

Kentucky Real Estate Law Review

by
Joyce Bea Sterling
DREI, CDEI, e-Pro, SHS, GHS

Email: Joyce@2MyClasses.com Phone: 859-474-0448

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This is a summary of many of Kentucky's real estate license laws.
The author is not an attorney and is not providing legal advice.
Specific law questions should be directed to an attorney.

Visit the Kentucky Real Estate Commission's website
for the law manual and additional contracts and forms.

www.krec.ky.gov

<http://krec.ky.gov/legal/Pages/formscontracts.aspx>

<http://krec.ky.gov/legal/Pages/kreclm.aspx>

The forms found on the KREC website
should be reviewed by your principal broker before you use them.

For a review of the
Legislative Research Commission's Official Statutes and Regulations,
please refer to their website at <http://www.lrc.state.ky.us/home.htm>.


**We highly recommend that you read
the laws and administrative regulations in their entirety.**

Information Regarding the Kentucky Real Estate Sales and Broker Exams

The **state portion** of the Kentucky real estate examination consists of **40 questions** for both the salesperson and broker examinations **plus ten (10) pretest questions**. These pretest items are NOT identified on the examination and will NOT affect the score in any way.

The state laws are **Kentucky Revised Statutes** and they are identified as **KRS Chapter 324. (i.e. KRS 324.160)**

The **Kentucky Administrative Regulations** are the **interpretations of the Statutes that made by the Kentucky Real Estate Commission** and real estate licensees must obey these administrative regulations. They are identified with the initials **KAR**. (i.e. 201 KAR 11.011)

	<p>Please note. You do NOT have to know the law numbers for the state exam. If a number is used in a question or answer, it will be the correct number.</p>
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The acronym KREC means the
Kentucky Real Estate Commission in the book.

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About the KY Real Estate Commission

324.281 Kentucky Real Estate Commission – Members – Terms – Vacancies – Duties Mandatory continuing education

1. Who appoints the Commissioners? **Governor**
2. How many Commissioners are there? **5**
3. How many hold a real estate license? **4**
4. What type of license must he/she have?
A real estate license. It does not have to be a broker's license.
5. How long must he/she have been residents of the state immediately prior to their appointment? **10 years**
6. How many Commissioners are appointed as a "citizen-at-large"? **1**
7. How long is the term of a Commissioner? **4**
8. How many terms can a Commissioner have? **2 consecutive**
9. Where does the Governor get the list of people to select an appointment of a Commissioner?
Kentucky Association of REALTORS
10. How many Commissioners can belong to the same political party? **3**

Commission Duties

1. Promulgate (announce) **administrative** regulations
2. Hold **disciplinary** hearings
3. Conduct **examinations** or contract to conduct examinations
4. Conduct educational **seminars** and CE class
5. **Investigate** or cause to be investigated any irregularities of the law
6. To participate with other organizations for the **improvement** of the laws.
7. Any action taken by the Commission can be **appealed**.

324.2811 Automatic removal of member from Commission

1. A licensed Commissioner **ceases to have** his/her license.
2. Consumer member **acquires** a license or a financial interest in the practice of real estate.
3. Commissioner enters a plea of guilt or been found guilty of a felony in which **fraud** is an essential element or a crime of moral turpitude.
4. Member is no longer a bona fide **resident** of the Commonwealth.

324.282 Election of chairperson – Rules and regulations

1. Who selects the chairperson of the Commission?
The Commissioners select the chairperson.
2. Can the Commission fix prices; establish fees or sets rates at which real estate licensees are compensated? _____ Yes **X** **No**
3. How much are the Commissioners paid annually?
\$15,000 per annum and actual and necessary expenses
4. The Commission has a **seal** to authenticate its proceedings. **ALL** records are open to public inspection, as prescribed by the Commission.

The KREC usually meets every month and part of the meeting is open to the public.
A schedule can be found on the home page at www.krec.ky.gov.

About Your Real Estate License

324.010 Definitions and application

1. Real estate brokerage is a single, multiple, or continuing act of dealing in real estate **for others**. It is any work relating to real estate owned by someone else this includes referral, listing, selling, property management or offering to engage in those activities for others for money or anything of value.
2. **Real estate** means real estate in its ordinary meaning and includes timeshares, options, leasehold and other interests less than leaseholds.
3. Property management means the management of real estate **for others** for a fee compensation, or other valuable consideration.

4. Property management activities includes:
- a. **marketing** property;
 - b. **leasing** property;
 - c. collecting **rental** payments;
 - d. **payment** of any debts such as notes, mortgages and business expenses;
 - e. planning and implementing **maintenance of** the property;
 - f. **accounting** of money and sending statements to the owner;
 - g. any other activities that the KREC deems as a property management activity.

324.020 Requirement of licensing

Unless a person falls into an "exception" category, a person **MUST** have a real estate broker or sales associate license to present himself or herself to the public as a real estate broker or sales associate.

1. Can someone who does not have a real estate license hold himself or herself out to the public as a real estate broker or sales associate? ___ Yes **X No**

A person cannot infer by the use of any terms, titles, or abbreviations which imply that that the person is licensed as a real estate broker or sales associate, **unless he/she** has a real estate license.

2. Does an licensee who is an owner or builder-developer have to disclose his status as a real estate licensee? **X Yes** ___ No

3. What steps would the Commission take to file an injunctive relief?

Seek and obtain injunctive relief by filing a civil action in the circuit court where the Commission is located or the unlawful activity took place.

324.030 Exceptions to KRS 324.020

1. A person can **sell or lease** his/her own property without a license. (For Sale by Owner – FSBO) A person can hire an **employee to sell or lease** his/her own property and the **employee does not need a license.**

2. If an owner executes a **power-of-attorney** giving a person (**attorney-in-fact**) the authority to performance any contract for the sale, leasing, or exchange of real estate, the **attorney-in-fact does not need to have a license.**

3. An **attorney-at-law** who is performing **his/her duties as attorney-at-law does not need to have a real estate license.**

4. A receiver is appointed by a bankruptcy court or by creditors to administer the property for the purpose repayment of the debts. A trustee in bankruptcy is also appointed for that same purpose. A **receiver or trustee does not have to have a real estate license** to sell property as a part of the bankruptcy procedure.

An administrator is appointed by the court to settle an estate when someone dies intestate, or without a will. When someone dies testate, meaning there is a valid will, an executor is named in a will to settle the estate. An **administrator or executor does not need to have a real estate license to sell property in the estate.**

If a person is selling real estate under **order of any court**, he/she **does not need to have real estate license.**

A **trustee** acting under a trust agreement, a deed of trust, or their **regular salaried employees, do not need to have a real estate license.**

5. If a person is the **regular employee of an owner**, he/she can **engage in property management without a license.**

If the owner enters into a property management agreement with a **principal broker**, the principal broker **may hire** a person as a **regular employee** to manage the property and the person **would not need a license to manage the property.**

If a person receives a **rental unit as his primary compensation**, the person **does not need to have a license.**

6. A **nonlicensed personal assistant** who works under the supervision of a licensed real estate broker **may contact the public** to set appointments for the broker to meet with them regarding buying or selling property. The nonlicensed personal assistant may **give out general public information** specifically authorized by the broker **without securing a real estate license.**

Thank you for the opportunity to be of service!

Let us know if we can be of further assistance.

Contact: Joyce Bea Sterling

Phone: 859-525-8090

Email: Joyce@2MyClasses.com

Website: www.KYRealEstateSchool.com - Online KY Core Course - Kentucky Prelicense Classes