

**OFFICE OF ATTORNEY GENERAL**  
**Office of Regulatory Relief**  
**(Amendment)**

**40 KAR 12:420. Recreational and retirement use land ~~sellers~~, ~~disclosure costs~~.**

RELATES TO: KRS 367.472, ~~367.474, 367.477~~ 367.478, 367.480, 367.486

STATUTORY AUTHORITY: KRS ~~15.180, KRS 367.150(4), 367.480, 367.484(5)~~

CERTIFICATION STATEMENT: This is to certify that this administrative regulation amendment complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: ~~KRS 15.180 authorizes the Attorney General to promulgate administrative regulations that will facilitate performing the duties and exercising the authority vested in the Attorney General and the Department of Law. KRS 367.150(4) requires the Department of Law to recommend administrative regulations in the consumers' interest. KRS 367.478 requires recreational and retirement use land sellers to register with the Attorney General. KRS 367.474 requires recreational and retirement use land sellers to submit bonds or approved escrow accounts to the Attorney General. KRS 367.480 requires the Attorney General to promulgate administrative regulations to ensure adequate disclosures to potential purchasers of recreational and retirement use land. KRS 367.480 and KRS 367.484(5) authorize the Attorney General to promulgate administrative regulations necessary to carry out the provisions of KRS 367.470 to 367.486, pertaining to recreational and retirement use land sales. This administrative regulation establishes an online registration application, bond form, and escrow agreement from to be used by recreational and retirement use land sellers, and provides for oral and written disclosure requirements to potential purchasers. [This administrative regulation is necessitated by KRS 367.480, which requires the Attorney General to promulgate rules and administrative regulations which will ensure an adequate disclosure to the purchaser of recreational and retirement use land the probable costs of any necessary maintenance or improvements of such land which may accrue in the future.]~~

Section 1. Definitions.

- (1) "Recreational and retirement use seller" shall not mean to include sellers of "timeshares" or "vacation clubs".
- (2) "Timeshare" means an arrangement whereby several joint owners have the right to use a property as a vacation home under a time-sharing agreement.
- (3) "Vacation club" means an arrangement whereby club members purchase discount vacation stays, vacation plans, or services connected with the scheduling of vacations at properties owned or provided by a vacation club seller.

Section 2. Registration of recreational use land sellers and retirement use land sellers.

- (1) A seller shall not make sales of recreational and retirement use land to Commonwealth of Kentucky residents for specific land unless the Attorney General approves a recreational and retirement use land seller registration application in accordance with this regulation. An applicant shall submit an online registration application using the "Recreational and Retirement Use Land Sellers Registration Application portal" available at <https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx>.
- (2) To complete an online application, an applicant shall submit:
  - (a) Payment of the \$10.00 registration fee;
  - (b) The applicant's certificate of existence; authorization certificate from the Kentucky Secretary of State's office, or other evidence of the applicant's authority to transact business in Kentucky;

(c) Copies of the written disclosures provided to potential purchasers in accordance with Section 3 of this administrative regulation;

(d) Copies of all advertising and promotional materials; and

(e) If improvements to the land are not completed, or improvements are completed but material or labor costs for same have not been paid:

1. A completed Recreational & Retirement Use Land Sellers Performance Surety Bond, form RR-2, a completed Recreational & Retirement Use Land Sellers Escrow Agreement, form RR-3; or a completed surety bond or approved escrow agreement complying with KRS 367.474;

2. A detailed list of the breakdown of each mortgage or other security instruments for improvements;

3. If KRS 367.474(1) improvements have not been made, a list of the improvements which includes breakdown of costs, expected completion date for each improvement, and copies of the general contractor's bid or other documents that support improvement costs;

4. If improvements have been made but labor or material costs for same have not been paid, a detailed list of the unpaid costs and copies of the contractors' bills supporting these costs;

(3)

(a) An applicant shall complete its application by submitting additional information or documents within thirty (30) days of a request by the Attorney General.

(b) The Attorney General may deny an application if the applicant fails to timely complete the application by not paying the application fee or not providing requested information or required documents.

Section 3. Written and Oral Disclosures. A recreation and retirement use land seller shall give a full and complete disclosure to potential purchasers of recreational and retirement use land regarding probable costs of any necessary maintenance of improvements of said land which may accrue in the future. A recreational and retirement use land seller shall make disclosures, both orally and in writing, prior to a purchaser's signing and execution of a purchase contract or agreement. Said disclosure shall include but is not limited to:  
~~[Disclosures. Any subdivider of recreation and retirement use land as defined by KRS 367.472 shall give a full and complete disclosure to the purchaser of a lot, parcel, unit or other interest thereof of any probable costs of any necessary maintenance of improvements of said land which may accrue in the future. Said disclosure must be made both orally and in writing prior to the signing of a contract or agreement to purchase. Said disclosure shall include but is not limited to:]~~

(1) The probable costs for each of the following:

(a) Maintenance of improvements;

(b) The cost of taxes for the property as of the date the contract or agreement to purchase is signed, as well as any tax increases that will occur or which there is reasonable cause to believe could occur within the next five (5) years;

(c) The cost of any assessments to the property at the time the contract or agreement to purchase is signed, as well as a reasonable projection of increases in such assessments which could occur within the next five (5) years;

(d) Cost of repairs and other improvements;

(2) Whether any maintenance of improvements costs, taxes, assessments, repair or other improvement costs are being assumed or borne by the seller~~[subdivider]~~ at the time the sale solicitation~~[for sale]~~ is made and, if so, the amount assumed by the seller~~[subdivider]~~ for each such item, the date the seller~~[subdivider]~~ will no longer assume or bear said costs, and identity of other persons~~[those]~~ who will assume or bear such costs once the seller~~[subdivider]~~ is no longer liable;

- (3) Whether any person or persons, ~~as defined by KRS 367.472(3),~~ other than the seller~~[subdivider]~~, assumes or bears any maintenance costs, taxes, assessments, repair or improvement costs at the time the solicitation for sale is made and, if so, the amount assumed by this person or persons for each such item, the date this person or persons will no longer assume or bear such costs, and those who will assume or bear such costs once this person or persons is no longer liable;
- (4) Whether membership in an organization or association of property owners is required and whether the cost of said association is borne in whole or in part by the seller~~[subdivider]~~ or the purchaser. If such costs are borne in whole or in part by the seller~~[subdivider]~~, the seller~~[subdivider]~~ must disclose:
- (a) The amount of costs being borne by the seller~~[subdivider]~~ and the amount being borne by the purchasers;
  - (b) The amount of cost to the purchaser when the seller~~[subdivider]~~ stops bearing the costs;
  - (c) The date on which the seller~~[subdivider]~~ will stop bearing the costs; and
  - (d) The number of property owners and/or association members upon which this cost figure is based;
- (5) Any projection of cost that has been made or can reasonably be made for future repairs or improvements to the property within the next five (5) years which will be paid directly or indirectly by the purchaser;
- (6) Whether future development and/or construction is anticipated by the seller~~[subdivider]~~ and whether said development and/or construction can reasonably be expected to result directly or indirectly in added costs for maintenance of improvements, taxes, assessments, repairs, or other improvements to a property owner. If additional costs are anticipated, the seller~~[subdivider]~~ must disclose:
- (a) Whether these costs will be borne in whole or in part by the seller~~[subdivider]~~;
  - (b) The amount of costs being borne by the seller~~[subdivider]~~;
  - (c) The date on which the seller~~[subdivider]~~ will stop bearing the cost;
  - (d) The amount of the costs to the purchaser for the next five (5) years; and
  - (e) The number of property owners upon which this cost figure is based;
- (7) Any other costs or fees assessed directly or indirectly to the purchaser for maintaining the property that can be reasonably anticipated by the seller~~[subdivider]~~ for the next five (5) years.

~~[Section 2.] [The subdivider shall file with the Office of the Attorney General, Division of Consumer Protection, a copy of the written disclosures required by Section 1 of this regulation. The subdivider is required to keep current the information on which the disclosures required by Section 1 of this regulation are based and shall immediately notify the division of any material changes in the information contained in the disclosure and shall make appropriate amendment of the written and oral disclosure statements.]~~

~~[Section 3.] [Penalties. Any person who fails to make the oral and written disclosures required by] [Section 1 of this regulation shall be subject to prosecution pursuant to KRS 367.484.]~~

Section 4. Exemptions. A recreational and retirement use land seller who is exempt from registration by reason of KRS 367.486 and the Interstate Land Sale Full Disclosure Act (15 U.S.C. Secs. 1701-1720) shall submit copies of its federal registration statements using the "Recreational and Retirement Use Land Sellers Registration Application portal" available at <https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx>

Section 5. Written notification of material changes. A registered recreational and retirement use land seller shall notify the Attorney General, in writing, within fourteen (14) days of

any material change to information provided in the registrant's original application, application attachments, written disclosures to purchasers, or written notices.

Section 6. Record Requests. A recreational and retirement use land seller shall make requested business records, documents and information related to an investigation or inquiry readily available to the Attorney General for inspection and copying upon request.

Section 7. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "Recreational and Retirement Use Land Sellers Registration Application Portal", March 2026;

(b) "Recreational & Retirement Use Land Use Sellers Bond" Form RR-1, March 2026; and

(c) "Recreational & Retirement Use Land Sellers Escrow Agreement", Form RR-2, March 2026"

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Office of the Attorney General Capital Complex East, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material is also available on the Attorney General's website, <https://ag.ky.gov/Pages/default.aspx>.

*STEPHEN B. HUMPHRESS, Executive Director*  
*RUSSELL COLEMAN, Attorney General*

APPROVED BY AGENCY: March 24, 2026

FILED WITH LRC: March 24, 2025 at 12:45 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this proposed administrative regulation shall be held on June 23, 2026, at 11:00 a.m. Eastern Time at the Office of Administrative Hearings, Conference Room B, 105 Sea Hero Road, Suite 2, Frankfort, Kentucky 40601. Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify the Attorney General in writing at least five (5) 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 June 30, 2026. 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: Stephen B. Humphress, Executive Director, Kentucky Office of Regulatory Relief, Kentucky Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, phone: 502-696-5408, fax: (502) 573-8317, email: [steve.humphress@ky.gov](mailto:steve.humphress@ky.gov).

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

**Contact Person:** Stephen B. Humphress

**Subject Headings:** Attorney General; Occupations and Professions; Bonds; Real Estate

**(1) Provide a brief summary of:**

**(a) What this administrative regulation does:**

This administrative regulation establishes an online registration application form, surety bond form, and an escrow agreement form to be used by recreational and retirement use land sellers and provides required disclosures to potential purchasers.

**(b) The necessity of this administrative regulation:**

This regulation is necessary to provide the method by which the Office of Attorney General ("Attorney General") may perform its statutory mandates.

**(c) How this administrative regulation conforms to the content of the authorizing statutes:**

KRS 15.180 directs the Attorney General to promulgate administrative regulations that will facilitate the performance of duties vested in the Attorney General and the Department of Law. KRS 367.150(4) requires the Department of Law to study the operation of all laws, rules, administrative regulations, orders, and state policies affecting consumers and to recommend administrative regulations in the consumers' interest. KRS 367.478 and 367.474 require recreational and retirement land use sellers to register with the Attorney General and provide a surety bond or escrow account as security. KRS 367.480 requires the Attorney General to promulgate administrative regulations to ensure adequate disclosures to recreational and retirement land use purchasers. KRS 367.484(5) authorizes the Attorney General to promulgate administrative regulations necessary to carry out the provisions of KRS 367.470 to 367.486.

**(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:**

This administrative regulation establishes the online registration application form, bond form and escrow agreement form to be used by recreational and retirement land use sellers. This administrative regulation establishes written and oral disclosures to purchasers.

**(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 amendment makes changes to comply with KRS Chapter 13A drafting requirements. This amendment removes unnecessary language from the regulation as duplicative and already incorporated by reference in incorporated application processes. The amendment updates the incorporated forms so that they are easier to understand and consistent in appearance. The amendment clarifies that timeshares and vacation clubs are excluded from the provisions of KRS 367.470 to 367.486.

**(b) The necessity of the amendment to this administrative regulation:**

The Attorney General needs to update its regulation to conform to KRS Chapter 13A drafting requirements. The Attorney General needs to update its regulation so that it is easier to understand. The Attorney General needs to update the forms incorporated by the regulation so that they are easier to understand and complete.

The Attorney General needs to modernize application and payment processes by providing for online processes.

**(c) How the amendment conforms to the content of the authorizing statutes:**

As previously explained, KRS 15.180, 367.150(4), 367.480, and 367.484(5) authorize the administrative regulation amendments.

**(d) How the amendment will assist in the effective administration of the statutes:**

The regulation amendments will cause the regulation to be more easily understood by regulated entities and consumers. The regulation amendments will provide online application process for regulated entities and cause the forms used by regulated entities to be more easily understood and completed. In addition, it is intended that the regulation amendments will result in saved administrative resources and provide quicker processing time by Attorney General staff.

**(3) Does this administrative regulation or amendment implement legislation from the previous five years? No**

**(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:**

This regulation amendment affects approximately seventeen (17) recreational and retirement use land sellers, the Attorney General, and unknown future applicants.

**(5) Provide an analysis of how the entities identified in question (4) 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 (4) will have to take to comply with this administrative regulation or amendment:**

Future applicants will be required to use the online application process and updated forms incorporated into this regulation. Registered recreational and retirement use land sellers will not be impacted. Attorney General staff will review and process the new online submissions and new forms for compliance with law.

**(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):**

Applicants and registered recreational and retirement use land sellers will bear no additional costs since they will be able to download the updated forms and use the online processes available on the Attorney General's website at no cost. The Attorney General will have no additional costs.

**(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):**

The regulation amendments are intended to make the regulation and incorporated forms to be more easily understood and completed. The online application processes will make it easier for applicants and regulated entities to apply and provide required documentation. In addition, it is intended that the regulation amendments will result in saved administrative resources and time and provide quicker processing time by Attorney General staff.

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

**(a) Initially:**

There are no costs to implement this administrative regulation amendment.

**(b) On a continuing basis:**

There are no continuing costs to implement this administrative regulation amendment.

**(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:**

There are no additional costs associated with implementing this administrative regulation amendment, so no funding is needed.

**(8) 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:**

There is no anticipated increase in fees or funding necessary to amend this administrative regulation.

**(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:**

This administrative regulation amendment does not directly or indirectly increase any fees.

**(10) TIERING: Is tiering applied?**

No. This administrative regulation applies equally to all recreational and retirement use land sellers.

## FISCAL IMPACT STATEMENT

**(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:**

KRS 15.180, 367.150(4), 367.472, 367.474, 367.477, 367.480, 367.486, 367.488, and 367.407

**(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:**

1960 Ky. Acts ch. 68, Art. II, sec. 1; 1972 Ky. Acts ch. 4, sec. 4; and 1978 Ky. Acts Ch. 316, sec. 6.

**(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:**

The Office of Attorney General, Kentucky Office of Regulatory Relief ("Attorney General") is the promulgating agency. The regulation does not affect any other state agencies.

**(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):**

**1. Expenditures:**

**For the first year:**There are no expenditures to administer this administrative regulation for the first year.

**For subsequent years:**There will be no expenditures to administer the administrative regulation in subsequent years.

**2. Revenues:**

**For the first year:**The administrative regulation will generate no revenues to the Attorney General in the first year.

**For subsequent years:**The administrative regulation will generate no revenues to the Attorney General in subsequent years.

**3. Cost Savings:**

**For the first year:**In the first year, the Attorney General will have cost savings through adopted online processes in the regulation amendment which are difficult to estimate at this time but estimated to be de minimis.

**For subsequent years:**In subsequent years, the Attorney General will have cost savings through adopted online processes in the regulation amendment which are difficult to estimate at this time but estimated to be de minimis.

**(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):**

The administrative regulation will not affect any local entities.

**(b) Estimate the following for each affected local entity identified in (4)(a):**

**1. Expenditures:**

**For the first year:**This administrative regulation will not cause expenditures by local entities for the first year.

**For subsequent years:**This administrative regulation will not cause expenditures by local entities in subsequent years.

**2. Revenues:**

**For the first year:Local entities will receive no revenues from this administrative regulation for the first year.**

**For subsequent years:Local entities will receive no revenues from this administrative regulation in subsequent years.**

**3. Cost Savings:**

**For the first year:Local entities will receive no cost savings from this administrative regulation for the first year.**

**For subsequent years:Local entities will receive no cost savings from this administrative regulation for subsequent years.**

**(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):**

**Applicants, registered recreational and retirement use land sellers, and exempt organizations will be affected by this administrative regulation.**

**(b) Estimate the following for each regulated entity identified in (5)(a):**

**1. Expenditures:**

**For the first year:This administrative regulation will not cause applicants, recreational and retirement use land sellers, and exempt organizations to have any additional expenditures for the first year.**

**For subsequent years:This administrative regulation will not cause applicants, recreational and retirement use land sellers, and exempt organizations to have any additional expenditures for subsequent years.**

**2. Revenues:**

**For the first year:Applicants, recreational and retirement use land sellers, and exempt organizations will not receive any revenues directly from this administrative regulation for the first year.**

**For subsequent years:Applicants, recreational and retirement use land sellers, and exempt organizations will not receive any revenues directly from this administrative regulation for subsequent years.**

**3. Cost Savings:**

**For the first year:For the first year, applicants, recreational and retirement use land sellers, and exempt organizations will receive cost savings from online application processes provided by this administrative regulation amendment which are difficult to estimate at this time but estimated to be de minimis.**

**For subsequent years:For subsequent years, applicants, recreational and retirement use land sellers, and exempt organizations will receive cost savings from online application and reporting processes provided by this administrative regulation amendment which are difficult to estimate at this time but estimated to be de minimis.**

**(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)**

**(a) Fiscal impact of this administrative regulation:**

**This administrative regulation will have no fiscal impact. The regulation amendment creates an online application for businesses and does not affect other governmental agencies or local governments. The regulation does not affect any other governmental**

agencies or local governments. The regulation amendment does not establish any fees. For these reasons, the regulation amendment is not expected to have any significant fiscal impact.

**(b) Methodology and resources used to reach this conclusion:**

The Attorney General used a quantitative methodology analysis based on history of administrative agencies which license or register businesses in a specific subject area and the resulting facts from this regulation. The Attorney General used staff resources in determining the fiscal impact.

**(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):**

**(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):**

There is not an expected "major economic impact" from this regulation for the Attorney General, any local entities, or affected regulated entities.

**(b) The methodology and resources used to reach this conclusion:**

The Attorney General used a quantitative methodology analysis based on history of administrative agencies which license or register businesses in a specific subject area and resulting facts from this regulation. The Attorney General used staff resources in reaching the conclusion that no overall negative or adverse major economic impact results from this administrative regulation.