

1 AN ACT relating to real property appraisers.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔Section 1. KRS 324A.010 is amended to read as follows:

4 As used in KRS 324A.010 to 324A.100~~324A.090~~, unless the context requires
5 otherwise:

6 (1) "Appraisal" means an oral, written, or electronic communication of any type or
7 nature which is independently and impartially prepared by a licensed or certified
8 appraiser setting forth an analysis, opinion, or conclusion relating to the nature,
9 quality, value, or utility of specified interests in, or aspects of, identified real
10 property~~estate~~, as of a specified date, for or in expectation of compensation;

11 (2) "Appraisal assignment" means an engagement for which an appraiser is employed
12 or retained to act, or would be perceived by other parties or the public as acting, as
13 a third party in rendering an unbiased real property~~estate~~ appraisal;

14 (3) "Appraisal report" means any communication, written, oral, or electronic conveying
15 a real property~~estate~~ appraisal, and all other reports communicating an appraisal
16 analysis, opinion, or conclusion;

17 (4) "Board" means the Real Property~~Estate~~ Appraisers Board created under KRS
18 324A.015;

19 (5) "Certificate holder or licensee" means a person certified or licensed by the board
20 under this chapter;

21 (6) *"Evaluation"* means an estimate of the market value of real property provided to
22 *a financial institution in accordance with the federal interagency appraisal and*
23 *evaluation guidelines published by the federal financial institutions regulatory*
24 *agencies for use in a real property-related financial transaction for which an*
25 *appraisal by a licensed or certified appraiser is not required by federal law;*

26 (7) *"Federally related transaction"* means any real property-related financial
27 *transaction that:*

1 (a) A federal financial institution's regulatory agency engages in, contracts for,
2 or regulates; and
3 (b) Requires the services of an appraiser;
4 (8) "Real [estate" or "real]property" means real estate in its ordinary meaning and
5 includes any leasehold or other estate or interest in, over, or under land, including
6 leaseholds, all appurtenances and improvements thereto, and may include personal
7 property which is integral to the use of the real property as appraised;
8 (9) "Real property-related financial transaction" means any transaction involving:
9 (a) The sale, lease, purchase, or exchange of or investment in real property,
10 including interests in real property, or the financing of real property;
11 (b) The refinancing of real property or interests in real property; or
12 (c) The use of real property or interests in property as security for a loan or
13 investment, including mortgage-backed securities; and
14 (10)[(7)] "Uniform Standards of Professional Appraisal Practice" or "USPAP" means
15 the standards of practice promulgated by the Appraisal Standards Board of the
16 Appraisal Foundation[; and
17 (8) "Federally related transaction" means any real estate related financial transaction
18 that:
19 (a) A federal financial institution's regulatory agency engages in, contracts for, or
20 regulates; and
21 (b) Requires the services of an appraiser].
22 ►SECTION 2. A NEW SECTION OF KRS 324A.010 TO 324A.100 IS
23 CREATED TO READ AS FOLLOWS:
24 Notwithstanding any statutory provision to the contrary:
25 (1) An action for damages, whether brought in contract or tort, or on any other basis,
26 against a certified or licensed real property appraiser shall be brought within one
27 (1) year after the date the appraisal report has been completed and transmitted to

1 *the client;*

2 *(2) An action for fraud or knowing and intentional misrepresentation brought*

3 *against a certified or licensed real property appraiser shall be brought within one*

4 *(1) year; and*

5 *(3) An action for a discriminatory housing practice brought against a certified or*

6 *licensed real property appraiser shall be brought no later than one (1) year after*

7 *occurrence or within the time provided by federal law.*

8 ➔Section 3. KRS 324A.015 is amended to read as follows:

9 (1) There is *hereby* created *an independent agency of state government to be known*
10 *as the*~~a~~ *Real Property*~~Estate~~ *Appraisers Board, which shall be attached to the*
11 *Department of Professional Licensing for administrative purposes. The board*
12 *shall consist* ~~[eonsisting]~~ of *seven (7)*~~(5)~~ members, two (2) of whom shall be
13 certified *general* ~~real~~*property*~~estate~~ appraisers, *two (2) of whom shall be certified*
14 *residential real property appraisers*, one (1) of whom shall represent the public and
15 shall not be associated with or financially interested in the practice of real
16 *property*~~estate~~ appraisals, and two (2) of whom shall be employed in the lending
17 industry. The board shall administer the provisions of this chapter and may
18 promulgate administrative regulations necessary to effectuate the provisions of
19 KRS 324A.010 to *324A.100*~~(324A.090)~~.

20 (2) (a) The board members shall be appointed by the Governor. Not more than one
21 (1) board member shall be from any one (1) county within Kentucky.
22 Members shall be appointed by the Governor for staggered terms of three (3)
23 years. No person shall serve more than two (2) full consecutive terms.

24 (b) Any member appointed to fill a vacancy occurring other than by expiration of
25 a term shall be appointed for the remainder of the unexpired term.

26 (c) No more than *four (4)*~~(3)~~ members of the same political party shall
27 serve on the board at the same time.

- 1 (3) The appraiser appointees to the board shall be certified and shall have engaged in
2 the appraisal of real property[estate] in Kentucky on a continuing basis for at least
3 ten (10) years.
- 4 (4) A board member shall be automatically removed from the board and a vacancy
5 shall occur when:
 - 6 (a) An appraiser member of the board ceases to be certified;
 - 7 (b) A consumer member of the board acquires a certification as an appraiser;
 - 8 (c) A lending industry member ceases to be employed in the lending industry;
 - 9 (d) A board member enters a plea of guilty to, or has been found guilty of, a
10 felony and the time for appeal has passed or the judgment of conviction has
11 been finally affirmed on appeal;
 - 12 (e) A board member ceases to be a bona fide resident of the Commonwealth of
13 Kentucky;
 - 14 (f) A board member displays incompetence, neglect of duty, or unprofessional
15 conduct;
 - 16 (g) A board member fails to adhere to a duly adopted code of ethics of the board.
17 Failure to adhere to this code shall be determined by official action of the
18 board; or
 - 19 (h) A board member misses three (3) consecutive meetings or misses more than
20 twenty-five percent (25%) of the meetings held over the previous twelve (12)
21 month period.
- 22 (5) The board shall adopt a seal with the design it prescribes, by which it shall
23 authenticate its proceedings. Copies of all records and papers in the office of the
24 board, duly certified and authenticated by the seal of the board, shall be received in
25 evidence in all courts equally and with like effect as the original. All records kept in
26 the office of the board under the authority of this chapter shall be open to public
27 inspection in accordance with KRS 61.820 to 61.884 and consistent with

1 regulations prescribed by the board.

2 (6) The Governor shall set the compensation of the members of the board, but voting
3 members of the board shall be compensated no more than three hundred dollars
4 (\$300) per day for official business, subject to an annual maximum of six thousand
5 dollars (\$6,000). Members shall be reimbursed for all expenses paid and incurred in
6 the discharge of official business consistent with the reimbursement policy for state
7 employees.~~With the approval of the director of the Division of Real Property
8 Boards within the Department of Professional Licensing, board members and board
9 staff may attend and travel to and from meetings and events relevant to the board or
the industry the board represents.}~~

11 (7) (a) The board shall ensure that those employed to investigate grievances filed
12 with the board or to conduct an appraisal review are state-certified ~~general~~
13 appraisers with:

- 14 1. A minimum of ~~ten (10)~~~~five (5)~~ years of experience;
- 15 2. A credential that is equal to or exceeds the credential held by the
appraiser under investigation or appraisal review; and
- 16 3. Demonstrated experience in appraising the type of property relevant to
the investigation or appraisal review.

17 (b) Any investigation or appraisal review conducted without the experience
required in paragraph (a)2. and 3. of this subsection may be challenged to
the board by the appraiser under investigation or review.

18 ➔Section 4. KRS 324A.020 is amended to read as follows:

19 (1) The board shall have authority to promulgate administrative regulations in
20 accordance with KRS Chapter 13A~~and following review of the director of the~~
21 ~~Division of Real Property Boards~~, have subpoena power, hold disciplinary
22 hearings, conduct examinations, conduct educational seminars that are not
23 applicable to continuing education hours, investigate allegations of wrongdoing

1 under this chapter, seek and obtain injunctive relief to enforce the provisions of
2 KRS 324A.010 to 324A.100~~[324A.090]~~, provide a list of certified appraisers to the
3 Appraisal Subcommittee of the Federal Financial Institutions Examination Council,
4 and perform such other functions and duties as may be necessary in carrying out the
5 provisions of KRS 324A.010 to 324A.100~~[324A.090]~~.

6 (2) (a) *The board is an agency of state government with the power to institute*
7 *criminal proceedings in the name of the Commonwealth against violators of*
8 *this chapter, and to institute civil proceedings to enjoin any violation of this*
9 *chapter.*

10 (b) *The board shall investigate every alleged violation of this chapter coming to*
11 *its notice by the complaint procedure set forth in Section 9 of this Act and*
12 *shall take action as it deems appropriate.*

13 (c) *The Attorney General, Commonwealth's attorneys, and county attorneys*
14 *shall assist the board in prosecuting all violations of this chapter.*

15 (3) *The board may employ any other persons it deems necessary to carry on the work*
16 *of the board, and shall prescribe their duties and fix their salaries.*

17 (4) *The board may utilize hearing officers provided by the Attorney General's Office*
18 *in accordance with KRS 13B.030.*

19 (5) (a) *The board or its authorized agents may give a licensed or certified appraiser*
20 *advice on best practices management.*

21 (b) *Notwithstanding any other provision of law to the contrary, legal action*
22 *shall not arise from any advice given relating to best practices management*
23 *by the board or its authorized agents.*

24 ➔Section 5. KRS 324A.025 is amended to read as follows:

25 (1) The board shall elect a chair~~[e]chairman~~ each year at the first meeting called after
26 appointment of new members. A majority of the board shall constitute a quorum
27 and may exercise all powers and duties established by the provisions of KRS

1 324A.020.

2 (2) The board shall meet at least once each calendar quarter. *Additional meetings may*
3 *be held upon call of the chair or upon the written request of two (2) members of*
4 *the board.*

5 ➔ Section 6. KRS 324A.030 is amended to read as follows:

6 (1) It shall be unlawful, unless certified or licensed by the board, for any person to:

7 (a) Assume or use any title, designation, or abbreviation likely to create the
8 impression that he or she holds a license or certificate issued by the board;

9 (b) Describe or refer to any appraisal or evaluation of real *property*[estate] by the
10 term, "state certified," "state licensed," or words of substantially similar
11 meaning; or

12 (c) Assume or use any title, designation, or abbreviation likely to create the
13 impression of certification or licensure by the state as a real *property*[estate]
14 appraiser firm, partnership, or corporation; or

15 (d) *Use the title "real property appraiser," "real estate appraiser," or*
16 *"appraiser" in relation to real property or federally related transactions.*

17 (2) A certificate holder or licensee shall not assume or use any title, designation, or
18 abbreviation likely to create the impression of certification or licensure by the board
19 other than the correct type of certification or licensure.

20 (3) Each certificate holder or licensee who is a resident of Kentucky shall have and
21 maintain a definite place of business in this state, a current *email*[e-mail] address,
22 and a current telephone number. A nonresident is not required to maintain an active
23 place of business in this state if a definite place of business is maintained in the
24 state where the nonresident resides. A nonresident shall maintain a current *email*[e-
25 mail] address and a current telephone number.

26 (4) Failure by a certificate holder or licensee to notify the board of any change of
27 business address, change of company name, change of surname, change of phone

1 number, or change of email[e-mail] address within thirty (30) days of the change
2 shall result in a penalty not to exceed two hundred dollars (\$200).

3 (5) In the case of the death of a certificate holder or licensee, the board may{, in its
4 sound discretion,} permit a suitable individual to complete the affairs and appraisal
5 assignments of the deceased.

6 (6) For any employee of the Transportation Cabinet whose job description includes real
7 property[estate] appraisals which require certification, the Transportation Cabinet
8 shall bear the costs of initial application, examination, continued education, and
9 biennial[annual] renewal.

10 (7) (a) Those Transportation Cabinet employees serving as right-of-way agents or
11 supervisors, who actually perform on-site appraisals as part of their job
12 descriptions and who have obtained an appraiser certification under the
13 provisions of KRS 324A.010 to 324A.100[324A.090], shall receive a five
14 percent (5%) salary increase effective January 1 following certification.{
15 Those right of way agents or supervisors who received certification prior to
16 January 1, 1991, shall receive the salary increase effective January 1, 1991.}

17 (b) The salary increase[increases] provided {for}in subsection (a) of this section
18 shall be made within existing Transportation Cabinet appropriations.

19 (8) A person shall not provide appraisal, appraisal review, or appraisal consulting
20 assignments or perform any of the duties usually performed by a licensed or
21 certified real property appraiser for a federally related transaction unless the person
22 at the time holds a license or certification of real property appraiser issued and
23 validly existing under the laws of the Commonwealth of Kentucky, as provided in
24 this chapter.

25 (9) (a) *It shall be unlawful for any person not licensed or certified as a real*
26 *property appraiser by the board to provide any type of appraisal, appraisal*
27 *review, or appraisal consulting assignment or perform any of the duties*

1 usually performed by a licensed or certified real property appraiser in the
2 Commonwealth of Kentucky.

3 **(b) Paragraph (a) of this subsection shall not apply to:**

- 4 **1. Individuals who render professional assistance in arriving at a real**
5 **property analysis, opinion, or conclusion;**
- 6 **2. Mass appraisals for tax purposes;**
- 7 **3. A court appraisal directive; and**
- 8 **4. Transportation Cabinet employees in their professional capacity,**
9 **except for any employee of the Transportation Cabinet whose job**
10 **description requires certification.**

11 **(10) This chapter shall not prohibit a licensed or certified real property appraiser from**
12 **providing an evaluation. When providing an evaluation, a licensed or certified**
13 **real property appraiser shall:**

14 **(a) Not indicate his or her status as a licensed or certified real property**
15 **appraiser; and**

16 **(b) Include the following disclaimer on the first page of the evaluation:**

17 **"This evaluation is not subject to compliance with the Uniform Standards**
18 **of Professional Appraisal Practice."**

19 **(11) This chapter shall not prohibit any person who is licensed to practice in this state**
20 **under any other law from engaging in the practice for which the person is**
21 **licensed.**

22 **(12) This chapter shall not apply to chattel, including but not limited to furniture,**
23 **livestock, vehicles, and jewelry.**

24 ➔ Section 7. KRS 324A.045 is amended to read as follows:

- 25 (1) The board shall issue to each qualified applicant a certificate or license in form and
26 size as shall be prescribed by the board.
- 27 (2) Every certificate and license shall be subject to biennial~~annual~~ renewal on the

1 date or dates determined by the board by administrative regulation. Each certificate
2 and license holder shall submit proof of compliance with the biennial continuing
3 education requirements when appropriate and the biennial[annual] renewal fee to
4 the board on or before the last day of the designated month. Failure to receive a
5 renewal form shall not constitute an adequate excuse for failure to renew on time.

6 (3) If the certificate or license holder fails to renew in a timely manner, the certificate
7 or license shall expire. Within six (6) months after the renewal date, the former
8 certificate or license holder shall be reinstated by complying with all appropriate
9 renewal requirements and paying a late fee not to exceed two hundred dollars
10 (\$200).

11 (4) If six (6) months or more elapse after the renewal date, the former certificate or
12 license holder shall be required to meet all current requirements as if applying for
13 initial certification or licensure.

14 (5) (a) A licensee who has initiated continuing education courses prior to the date
15 established through an administrative regulation promulgated by the board in
16 accordance with KRS Chapter 13A shall have five (5) days after the
17 established date to complete them.

18 (b) The board may not cancel a license for failure to complete continuing
19 education courses until ten (10) days after the date established by the board.

20 (6) (a) A certificate or license holder shall successfully complete at least twenty-
21 eight (28) continuing education hours for the biennial license period.

22 (b) 1. The hours completed for one (1) USPAP update course shall apply
23 toward the continuing education requirement each biennial license
24 period.

25 2. a. The most recent USPAP update course shall be completed within
26 the first six (6) months of a biennial license period or if it is not
27 available within the first six (6) months, upon immediate

availability.

b. If a second USPAP update course becomes available within the same biennial license period, the second may be completed upon immediate availability but the hours completed shall apply to the succeeding biennial license period.

➔ Section 8. KRS 324A.047 is amended to read as follows:

7 (1) (a) Upon written request, any certificate holder or licensee may request to place
8 his or her certificate or license in inactive status for a period not to exceed
9 three (3) years.

10 (b) The written request shall be made by completing a signed and sworn affidavit
11 on a form approved by the board.

12 (c) The board may require a fee of fifty dollars (\$50) for each change in status of
13 the certificate holder or licensee.

14 (d) A license issued to an individual as an associate real property appraiser shall
15 not be eligible for inactive status.

16 (2) No inactive status certificate holder or licensee shall:

17 (a) Assume or use any title, designation, or abbreviation likely to create the
18 impression that he or she holds a certificate or license issued by the board;

19 (b) Describe or refer to any appraisal or evaluation of real property[estate] by the
20 term, "state certified," "state licensed," or words of substantially similar
21 meaning; or

22 (c) Prepare real property[estate] appraisals for federally related transactions
23 which, under Title XI of the Financial Institutions Reform, Recovery, and
24 Enforcement Act of 1989, require the services of a state-certified or state-
25 licensed appraiser.

26 (3) To return to active status, a certificate holder or licensee shall:

27 (a) Petition the board for reactivation of the certificate or license;

(b) Pay the applicable renewal fee and roster fee required by this chapter; and

(c) I. Provide evidence of completion of the biennially~~annually~~ required continuing education hours, as established by the board and promulgated in administrative regulations, *if in inactive status for two (2) or more years; or*~~for each year of inactive status~~

2. a. Provide evidence of completion of at least half of the required continuing education hours, as established by the board and promulgated in administrative regulations, if in inactive status for less than two (2) years.

b. If providing evidence of half of the required continuing education hours, once the certificate holder or licensee returns to active status the remaining continuing education hours shall be completed within six (6) months.

(4) A certificate holder or licensee who petitions to return to active status after an inactive period exceeding three (3) years shall be required to meet all the requirements for original issuance of a license or certificate under this chapter.

(5) Violation of subsection (2) of this section shall be grounds for disciplinary action under this chapter.

➔ Section 9. KRS 324A.052 is amended to read as follows:

(1) Any person or organization, including the board upon its own volition, may file with the board a written complaint alleging a violation of any provision of this chapter. Complaints shall be filed with the board within one (1) year~~Five (5) years~~ after the date of transmittal of the appraisal report or appraisal review assignment~~;~~ or

~~(b) Two (2) years after the final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever expires last.~~

~~Paragraphs (a) and (b) of~~ This subsection shall not apply to complaints involving

1 the actions outlined in KRS 324A.050(1)(c), (d), (g), and (k). The board shall
2 investigate each complaint.

3 (2) If the investigation reveals evidence supporting the complaint, the board shall set
4 the matter for hearing in accordance with the provisions of KRS Chapter 13B
5 before fining, reprimanding, suspending, revoking, refusing to renew, or any
6 combination thereof.

7 (3) If the investigation reveals that the alleged violation did occur but was not of a
8 serious nature, the board may issue a written admonishment to the certificate holder
9 or licensee. A copy of the admonishment shall be placed in the recipient's file with
10 the board. The recipient shall have the right to file a response to the admonishment
11 within thirty (30) days of its receipt and have the response placed in the file. The
12 recipient may, alternatively, within thirty (30) days of the receipt, file a request for
13 hearing with the board. Upon receipt of this request, the board shall set aside the
14 written admonishment and set the matter for hearing in accordance with the
15 provisions of KRS Chapter 13B.

16 (4) After denying an application for a certificate or license or issuing an admonishment,
17 the board shall grant an administrative hearing in accordance with KRS Chapter
18 13B only upon written request of the applicant made within thirty (30) days of the
19 mailing of the letter of denial or admonishment.¶

20 (5) Pursuant to KRS 13B.120(7), the director of the Division of Real Property Boards
21 within the Department of Professional Licensing shall hear and issue a final order
22 regarding a decision of the board. An aggrieved party may appeal a final order of
23 the director pursuant to KRS Chapter 13B within thirty (30) days after the issuance
24 of the order to the Circuit Court of the county where the licensee has his or her
25 principal place of business or where the license applicant resides.]

26 ➔ Section 10. KRS 324A.065 is amended to read as follows:

27 (1) The board shall establish by regulation and collect the following fees for

1 certification or licensure as an appraiser for:

2 (a) Federally related transactions:

3 1. Initial application fee in an amount not to exceed four~~two~~ hundred

4 dollars (\$400)~~(\$200)~~;

5 2. Examination fee in an amount not to exceed two hundred dollars (\$200);

6 3. a. A biennial~~An annual~~ certificate or licensure fee in an amount not

7 to exceed four~~two~~ hundred dollars (\$400)~~(\$200)~~;

8 b. Duplicate certificate fee in an amount not to exceed ten dollars

9 (\$10); and

10 c. Certificate correction fee in an amount not to exceed ten dollars

11 (\$10);

12 4. Roster fee not to exceed fifty dollars (\$50); and

13 5. Returned check fee not to exceed fifty dollars (\$50); and

14 (b) Nonfederally related transactions:

15 1. A biennial~~An annual~~ certificate or licensure renewal fee in an amount

16 not to exceed two~~one~~ hundred dollars (\$200)~~(\$100)~~; and

17 2. Certificate correction fee in an amount not to exceed five dollars (\$5).

18 (2) The board shall, through the promulgation of an administrative regulation, establish

19 and collect the following fees from education providers for review and approval of

20 prelicensure and continuing education courses offered by education providers for

21 licensure as an appraiser:

22 (a) For prelicensure education course review, a fee not to exceed one hundred

23 dollars (\$100); and

24 (b) For continuing education course review, a fee not to exceed fifty dollars

25 (\$50).

26 (3) (a) All fees and charges collected by the board under the provisions of this

27 chapter shall be paid into the Real Property~~Estate~~ Appraisers Board's trust

1 and agency account in the State Treasury.

2 (b) All expenses incurred by the board under the provisions of this chapter,
3 including compensation to the board members and staff, shall be paid out of
4 this account, subject to approval of the board.

5 (c) The provisions of this subsection shall not apply to the fee charged pursuant
6 to KRS 324A.155, which is required to be included in the appraisal
7 management company recovery fund and which shall be paid into that fund.

8 ➔Section 11. KRS 324A.154 is amended to read as follows:

9 The board shall promulgate administrative regulations, in accordance with KRS Chapter
10 13A to establish~~and following review of the director of the Division of Real Property~~
11 ~~Boards, establishing~~ a reasonable filing fee to be paid by each appraisal management
12 company seeking registration under KRS 324A.152. The filing fee shall include the
13 annual fee for inclusion in the national registry maintained by the Appraisal
14 Subcommittee of the Federal Financial Institutions Examination Council.

15 ➔Section 12. KRS 324B.045 is amended to read as follows:

16 (1) (a) The Division of Real Property Boards is hereby created within the
17 Department of Professional Licensing and shall include the:

18 1. Kentucky Board of Home Inspectors, established under KRS 198B.704;

19 and

20 2. ~~Real Estate Appraisers Board, established under KRS 324A.015; and~~

21 3. ~~Board of Auctioneers, established under KRS 330.050.~~

22 (b) The Division of Real Property Boards shall be managed by a director, who
23 shall be appointed by the secretary of the Public Protection Cabinet with prior
24 written approval of the Governor. The director shall be exempted from the
25 classified service.

26 (c) The Division of Real Property Boards may:

27 1. Provide appropriate attorneys, personnel staffing, and administrative

1 support to the real property boards identified in paragraph (a) of this
2 subsection;

3 2. Establish and maintain an office, meeting space, office supplies,
4 furniture, storage space, and any other supplies that are necessary to
5 carry out the duties of the Division of Real Property Boards and the real
6 property boards identified in paragraph (a) of this subsection;

7 3. Make available for public inspection all decisions, opinions, and
8 interpretations formulated or used by the division and the real property
9 boards identified in paragraph (a) of this subsection in discharging their
10 functions;

11 4. Publicize the functions and purposes of the Division of Real Property
12 Boards and the real property boards identified in paragraph (a) of this
13 subsection;

14 5. Employ administrative coordinators who shall carry out the
15 administrative functions and day-to-day operations of the real property
16 boards identified in paragraph (a) of this subsection. The maximum
17 number of administrative coordinators shall be one (1) for each real
18 property board. These administrative coordinators shall be exempted
19 from the classified service; and

20 6. Enter into agreements with any state agency, political subdivision of the
21 state, postsecondary education institution, or other person or entity to
22 assist with implementation of the duties and responsibilities of the
23 Division of Real Property Boards or, upon request, the real property
24 boards identified in paragraph (a) of this subsection.

25 (2) The director of the Division of Real Property Boards shall:

26 (a) Provide oversight of the Division of Real Property Boards;

27 (b) Review and provide feedback on any administrative regulation proposed by

1 any of the boards within the Division of Real Property Boards prior to the
2 promulgation of the administrative regulation;

3 (c) Review and provide feedback on the budgets and expenditures of the boards
4 within the Division of Real Property Boards;

5 (d) Submit written recommendations to the secretary of the Public Protection
6 Cabinet concerning sufficient staffing needs and relevant experience
7 necessary to assist in carrying out the mission and function of the Division of
8 Real Property Boards;

9 (e) Pursuant to KRS 13B.120(7), automatically hear and issue a final order
10 regarding any decision of a real property board that would otherwise be
11 subject to appeal. An aggrieved party may appeal a final order of the director
12 pursuant to KRS Chapter 13B within thirty (30) days after the issuance of the
13 order to the Circuit Court of the county where the party has his or her
14 principal place of business or where the party resides;

15 (f) Make available for public inspection all decisions, opinions, and
16 interpretations formulated or used by the director in discharging his or her
17 functions;

18 (g) Carry out the applicable policy and program directives of the department;

19 (h) Prepare annual reports on the director's activities;

20 (i) Delegate any power to employees and contractors as needed;

21 (j) Have a minimum of seven (7) years of experience in the real estate industry
22 within the last fifteen (15) years; and

23 (k) Perform all other duties assigned by law.

24 (3) The secretary of the Public Protection Cabinet shall:

25 (a) Consider the staffing recommendations and requests submitted by the director
26 of the Division of Real Property Boards; and

27 (b) Provide the Division of Real Property Boards with documentation showing

1 the income and expenditures of all license fees.

2 ➔Section 13. KRS 133.120 is amended to read as follows:

3 (1) (a) Any taxpayer desiring to appeal an assessment on real property made by the
4 property valuation administrator shall first request a conference with the
5 property valuation administrator or his or her designated deputy. The
6 conference shall be held prior to or during the inspection period provided for
7 in KRS 133.045, or during an extension granted under subsection (2)(d) of
8 this section.

12 a. An attorney;

13 b. A certified public accountant:

14 c. A *tax consultant*[certified real estate broker];

15 d. A Kentucky licensed real estate broker *or sales associate*;

16 e. An employee of the property owner;

17 f. A licensed or certified Kentucky real **property**[estate] appraiser;

25 2. A person representing a property owner before the property valuation
26 administrator shall present written authorization from the property
27 owner which sets forth his or her professional capacity and shall

1 disclose to the property valuation administrator any personal or private
2 interests he or she may have in the matter, including any contingency
3 fee arrangements, except that attorneys shall not be required to disclose
4 the terms and conditions of any contingency fee arrangement.

5 (c) During this conference, the property valuation administrator or his or her
6 deputy shall provide an explanation to the taxpayer of the constitutional and
7 statutory provisions governing property tax administration, including the
8 appeal process, as well as an explanation of the procedures followed in
9 deriving the assessed value for the taxpayer's property.

10 (d) The property valuation administrator or his or her deputy shall keep a record
11 of each conference which shall include but not be limited to the initial
12 assessed value, the value claimed by the taxpayer, an explanation of any
13 changes offered or agreed to by each party, and a brief account of the outcome
14 of the conference.

15 (e) At the request of the taxpayer, the conference may be held by telephone.

16 (2) (a) Any taxpayer still aggrieved by an assessment on real property made by the
17 property valuation administrator after complying with the provisions of
18 subsection (1) of this section may appeal to the board of assessment appeals.

19 (b) The taxpayer shall appeal his or her assessment by filing in person or sending
20 a letter or other written petition to the county clerk stating the reasons for
21 appeal, identifying the property for which the appeal is filed, and stating the
22 taxpayer's opinion of the fair cash value of the property.

23 (c) The appeal shall be filed no later than one (1) workday following the
24 conclusion of the inspection period provided for in KRS 133.045 or no later
25 than the last day of an extension granted under paragraph (d) of this
26 subsection.

27 (d) A property valuation administrator may make a written request to the

1 department to extend the deadline in his or her county of jurisdiction to allow
2 the completion of the conferences requested during the inspection period
3 required by subsection (1)(a) of this section and to extend the filing deadline
4 for appeals to the board of assessment appeals. If approved by the department,
5 the deadline for the completion of the conferences requested during the
6 inspection period and filing appeals shall be extended for a period not to
7 exceed twenty-five (25) days from the date of the original filing deadline.

1 information upon which his or her request is based, such as comparable sales
2 or cost data and if the request is made no later than one (1) work day
3 following the conclusion of the inspection period provided for in KRS
4 133.045, or no later than the last day of an extension granted under paragraph
5 (d) of this subsection.

6 (h) Nothing in this section shall be construed as granting any property owner the
7 right to request a blanket review of properties or the board the power to
8 conduct such a review.

9 (3) (a) The board of assessment appeals shall hold a public hearing for each
10 individual taxpayer appeal in protest of the assessment by the property
11 valuation administrator filed in accordance with the provisions of subsection
12 (2) of this section, and after hearing all the evidence, shall fix the assessment
13 of the property at its fair cash value.

14 (b) The department may be present at the hearing and present any pertinent
15 evidence as it pertains to the appeal.

16 (c) The taxpayer shall provide factual evidence to support his or her appeal. If the
17 taxpayer fails to provide reasonable information pertaining to the value of the
18 property requested by the property valuation administrator, the department, or
19 any member of the board, his or her appeal shall be denied.

20 (d) This information shall include but not be limited to the physical
21 characteristics of land and improvements, insurance policies, cost of
22 construction, real estate sales listings and contracts, income and expense
23 statements for commercial property, and loans or mortgages.

24 (e) The board of assessment appeals shall only hear and consider evidence which
25 has been submitted to it in the presence of both the property valuation
26 administrator or his or her designated deputy and the taxpayer or his or her
27 authorized representative.

1 KRS 132.450(4), specifying a date when the board of assessment appeals will hear
2 the taxpayer, if he or she so desires, in protest of the action of the property valuation
3 administrator.

4 (7) The board of assessment appeals shall have power to issue subpoenas, compel the
5 attendance of witnesses, and adopt rules and regulations concerning the conduct of
6 its business. Any member of the board shall have power to administer oaths to any
7 witness in proceedings before the board.

8 (8) The powers of the board of assessment appeals shall be limited to those specifically
9 granted by this section.

10 (9) No appeal shall delay the collection or payment of any taxes based upon the
11 assessment in controversy. The taxpayer shall pay all state, county, and district
12 taxes due on the valuation which he or she claims as true value and stated in the
13 petition of appeal filed in accordance with the provisions of subsection (1) of this
14 section. When the valuation is finally determined upon appeal, the taxpayer shall be
15 billed for any additional tax and interest at the tax interest rate as defined in KRS
16 131.010(6) from the date when the tax would have become due if no appeal had
17 been taken. The provisions of KRS 134.015(6) shall apply to the tax bill.

18 (10) Any member of the county board of assessment appeals may be required to give
19 evidence in support of the board's findings in any appeal from its actions to the
20 Board of Tax Appeals pursuant to KRS 49.220. Any persons aggrieved by a
21 decision of the board, including the property valuation administrator, taxpayer, and
22 department, may appeal the decision to the Board of Tax Appeals pursuant to KRS
23 49.220. Any taxpayer failing to appeal to the county board of assessment appeals,
24 or failing to appear before the board, either in person or by designated
25 representative, shall not be eligible to appeal directly to the Board of Tax Appeals.

26 (11) The county attorney shall represent the interest of the state and county in all
27 hearings before the board of assessment appeals and on all appeals prosecuted from

1 its decision. If the county attorney is unable to represent the state and county, he or
2 she the fiscal court shall arrange for substitute representation.

3 (12) Taxpayers shall have the right to make audio recordings of the hearing before the
4 county board of assessment appeals. The property valuation administrator may
5 make similar audio recordings only if prior written notice is given to the taxpayer.
6 The taxpayer shall be entitled to a copy of the department's recording as provided in
7 KRS 61.874.

8 (13) The county board of assessment appeals shall physically inspect a property upon the
9 request of the property owner or property valuation administrator.

10 ➔Section 14. KRS 154.60-040 is amended to read as follows:

11 (1) As used in this section:

12 (a) "Actively engaged farmer" means a person who makes a significant
13 contribution of:

14 1. Land, capital, and equipment to a farming operation; and
15 2. Active personal labor or management to a farming operation;

16 (b) 1. "Agricultural assets" means:

17 a. Agricultural land which has been appraised by an individual
18 certified by the Real Property[Estate] Appraisers Board created
19 under KRS 324A.015; and

20 b. Buildings, facilities, machinery, equipment, agricultural products,
21 or horticultural products, if:

22 i. Owned by the same seller owning the agricultural land sold
23 to an actively engaged farmer or beginning farmer;

24 ii. Purchased at the same time and in the same transaction with
25 the agricultural land; and

26 iii. Purchased with the intent to be used on the purchased
27 agricultural land.

1 purchase agricultural assets from a seller;

2 (g) "Buyer" means an actively engaged farmer or beginning farmer who
3 purchases agricultural assets from a seller;

4 (h) "Department" means the Department of Revenue organized under KRS
5 131.020;

6 (i) "Farm product" means aquaculture, agricultural products, or horticultural
7 products;

8 (j) 1. "Farming operation" means the management and operation of
9 agricultural assets for the purpose of pursuing a profitable commercial
10 business venture to produce agricultural products, horticultural products,
11 or both for sale.

12 2. "Farming operation" does not mean any:

13 a. Nonprofit venture;

14 b. Farm used primarily for storing agricultural products or
15 horticultural products; or

16 c. Farm used to grow or raise agricultural products or horticultural
17 products primarily for use by the immediate family members or
18 owners of the agricultural assets;

19 (k) "Horticultural products" means orchards, fruits, vegetables, nuts, flowers, or
20 ornamental plants;

21 (l) "Immediate family member" means any of the following in relation to any
22 owner or spouse of the owner of the agricultural assets:

23 1. Parent or grandparent;

24 2. Children or their spouses; or

25 3. Siblings or their spouses;

26 (m) "Seller" means any individual or entity subject to the tax imposed by KRS
27 141.020 or 141.040 and 141.0401; and

1 (n) "Significant contribution" has the same meaning as in 7 C.F.R. sec. 1400.3.

2 (2) Any incentive offered to an eligible company under the Selling Farmer Tax Credit

3 Program shall be negotiated by Cabinet for Economic Development officials and

4 shall be subject to approval by the authority.

5 (3) The purpose of the Selling Farmer Tax Credit Program is to promote the continued

6 use of agricultural land in Kentucky for farming purposes by granting a tax credit to

7 a seller who agrees to sell agricultural assets to an actively engaged farmer or a

8 beginning farmer.

9 (4) A seller wanting to sell agricultural assets may be eligible for a tax credit up to five

10 percent (5%) of the selling price of qualifying agricultural assets, subject to:

11 (a) A twenty-five thousand dollar (\$25,000) cap for each taxable year of the seller

12 when agricultural assets are sold to an actively engaged farmer who does not

13 meet the definition of a beginning farmer;

14 (b) A fifty thousand dollar (\$50,000) cap for each taxable year of the seller when

15 agricultural assets are sold to a beginning farmer;

16 (c) A one hundred thousand dollar (\$100,000) lifetime cap for each seller selling

17 to an actively engaged farmer;

18 (d) A two hundred thousand dollar (\$200,000) lifetime cap for each seller selling

19 to a beginning farmer; and

20 (e) A proration by the authority based on the overall cap shared between the

21 Small Business Tax Credit Program and the Selling Farmer Tax Credit

22 Program cap of three million dollars (\$3,000,000) under KRS 154.60-020.

23 (5) The tax credit allowed in subsection (4) of this section may be claimed under KRS

24 141.3841.

25 (6) In order to be eligible to receive approval for a tax credit, the seller shall, at a

26 minimum:

27 (a) 1. a. Be registered with the Kentucky Secretary of State; and

1 KRS 141.3841, including the amount of approved tax credit allowed to the seller.

2 (12) If the buyer fails to meet the requirements of this section, the department shall
3 assess a penalty against the buyer in an amount equal to the tax credit awarded to
4 the seller. The department may assess an additional penalty in excess of the tax
5 credit awarded.

6 (13) (a) The selling farmer tax credit shall sunset on December 31, 2031, and new
7 applications shall not be accepted or considered on or after December 31,
8 2031.

9 (b) All outstanding applications with preliminary or final approval under this
10 subchapter as of December 31, 2031, shall continue to be governed by the
11 provisions of this subchapter.

12 ➔Section 15. KRS 198B.702 is amended to read as follows:

13 KRS 198B.700 to 198B.738 shall apply to an individual who conducts home inspections
14 for compensation, but shall not apply to the following:

15 (1) An individual who is acting within the scope of the individual's employment as:
16 (a) A code enforcement official for the state or a political subdivision of the state;
17 or
18 (b) A representative of a state or local housing agency or an individual acting
19 under the authority of the United States Department of Housing and Urban
20 Development;

21 (2) An individual who is acting within the scope of the individual's license as a
22 licensed:
23 (a) Architect under KRS Chapter 323;
24 (b) Professional engineer under KRS Chapter 322;
25 (c) Plumbing contractor or journeyman plumber under KRS Chapter 318;
26 (d) Electrician, master electrician, or electrical contractor under KRS Chapter
27 227A;

- (e) Liquefied petroleum gas dealers under KRS Chapter 234;
- (f) Master heating, ventilation, and air conditioning contractor, journeyman heating, ventilation, and air conditioning mechanic, or an apprentice heating, ventilation, and air conditioning mechanic under this chapter; or
- (g) Fire protection sprinkler contractor, fire protection system certificate holder, or certified fire sprinkler inspector under this chapter;

(3) An individual licensed under KRS Chapter 324 as a real estate broker, broker-salesperson, or salesperson and is acting within the scope of the individual's license;

(4) An individual who is licensed under KRS Chapter 324A as a real property[estate] appraiser and is acting within the scope of the individual's license;

(5) An individual who holds a license under KRS Chapter 304 as an insurance adjuster and is acting within the scope of the individual's license;

(6) An individual who holds a permit, certificate, or license to:

- (a) Use and apply pesticides; or
- (b) Make diagnostic inspections and reports for wood destroying pests and fungi under KRS Chapter 217B and is acting within the scope of the individual's certificate or license;

(7) An individual who holds a license from a political subdivision as a tradesperson or home builder and is acting within the scope of the individual's license;

(8) An individual who holds a current and valid license, certificate, or permit under KRS 227.550 to 227.660 and is acting within the scope of the individual's license, certificate, or permit as a:

- (a) Manufactured home retailer;
- (b) Manufactured home certified retailer; or
- (c) Manufactured home certified installer; or

(9) A person not subject to licensure by the Commonwealth who is engaged in providing estimates for remodeling or repair to a residential dwelling.

1 ➔Section 16. KRS 324.085 is amended to read as follows:

2 (1) (a) All actively licensed agents, except those licensees exempt under KRS
3 324.046(5) and those licensees satisfying the educational requirement in
4 subsection (2) of this section, shall successfully complete twelve (12)
5 classroom or online hours of continuing education for the biennial license
6 period. Six (6) of the twelve (12) hours shall be completed in the first year of
7 the biennial license period or the license shall be automatically cancelled.

8 (b) Six (6) of the twelve (12) hours of continuing education shall be in real estate
9 law.

10 (c) A licensee may accumulate additional continuing education hours for the
11 biennial period in the first year of the biennial term.

12 (d) Six (6) of the twelve (12) hours of continuing education may be in real estate-
13 related courses approved by the commission and other ~~real property~~ boards
14 pursuant to KRS Chapters 324A and 330 and KRS 198B.700 to 198B.738.

15 (2) A licensee who is issued an initial sales associate license after January 1, 2016,
16 shall complete forty-eight (48) classroom or online hours of commission-approved
17 post-license education:

18 (a) Provided by one (1) or a combination of the following:

19 1. An accredited institution; or

20 2. A commission-approved:

21 a. Real estate school; or

22 b. Broker-affiliated training program; and

23 (b) Within two (2) years of receiving or activating his or her license unless
24 extended by the commission for good cause shown.

25 (3) The license held by any licensee failing to complete his or her sales associate post-
26 license education requirements in accordance with subsection (2) of this section
27 shall be automatically canceled, in accordance with administrative regulations

- 1 (b) Certification and licensure;
- 2 (c) Renewal, suspension, or revocation of certification or licensure;
- 3 (d) Standards of professional appraisal practice, including experience, education,
4 and ethics;
- 5 (e) Examination of applicants for certification or licensure; and
- 6 (f) Continuing education of appraisers.

7 ➔Section 18. KRS 324A.050 is amended to read as follows:

8 (1) The board may refuse to issue, refuse to renew, suspend, or revoke a certificate or
9 license, reprimand, admonish, place on probation, or impose a fine up to two
10 thousand dollars (\$2000) per each violation determined by the board, not to exceed
11 five thousand dollars (\$5000), on a certificate holder or licensee, or any
12 combination thereof, for any of the following reasons:

13 (a) Procuring or attempting to procure a certificate or license by knowingly
14 making a false statement or submitting false information, or through any form
15 of fraud or misrepresentation;

16 (b) Refusing to provide complete information in response to a question in an
17 application to the board or failing to meet the minimum qualifications
18 established by the board;

19 (c) Being convicted of a felony or misdemeanor, if in accordance with KRS
20 Chapter 335B;

21 (d) Committing an act involving dishonesty, fraud, or misrepresentation;

22 (e) Violating any of the provisions of KRS 324A.010 to 324A.100~~[324A.090]~~,
23 the administrative regulations of the board, or any lawful order of the board;

24 (f) Violating the confidential nature of records to which the appraiser gained
25 access through employment or engagement as an appraiser;

26 (g) Committing any other conduct which constitutes or demonstrates bad faith,
27 untrustworthiness, impropriety, fraud, or dishonesty;

- 1 (h) Failing or refusing, without good cause, to exercise reasonable diligence in
- 2 developing an appraisal, preparing an appraisal report, or communicating an
- 3 appraisal;
- 4 (i) Being negligent or incompetent in developing an appraisal, in preparing an
- 5 appraisal report, or in communicating an appraisal;
- 6 (j) Failing to observe one (1) or more of the Uniform Standards of Professional
- 7 Appraisal Practice in effect at the time of the appraisal report transmittal letter
- 8 date; or
- 9 (k) Having a license or registration certificate to practice as a licensed or certified
- 10 real property appraiser denied, limited, suspended, probated, or revoked in
- 11 another jurisdiction on grounds sufficient to cause licensure to be denied,
- 12 limited, suspended, probated, or revoked in this state.
- 13 (2) Notwithstanding any other provision of this chapter to the contrary, the
- 14 requirements of KRS Chapter 324A, the board's administrative regulations, and the
- 15 current edition of the Uniform Standards of Professional Appraisal Practice shall
- 16 constitute the minimum standard of conduct and performance for a licensee or
- 17 credential holder in any work or service performed that is addressed by those
- 18 standards.
- 19 (3) In any proceeding in which a suspension of thirty (30) days or more, or revocation
- 20 is imposed, the board may require the respondent to pay the actual costs of the
- 21 investigation and all proceedings not to exceed ten thousand dollars (\$10,000).
- 22 (4) Three (3) years from the date of a revocation, any certificate holder or licensee
- 23 whose certificate or license has been revoked may petition the board for
- 24 reinstatement. The board shall investigate the petition and may reinstate, upon a
- 25 finding that the petitioner has complied with any and all terms prescribed by the
- 26 board and is able to engage in the practice of real **property**[estate] appraisal within
- 27 the requirements of this chapter and the administrative regulations. The board may,

1 in its discretion, require the petitioner to successfully pass the examination required
2 for the applicable certificate or license.

3 ➔Section 19. KRS 324A.088 is amended to read as follows:

4 KRS 324A.010 to 324A.100~~[324A.090]~~ may be cited as the Real Property~~[Estate]~~
5 Appraisal Voluntary Certification Act.

6 ➔Section 20. KRS 324A.100 is amended to read as follows:

7 (1) The Kentucky Real Property~~[Estate]~~ Appraisers Board shall require a national and
8 state criminal background check for each initial application to be a licensed or
9 certified real property appraiser under the following requirements:

10 (a) The applicant shall provide his or her fingerprints to the Department of
11 Kentucky State Police for submission to the Federal Bureau of Investigation
12 after a state criminal background check is conducted;

13 (b) The results of the national and state criminal background check shall be sent
14 to the board; and

15 (c) Any fee charged by the Department of Kentucky State Police and the Federal
16 Bureau of Investigation shall be an amount no greater than the actual cost of
17 processing the request and conducting the check.

18 (2) The board shall issue a license or certification to an applicant authorizing the
19 applicant to act or offer to act as a licensed or certified real property appraiser in
20 this state upon:

21 (a) Receipt of a properly completed application;

22 (b) Successful completion of all applicable education, experience, and
23 examination;

24 (c) Successful completion of all statutory and administrative regulation
25 requirements for licensing and certification of a real property appraiser; and

26 (d) Payment of the required application fee.

27 ➔Section 21. KRS 324A.150 is amended to read as follows:

- 1 As used in KRS 324A.150 to 324A.164, unless the context otherwise requires:
- 2 (1) "Appraisal management company" means a person who performs the actions
3 necessary to administer a network of state-licensed appraisers to fulfill requests for
4 appraisal management services on behalf of a client, whether directly or through the
5 use of software products or online, including but not limited to any of the following
6 actions:
 - 7 (a) Recruiting appraisers;
 - 8 (b) Contracting with appraisers to perform appraisal services;
 - 9 (c) Collecting fees from clients;
 - 10 (d) Negotiating fees with appraisers or reimbursing appraisers for appraisal
11 services;
 - 12 (e) Receiving appraisal orders and appraisal reports;
 - 13 (f) Submitting appraisal reports received from appraisers to the company's
14 clients;
 - 15 (g) Reviewing or verifying appraisal reports; or
 - 16 (h) Managing the process of having an appraisal performed, including providing
17 related administrative and clerical duties;
- 18 (2) "Appraisal management services" means conducting business by telephone, by
19 electronic means, by mail, or in person, directly or indirectly for compensation or
20 other pecuniary gain or in the expectation of compensation or other pecuniary gain
21 to:
 - 22 (a) Solicit, accept, or offer to accept a request for appraisal services; or
 - 23 (b) Employ or contract with a licensed or certified appraiser to perform appraisal
24 services;
- 25 (3) "Appraisal services" means the practice of developing an opinion of the value of
26 real property[estate] in conformity with the minimum USPAP standards;
- 27 (4) "Appraiser" means an individual licensed by the board who~~, for a fee or other~~

1 ~~consideration,} develops and communicates a real property~~estate}~~ appraisal or~~

2 otherwise gives an opinion of the value of real property~~estate}~~ or any interest in

3 real property~~estate}~~ in conformity with the minimum USPAP standards;

4 (5) "Appraiser panel" means a network, list, or roster of licensed or certified appraisers

5 approved by an appraisal management company to perform appraisals as

6 independent contractors for the appraisal management company;

7 (6) "Board" means the Kentucky Real Property~~Estate~~ Appraisers Board established

8 by KRS 324A.015;

9 (7) "Client" means a person that contracts with or otherwise enters into an agreement

10 with an appraisal management company for the performance of appraisal services;

11 (8) "Controlling person" means an individual employed, appointed, or authorized by an

12 appraisal management company to contract with clients or independent appraisers

13 for the performance of appraisal services;

14 (9) "Managing principal" has the same meaning as "controlling person";

15 (10) "Registrant" means an appraisal management company or person that is registered

16 or seeking registration under KRS 324A.152; and

17 (11) "USPAP" means the Uniform Standards of Professional Appraisal Practice.

18 ➔Section 22. KRS 324A.152 is amended to read as follows:

19 (1) A person shall not act or offer to act as an appraisal management company or

20 perform appraisal management services within the Commonwealth unless

21 registered by the board.

22 (2) To be registered by the board, a person shall make written application to the board,

23 submit to a criminal background check as provided in subsection (3) of this section,

24 pay a filing fee established by the board, and pay the fee required to be included in

25 the appraisal management company recovery fund created in KRS 324A.155. The

26 written application shall include the following information:

27 (a) The name, street address, and telephone contact information of the person

1 seeking registration;

2 (b) 1. If the registrant is a domestic organization, the designation of an agent
3 for service of process; or
4 2. If the registrant is a foreign organization, documentation that the foreign
5 organization is authorized to transact business in the Commonwealth
6 and has appointed an agent for service of process by submitting a copy
7 of:
8 a. The registrant's filing with the Secretary of State appointing an
9 agent for service of process; and
10 b. A certificate of authority issued by the Secretary of State.

13 (c) The name, residential street address, and contact information of any person
14 who owns ten percent (10%) or more of the appraisal management company
15 for which registration is being requested;

16 (d) The name, residential street address, and contact information of a controlling
17 person or managing principal;

18 (e) A certification that the registrant:

19 1. Has a system and process in place to verify that any person being added
20 to the appraiser panel of the appraisal management company, or who
21 may be used by the appraisal management company to otherwise
22 perform appraisals, holds a license in good standing in this state under
23 this chapter;

24 2. Has a system and process in place to review the work of all appraisers
25 that are performing appraisal services for the appraisal management
26 company on a periodic basis to ensure that the appraisal services are
27 being conducted in accordance with the minimum USPAP standards;

1 and

1 management company;

2 6. The person certifying has not acted as an appraisal management
3 company while not properly registered by the board; and

9 (g) Any other information required by the board.

10 (3) The board shall require a national and state criminal background check on the
11 person certifying under subsection (2)(f) of this section and each person who owns
12 ten percent (10%) or more of the registrant under the following requirements:

13 (a) The person certifying and each person who owns ten percent (10%) or more
14 of the registrant shall provide his or her fingerprints to the Department of
15 Kentucky State Police for submission to the Federal Bureau of Investigation
16 after a state criminal background check is conducted;

17 (b) The results of the national and state criminal background check shall be sent
18 to the board; and

19 (c) Any fee charged by the Department of Kentucky State Police and the Federal
20 Bureau of Investigation shall be an amount no greater than the actual cost of
21 processing the request and conducting the check.

22 (4) The board shall issue a certificate of registration to a registrant authorizing the
23 registrant to act or offer to act as an appraisal management company in this state
24 upon:

25 (a) Receipt of a properly completed application;

26 (b) Payment of the required filing fee;

27 (c) Payment of the fee required to be included in the appraisal management

1 company recovery fund; and

2 (d) A determination by the board that:

3 1. The registrant has not had a previous registration suspended or revoked;

4 and

5 2. The activities of the applicant shall be directed and conducted by
6 persons who:

7 a. Have not had a previous registration suspended or revoked;

14 (5) (a) If the board finds that there is substantial reason to deny the application for
15 registration, the board shall notify the registrant that the application has been
16 denied and shall afford the registrant an opportunity for a hearing before the
17 board to show cause why the registration should not be denied.

18 (b) All proceedings concerning the denial of a certificate of registration shall be
19 conducted in accordance with KRS Chapter 13B.

20 (c) The acceptance by the board of an application for registration does not
21 constitute the approval of its contents or waive the authority of the board to
22 take disciplinary action under KRS 324A.162.

23 (6) (a) Registrations issued under this section shall be renewed annually.

24 (b) Renewal shall occur on October 31 of each year.

25 (c) If the initial registration occurs less than six (6) months before October 31, the
26 renewal shall not be required until October 31 of the following year, and shall
27 then be renewed on October 31 of each year thereafter.

11 ➔Section 23. KRS 324A.158 is amended to read as follows:

12 (1) An employee, director, officer, or agent of an appraisal management company or
13 any other third party acting as a joint venture partner with or as an independent
14 contractor for an appraisal management company shall not improperly influence or
15 attempt to improperly influence the development, reporting, result, or review of a
16 real **property**~~estate~~ appraisal, including but not limited to the use of intimidation,
17 coercion, extortion, bribery, blackmail, threat of nonpayment or withholding
18 payment for appraisal services, or threat of exclusion from future appraisal work.

19 (2) The registrant shall not:

20 (a) Request, allow, or require an appraiser to collect any portion of the fee
21 charged by the appraisal management company, including the appraisal fee,
22 from a borrower, homeowner, or other third party;

23 (b) Require an appraiser to provide the registrant with the appraiser's digital
24 signature or seal;

25 (c) Alter, amend, or change an appraisal report submitted by a licensed or
26 certified appraiser, by the following or any other actions:

27 1. Removing the appraiser's signature;

- 1 2. Adding or removing information to or from the appraisal report; or
- 2 3. Altering the final value opinion reported by an appraiser;
- 3 (d) Remove an appraiser from an appraiser panel without prior written notice to
- 4 the appraiser. An appraiser may only be removed from an appraiser panel
- 5 with written notice for:
 - 6 1. A violation of the minimum USPAP standards or other applicable
 - 7 statutes or administrative regulations resulting in a suspension or
 - 8 revocation of the appraiser's license in Kentucky; or
 - 9 2. Other substandard or otherwise improper performance as may be
 - 10 determined by administrative regulations promulgated by the board;
- 11 (e) Enter into contracts or agreements with an appraiser for the performance of
- 12 appraisal services unless the appraiser is licensed or certified in good standing
- 13 with the board;
- 14 (f) Request that an appraiser provide an estimated, predetermined, or desired
- 15 valuation in an appraisal report or provide estimated values or comparable
- 16 sales at any time before the appraiser completes an appraisal report;
- 17 (g) Provide to an appraiser an anticipated, estimated, encouraged, or desired value
- 18 for a property or a proposed or target amount to be loaned or borrowed,
- 19 except that a copy of the sales contract for purchase transactions may be
- 20 provided;
- 21 (h) Commit an act or practice that impairs or attempts to impair an appraiser's
- 22 independence, objectivity, or impartiality; or
- 23 (i) Have a direct or indirect interest, financial or otherwise, in the property or
- 24 transaction involving the appraisal.

25 (3) Subsection (1) of this section shall not prohibit an appraisal management company

26 from requesting that an appraiser:

27 (a) Provide additional information about the basis for a valuation;

4 ➔Section 24. KRS 324A.162 is amended to read as follows:

5 (1) The board may deny, suspend, revoke, or refuse to issue or renew the registration of
6 an appraisal management company, or may restrict or limit the activities of an
7 appraisal management company or of a person who owns an interest in or
8 participates in the business of an appraisal management company if the board finds
9 that any of the following circumstances apply to the applicant, a registrant, a person
10 owning ten percent (10%) or more of the applicant or registrant, a partner, member,
11 manager, officer, director, managing principal, controlling person, a person
12 occupying a similar status or performing similar functions, or a person directly or
13 indirectly controlling the applicant or registrant:

14 (a) The application for registration contained a statement that in light of the
15 circumstances under which it was made is false or misleading with respect to
16 a material fact;

17 (b) The person has violated or failed to comply with KRS 324A.152, 324A.154,
18 324A.156, or 324A.158 or failed to comply with administrative regulations
19 promulgated by the board for the implementation and enforcement of KRS
20 324A.150 to 324A.164;

21 (c) The person has pled guilty or nolo contendere to, or has been found guilty of,
22 a felony or, within the past ten (10) years, a misdemeanor involving mortgage
23 lending or real property[estate] appraising or an offense involving a breach of
24 trust or fraudulent or dishonest dealing;

25 (d) The person is permanently or temporarily enjoined by a court of competent
26 jurisdiction from engaging in or continuing any conduct or practice involving
27 appraisal management services or operating an appraisal management

1 company;

9 (2) Upon its own motion or the written complaint of a person reporting a violation of
10 subsection (1) of this section, and after notice and the opportunity for a hearing in
11 accordance with KRS Chapter 13B, the board may:

12 (a) Suspend or revoke the registration of a registrant;

13 (b) Impose a fine not to exceed five thousand dollars (\$5,000) per violation; or

14 (c) Take other appropriate disciplinary actions as established by the board

15 through promulgation of administrative regulations.

16 (3) The board may appear in its own name in Franklin Circuit Court, or the Circuit
17 Court of the county where the alleged violation occurred, to obtain injunctive relief
18 to prevent a person from violating this section or KRS 324A.154, 324A.156, or
19 324A.158. The Circuit Court may grant a temporary or permanent injunction
20 regardless of whether:

21 (a) Criminal prosecution has been or may be instituted as a result of the violation;

22 or

23 (b) The person is the holder of a registration issued by the board.

24 Section 25. KRS 324A.164 is amended to read as follows:

25 Unless otherwise required to be registered as an appraisal management company by state
26 or federal law, KRS 324A.150 to 324A.164 shall not apply to:

27 (1) The federal government, state government, any county or municipal government, or

1 any agency or instrumentality thereof;

2 (2) A person authorized to engage in business as a bank, credit union, or savings and
3 loan association under the laws of the United States, the Commonwealth of
4 Kentucky, or any other state;

5 (3) A real estate broker or real estate agent properly licensed or otherwise authorized to
6 do business in the Commonwealth of Kentucky listing or selling real estate;

7 (4) An officer or employee of any entity listed in subsection (1), (2), or (3) of this
8 section when acting within the scope of his or her employment;

9 (5) An entity that is responsible for ensuring that the real property[estate] appraisal
10 activity being performed by an employee is performed in accordance with
11 applicable appraisal standards;

12 (6) An individual who:

13 (a) Is an appraiser; and

14 (b) In the normal course of business enters into an agreement, whether written or
15 otherwise, with another appraiser for the performance of a real
16 property[estate] appraisal activity that the individual cannot complete for any
17 reason, including:

18 1. Competency;

19 2. Workload;

20 3. Schedule; or

21 4. Geographic location;

22 (7) An individual who:

23 (a) In the normal course of business enters into an agreement, whether written or
24 otherwise, with an appraiser for the performance of real property[estate]
25 appraisal activity; and

26 (b) Under the agreement cosigns the report of the appraiser performing the real
27 property[estate] appraisal upon completion of the real property[estate]

1 appraisal activity;

2 (8) An appraisal management company that contracts with one (1) or more appraisers
3 for the performance of fewer than ten (10) appraisals in this state in a calendar year;
4 or
5 (9) A federally regulated appraisal management company as defined in 12 C.F.R. sec.
6 34.211(k).

7 ➔Section 26. KRS 324B.030 is amended to read as follows:

8 (1) The Department of Professional Licensing in the Public Protection Cabinet shall
9 provide administrative services, technical assistance, and advice to the following
10 boards and commissions at the request of the individual boards or commissions, all
11 of which maintain their identity and their full authority for making policy decisions
12 in the fields that they regulate: the State Board of Accountancy, the Kentucky
13 Board of Architects, the Kentucky Board of Barbering, the Kentucky Board of
14 Cosmetology, the State Board of Podiatry, the Kentucky State Board of
15 Chiropractic Examiners, the Kentucky Board of Dentistry, the State Board of
16 Embalmers and Funeral Directors, the State Board of Registration for Professional
17 Engineers and Land Surveyors, the Kentucky Board of Nursing, the Kentucky
18 Board of Ophthalmic Dispensers, the Kentucky Board of Optometric Examiners,
19 the Kentucky Board of Pharmacy, the State Board of Physical Therapy, the State
20 Board of Examiners of Psychologists, the Kentucky Real Estate Commission, the
21 Kentucky Board of Veterinary Examiners, the Board of Auctioneers, the Real
22 Property~~Estate~~ Appraisers Board, the Kentucky Board of Home Inspectors, the
23 Kentucky Board of Landscape Architects, the State Board of Medical Licensure,
24 the Board of Speech-Language Pathology and Audiology, the Kentucky Board of
25 Licensure for Nursing Home Administrators, the Kentucky Licensing Board for
26 Specialists in Hearing Instruments, the Kentucky Board of Social Work, the
27 Kentucky Board of Emergency Medical Services, and any other boards and

1 commissions that are created to license, certify, register, or otherwise regulate any
2 occupational or professional category.

3 (2) The department may also provide administrative services to a board or commission
4 that is created to license, certify, register, or otherwise regulate any occupational or
5 professional category if these administrative services are deemed to be preferable or
6 required after the review process conducted under KRS 324B.040.

7 (3) To the extent that the department provides administrative services, the respective
8 boards and commissions are relieved of the power and duty to provide the services
9 for themselves. The department shall charge each board or commission a reasonable
10 amount for administrative services provided pursuant to subsection (1) of this
11 section. The department may employ persons previously employed by boards or
12 commissions.

13 (4) The department may receive complaints against the conduct of licensees granted
14 licensure by the boards and commissions assigned to the department for
15 administrative purposes. The department shall cause these complaints to be reduced
16 to writing and forwarded to the appropriate board or commission for investigation
17 and a determination of the validity of the complaint. The department shall keep a
18 record of all complaints received by it and forwarded to a board or commission.

19 (5) Any board or commission listed in subsection (1) of this section, shall accept
20 personal checks in payment of license renewal fees.

21 ➔Section 27. KRS 350.280 is amended to read as follows:

22 (1) (a) As used in this section, "he or she" includes "person" as defined in KRS
23 350.010.

24 (b) If a permittee or operator has been issued a notice or order directing
25 abatement of a violation on the basis of an imminent danger to health and
26 safety of the public or significant imminent environmental harm, and the
27 notice or order requires access to property for which the permittee or operator

1 does not have the legal right of entry necessary in order to abate that violation,
2 and the owner or legal occupant of that property has refused access, an
3 easement of necessity is recognized on behalf of the permittee or operator for
4 the limited purpose of abating that violation. The easement of necessity
5 becomes effective, and the permittee or operator is authorized to enter the
6 property to undertake immediate action to abate the violation if he or she
7 concurrently:

- 8 1. Provides to the property owner or legal occupant a copy of the cabinet's
9 order and a plan of action reasonably calculated to result in abatement of
10 the violation, repair of the damage, and restoration of the property, and
11 provides proof of liability insurance and workers' compensation
12 insurance covering any accidents or injuries occurring on the property
13 during the remedial work;
- 14 2. Provides to the property owner or legal occupant and cabinet an
15 affidavit that he or she has been denied access to the property; and
- 16 3. Provides to the property owner or legal occupant a statement that he or
17 she, the permittee or operator, will diligently pursue abatement of the
18 violation, and will obtain an appraisal completed by a real
19 property~~estate~~ appraiser certified under KRS Chapter 324A of the
20 damages to the property, including loss of use, that have resulted from
21 the violation, that the appraisal will be completed and provided to the
22 property owner or legal occupant within three (3) days of abatement of
23 the violation by the operator or permittee, and that he or she will pay the
24 property owner or legal occupant the amount of the damages in the
25 permittee or operator's appraisal at that time.

26 (c) Following the effective date of the easement of necessity, the following
27 procedure shall be followed with respect to the appraisal of the damages:

1. The permittee or operator shall have a certified appraiser on the site and
2 have his or her appraisal completed and submitted to the property owner
3 or legal occupant within three (3) days of abatement of the violation by
4 the operator or permittee;
5. The property owner or legal occupant shall accept or reject this appraisal
6 in writing within seven (7) days of receipt of the completed appraisal;
7. If the property owner or legal occupant rejects this appraisal, he or she
8 may hire a real property[estate] appraiser certified under KRS Chapter
9 324A to appraise the damages, including loss of use, that have resulted
10 from the violation, and this such appraisal shall be completed and
11 provided to the permittee or operator within thirty (30) days of receipt of
12 the permittee's or operator's completed appraisal. Upon receipt of the
13 invoice the permittee or operator shall pay for the property owner or
14 legal occupant's appraisal up to the amount he or she paid for his or her
15 own appraisal; and
16. If the property owner or legal occupant accepts the permittee's or
17 operator's appraisal, the permittee or operator shall promptly pay the
18 property owner or legal occupant the amount of the damages reflected
19 therein.

20 (d) If the property owner or legal occupant has an appraisal done, and if, based on
21 his or her appraisal and the permittee's or operator's appraisal, an agreement is
22 not reached on the appraised damages, the permittee or operator shall pay the
23 property owner or legal occupant the amount of the permittee's or operator's
24 appraisal damages, and if the property owner or legal occupant's appraisal
25 damages are for more than the permittee's or operator's, the permittee or
26 operator shall pay the difference to the circuit clerk, in the county in which the
27 majority of the property lies, to be placed in an interest-bearing account in a

1 bank until final resolution of the matter by agreement or court or jury
2 judgment. If the property owner or legal occupant is granted award of some or
3 all of the difference, he or she shall also receive the interest on that portion of
4 the difference.

5 (e) If the property owner or legal occupant does not accept or reject the
6 permittee's or operator's appraisal and offer of funds for damages within the
7 time specified in subparagraph 2. of paragraph (c) of this subsection, the
8 appraisal and offer shall be deemed accepted.

9 (f) The appraiser shall calculate the damages to the property, including loss of
10 use, that have resulted from the violation which the owner or the legal
11 occupant shall be entitled to under this subsection as the difference between
12 the fair market value of the property before the violation and after the
13 abatement of the violation, plus the reasonable rental value of the property
14 during the period of time between the effective date of the easement of
15 necessity and the date of the abatement of the violation.

16 (2) If a permittee or operator has been issued a notice or order directing abatement of a
17 violation other than one described in subsection (1) of this section, and the notice or
18 order requires access to property for which the permittee or operator does not have
19 the legal right of entry necessary in order to abate that violation, and the owner or
20 legal occupant of that property has refused access, an easement of necessity is
21 recognized on behalf of the permittee or operator, for the limited purpose of
22 allowing a real property[estate] appraiser certified under KRS Chapter 324A,
23 chosen by the permittee or operator, to enter upon the property to which the owner
24 or legal occupant has refused access in order for the appraiser to appraise the
25 damages, including loss of use, that likely will result from the violation.

26 (3) (a) The easement for the limited purpose of allowing the appraisal under
27 subsection (2) of this section shall be recognized and take effect when the

1 operator or permittee:

1. Provides to the property owner or legal occupant a copy of the cabinet's
2 order;
3. Provides to the property owner or legal occupant and cabinet a plan of
4 remedial measures to abate the violation;
5. Provides to the property owner or legal occupant and cabinet an
6 affidavit that he or she has been denied access to the property; and
7. Provides to the property owner or legal occupant a statement that he or
8 she, the permittee or operator, will within seven (7) days of entry of the
9 appraiser obtain an appraisal of the damages to the property including
10 loss of use, that likely will result from the violation, and that upon
11 completion of the appraisal he or she will provide the appraisal to the
12 property owner or legal occupant and pay the property owner or legal
13 occupant an entry fee. The entry fee shall be calculated as one-half (1/2)
14 of the amount of the appraisal or the sum of five hundred dollars (\$500),
15 whichever is greater, for the privilege to enter the property and conduct
16 the appraisal.
- 17

18 (b) Upon payment of the entry fee by the permittee or operator, an easement of
19 necessity shall be recognized on behalf of the permittee or operator for the
20 limited purposes of abating the violation and the operator or permittee shall be
21 authorized to enter the property to undertake immediate action to abate the
22 violation, provided that the landowner has been provided a plan of action
23 reasonably calculated to result in abatement of the violation, repair of the
24 damage, and restoration of the property, and the permittee or operator
25 provides proof of liability insurance and workers' compensation insurance
26 covering any accidents or injuries occurring on the property during the
27 remedial work.

11 ➔Section 28. KRS 413.140 is amended to read as follows:

12 (1) The following actions shall be commenced within one (1) year after the cause of
13 action accrued:

14 (a) An action for an injury to the person of the plaintiff, or of her husband, his
15 wife, child, ward, apprentice, or servant;

16 (b) An action for injuries to persons, cattle, or other livestock by railroads or
17 other corporations, with the exception of hospitals licensed pursuant to KRS
18 Chapter 216;

19 (c) An action for malicious prosecution, conspiracy, arrest, seduction, criminal
20 conversation, or breach of promise of marriage;

21 (d) An action for libel or slander;

22 (e) An action against a physician, surgeon, dentist, or hospital licensed pursuant
23 to KRS Chapter 216, for negligence or malpractice;

24 (f) A civil action, arising out of any act or omission in rendering, or failing to
25 render, professional services for others, whether brought in tort or contract,
26 against a real property[estate] appraiser holding a certificate or license issued
27 under KRS Chapter 324A or a real estate broker or sales associate holding a

1 license issued under KRS Chapter 324;

2 (g) An action for the escape of a prisoner, arrested or imprisoned on civil process;

3 (h) An action for the recovery of usury paid for the loan or forbearance of money

4 or other thing, against the loaner or forbearer or assignee of either;

5 (i) An action for the recovery of stolen property, by the owner thereof against

6 any person having the same in his or her possession;

7 (j) An action for the recovery of damages or the value of stolen property, against

8 the thief or any accessory;

9 (k) An action arising out of a detention facility disciplinary proceeding, whether

10 based upon state or federal law;

11 (l) An action for damages arising out of a deficiency, defect, omission, error, or

12 miscalculation in any survey or plat, whether brought in tort or contract,

13 against a licensed professional land surveyor holding a license under KRS

14 Chapter 322;

15 (m) An action for violating KRS 311.782; and

16 (n) An action for violating KRS 311.731.

17 (2) In respect to the action referred to in paragraph (e) of subsection (1) of this section,

18 the cause of action shall be deemed to accrue at the time the injury is first

19 discovered or in the exercise of reasonable care should have been discovered;

20 provided that such action shall be commenced within five (5) years from the date on

21 which the alleged negligent act or omission is said to have occurred.

22 (3) In respect to the action referred to in paragraph (f) or (l) of subsection (1) of this

23 section, the cause of action shall be deemed to accrue within one (1) year from the

24 date of the occurrence or from the date when the cause of action was, or reasonably

25 should have been, discovered by the party injured.

26 (4) In respect to the action referred to in paragraph (h) of subsection (1) of this section,

27 the cause of action shall be deemed to accrue at the time of payment. This limitation

1 shall apply to all payments made on all demands, whether evidenced by writing or
2 existing only in parol.

3 (5) In respect to the action referred to in paragraph (i) of subsection (1) of this section,
4 the cause of action shall be deemed to accrue at the time the property is found by its
5 owner.

6 (6) In respect to the action referred to in paragraph (j) of subsection (1) of this section,
7 the cause of action shall be deemed to accrue at the time of discovery of the
8 liability.

9 (7) In respect to the action referred to in paragraph (k) of subsection (1) of this section,
10 the cause of action shall be deemed to accrue on the date an appeal of the
11 disciplinary proceeding is decided by the institutional warden.

12 (8) In respect to the action referred to in subsection (1)(m) and (n) of this section, the
13 cause of action shall be deemed to accrue after the performance or inducement or
14 attempt to perform or induce the abortion.

15 ➔Section 29. KRS 56.806 is amended to read as follows:

16 (1) Except when another lease term is approved by the secretary of the Finance and
17 Administration Cabinet, the terms of all leases entered into pursuant to KRS 56.803
18 or 56.805 may provide for an initial lease term beginning on a date stated and
19 ending on June 30 in each year in which the General Assembly has convened in an
20 even-numbered-year regular session and appropriated funds for the operation of the
21 state government during the next ensuing biennium. The leases may grant the state
22 successive options for the automatic renewal of the lease upon the same terms and
23 conditions for additional renewal periods of twenty-four (24) months each, not to
24 exceed three (3) automatic renewal periods. Any lease containing provision for the
25 automatic renewal of the lease after the expiration of the initial lease term shall also
26 provide that the state may, upon written notice given to the lessor on or before April
27 15 of the year in which the initial or any automatic renewal term expires, elect not

1 to exercise its option for the automatic renewal of the lease term. Subject to the
2 agreement of the lessor, a lease in which the final automatic renewal period has
3 expired, or will expire as of the end of the then current term, may be renewed upon
4 the same terms and conditions, provisions of KRS 56.803 to the contrary
5 notwithstanding.

6 (2) The Department for Facilities Management shall comply with the provisions of this
7 subsection when calculating rentable area for the purposes of a lease.

8 (a) If the Commonwealth is the only tenant on a single floor of a multistory
9 building, the rentable area shall be the entire area described by measuring to
10 the inside finished surface of the dominant portion of the permanent outer
11 building walls, excluding any major vertical penetrations of the floor which
12 shall include, but not be limited to, stairways, elevator shafts, pipe chases,
13 vertical air ducts, and the enclosing wall of all such excluded areas.
14 Restrooms, corridors, and utility rooms which exclusively serve the floor
15 occupied by the Commonwealth shall be included as part of the rentable area.

16 (b) If the Commonwealth is the only tenant in a one (1) story or multistory
17 building, rentable area shall be calculated pursuant to the provisions of
18 paragraph (a) of this subsection except that those areas excluded pursuant to
19 paragraph (a) shall be included as part of the rentable area.

20 (c) If the Commonwealth shares a floor with one (1) or more other tenants, the
21 rentable area shall be calculated by measuring from the inside finished surface
22 of the dominant portion of the permanent outer building walls to the office
23 side of every corridor wall or other wall separating the Commonwealth's
24 leased space from other adjacent rentable areas which shall include, but not be
25 limited to, space under the control of another tenant, public corridors,
26 restrooms, all common service and utility areas, stairways, elevator shafts,
27 vertical pipe chases, and air ducts.

1 (d) The Commonwealth's rentable area determined pursuant to paragraphs (a),
2 (b), and (c) of this subsection shall include columns and projections necessary
3 to the building.

4 (3) The Finance and Administration Cabinet may include in a lease an option to
5 purchase the leased property or a lease-purchase of the leased property.

6 (4) If the Finance and Administration Cabinet exercises an option to purchase leased
7 property, the option price shall not exceed the fair market value of the leased
8 property as of the time the lessor and the Commonwealth enter into the option. Two
9 (2) competent and qualified real property[estate] appraisers shall each determine the
10 fair market value. Each real property[estate] appraiser shall be selected by the
11 Finance and Administration Cabinet and shall employ an accepted appraisal
12 technique.

13 (5) (a) Except as provided in paragraph (b) of this subsection, if the Finance and
14 Administration Cabinet includes in a lease the lease-purchase of the leased
15 property, two (2) competent and qualified real property[estate] appraisers
16 shall each determine the fair market value of the leased property as of the time
17 the lessor and the Commonwealth enter into the lease. Each appraiser shall be
18 selected by the Finance and Administration Cabinet and shall employ an
19 accepted appraisal technique. The lease shall provide for an initial lease term
20 ending June 30 of the second year of the then current fiscal biennium of the
21 Commonwealth, with the option of the Commonwealth, as lessee, to extend
22 the term of the lease for a term of two (2) years from the expiration of each
23 extended term of the lease, until the original term of the lease has been
24 extended for a total number of years agreed upon by the parties. The agreed
25 rental paid for the original term and for each of the full number of years for
26 which the term of the lease may be extended shall amortize the fair market
27 value of the leased property as of the time the lessor and the Commonwealth

1 entered into the lease. The lease shall provide that the Commonwealth may, at
2 the expiration of the original or any extended term, purchase the leased
3 property at a stated price, which shall be the balance of the fair market value
4 of the leased property as of the time the lease was entered into which has not
5 been amortized by the payments of rent previously made by the
6 Commonwealth.

7 (b) If the Finance and Administration Cabinet includes lease-purchase of the
8 leased property in a lease with the federal government, the terms of the lease-
9 purchase shall be determined through negotiations between the
10 Commonwealth and the federal government.

11 (6) Except when a lease incorporates a lease-purchase pursuant to subsection (5) of this
12 section, the Commonwealth shall reserve the right to cancel a lease upon written
13 notice within thirty (30) days.

14 →Section 30. KRS 56.8175 is amended to read as follows:

15 When a built-to-suit lease is awarded to a firm that owns the land upon which the
16 building shall be built, the Commonwealth shall be granted an option to purchase the
17 leased buildings, land, and any appurtenant facilities. The option price to be paid shall not
18 exceed its fair market value as of the time the option is exercised as determined by a
19 competent and qualified real property[estate] appraiser, selected by mutual agreement of
20 the parties, employing the reproduction cost new or other accepted appraisal techniques;
21 provided, however, that in no event shall the option price be less than a sum equal to the
22 remaining balance of any mortgage lien encumbering the property and securing the
23 repayment of moneys advanced to the owner for the original construction of the building,
24 plus an amount not to exceed ten percent (10%) of such mortgage balance.

25 ➔ Section 31. KRS 56.823 is amended to read as follows:

26 (1) The Finance and Administration Cabinet shall report information on leases and
27 lease modifications awarded pursuant to KRS 43.050, 48.111, and 56.800 to 56.823

1 to the Capital Projects and Bond Oversight Committee as required by this section.

2 (2) Any lease awarded pursuant to KRS 56.803, including all lease renewals except
3 automatic renewals permitted under KRS 56.806(1), for which the annual rental
4 cost will exceed one hundred thousand dollars (\$100,000) shall be reported to the
5 Capital Projects and Bond Oversight Committee after a proposed lease is arrived at
6 but before execution. The report shall include:

7 (a) The name of the agency that will occupy the premises;

8 (b) The name of the lessor;

9 (c) The terms of the lease;

10 (d) The reason for the lease;

11 (e) A copy of the writing required by KRS 56.803(17);

12 (f) A statement as to whether the Finance and Administration Cabinet complied
13 with the requirements established in KRS 43.050, 48.111, and 56.800 to
14 56.823. If the cabinet has not complied with any requirement, the cabinet shall
15 explain why;

16 (g) An explanation of why the Finance and Administration Cabinet chose this
17 lessor over his competition; and

18 (h) A cost comparison between the cost per square foot of the leased space and
19 the average cost per square foot of comparable space the state leases in the
20 same county. If there are factors which make the comparison misleading, the
21 cabinet shall inform the committee of these factors.

22 (3) Any lease that incorporates a lease-purchase pursuant to KRS 56.806(5) shall be
23 reported to the Capital Projects and Bond Oversight Committee after a proposed
24 lease is arrived at but before execution.

25 (a) If a lease is awarded pursuant to KRS 56.803, the report shall include the:

26 1. Fair market value of the property as of the time the lessor and the
27 Commonwealth entered into the lease;

- 1 2. Name and qualifications of each of the two (2) real property[estate]
2 appraisers who determined the fair market value;
- 3 3. Appraisal technique each appraiser employed; and
- 4 4. Information required by subsection (2) of this section.

5 (b) 1. Except as provided in subparagraph 2. of this paragraph, if a lease is
6 awarded pursuant to KRS 56.805(2), the report shall include the:

- 7 a. Fair market value of the property at the time the lessor and the
8 Commonwealth entered into the lease;
- 9 b. Name and qualifications of each of the two (2) real
10 property[estate] appraisers who determined the fair market value;
- 11 c. Appraisal technique each appraiser employed;
- 12 d. Information required by paragraphs (a), (b), (c), (d), (f), (g), and
13 (h) of subsection (2) of this section; and
- 14 e. Procedure the department followed to obtain the lease.

15 2. If the federal government is the lessor, the report shall include the
16 substance of the lease-purchase.

17 (4) Any lease awarded pursuant to KRS 56.805(2), including all lease renewals except
18 automatic renewals permitted under KRS 56.806(1), for which the annual rental
19 cost will exceed one hundred thousand dollars (\$100,000) shall be reported to the
20 Capital Projects and Bond Oversight Committee after a proposed lease is arrived at
21 but before execution. The report shall state the information required by paragraphs
22 (a), (b), (c), (d), (f), (g), and (h) of subsection (2) of this section and the procedure
23 the department followed to obtain the lease. The report shall also include a copy of
24 the writing required by KRS 56.805(2).

25 (5) Any lease awarded as the result of an emergency described at KRS 56.805(3) shall
26 be reported to the Capital Projects and Bond Oversight Committee within thirty
27 (30) days after execution. The report shall include a copy of the certificate or the

1 certificate and the Governor's authorization, as appropriate, kept on file pursuant to
2 KRS 56.805(4) and shall further state:

3 (a) The information required by paragraphs (a), (b), (f), (g), and (h) of subsection
4 (2) of this section;

5 (b) The terms of lease before and after the emergency; and

6 (c) The procedure the department followed after the emergency to obtain a lease.

7 (6) Any built-to-suit lease awarded pursuant to KRS 56.8169 shall be reported to the
8 Capital Projects and Bond Oversight Committee after a proposed lease is arrived at
9 but before execution. The report shall state the information required by paragraphs
10 (a), (b), (c), (d), (f), (g), and (h) of subsection (2) of this section. The report shall
11 also include:

12 (a) The written finding and Governor's approval required by KRS 56.8161;

13 (b) The selection committee's ranking of firms required by KRS 56.8169(15)(a);

14 (c) The written reason for requesting best-and-final offers, if best-and-final offers
15 are requested, made pursuant to KRS 56.8169(16)(b);

16 (d) The selection committee's selection of the best best-and-final offer, if best-
17 and-final offers are requested, made pursuant to KRS 56.8169(16)(d);

18 (e) The certificates signed pursuant to KRS 56.8171(2); and

19 (f) The report prepared by the employee of the Auditor of Public Accounts
20 pursuant to KRS 56.8171(3).

21 (7) If the Finance and Administration Cabinet decides to exercise an option to purchase
22 pursuant to KRS 56.806(4), the cabinet shall report to the Capital Projects and Bond
23 Oversight Committee after the decision is reached but before the purchase occurs.
24 The report shall include the:

25 (a) Fair market value of the property;

26 (b) Option price;

27 (c) Name and qualifications of each of the two (2) real property[estate] appraisers

1 who set the fair market value;

2 (d) Appraisal technique each appraiser employed; and

3 (e) Rent paid by the Commonwealth prior to the exercise of the option.

4 (8) (a) When, pursuant to KRS 56.806(5)(a), the Finance and Administration Cabinet

5 attempts to complete a lease-purchase through lease payments totally

6 amortizing the fair market value of the leased property as of the time the

7 lessor and the Commonwealth entered into the lease, the cabinet shall report

8 to the Capital Projects and Bond Oversight Committee no more than ninety

9 (90) days before the final lease payment. The report shall include the:

10 1. Fair market value of the property at the time the lessor and the

11 Commonwealth entered into the lease;

12 2. Name and qualifications of each of the two (2) real property[estate]

13 appraisers who set the fair market value;

14 3. Appraisal technique each appraiser employed; and

15 4. Rent paid by the Commonwealth toward the purchase.

16 (b) When, pursuant to KRS 56.806(5)(b), the Finance and Administration Cabinet

17 attempts to complete a lease-purchase, the cabinet shall report to the Capital

18 Projects and Bond Oversight Committee no more than ninety (90) days before

19 the final lease payment. The report shall include the terms of the lease

20 purchase.

21 (9) When, pursuant to KRS 56.806(5), the Finance and Administration Cabinet decides

22 to attempt to complete a lease-purchase prior to the total amortization, through lease

23 payments, of the fair market value of the leased property as of the time the lessor

24 and the Commonwealth entered into the lease, the cabinet shall report to the Capital

25 Projects and Bond Oversight Committee after the decision is reached but before the

26 purchase occurs. The report shall state the information required by paragraph (a) or

27 (b) of subsection (8) of this section as appropriate. The report shall also include the

1 sum of money that must be paid in addition to rent paid, in order to complete the
2 purchase.

3 (10) If the Finance and Administration Cabinet, pursuant to KRS 56.806(5), includes in
4 a lease the lease-purchase of the leased property and thereafter becomes aware that
5 a purchase will not be achieved, within thirty (30) days after the cabinet becomes
6 aware, it shall notify the Capital Projects and Bond Oversight Committee of the
7 circumstances preventing the purchase.

8 (11) (a) Except in the case of an emergency as provided in paragraph (b) of this
9 subsection, any modification to an existing lease, made pursuant to KRS
10 56.813, that is less than fifty thousand dollars (\$50,000) shall be reported to
11 the Capital Projects and Bond Oversight Committee within thirty (30) days
12 after execution, and any modification to an existing lease, made pursuant to
13 KRS 56.813, that is fifty thousand dollars (\$50,000) or more shall be reported
14 to the Capital Projects and Bond Oversight Committee before execution. In
15 either case, the report shall consist of:

16 1. The terms of the lease before and after modification;
17 2. The reason for the modification;
18 3. The name of the lessor;
19 4. Any comments received from the public pursuant to KRS 56.813(4);
20 and
21 5. A statement as to whether the Finance and Administration Cabinet
22 complied with the requirements in KRS 56.813. If the cabinet has not
23 complied with any requirement, the cabinet shall explain why.

24 (b) Any modification to an existing lease which is required because of an
25 emergency as described at KRS 56.805(3) shall be reported to the Capital
26 Projects and Bond Oversight Committee within thirty (30) days after
27 execution. The report shall include a copy of the certificate or the certificate

1 and the Governor's authorization, as appropriate, kept on file pursuant to KRS
2 56.805(4) and shall further state:

- 3 1. The terms of the lease before and after modification;
- 4 2. The name of the lessor;
- 5 3. Any comments received from the public pursuant to KRS 56.813(4);
6 and
- 7 4. A statement that the Finance and Administration Cabinet complied with
8 the requirements in KRS 56.805(3) and (4) and in KRS 56.813. If the
9 cabinet has not complied with any requirement, the cabinet shall explain
10 why.

11 (12) Before beginning work on any improvements, renovations, or refitting of a leased
12 building under the provisions of KRS 56.813(2)(d), the cabinet shall report to the
13 Capital Projects and Bond Oversight Committee:

- 14 (a) A description of the project;
- 15 (b) Identification of the agency or agencies for which the improvements,
16 renovations, or refitting are being performed;
- 17 (c) An estimate of the total cost of the project;
- 18 (d) The source of funds for the project; and
- 19 (e) All the information required by KRS 45.793.

20 ➔Section 32. KRS 99.830 is amended to read as follows:

- 21 (1) If no feasible final plan can be developed for rehabilitation of the building in order
22 to bring it into compliance with all applicable housing, building, and nuisance code
23 requirements at a reasonable cost in relation to the present value of the building
24 without consideration of the value of the land on which the building is located, the
25 conservator may submit a plan for demolition and removal of the building and all
26 debris from the property to the court and all parties in interest.
- 27 (2) The present value of the building in relation to the estimate for costs of

1 rehabilitation of the building in order to bring it into compliance with all applicable
2 housing, building, and nuisance code requirements may be established by evidence
3 of three (3) affidavits prepared by real property~~estate~~ appraisers, qualified
4 building contractors, or qualified building inspectors.

5 (3) A plan for demolition shall require a reasonable effort to be made to salvage
6 reusable materials for credit against the cost of demolition. The proceeds of any
7 moneys received from the sale of salvaged materials shall be used or applied
8 against the cost of demolition and removal of the building and all debris from the
9 property. Proper records shall be kept showing application of sales proceeds. Any
10 sale of salvaged materials may be made without the necessity of public
11 advertisement.

12 (4) Any party in interest shall be allowed to comment on or request a hearing on a plan
13 for demolition within thirty (30) days of receipt of the plan for demolition by
14 certified or registered mail.

15 (5) Upon demolition and removal of the building and all debris from the property, the
16 conservator shall submit to the court and all parties in interest a full accounting of
17 all actions taken, all income and expenditures received or incurred, and an estimate
18 of the conservator's fee.

19 (6) The conservator may then petition the court for authorization to terminate the
20 conservatorship through either a public or private sale.

21 ➔Section 33. KRS 99.835 is amended to read as follows:

22 (1) Upon application of the conservator, the court may order the sale of the property
23 free and clear of all existing liens, claims, and encumbrances subject to the approval
24 and supervision of the court by private sale pursuant to a written contract of sale
25 between the conservator and prospective purchaser, by public auction, or by any
26 other method that the court determines is fair to the owner of the property and all
27 parties in interest, is reasonable under the circumstances, and will maximize the

1 return from the property to the conservatorship estate.

2 (2) Before entering an order authorizing the sale of the property by the conservator, the
3 court may require that the conservator provide evidence of the value of the property
4 by affidavit of three (3) real property[estate] appraisers or by any other evidence
5 that the court determines is appropriate.

6 (3) If the conservator has received a specific offer for sale that the conservator desires
7 to accept, the conservator shall provide to the court the identity of the buyer and the
8 proposed terms of the sale. If the conservator has not received a specific offer for
9 sale that the conservator desires to accept, the conservator shall provide to the court
10 the proposed procedures for conduct of the sale.

11 (4) Any sale of the property shall be made subject to the approval and supervision of
12 the court only after all of the following occur:

13 (a) The court finds the conditions that were the grounds for the petition have been
14 abated or corrected by the conservator and the owner has not successfully
15 petitioned to terminate the conservatorship as set out in KRS 99.845;

16 (b) Notice of the proposed sale and an opportunity for a hearing at which all
17 parties in interest may be heard is given in accordance with the Kentucky
18 Rules of Civil Procedure, provided that if no party objects to the proposed sale
19 or requests a hearing within thirty (30) days, the court may proceed without a
20 hearing; and

21 (c) The court issues an order of sale that sets forth the required procedures for or
22 terms of the sale.

23 (5) If the proposed sale is by public auction or any other method other than a private
24 sale approved by the court, the conservator shall conduct and promote the sale in a
25 manner anticipated to raise the highest and best sale price.

26 (6) If the proposed sale is pursuant to a specific offer the conservator desires to accept,
27 the court may finally approve the sale and no separate confirmation order is

1 required. If the proposed sale is by public auction or any method other than a
2 private sale approved by the court, the conservator shall seek an order approving the
3 sale process and confirming the sale within ten (10) days of the date of the sale.

4 (7) Notwithstanding any provision to KRS Chapter 134 to the contrary, any holder of a
5 local government lien may by written agreement waive or release all or a portion of
6 its lien priority upon sale of a property subject to the lien in accordance with KRS
7 99.780 to 99.855.