS 324.281(5) and 324.282 authorize the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to implement KRS Chapter 324. KRS 324.010(7) and (8) authorizes the commission to approve a real estate school. KRS 324.046(1) and (2) require an applicant for initial licensure as a broker or sales associate to have completed the specified number of courses from an approved or accredited real estate school. KRS 324.085(4) and (5) require the commission to promulgate administrative regulations necessary to implement the continuing education, post-licensure education, and instructor qualification requirements of KRS 324.085. KRS 324.046(1)(a) requires the commission to promulgate an administrative regulation determining the required course content of a brokerage management skills course for all broker applicants.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 324.281(5) and 324.282 authorize the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to implement KRS Chapter 324. KRS 324.010(7) and (8) authorizes the commission to approve a real estate school. KRS 324.046(1) and (2) require an applicant for initial licensure as a broker or sales associate to have completed the specified number of courses from an approved or accredited real estate school. KRS 324.085(4) and (5) require the commission to promulgate administrative regulations necessary to implement the continuing education, post-licensure education, and instructor qualification requirements of KRS 324.085. KRS 324.046(1)(a) requires the commission to promulgate an administrative regulation determining the required course content of a brokerage management skills course for all broker applicants. This administrative regulation establishes the requirements and application procedures for approval as a real estate school, post-licensing education provider, and a continuing education provider. This administrative regulation also establishes the requirements and application procedures for approval of instructors and courses for license credit. This administrative regulation establishes procedures for implementing the requirements for post-license education and the requirements for courses offered through distance education. This administrative regulation establishes the requirements of the brokerage management skills course and incorporates the curriculum by reference.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: Amendment to this administrative regulation will assist in the effective administration of KRS Chapter 324 because it consolidates into one regulation the approval process for education providers, instructors, and course curriculums.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: Amendment to this administrative regulation centralizes all of the requirements for becoming an approved pre-license, post-license, or continuing education provider.

(b) The necessity of the amendment to this administrative regulation: KRS 324.281(5) and 324.282 authorize the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to implement KRS Chapter 324. KRS 324.010(7) and (8) authorizes the commission to approve a real estate school. KRS 324.046(1) and (2) require an applicant for initial licensure as a broker or sales associate to have completed the specified number of courses from an approved or accredited real estate school. KRS 324.085(4) and (5) require the commission to promulgate

administrative regulations necessary to implement the continuing education, post-licensure education, and instructor qualification requirements of KRS 324.085. KRS 324.046(1)(a) requires the commission to promulgate an administrative regulation determining the required course content of a brokerage management skills course for all broker applicants.

(c) How the amendment conforms to the content of the authorizing statutes: This administrative regulation establishes the requirements and application procedures for approval as a real estate school, post-licensing education provider, and a continuing education provider. This administrative regulation also establishes the requirements and application procedures for approval of instructors and courses for license credit. This administrative regulation establishes procedures for implementing the requirements for post-license education and the requirements for courses offered through distance education. This administrative regulation establishes the requirements of the brokerage management skills course and incorporates the curriculum by reference.

(d) How the amendment will assist in the effective administration of the statutes: Amendment to this administrative regulation will assist in the effective administration of KRS Chapter 324 because it consolidates into one regulation the approval process for education providers, instructors, and course curriculums.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Currently approved and prospective education providers will be affected by this administrative regulation. The Kentucky Real Estate Commission will be affected by this administrative regulation as well.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Approved education providers will be required to update and modernize course offerings consistent with the subject matter outlined in this administrative regulation. Approved education providers will also be required to submit and renew course and instructor materials as outlined in this administrative regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There are no new costs associated with comply with this administrative regulation. Approved education providers will be required to pay a course submission fee, which will be determined by the type of course being submitted for review.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Current and prospective licensees will benefit from updated, accurate, and consistent education from approved education providers. Education providers who are approved to offer education will experience streamlined submission and renewal rules.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There is no cost associated with implementing this administrative regulation initially.

(b) On a continuing basis: There is no cost associated with implementing this administrative regulation on a continuing basis.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: There is no funding required to implement and enforce this administrative regulation.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to

implement this administrative regulation, if new, or by the change, if it is an amendment: An increase in fees or funding will not be necessary to implement this administrative regulation or the changes proposed herein.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increased any fees: This administrative raises the cost of submitting a continuing education course by five dollars (\$5). All fees established by this administrative regulation are provided for in statute, KRS 324.287, as modified by House Bill 436 (2019 RS).

(9) TIERING: Is tiering applied? No, tiering is not applied because this administrative regulation applies equally to all regulated entities.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

(1) What units, parts or divisions of state or local government (including cities, counties, fire departments or school districts) will be impacted by this administrative regulation? The Kentucky Real Estate Commission will be impacted by this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 324.010(7), 324.046(1), (2), (5), 324.085, 324.090, 324.160(1)(c), (4)(u), 324.281(7), and 324.282.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. This regulation is not expected to have any effect on the expenditures and revenue of state or local government.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation is expected to generate approximately \$28,000.00 in course review and approval fees. This includes pre-licensing, post-licensing, and continuing education course approvals for the 2020 education cycle. This number is an estimate based on the current number of courses approved by the Commission.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation is expected to generate approximately \$10,000.00 in course review and approval fees. This includes pre-licensing, post-licensing, and continuing education course approvals for the 2021-2024 education cycles. This number is an estimate based on the current number of courses approved by the Commission. The reduction in expected revenue from the first year to subsequent years is as a result of the revised renewal procedure for courses established in this regulation whereby approved providers will not submit a full course package each year.

(c) How much will it cost to administer this program for the first year? There is no cost associated with administering this program for the first year.

(d) How much will it cost to administer this program for subsequent years? There is no cost associated with administering this program for subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation:

Revenues (+/-): \$28,000 for the first year.

Expenditures (+/-): None.

Other Explanation: Not applicable.