OFFICE OF ATTORNEY GENERAL
Office of Regulatory Relief
(Amended at ARRS Committee)

40 KAR 12:420. Recreational and retirement use land sellers.

RELATES TO: KRS 367.472, 367.474, 367.477, 367.478, 367.480, 367.486
STATUTORY AUTHORITY: KRS 15.180, 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.

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 administrative 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 ten (10) dollar 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; and
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 the 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. The disclosure shall include :

(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; and

(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 at the time the sale solicitation is made and, if so, the amount assumed by the seller for each such item, the date the seller will no longer assume or bear the costs, and identity of other persons who will assume or bear such costs once the seller is no longer liable;

(3) Whether any person or persons, other than the seller, 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 the association is borne in whole or in part by the seller or the purchaser. If such costs are borne in whole or in part by the seller, the seller shall disclose:

(a) The amount of costs being borne by the seller and the amount being borne by the purchasers;

(b) The amount of cost to the purchaser when the seller stops bearing the costs;
(c) The date on which the seller will stop bearing the costs; and
(d) The number of property owners 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 or construction is anticipated by the seller and whether the development 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 shall disclose:
(a) Whether these costs will be borne in whole or in part by the seller;
(b) The amount of costs being borne by the seller;
(c) The date on which the seller 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; and

(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 for the next five (5) years.

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.

(040 KAR 002:010. 10 Ky.R. 949, 11 Ky.R. 52; eff. 7-1-1984; Crt eff. 2-21-2020; Recodified as 040 KAR 012:420; eff. 7-18-2025; 52 Ky.R 1878; 53 Ky.R. 195; eff. 11-2-2026.)

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