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Kentucky Real Estate Law Review

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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 link to the laws and additional contracts and forms.
http://krec.ky.gov/newstatic_info.aspx?static_id=189&menuid=56

http://krec.ky.gov/new_docs.aspx?cat=47&menuid=58


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

Information Regarding the Kentucky Real Estate Sales and Broker Exams

The **state portion** of the Kentucky real estate examination consists of **50 questions** for both the salesperson and broker examinations **plus five to ten 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)

	<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

1. Who appoints the Commissioners? **Governor**
2. How many Commissioners are there? **7**
3. How many hold a real estate license? **6**
4. What type of license must he/she have? Six of the commissioners must 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? **3 years**
8. How many terms can a Commissioner have? **2 consecutive terms**
9. Where does the Governor get the list of people to select an appointment of a Commissioner? **Kentucky Realtor® Institute or formerly called the Kentucky Association of REALTORS®**
10. How many Commissioners can belong to the same political party? **4**

Commission Duties

1. Promulgate (announce) **administrative** regulations with the approval of the executive director of the Kentucky Real Estate Authority;
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 (Such as unlicensed brokerage activities)
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.
5. A member displays **incompetence, neglect of duty, or unprofessional conduct**.
6. A member fails to adhere to a duly adopted **code of ethics** of the commission. Failure to adhere to this code shall be determined by official action of the commission; or
7. A member **misses 3 consecutive meetings** or misses more than 25% of the meetings held over the previous 12 month period.

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 **No** (Nor should brokers be involved in such discussions. Brokers should leave the meeting should such discussions occur.)
3. How much are the Commissioners paid annually?
\$300 per day-Maximum \$6,000 annually
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.
With COVID, you may login by Zoom to attend.
The login link is posted the day before the meeting.

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 a 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 against unlicensed brokerage activities?

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.