

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

**201 KAR 11:210. Licensing, education, and testing requirements.**

RELATES TO: KRS 2.013, 324.010, 324.020, 324.040, 324.045(1), (2), (3), 324.046, 324.085, 324.090, 324.141, 324.160, 324.281, 324.287, 324.310, 324.330, 324.990, 28 C.F.R. 16.30-16.33

STATUTORY AUTHORITY: KRS 324.045, 324.141, 324.281(5), 324.282

NECESSITY, FUNCTION, AND CONFORMITY: KRS 324.281(5) and 324.282 require [authorizes] the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to carry out and enforce the provisions of KRS Chapter 324. KRS 324.040(2) requires applicants for licensure as a broker or sales associate to apply in writing on forms prepared or furnished by the Real Estate Commission. KRS 324.045(4) authorizes the commission to promulgate an administrative regulation to require a national criminal history check prior to licensure. KRS 324.141(1) authorizes the commission to promulgate administrative regulations to establish license-recognition procedures that allow out-of-state actively-licensed sales associates and brokers to apply for a Kentucky license that is the same as, or equivalent to, their out-of-state license. KRS 324.090(1) requires the real estate commission to establish an expiration and renewal date for licenses. KRS 324.310(1) requires the delivery of a sales associate's license to the commission when an association with a principal broker is terminated, and KRS 324.330(2) allows a licensee to place his or her license into inactive status with the commission. KRS 324.330(1) requires notice to be given to the real estate commission when a licensee's location, firm name, surname, or affiliation changes. KRS 324.085(1) requires an actively-licensed agent, except an agent licensed prior to June 19, 1976, to successfully complete six (6) hours of mandatory continuing education each year as a condition of licensure renewal and requires that three (3) of the six (6) hours pertain to the study of real estate law. KRS 324.085(2) requires a licensee who is issued an initial sales associate license after January 1, 2016, to complete forty-eight (48) classroom or online hours of commission-approved post-license education. This administrative regulation establishes requirements for applying for initial licensure, license renewal, and license recognition and establishes the commission's criminal background check policies for all applicants [~~standards relative to education and licensure application requirements~~]. Additionally, this administrative regulation establishes the procedures for a licensee to report changes to his or her contact information to the commission and sets the penalty for failure to comply with KRS 324.330. Also, this administrative regulation establishes the procedure for the delivery of a sales associate's license to the commission when affiliation with a principal broker is terminated. This administrative regulation establishes the requirements relating to pre-license education, continuing education, and post-license education and the disciplinary consequences for failing to comply with the requirements.

Section 1. Initial Sales Associate License. (1) Prior to applying for an initial sales associate license, a prospective applicant shall:

(a) Complete six (6) academic credit hours, or its equivalent, of prelicensing education with either:

1. An approved pre-license education provider; or
2. An accredited institution as defined by KRS 324.010(8).

(2) An applicant for initial sales associate licensure shall submit:

(a) A national criminal history check in accordance with KRS 324.045(5) and this administrative regulation;

(b) A completed application submitted on Score Report/License Application obtained from the commission's testing provider after passing the required examination, which shall contain a recent photo of the applicant;

(c) Proof of:

1. High school graduation, or its equivalent, or

2. Successful post-secondary completion of:

a. A degree program or

b. Twenty-eight (28) academic credit hours, or the equivalent;

(d) Proof of completion of six (6) academic credit hours, or its equivalent in qualifying pre-licensure education;

(e) Proof of Errors and Omissions insurance coverage compliant with KRS 324.395 and 201 KAR 11:220, if the license will be immediately active;

(f) The nonrefundable sixty dollar (\$60) original license fee and sixty dollar (\$60) recovery fund fee required by KRS 324.287(2) and (8); and

(g) A completed and signed "Consent to Jurisdiction and Service of Process" KREC Form 205, if the applicant resides outside of the Commonwealth of Kentucky.

(3) An applicant may submit a paper or electronic application.

(4) Within ten (10) days of being issued a license number and OP ID, the licensee shall:

(a) Create an Online Services Portal account;

(b) Verify the licensee's current residential address and telephone number; and

(c) Provide one (1) valid electronic mail address. [In lieu of proof of high school graduation or a GED diploma, an applicant may submit an official transcript from a United States institution or from an institution outside of the United States, which indicates successful post-secondary completion of:

(1) A degree program; or

(2) Twenty-eight (28) academic semester hours or the equivalent.]

Section 2. Broker's License. (1) Prior to applying for a broker's license, a prospective applicant shall:

(a) Complete not less than twenty-one (21) academic credit hours, consistent with KRS 324.046(1)(a), of education to acquire a broker's license, including a minimum of:

1. Nine (9) academic credit hours of real estate courses, which shall not include an applicant's sales associate prelicense education;

2. Three (3) academic credit hours of Broker Management; and

3. Nine (9) academic credit hours of broker elective courses, approved by the commission.

(b) A licensee shall not get duplicate course credit toward a broker's license;

(c) A licensee shall get course credit toward his or her broker's license by completing NAR designation courses. Credit for the designation course shall be awarded consistent with accreditation at the time the course is completed.

(d) An applicant for a broker's license may submit a request for an education review by submitting a completed "Broker Education Review Form," KREC Form 207.

(2) An applicant for a broker's license shall submit:

(a) Proof of the requisite sales associate experience as provided in KRS 324.046(1)(b) or its equivalent as provided in KRS 324.046(3) or (4);

(b) A completed application submitted on Score Report/License Application obtained from the commission's testing provider after passing the required examination;

(c) Proof of completion of the broker curriculum education real estate courses required by KRS 324.046(1)(a) and KRS 324.046(3);

(d) Proof of Errors and Omissions insurance coverage compliant with KRS 324.395 and 201 KAR 11:220, if the license will be immediately active, or proof of extended reporting period coverage as required by KRS 324.395 if the license will be placed into inactive status;

(e) An original copy of the applicant's national criminal history check obtained consistent with KRS 324.045(5) and this administrative regulation;

(f) A completed and signed "Consent to Jurisdiction and Service of Process" KREC Form 205, if the applicant resides outside of the Commonwealth of Kentucky; and

(g) The nonrefundable sixty dollar (\$60) original license fee required by KRS 324.287(2).

(4) An applicant may submit a paper or electronic application.

Section 3. License Recognition. (1) An individual actively licensed as a real estate professional outside of Kentucky may apply for an equivalent Kentucky license.

(2) To obtain a license by license recognition, an individual shall:

(a) File with the commission a national criminal history check in accordance with KRS 324.045(5) and this administrative regulation;

(b) File with the commission a certification of licensure issued within the preceding ninety (90) days by the regulatory authority of each state in which the individual has, at any time, held a real estate license; and

(c) Pass the Kentucky law portion of the licensing examination for either a sales associate's license or a broker's license as appropriate;

(d) Submit a completed and signed "Consent to Jurisdiction and Service of Process" KREC Form 205, if the applicant resides outside of Kentucky; and

(e) The nonrefundable sixty dollar (\$60) original license fee and sixty dollar (\$60) recovery fund fee required by KRS 324.287(2) and (7).

(3) An applicant may submit a paper or electronic application.

(4) Within ten (10) days of being issued a license number and OP ID, the licensee shall:

(a) Create an Online Services Portal account;

(b) Verify the licensee's current residential address and telephone number; and

(c)1. Provide one (1) electronic mail address;

2. The licensee may provide additional, unique electronic mail address(es).

Section 4. Real Estate Examination. (1) A successful passing score on required portions of the real estate examination mandated by KRS 324.045(2) shall be valid for sixty (60) days. [Any applicant who successfully passes the required portions of the real estate examination shall apply for a license within sixty (60) days after the examination. A candidate who fails to apply for a license within this period shall be reexamined.]

(2) An applicant who fails to pass any required portion of the examination mandated by KRS 324.045(2) three (3) times shall wait at least thirty (30) calendar days from the date of their third failed examination prior to retaking the examination, or the score shall be void.

Section 5. Foreign Language Diplomas or Transcripts. (1) If an applicant submits documentation of qualifying education in a language other than English, the diploma or transcript shall:

(a) Be accurately translated by a foreign language document translation service; and

(b) Include a certification stating that the translation is true, accurate, and complete.

(2) The applicant shall provide a letter to the commission indicating that the curriculum of the proffered education is equivalent to a high school diploma or GED. The comparison shall

be made by an education credential service provider with membership in the National Association of Credential Evaluation Services.

(3) If the applicant is unable to comply with the requirements of this section, the applicant shall submit proof of the receipt of a GED granted by an agency or institution within the United States.

Section 6. National Criminal History Check. (1) Prior to taking a licensure examination, an applicant shall request a copy of the applicant's national criminal history check, which shall only be valid for ninety (90) days from the date of the record report.

(2) (a) The applicant may request a copy of his or her national criminal history check from the Federal Bureau of Investigation pursuant to the provisions of 28 C.F.R. 16.30 to 16.33 or through the Kentucky State Police for submission to the Federal Bureau of Investigation consistent with KRS 324.045(5).

(b) An applicant may submit the Criminal History Affidavit, KREC Form 209, with his or her application for licensure if:

1. The applicant is unable to obtain his or her national criminal history check from the Federal Bureau of Investigation because the applicant's fingerprints are rejected;

2. The applicant submits proof that he or she was fingerprinted at a recognized state or local law enforcement agency;

3. The applicant submits a Kentucky Administrative Office of the Courts (AOC) Fast Check Criminal Records Report, or a similar informal background report from the jurisdiction where the applicant resides; and

4. The applicant submits proof of an alternate request for a Federal Bureau of Investigation records check by name or social security number.

(c) An issued license shall subject to discipline if, while an applicant, the licensee:

1. Having submitted a Criminal History Affidavit, KREC Form 209, with his or her application for licensure, fails to submit the national criminal history check within ten (10) days of receiving the report; or

2. Failed to report any new criminal charges or convictions that occurred after the national criminal history check report date.

(3)(a) The commission shall investigate a national criminal history check which reveals a felony conviction within the previous ten (10) years, or a misdemeanor conviction within the previous five (5) years, and may, at its discretion, investigate any charges or convictions revealed by the national criminal history check or any other evidence of dishonesty, untruthfulness, or bad reputation of the applicant.

(b) In the sole discretion of the chair of the commission, the commission may delegate the investigative process to the Applicant Review Committee, a subcommittee of the commission, to be comprised of no more than two (2) commissioners;

(c) The Applicant Review Committee shall operate consistent with KRS Chapter 335B.

(4) Following the completion of the investigation, the commission shall review the investigation report and shall:

(a) Order the applicant to appear before the commission for a hearing before the real estate commission or the real estate commission's authorized representative to determine whether the applicant meets the standards of KRS 324.045; or

(b) Allow the applicant to proceed with his or her licensure application without a hearing.

(5) If an authorized representative conducts the hearing, the authorized representative shall recommend to the real estate commission whether the applicant meets the standards of KRS 324.045. The real estate commission may accept the recommendation, reject the recommen-

ation and enter a separate order, or remand to the representative for further proceedings in accordance with KRS Chapter 13B.

(6) Following the hearing, if all other licensing pre-requisites are satisfied, the real estate commission shall either approve or deny the application and notify the applicant of its decision along with a written explanation of the reasons for its decision.

(7) If the real estate commission denies the application, the real estate commission shall indicate in its order, if and when, the applicant will be eligible to submit a subsequent licensure application.

(8) If an applicant, or a licensee without an active license, has engaged in any unlicensed brokerage activity within this Commonwealth, that person shall, prior to the issuance or reactivation of any license by the commission, submit proof that he or she has disgorged all fees earned or received as a result of the unlicensed brokerage activity, consistent with KRS 324.990(2).

Section 7. Release by Principal Broker. (1) Upon notification from the principal broker or the affiliate licensee that an affiliate licensee has been released pursuant to KRS 324.310(1), the commission shall notify the affiliate licensee at his or her last electronic mail address(es) on file at the commission that, within thirty (30) days of the date of the release notification, the licensee shall:

(a) Reaffiliate with another broker by submitting a completed "Acceptance and Release Form", KREC Form 200, or by using the licensee's online services portal; or

(b) Request that his or her license be placed into inactive status by using the licensee's online services portal or by submitting a completed "License Status and Personal Information Update Form", KREC Form 201;

(c) If the affiliate holds a broker license and was formerly a principal broker, he or she shall:

1. Affiliate with another principal broker;
2. Open a new office as principal broker; or
3. Place his or her license into inactive status.

(2) Failure to comply with the notification issued by the commission shall result in the cancellation of the licensee's license.

(3) A licensee with a cancelled license shall not engage in real estate brokerage activity during the period of cancellation.

Section 8. License Renewal. (1)(a) Licenses shall be renewed on or before March 31 through the licensee's Online Services Portal account.

(b) A licensee who is unable to renew his or her license using his or her Online Services Portal may utilize the License Renewal Form, KREC Form 208.

(2) A cancelled license shall not be renewed until the license is reactivated and in good standing.

(3)(a) A license shall be cancelled if not renewed.

(b) A licensee with a cancelled license is prohibited from engaging in real estate brokerage pursuant to KRS 324.160(2).

(4) A licensee shall file or verify with the commission at renewal a telephone number, residential address, and an electronic mail address(es).

Section 9. Licensing Records. (1)(a) A licensee shall notify the commission by submitting a completed "License Status and Personal Information Update Form", KREC Form 201, or through the online services portal, of a change in the following information:

1. The licensee's legal name;

2. The licensee's nickname;
3. Any alternate or assumed name being used by the licensee;
4. The licensee's residential address;
5. The licensee's electronic mail address(es); or
6. The licensee's preferred direct or personal phone number.

(b) If the licensee is changing his or her legal name, he or she shall provide legal documentation supporting the changed name.

(c) Processing of the changes contemplated in (1)(a) of this section shall require payment of a nonrefundable ten dollar (\$10) change request fee required by KRS 324.287.

(d) The licensee shall submit a completed and signed "Consent to Jurisdiction and Service of Process" KREC Form 205, if the licensee is moving to a residence outside the Commonwealth of Kentucky.

(2)(a) A licensee shall notify the commission by completing, signing, and filing with the commission the "Certification of Insurance Coverage" KREC Form 203, or through the online services portal, of any change in private professional liability insurance coverage or extended reporting period coverage as required by KRS 324.395.

(b) This notice shall be accompanied by a nonrefundable ten dollar (\$10) change request fee required by KRS 324.287(7).

(3)(a) A principal broker shall notify the commission of any change of his or her primary company location, firm name, alternate or assumed name, D/B/A(s), branch office name, branch office address, designated manager(s), escrow account(s), or email address(es) by completing, signing, and filing with the commission the "Company Information Update Form", KREC Form 202, or through the online services portal.

(b) This notice shall be accompanied by a nonrefundable ten dollar (\$10) change request fee required by KRS 324.287.

(4)(a) A principal broker shall notify the commission of a change in principal broker at an existing real estate brokerage company by submitting a completed "Company Change of Principal Broker Form," KREC Form 204, or through the online services portal.

(b) This notice shall be accompanied by the fee required by KRS 324.287.

(5)(a) An affiliated licensee shall submit a completed "Acceptance and Release Form", KREC Form 200, to change his or her affiliation to another principal broker.

(b) This form shall be accompanied by the fee required by KRS 324.287.

(6) A licensee requesting a license history certification shall complete and submit the "License Status and Personal Information Update Form", KREC Form 201, accompanied by a nonrefundable ten dollar (\$10) fee for each certification requested.

(7) A licensee shall be subject to discipline consistent with the commission's authority in KRS 324.160(1) for a violation of KRS 324.160(4)(t) if the licensee fails to submit notification to the commission of any changes required by this section within ten (10) days of the change.

Section 9. Inactive Status. (1) An active licensee who wishes to place his or her license into inactive status shall submit Form 203, "License Status and Personal Information Update Form", or through the online services portal.

(2) All licensees placing a license into inactive status shall:

(a) Obtain extended reporting period (ERP) coverage insurance for a period of one year as established by KRS 324.395(1); and

(b) Submit a completed "Certificate of Insurance Coverage", KREC Form 203, with proof of the required coverage.

(3) The coverage obtained pursuant to subsection (2) of this section shall be consistent with the minimum requirements prescribed by 201 KAR 11:220.

(4) To reactivate a license from inactive status, a licensee shall complete and submit Form 203, "License Status and Personal Information Update Form", or through the online services portal, and comply with KRS 324.310 and complete the following education:

(a) If the licensee has not taken the Core course in four years, the licensee shall complete Core; and

(b) If the licensee has been inactive during more than one education cycle, the licensee shall take six (6) hours of continuing education for each education cycle he or she was inactive, with three (3) hours for each year in law courses.

(5) If the licensee is exempt from continuing education requirements pursuant to KRS 324.046(5), the licensee shall not be required to complete any continuing education to reactivate a license from inactive status.

Section 10. Mandatory Continuing Education. (1) An active licensee, licensed by the commission on or after June 19, 1976, shall comply with the requirements of KRS 324.085(1) by attending and successfully completing six (6) hours of continuing education courses sponsored or approved by the commission each year. Three (3) of the hours of continuing education shall be in law, and three (3) of the hours of continuing education may be electives.

(a) An active licensee shall complete the continuing education requirements consistent with KRS 324.085(1) no later December 31 of the first year in the renewal cycle. An active licensee shall receive continuing education credit for any approved course completed on or before December 31, so long as the education provider has reported the licensee's course completion to the commission before 11:59 p.m. on December 31 consistent with 201 KAR 11:170, Section 6(3) for classroom courses or 201 KAR 11:170, Section 9(10) for distance education courses.

(b) An active licensee who fails to complete his or her continuing education requirement shall have his or her license cancelled and be ineligible to renew if the licensee has not completed the continuing education required by KRS 324.085(1) and this administrative regulation.

(2) An active licensee's annual mandatory continuing education requirement shall not be satisfied by the completion of a pre-license course.

(3) A candidate shall not submit completion of the same continuing education course more than once for licensure credit in the same calendar year.

(4) A licensee shall not receive credit for more than nine (9) hours of continuing education in a calendar day.

(5) A licensee shall not receive credit for a course if the licensee arrives more than ten (10) minutes after the scheduled start of the course or after the conclusion of any break during the course.

(6) An active licensee shall attend a commission-approved core course once every four (4) years, with the first four (4) year cycle beginning from the year of initial licensure. The core course shall:

(a) Satisfy the licensee's mandatory continuing education requirement for the year in which the course is taken; and

(b) Be a six (6) hour comprehensive review of the requirements of:

1. KRS Chapter 324;

2. 201 KAR Chapter 11;

3. Common and federal law relating to real estate; and

4. The standards of practice for a real estate licensee.

(7) An active licensee who fails to complete Core in a year in which the licensee is required to complete Core, even if the licensee completed other continuing education, shall be subject to the delinquency procedures set forth in Section 12.

Section 11. Exemptions from the Continuing Education Requirement. (1) No person licensed prior to June 19, 1976 shall be required to complete continuing education.

(2) A license recognition broker, who has been licensed for less than three (3) months when education is due, shall not be required to attend a continuing education course during the first education cycle in which he or she is licensed in Kentucky.

(3) A license recognition sales associate shall not be required to complete continuing education during the first two (2) full education cycles of licensure in Kentucky. A license recognition sales associate shall complete the education required by KRS 324.085(2).

(4) A licensee shall not be required to comply with KRS 324.085(1) during the first two (2) full education cycles from the date of issuance of a sales associate license.

(5) A licensee whose license is inactive shall not be required to attend continuing education courses while the license remains inactive, except as provided in this administrative regulation.

Section 12. Continuing Education Compliance and Delinquency. (1) The commission shall, for good cause shown, extend the time requirements established by KRS 324.085(1) and this administrative regulation. Good cause may include a true hardship, extensive medical issues for the licensee or the licensee's immediate relative, active military duty or service, or other good cause that clearly warrants relief.

(2)(a) The request for extension and any supporting documentation shall be received in writing on or before the last day of the month or year in which the education requirement is due, unless the hardship prevents compliance with subsection (1).

(b) A license shall not be cancelled while a hardship request is pending.

(c) The commission shall review the hardship request and notify the licensee in writing of the commission's decision.

(3)(a) If a licensee fails to comply with the mandatory education requirements of this administrative regulation, the executive director or his representative shall issue a delinquency notice to the licensee.

(b) If the licensee fulfilled the education requirement in the year it was required, proof shall be forwarded to the commission upon request, and the licensee shall be reactivated.

(4)(a) If the licensee fails to request an extension and fails to forward proof of completion prior to the deadline, the license shall be cancelled automatically.

(b) A license cancelled for nonfulfillment of the continuing education requirements may be reactivated if the licensee enters into a written delinquency plan, pays a \$1,000 administrative fine, and either:

1. Places the license into inactive status; or

2. Agrees in the delinquency plan to complete the delinquent continuing education requirements for the previous calendar year on or before April 30.

(5) A licensee who places his or her license into inactive status under the provisions of this section shall not reactivate the license until he or she has:

(a) Completed all delinquent mandatory continuing education requirements; and

(b) Satisfied the requirements of KRS 324.310.

(6) A licensee who fails to place his or her license into inactive status or file the delinquency plan immediately following the year in which continuing education requirements were not fulfilled, shall automatically have the license cancelled and shall not be eligible to renew without completing the delinquent education.

(7) If a licensee fails to complete the requirements of the delinquency plan within twenty (20) days of the agreed completion date, the commission shall issue a notice of violation to the licensee.



(8) Failure to respond to the notice of violation shall result in a default order of suspension for a period of six (6) months.

(9) If the commission suspends the license as a result of a default order or after hearing, if one is requested, the licensee shall not be allowed to activate the license unless, within ninety (90) days following expiration of the suspension, the licensee:

(a) Completes all delinquent mandatory continuing education requirements;

(b) Submits the required documents to reinstate the license; and

(c) Pays all necessary reactivation, renewal, and transfer fees.

(10) If the licensee does not reinstate the license within ninety (90) days following the completion of the suspension period, the license shall be cancelled and the licensee shall be obligated to meet the requirements for initial licensure, including retaking the examination.

(11) A license cancelled under this section shall not be reactivated until the licensee has completed all of his or her mandatory education requirements, complied with all commission orders, and submitted all other applicable licensing requirements.

(12) Failure of the executive director or his representative to issue a deficiency notice to the licensee shall not relieve the licensee of his or her mandatory education requirements or the penalties associated with the deficiency.

(13) A license cancelled for continuing education deficiency shall be subject to the provisions of KRS 324.160(2).

Section 13. Post-License Education Compliance and Delinquency. (1) The time requirements established by KRS 324.085(2) and this administrative regulation shall be extended by the commission for good cause shown, such as a true hardship, extensive medical issues for the licensee or the licensee's immediate relative, active military duty or service, or other good cause that clearly warrants relief.

(2) The license of a licensee who fails to complete his or her post-licensing education on or before the licensee's deadline shall be automatically cancelled the following day.

(3) A license cancelled for post-license education deficiency shall not be permitted to reactive his or her license until all delinquent post-licensing education is complete.

(4) A license cancelled for post-license education deficiency shall be subject to the provisions of KRS 324.160(2).

Section 14. Death or Incapacity of a Principal Broker. (1) Pursuant to KRS 324.425, an affiliated licensee may complete and close the existing business of a deceased or incapacitated broker for a temporary period, not to exceed six (6) months.

(2) Any affiliate requesting principal broker status pursuant to KRS 324.425 shall submit a completed "Notification of Death or Incapacity of a Licensee", KREC Form 206.

Section 15. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) "Acceptance and Release Form", KREC Form 200, 7/2019;

(b) "License Status and Personal Information Update Form", KREC Form 201, 7/2019;

(c) "Company Information Update Form", KREC Form 202, 7/2019;

(d) "Certification of Insurance Coverage", KREC Form 203, 7/2019;

(e) "Company Change of Principal Broker Form", KREC Form 204, 7/2019;

(f) "Consent to Jurisdiction and Service of Process", KREC Form 205, 7/2019;

(g) "Notification of Death or Incapacity of a Licensee", KREC Form 206, 7/2019;

(h) "Broker Education Review Form", KREC Form 207, 7/2019;

(i) "License Renewal Form", KREC Form 208, 7/2019; and

(j) "Criminal History Affidavit", KREC Form 209, 7/2019.

(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](http://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](mailto: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 requirements for applying for initial licensure, license renewal, and license recognition and establishes the commission's criminal background check policies for all applicants. Additionally, this administrative regulation establishes the procedures for a licensee to report changes to his or her contact information to the commission and sets the penalty for failure to comply with KRS 324.330. Also, this administrative regulation establishes the procedure for the delivery of a sales associate's license to the commission when an association with a principal broker is terminated. Lastly, this administrative regulation also introduces the online portal and electronic application process for all current and prospective licensees.

(b) The necessity of this administrative regulation: KRS 324.281(5) and 324.282 require the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to carry out and enforce the provisions of KRS Chapter 324. KRS 324.040(2) requires applicants for licensure as a broker or sales associate to apply in writing on forms prepared or furnished by the Real Estate Commission. KRS 324.045(4) authorizes the commission to promulgate an administrative regulation to require a criminal background check prior to licensure. KRS 324.141(1) authorizes the commission to promulgate administrative regulations to establish license-recognition proce-

dures that allow out-of-state actively-licensed sales associates and brokers to apply for a Kentucky license that is the same as, or equivalent to, their out-of-state license. KRS 324.090(1) requires the Real Estate Commission to establish an expiration and renewal date for licenses.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 324.281(5) and 324.282 require the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to carry out and enforce the provisions of KRS Chapter 324. KRS 324.040(2) requires applicants for licensure as a broker or sales associate to apply in writing on forms prepared or furnished by the Real Estate Commission. KRS 324.045(4) authorizes the commission to promulgate an administrative regulation to require a criminal background check prior to licensure. KRS 324.141(1) authorizes the commission to promulgate administrative regulations to establish license-recognition procedures that allow out-of-state actively-licensed sales associates and brokers to apply for a Kentucky license that is the same as, or equivalent to, their out-of-state license. KRS 324.090(1) requires the Real Estate Commission to establish an expiration and renewal date for licenses. KRS 324.310(1) requires the delivery of a sales associate's license to the commission when an association with a principal broker is terminated, and KRS 324.330(2) allows a licensee to place his or her license into inactive status with the commission. KRS 324.330(1) requires notice to be given to the Real Estate Commission when a licensee's location, firm name, surname, or affiliation changes. This administrative regulation establishes requirements for applying for initial licensure, license renewal, and license recognition and establishes the commission's criminal background check policies for all applicants. Additionally, this administrative regulation establishes the procedures for a licensee to report changes to his or her contact information to the commission and sets the penalty for failure to comply with KRS 324.330. Also, this administrative regulation establishes the procedure for the delivery of a sales associate's license to the commission when an association with a principal broker is terminated.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: Amendment to this administrative regulation will allow for almost all processes to be completed by licensees by using an online services portal. This will drastically reduce paperwork and time to achieve basic licensing functions. Additionally, amendment to this administrative regulation will provide concise, clear guidance on the licensing process.

(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: This administrative regulation establishes requirements for applying for initial licensure, license renewal, and license recognition and establishes the commission's criminal background check policies for all applicants. Additionally, this administrative regulation establishes the procedures for a licensee to report changes to his or her contact information to the commission and sets the penalty for failure to comply with KRS 324.330. Also, this administrative regulation establishes the procedure for the delivery of a sales associate's license to the commission when an association with a principal broker is terminated. Lastly, this administrative regulation also introduces the online portal and electronic application process for all current and prospective licensees.

(b) The necessity of the amendment to this administrative regulation: KRS 324.281(5) and 324.282 require the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to carry out and enforce the provisions of KRS Chapter 324. KRS 324.040(2) requires applicants for licensure as a broker or sales associate to apply in writing on forms prepared or furnished by the Real Estate Commission. KRS 324.045(4) authorizes the commission to promulgate an administrative regulation to require a criminal background check prior to licensure. KRS

324.141(1) authorizes the commission to promulgate administrative regulations to establish license-recognition procedures that allow out-of-state actively-licensed sales associates and brokers to apply for a Kentucky license that is the same as, or equivalent to, their out-of-state license. KRS 324.090(1) requires the Real Estate Commission to establish an expiration and renewal date for licenses. Amendment to this administrative regulation will bring the commission's processes into conformity with statute while also modernizing the process and reducing the need for duplicative paperwork.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 324.281(5) and 324.282 require the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to carry out and enforce the provisions of KRS Chapter 324. KRS 324.040(2) requires applicants for licensure as a broker or sales associate to apply in writing on forms prepared or furnished by the Real Estate Commission. KRS 324.045(4) authorizes the commission to promulgate an administrative regulation to require a criminal background check prior to licensure. KRS 324.141(1) authorizes the commission to promulgate administrative regulations to establish license-recognition procedures that allow out-of-state actively-licensed sales associates and brokers to apply for a Kentucky license that is the same as, or equivalent to, their out-of-state license. KRS 324.090(1) requires the Real Estate Commission to establish an expiration and renewal date for licenses. KRS 324.310(1) requires the delivery of a sales associate's license to the commission when an association with a principal broker is terminated, and KRS 324.330(2) allows a licensee to place his or her license into inactive status with the commission. KRS 324.330(1) requires notice to be given to the Real Estate Commission when a licensee's location, firm name, surname, or affiliation changes. This administrative regulation establishes requirements for applying for initial licensure, license renewal, and license recognition and establishes the commission's criminal background check policies for all applicants. Additionally, this administrative regulation establishes the procedures for a licensee to report changes to his or her contact information to the commission and sets the penalty for failure to comply with KRS 324.330. Also, this administrative regulation establishes the procedure for the delivery of a sales associate's license to the commission when an association with a principal broker is terminated.

(d) How the amendment will assist in the effective administration of the statutes: Amendment to this administrative regulation will allow for almost all processes to be completed by licensees by using an online services portal. This will drastically reduce paperwork and time to achieve basic licensing functions. Additionally, amendment to this administrative regulation will provide concise, clear guidance on the licensing process.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect all of the Real Estate Commission's current licensees, as well as prospective license applicants. Additionally, this administrative regulation will affect all of the Real Estate Commission's current prelicensing, post licensing, and continuing education providers. Lastly, this administrative regulation will affect the general public to the extent they interact with licensed real estate professionals.

(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: Current and prospective licensees and members of the general public are not required to take any action to be in compliance with this administrative regulation. Education providers will be required to amend their

instruction materials to comply with the new procedures incorporated into 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 costs associated for any of the regulated entities or the general public to comply with this administrative regulation.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): As a result of compliance with this administrative regulations, current and prospective licensees will benefit from a simplified licensing process, from initial application to renewal and changing business relationships. Members of the public will benefit from real-time information for license verification purposes.

(a) Initially: There will be no initial costs associated with implementing this administrative regulation.

(b) On a continuing basis: There will be no continuing costs associated with implementing this administrative regulation.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: No funding is necessary 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: No increased fees or funding are necessary to implement this administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increased any fees: This administrative regulation does not establish any fees, and it does not directly or indirectly increase any fees.

(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. Also, local real estate boards may 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 324.281(5) and KRS 324.282 require the Real Estate Commission, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to carry out and enforce the provisions of KRS Chapter 324. KRS 324.040(2) requires applicants for licensure as a broker or sales associate to apply in writing on forms prepared or furnished by the Real Estate Commission. KRS 324.045(4) authorizes the commission to promulgate an administrative regulation to require a criminal background check prior to licensure. KRS 324.141(1) authorizes the commission to promulgate administrative regulations to establish license-recognition procedures that allow out-of-state actively-licensed sales associates and brokers to apply for a Kentucky license that is the same as, or equivalent to, their out-of-state license. KRS 324.090(1) requires the Real Estate Commission to establish an expiration and renewal date for licenses.

(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 will generate approximately \$1,320,900 in revenue for state government in the first year from renewal licensing fees, and approximately \$1,320,900 in revenue for state government in the first year from recovery fund fees. These estimates are based on the

current number of licensees. The Commission anticipates generating approximately \$192,000 in revenue from initial licensing fees based on current licensing trends in the first year. The Commission anticipates generating approximately \$178,000 in revenue from miscellaneous licensing fees in the first year based on current trends. This administrative regulation will not generate any revenue for local government in the first year.

(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 will generate approximately \$1,320,900.00 in revenue for state government in subsequent years from renewal licensing fees, and approximately \$1,320,900 in revenue for state government in subsequent years from recovery fund fees, with every other year being a year in which revenue is generated for license renewal and recovery fund fees. These estimates are based on the current number of licensees. The Commission anticipates generating approximately \$192,000.00 in revenue from initial licensing fees based on current licensing trends in subsequent years. The Commission anticipates generating approximately \$178,000 in revenue from miscellaneous licensing fees in subsequent years based on current trends. This administrative regulation will not generate any revenue for local government in subsequent years.

(c) How much will it cost to administer this program for the first year? There is no cost associated with administering this administrative regulation 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 administrative regulation 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 (+/-): Neutral

Expenditures (+/-): Neutral

Other Explanation: This administrative regulation is not expected to have a fiscal impact beyond ordinary revenues and expenditures.