

324A.010 Definitions for KRS 324A.010 to 324A.090

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

- (1) "Appraisal" means an oral, written, or electronic communication of any type or nature which is independently and impartially prepared by a licensed or certified appraiser setting forth an analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate, as of a specified date, for or in expectation of compensation;
- (2) "Appraisal assignment" means an engagement for which an appraiser is employed or retained to act, or would be perceived by other parties or the public as acting, as a third party in rendering an unbiased real estate appraisal;
- (3) "Appraisal report" means any communication, written, oral, or electronic conveying a real estate appraisal, and all other reports communicating an appraisal analysis, opinion, or conclusion;
- (4) "Board" means the Real Estate Appraisers Board created under KRS 324A.015;
- (5) "Certificate holder or licensee" means a person certified or licensed by the board under this chapter;
- (6) "Real estate" or "real property" means real estate in its ordinary meaning and includes any leasehold or other estate or interest in, over, or under land, including leaseholds, all appurtenances and improvements thereto, and may include personal property which is integral to the use of the real property as appraised;
- (7) "Uniform Standards of Professional Appraisal Practice" means the standards of practice promulgated by the Appraisal Standards Board of the Appraisal Foundation; and
- (8) "Federally related transaction" means any real estate related financial transaction that:
 - (a) A federal financial institution's regulatory agency engages in, contracts for, or regulates; and
 - (b) Requires the services of an appraiser.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 7, effective June 25, 2013. -- Amended 1998 Ky. Acts ch. 377, sec. 1, effective July 15, 1998. -- Amended 1992 Ky. Acts ch. 247, sec. 1, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 1, effective July 13, 1990.

324A.015 Real Estate Appraisers Board

- (1) There is created a Real Estate Appraisers Board consisting of five (5) members, two (2) of whom shall be certified real estate appraisers, one (1) of whom shall represent the public and shall not be associated with or financially interested in the practice of real estate appraisals, and two (2) of whom shall be employed in the lending industry. The board shall administer the provisions of this chapter and may promulgate administrative regulations necessary to effectuate the provisions of KRS 324A.010 to 324A.090.

- (2) The board members shall be appointed by the Governor. Not more than one (1) board member shall be from any one (1) county within Kentucky. Members shall be appointed by the Governor for staggered terms of three (3) years. No person shall serve more than two (2) full consecutive terms.
- (3) The appraiser appointees to the board shall be certified and shall have engaged in the appraisal of real estate in Kentucky on a continuing basis for at least ten (10) years.
- (4) A board member shall be automatically removed from the board and a vacancy shall occur when:
 - (a) An appraiser member of the board ceases to be certified;
 - (b) A consumer member of the board acquires a certification as an appraiser;
 - (c) A lending industry member ceases to be employed in the lending industry;
 - (d) A board member enters a plea of guilty to, or has been found guilty of, a felony and the time for appeal has passed or the judgment of conviction has been finally affirmed on appeal; or
 - (e) A board member ceases to be a bona fide resident of the Commonwealth of Kentucky.
- (5) The board shall adopt a seal with the design as the board may prescribe, by which it shall authenticate its proceedings. Copies of all records and papers in the office of the board, duly certified and authenticated by the seal of the board, shall be received in evidence in all courts equally and with like effect as the original. All records kept in the office of the board under the authority of this chapter shall be open to public inspection in accordance with KRS 61.820 to 61.884 and consistent with regulations prescribed by the board.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 8, effective June 25, 2013. --

Amended 1992 Ky. Acts ch. 247, sec. 2, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 2, effective July 13, 1990.

324A.020 Powers and duties of board

The board shall have authority to promulgate administrative regulations, have subpoena power, hold disciplinary hearings, conduct examinations, conduct educational seminars, investigate allegations of wrongdoing under this chapter, seek and obtain injunctive relief to enforce the provisions of KRS 324A.010 to 324A.090, provide a list of certified appraisers to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, and perform such other functions and duties as may be necessary in carrying out the provisions of KRS 324A.010 to 324A.090.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 383, sec. 3, effective July 13, 1990.

324A.025 Officers of board -- Meetings -- Compensation

- (1) The board shall elect a chairman each year at the first meeting called after appointment of new members. A majority of the board shall constitute a quorum and may exercise all powers and duties established by the provisions of KRS 324A.020.
- (2) The board shall meet at least once each calendar quarter.
- (3) Each member of the board shall receive actual and necessary expenses and mileage and shall receive two hundred dollars (\$200) per day as compensation for each day spent on duties as a member of the board.

Effective: July 12, 2006

History: Amended 2006 Ky. Acts ch. 238, sec. 1, effective July 12, 2006. --

Amended 2000 Ky. Acts ch. 183, sec. 1, effective July 14, 2000. -- Created 1990 Ky. Acts ch. 383, sec. 4, effective July 13, 1990.

324A.030 Assumption or use of title, designation, or abbreviation to create impression of certification or licensure prohibited -- Powers of certified or licensed appraiser -- Appraiser for Transportation Cabinet

- (1) It shall be unlawful, unless certified or licensed by the board, for any person to:
 - (a) Assume or use any title, designation, or abbreviation likely to create the impression that he or she holds a license or certificate issued by the board;
 - (b) Describe or refer to any appraisal or evaluation of real estate by the term, "state certified," "state licensed," or words of substantially similar meaning; or
 - (c) Assume or use any title, designation, or abbreviation likely to create the impression of certification or licensure by the state as a real estate appraiser firm, partnership, or corporation.
- (2) A certificate holder or licensee shall not assume or use any title, designation, or abbreviation likely to create the impression of certification or licensure by the board other than the correct type of certification or licensure.
- (3) Each certificate holder or licensee who is a resident of Kentucky shall have and maintain a definite place of business in this state, a current e-mail address, and a current telephone number. A nonresident is not required to maintain an active place of business in this state if a definite place of business is maintained in the state where the nonresident resides. A nonresident shall maintain a current e-mail address and a current telephone number.
- (4) Failure by a certificate holder or licensee to notify the board of any change of business address, change of company name, change of surname, change of phone number, or change of e-mail address within thirty (30) days of the change shall result in a penalty not to exceed two hundred dollars (\$200).
- (5) In the case of the death of a certificate holder or licensee, the board may, in its sound discretion, permit a suitable individual to complete the affairs and appraisal assignments of the deceased.

- (6) For any employee of the Transportation Cabinet whose job description includes real estate appraisals which require certification, the Transportation Cabinet shall bear the costs of initial application, examination, continued education, and annual renewal.
- (7) (a) Those Transportation Cabinet employees serving as right-of-way agents or supervisors, who actually perform on-site appraisals as part of their job descriptions and who have obtained an appraiser certification under the provisions of KRS 324A.010 to 324A.090, shall receive a five percent (5%) salary increase effective January 1 following certification. Those right-of-way agents or supervisors who received certification prior to January 1, 1991, shall receive the salary increase effective January 1, 1991.
- (b) The salary increases provided for in subsection (a) of this section shall be made within existing Transportation Cabinet appropriations.
- (8) A person shall not provide appraisal, appraisal review, or appraisal consulting assignments or perform any of the duties usually performed by a licensed or certified real property appraiser for a federally related transaction unless the person at the time holds a license or certification of real property appraiser issued and validly existing under the laws of the Commonwealth of Kentucky, as provided in this chapter.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 9, effective June 25, 2013. --

Amended 1998 Ky. Acts ch. 377, sec. 2, effective July 15, 1998. -- Amended

1992 Ky. Acts ch. 247, sec. 3, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 5, effective July 13, 1990.

324A.035 Administrative regulations to establish requirements for certification or licensure

- (1) The board shall promulgate administrative regulations pursuant to the provisions of this chapter and KRS Chapter 13A for certification or licensure of appraisers who perform appraisals of real property in federally related transactions. Requirements established by the board relating to appraisers of federally related transactions shall not exceed the minimum requirements established by federal law or regulation;
- (2) The board shall promulgate administrative regulations pursuant to KRS Chapter 13A for certification or licensure of appraisers of real property in nonfederally related transactions.
- (a) Appraisers who wish to be limited to appraisals of nonfederally related transactions, and who have engaged in the appraisal of real estate for at least ten (10) years prior to April 7, 1992, shall be certified or licensed as appraisers of nonfederally related transactions.
- (b) Appraisers who wish to be limited to appraisals of nonfederally related transactions, and who have not engaged in the appraisal of real estate for at least ten (10) years prior to April 7, 1992, shall be certified or licensed as appraisers of nonfederally related transactions if they meet the certification or licensure requirements established by the board.

- (3) The board shall establish by administrative regulations requirements for:
- (a) Classifications of appraisers;
 - (b) Certification and licensure;
 - (c) Renewal, suspension, or revocation of certification or licensure;
 - (d) Standards of professional appraisal practice, including experience, education, and ethics;
 - (e) Examination of applicants for certification or licensure; and
 - (f) Continuing education of appraisers.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 10, effective June 25, 2013. -- Amended 1992 Ky. Acts ch. 247, sec. 4, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 6, effective July 13, 1990.

324A.040 Examination

- (1) All applications for certification or licensure shall be made in writing to the board and shall specify the classification of the certificate or license being applied for by the applicant, and shall contain all information required by the board.
- (2) Applicants for certification or licensure shall:
- (a) Successfully pass the examination required by the board; and
 - (b) Meet other requirements established by this chapter and administrative regulations of the board.
- (3) The examination shall be given at times and places within the state as the board shall prescribe; provided, however, the examination shall be given at least two (2) times during each calendar year. Notice of passing or failing the examination shall be provided to each applicant.

Effective: April 7, 1992

History: Amended 1992 Ky. Acts ch. 247, sec. 5, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 7, effective July 13, 1990.

324A.045 Issuance of certificate or license -- Renewal

- (1) The board shall issue to each qualified applicant a certificate or license in form and size as shall be prescribed by the board.
- (2) Every certificate and license shall be subject to annual renewal on the date or dates determined by the board by administrative regulation. Each certificate and license holder shall submit proof of compliance with the continuing education requirements when appropriate and the annual renewal fee to the board on or before the last day of the designated month. Failure to receive a renewal form shall not constitute an adequate excuse for failure to renew on time.
- (3) If the certificate or license holder fails to renew in a timely manner, the certificate or license shall expire. Within six (6) months after the renewal date, the former certificate or license holder shall be reinstated by complying with all appropriate renewal requirements and paying a late fee not to exceed two hundred dollars (\$200).

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

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 11, effective June 25, 2013. -- Amended 1992 Ky. Acts ch. 247, sec. 6, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 8, effective July 13, 1990.

324A.047 Inactive status for certificate or license -- Effect -- Reactivation

- (1) Upon written request, any certificate holder or licensee may request to place his or her certificate or license in inactive status for a period not to exceed three (3) years.
- (a) The written request shall be made by completing a signed and sworn affidavit on a form approved by the board.
- (b) The board may require a fee of fifty dollars (\$50) for each change in status of the certificate holder or licensee.
- (c) A license issued to an individual as a trainee real property appraiser shall not be eligible for inactive status.
- (2) No inactive status certificate holder or licensee shall:
- (a) Assume or use any title, designation, or abbreviation likely to create the impression that he or she holds a certificate or license issued by the board;
- (b) Describe or refer to any appraisal or evaluation of real estate by the term, "state certified," "state licensed," or words of substantially similar meaning; or
- (c) Prepare real estate appraisals for federally related transactions which, under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, require the services of a state-certified or state-licensed appraiser.
- (3) To return to active status, a certificate holder or licensee shall:
- (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) Provide evidence of completion of the annually required continuing education hours, as established by the board and promulgated in administrative regulations, for each year of inactive status.
- (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 this subsection (2) of this section shall be grounds for disciplinary action under this chapter.

Effective: July 15, 1998

History: Created 1998 Ky. Acts ch. 377, sec. 3, effective July 15, 1998.

324A.050 Grounds for refusal to reissue or renew certificate or license or for other disciplinary action -- Petition for reinstatement

- (1) The board may refuse to issue, refuse to renew, suspend, or revoke a certificate or license, reprimand, admonish, place on probation, or impose a fine up to two thousand dollars (\$2000) per each violation determined by the board, not to exceed five thousand dollars (\$5000), on a certificate holder or licensee, or any combination thereof, for any of the following reasons:
 - (a) Procuring or attempting to procure a certificate or license by knowingly making a false statement or submitting false information, or through any form of fraud or misrepresentation;
 - (b) Refusing to provide complete information in response to a question in an application to the board or failing to meet the minimum qualifications established by the board;
 - (c) Being convicted of any felony, or of a misdemeanor that may result in a sentence which includes or requires incarceration;
 - (d) Committing an act involving dishonesty, fraud, or misrepresentation;
 - (e) Violating any of the provisions of KRS 324A.010 to 324A.090, the administrative regulations of the board, or any lawful order of the board;
 - (f) Violating the confidential nature of records to which the appraiser gained access through employment or engagement as an appraiser;
 - (g) Committing any other conduct which constitutes or demonstrates bad faith, untrustworthiness, impropriety, fraud, or dishonesty;
 - (h) Failing or refusing, without good cause, to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;
 - (i) Being negligent or incompetent in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal;
 - (j) Failing to observe one (1) or more of the Uniform Standards of Professional Appraisal Practice; or
 - (k) Having a license or registration certificate to practice as a licensed or Certified real property appraiser denied, limited, suspended, probated, or revoked in another jurisdiction on grounds sufficient to cause licensure to be denied, limited, suspended, probated, or revoked in this state.
- (2) Notwithstanding any other provision of this chapter to the contrary, the requirements of KRS Chapter 324A, the board's administrative regulations, and the Uniform Standards of Professional Appraisal Practice shall constitute the minimum standard of conduct and performance for a licensee or credential holder in any work or service performed that is addressed by those standards.
- (3) In any proceeding in which a suspension of thirty (30) days or more, or revocation is imposed, the board may require the respondent to pay the actual costs of the investigation and all proceedings not to exceed ten thousand dollars (\$10,000).

- (4) Three (3) years from the date of a revocation, any certificate holder or licensee whose certificate or license has been revoked may petition the board for reinstatement. The board shall investigate the petition and may reinstate, upon a finding that the petitioner has complied with any and all terms prescribed by the board and is able to engage in the practice of real estate appraisal within the requirements of this chapter and the administrative regulations. The board may, in its discretion, require the petitioner to successfully pass the examination required for the applicable certificate or license.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 13, effective June 25, 2013. -- Amended 1998 Ky. Acts ch. 377, sec. 4, effective July 15, 1998. -- Amended 1994 Ky. Acts ch. 188, sec. 1, effective July 15, 1994. □ Amended 1992 Ky. Acts ch. 247, sec. 7, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 9, effective July 13, 1990.

324A.052 Investigation of complaints -- Hearing -- Sanctions -- Appeals -- Hearing on denial of certificate or license

- (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. The board shall investigate each complaint.
- (2) If the investigation reveals evidence supporting the complaint, the board shall set the matter for hearing in accordance with the provisions of KRS Chapter 13B before fining, reprimanding, suspending, revoking, refusing to renew, or any combination thereof.
- (3) If the investigation reveals that the alleged violation did occur but was not of a serious nature, the board may issue a written admonishment to the certificate holder or licensee. A copy of the admonishment shall be placed in the recipient's permanent file with the board. The recipient shall have the right to file a response to the admonishment within thirty (30) days of its receipt and have the response placed in the permanent file. The recipient may, alternatively, within thirty (30) days of the receipt, file a request for hearing with the board. Upon receipt of this request, the board shall set aside the written admonishment and set the matter for hearing in accordance with the provisions of KRS Chapter 13B.
- (4) After denying an application for a certificate or license or issuing an admonishment, the board shall grant an administrative hearing in accordance with KRS Chapter 13B only upon written request of the applicant made within thirty (30) days of the mailing of the letter of denial or admonishment.
- (5) Any party aggrieved by a final order of the board may appeal to Franklin Circuit Court as provided by KRS Chapter 13B.

Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 377, sec. 5, effective July 15, 1998. -- Created 1996 Ky. Acts ch. 318, sec. 293, effective July 15, 1996.

324A.055 Repealed, 1996.

Catchline at repeal: Administrative support from Kentucky Real Estate Commission.

History: Repealed 1996 Ky. Acts ch. 318, sec. 357, effective July 15, 1996. -- Created 1990 Ky. Acts ch. 383, sec. 10, effective July 13, 1990.

324A.060 Executive director – Qualifications

- (1) Effective July 1, 1992, the board shall be empowered to employ an executive director and other personnel as may be necessary to discharge the duties imposed by the provisions of KRS 324A.010 to 324A.090. The board shall outline the duties of all personnel and fix their compensation in accordance with KRS Chapter 18A. The board is also empowered to obtain office space, utilities, furniture, supplies, and other goods and services as shall be reasonably necessary for carrying out the provisions of KRS 324A.010 to 324A.090.
- (2) Each executive director assuming office after July 15, 2002, shall be a certified general or certified residential real property appraiser and shall possess not less than ten (10) years of experience as an appraiser within the Commonwealth of Kentucky.

Effective: July 15, 2002

History: Amended 2002 Ky. Acts ch. 364, sec. 1, effective July 15, 2002. -- Created 1990 Ky. Acts ch. 383, sec. 11, effective July 13, 1990.

324A.065 Fees -- Disposition of fees

- (1) The board shall establish by regulation and collect the following fees for certification or licensure as an appraiser for:
 - (a) Federally related transactions:
 1. Initial application fee in an amount not to exceed two hundred twelve dollars (\$212), which shall include a fee for the current edition of the Uniform Standards of Professional Practice;
 2. Examination fee in an amount not to exceed two hundred dollars (\$200);
 3. a. An annual certificate or licensure fee in an amount not to exceed two hundred twelve dollars (\$212), which shall include a fee for the current edition of the Uniform Standards of Professional Appraisal Practice;
 - b. Duplicate certificate fee in an amount not to exceed ten dollars (\$10); and
 - c. Certificate correction fee in an amount not to exceed ten dollars (\$10); and
 4. Roster fee not to exceed fifty dollars (\$50); and
 - (b) Nonfederally related transactions:
 1. Initial application fee in an amount not to exceed one hundred dollars (\$100);
 2. Examination fee in an amount not to exceed one hundred dollars (\$100);

3. a. An annual certificate or licensure renewal fee in an amount not to exceed one hundred dollars (\$100);
 - b. Duplicate certificate fee in an amount not to exceed five dollars (\$5); and
 - c. Certificate correction fee in an amount not to exceed five dollars (\$5); and
 4. Roster fee not to exceed twenty-five dollars (\$25).
- (2) (a) All fees and charges collected by the board under the provisions of this chapter shall be paid into the Real Estate Appraisers Board's trust and agency account in the State Treasury.
- (b) All expenses incurred by the board under the provisions of this chapter, including compensation to the board members and staff, shall be paid out of this account, subject to approval of the board.
- (c) The provisions of this subsection shall not apply to the fee charged pursuant to KRS 324A.155, which is required to be included in the appraisal management company recovery fund and which shall be paid into that fund.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 14, effective June 25, 2013. -- Amended 1998 Ky. Acts ch. 377, sec. 6, effective July 15, 1998. -- Amended 1992 Ky. Acts ch. 247, sec. 8, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 12, effective July 13, 1990.

Legislative Research commission Note (6/25/2013). Under the authority of KRS 7.136(1), the Reviser of Statutes has modified the internal numbering of this statute from the way it appeared in 2013 Ky. Acts ch. 46, sec. 14. The words in the text were not changed.

324A.070 Repealed, 1992

Catchline at repeal: Standards of professional appraisal practice -- Continuing education.

History: Repealed 1992 Ky. Acts ch. 247, sec. 10, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 13, effective July 13, 1990.

324A.075 Reciprocity with other states

If, in the determination by the board, another state is deemed to have substantially equivalent or greater certification or licensure requirements for real property appraisers, an applicant who is certified or licensed under the laws of another state seeking to practice in this state shall apply to obtain a certificate as a state certified or licensed real property appraiser in this state upon terms and conditions determined by the board.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 15, effective June 25, 2013. -- Created 1990 Ky. Acts ch. 383, sec. 14, effective July 13, 1990.

324A.088 Short title

KRS 324A.010 to 324A.090 may be cited as the Real Estate Appraisal Voluntary Certification Act.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 383, sec. 16, effective July 13, 1990.

324A.090 Penalty

Any person who is not a licensed or certified real property appraiser who engages in an activity described in KRS 324A.030, shall be guilty of a Class A misdemeanor. Each violation should be regarded as a separate offense.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 16, effective June 25, 2013. --

Amended 1992 Ky. Acts ch. 247, sec. 9, effective April 7, 1992. -- Created 1990 Ky. Acts ch. 383, sec. 15, effective July 13, 1990.

324A.100 Criminal background checks for initial applicants for licensure or certification as real property appraiser.

- (1) The Kentucky Real Estate Appraisers Board shall require a national and state criminal background check for each initial application to be a licensed or certified real property appraiser under the following requirements:
 - (a) The applicant shall provide his or her fingerprints to the Department of Kentucky State Police for submission to the Federal Bureau of Investigation after a state criminal background check is conducted;
 - (b) The results of the national and state criminal background check shall be sent to the board; and
 - (c) Any fee charged by the Department of Kentucky State Police and the Federal Bureau of Investigation shall be an amount no greater than the actual cost of processing the request and conducting the check.
- (2) The board shall issue a license or certification to an applicant authorizing the applicant to act or offer to act as a licensed or certified real property appraiser in this state upon:
 - (a) Receipt of a properly completed application;
 - (b) Successful completion of all applicable education, experience, and examination;
 - (c) Successful completion of all statutory and administrative regulation requirements for licensing and certification of a real property appraiser; and
 - (d) Payment of the required application fee.

Effective: June 25, 2013

History: Created 2013 Ky. Acts ch. 46, sec. 12, effective June 25, 2013.

Kentucky Appraisal Management Company Registration Act

324A.150 Definitions for KRS 324A.150 to 324A.164

As used in KRS 324A.150 to 324A.164, unless the context otherwise requires:

- (1) "Appraisal management company" means a person who performs the actions necessary to administer a network of state-licensed appraisers to fulfill requests for appraisal management services on behalf of a client, whether directly or through the use of software products or online, including but not limited to any of the following actions:
 - (a) Recruiting appraisers;
 - (b) Contracting with appraisers to perform appraisal services;
 - (c) Collecting fees from clients;
 - (d) Negotiating fees with appraisers or reimbursing appraisers for appraisal services;
 - (e) Receiving appraisal orders and appraisal reports;
 - (f) Submitting appraisal reports received from appraisers to the company's clients;
 - (g) Reviewing or verifying appraisal reports; or
 - (h) Managing the process of having an appraisal performed, including providing related administrative and clerical duties;
- (2) "Appraisal management services" means conducting business by telephone, by electronic means, by mail, or in person, directly or indirectly for compensation or other pecuniary gain or in the expectation of compensation or other pecuniary gain to:
 - (a) Solicit, accept, or offer to accept a request for appraisal services; or
 - (b) Employ or contract with a licensed or certified appraiser to perform appraisal services;
- (3) "Appraisal services" means the practice of developing an opinion of the value of real estate in conformity with the minimum USPAP standards;
- (4) "Appraiser" means an individual licensed by the board who, for a fee or other consideration, develops and communicates a real estate appraisal or otherwise gives an opinion of the value of real estate or any interest in real estate in conformity with the minimum USPAP standards;
- (5) "Appraiser panel" means a group of independent appraisers who have been selected by an appraisal management company to perform appraisal services for the appraisal management company;
- (6) "Board" means the Kentucky Real Estate Appraisers Board established by KRS 324A.015;
- (7) "Client" means a person that contracts with or otherwise enters into an agreement with an appraisal management company for the performance of appraisal services;
- (8) "Controlling person" means an individual employed, appointed, or authorized by an appraisal management company to contract with clients or independent appraisers for the performance of appraisal services;
- (9) "Managing principal" has the same meaning as "controlling person";
- (10) "Registrant" means an appraisal management company or person that is registered or seeking registration under KRS 324A.152; and

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

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 3, effective June 25, 2013. -- Created 2011 Ky. Acts ch. 58, sec. 1, effective June 8, 2011.

Legislative Research Commission Note (6/8/2011). 2011 Ky. Acts ch. 58, sec. 9, provides that KRS 324A.150 to 324A.164 shall be known as the Kentucky Appraisal Management Company Registration Act.

324A.152 Requirement of registration -- Application requirements -- Criminal background checks -- Annual renewal of registration -- Administrative regulations

- (1) A person shall not act or offer to act as an appraisal management company or perform appraisal management services within the Commonwealth unless registered by the board.
- (2) To be registered by the board, a person shall make written application to the board, submit to a criminal background check as provided in subsection (3) of this section, pay a filing fee established by the board, and pay the fee required to be included in the appraisal management company recovery fund created in Section 1 of this Act. The written application shall include the following information:
 - (a) The name, street address, and telephone contact information of the person seeking registration;
 - (b)
 1. If the registrant is a domestic organization, the designation of an agent for service of process; or
 2. If the registrant is a foreign organization, documentation that the foreign organization is authorized to transact business in the Commonwealth and has appointed an agent for service of process by submitting a copy of:
 - a. The registrant's filing with the Secretary of State appointing an agent for service of process; and
 - b. A certificate of authority issued by the Secretary of State.A foreign organization's failure to comply with this paragraph may result in rejection of the application;
 - (c) The name, residential street address, and contact information of any person who owns ten percent (10%) or more of the appraisal management company for which registration is being requested;
 - (d) The name, residential street address, and contact information of a controlling person or managing principal;
 - (e) A certification that the registrant:
 1. Has a system and process in place to verify that any person being added to the appraiser panel of the appraisal management company, or who may be used by the appraisal management company to otherwise perform appraisals, holds a license in good standing in this state under this chapter;
 2. Has a system and process in place to review the work of all appraisers that are performing appraisal services for the appraisal management company on a periodic basis to ensure that the appraisal services are being conducted in accordance with the minimum USPAP standards; and

3. Maintains a detailed record of each request for appraisal services that it receives and the appraiser that performs the appraisal services for the appraisal management company;
- (f) A certification from the registrant and any partner, member, manager, officer, director, managing principal, controlling person, or person occupying a similar status or performing similar functions, or person directly or indirectly controlling the registrant that:
1. The application for registration when filed or after filing contains no statement that, in light of the circumstances under which it was made, is false or misleading with respect to a material fact;
 2. The person certifying has not violated or failed to comply with KRS 324A.154, 324A.156, or 324A.158;
 3. The person certifying and each person who owns ten percent (10%) or more of the registrant has not pled guilty or nolo contendere to or been found guilty of:
 - a. A felony; or
 - b. Within the past ten (10) years, a misdemeanor involving mortgage lending or real estate appraising, or an offense involving breach of trust or fraudulent or dishonest dealing;
 4. The person certifying is not permanently or temporarily enjoined by a court of competent jurisdiction from engaging in or continuing any conduct or practice involving appraisal management services or operating an appraisal management company;
 5. The person certifying is not the subject of an order of the board or any other state's appraisal management company regulatory agency denying, suspending, or revoking the person's privilege to operate as an appraisal management company; and
 6. The person certifying has not acted as an appraisal management company while not properly registered by the board; and
- (g) Any other information required by the board.
- (3) The board shall require a national and state criminal background check on the person certifying under subsection (2)(f) of this section and each person who owns ten percent (10%) or more of the registrant under the following requirements:
- (a) The person certifying and each person who owns ten percent (10%) or more of the registrant shall provide his or her fingerprints to the Department of Kentucky State Police for submission to the Federal Bureau of Investigation after a state criminal background check is conducted;
 - (b) The results of the national and state criminal background check shall be sent to the board; and
 - (c) Any fee charged by the Department of Kentucky State Police and the Federal Bureau of Investigation shall be an amount no greater than the actual cost of processing the request and conducting the check.

- (4) The board shall issue a certificate of registration to a registrant authorizing the registrant to act or offer to act as an appraisal management company in this state upon:
- (a) Receipt of a properly completed application;
 - (b) Payment of the required filing fee;
 - (c) Payment of the fee required to be included in the appraisal management company recovery fund; and
 - (d) A determination by the board that:
 - 1. The registrant has not had a previous registration suspended or revoked; and
 - 2. The activities of the applicant shall be directed and conducted by persons who:
 - a. Have not had a previous registration suspended or revoked;
 - b. Have not pled guilty or nolo contendere to or been found guilty of a felony; or
 - c. Within the past ten (10) years have not pled guilty, pled nolo contendere to, or been found guilty of a misdemeanor involving mortgage lending or real estate appraising or an offense involving a breach of trust or fraudulent or dishonest dealing.
- (5) (a) If the board finds that there is substantial reason to deny the application for registration, the board shall notify the registrant that the application has been denied and shall afford the registrant an opportunity for a hearing before the board to show cause why the registration should not be denied.
- (b) All proceedings concerning the denial of a certificate of registration shall be conducted in accordance with KRS Chapter 13B.
 - (c) The acceptance by the board of an application for registration does not constitute the approval of its contents or waive the authority of the board to take disciplinary action under KRS 324A.162.
- (6) (a) Registrations issued under this section shall be renewed annually.
- (b) Renewal shall occur on October 31 of each year.
 - (c) If the initial registration occurs less than six (6) months before October 31, the renewal shall not be required until October 31 of the following year, and shall then be renewed on October 31 of each year thereafter.
- (7) (a) Failure to renew a registration in a timely manner shall result in a loss of authority to operate.
- (b) A request to reinstate a certificate of registration shall be accompanied by payment of a penalty of fifty dollars (\$50) for each month of delinquency, up to six (6) months after expiration.
 - (c) After six (6) months' delinquency, a new application for registration shall be required.
- (8) The board shall promulgate administrative regulations to establish standards for the operation of appraisal management companies and for the implementation and enforcement of KRS 324A.150 to 324A.164.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 4, effective June 25, 2013. -- Created 2011 Ky. Acts ch. 58, sec. 2, effective June 8, 2011.

324A.154 Applicant filing fee -- Surety bond – Claims

The board shall promulgate administrative regulations establishing a reasonable filing fee to be paid by each appraisal management company seeking registration under Section 4 of this Act. The filing fee shall include the annual fee for inclusion in the national registry maintained by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 5, effective June 25, 2013. -- Created 2011 Ky. Acts ch. 58, sec. 3, effective June 8, 2011.

324A.155 Appraisal management company recovery fund Purposes -- Lapsing.

- (1) There is hereby created and established in the State Treasury the appraisal management company recovery fund. The fund shall be administered by the board for the purposes set forth in Section 2 of this Act.
- (2) In addition to the license fees provided for in Section 5 of this Act, upon issuance of every appraisal management company's registration, and every regular annual renewal date thereafter, the board shall charge each registrant an amount not to exceed eight hundred dollars (\$800) per year to be deposited in the appraisal management company recovery fund.
- (3) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of the fiscal year shall not lapse, but shall be carried forward into the succeeding fiscal year. Any interest earnings of the fund shall become a part of the fund and shall not lapse.

Effective: June 25, 2013

History: Created 2013 Ky. Acts ch. 46, sec. 1, effective June 25, 2013.

324A.156 Duties of registrants – Recordkeeping

- (1) A registrant that is an organization shall:
 - (a) Maintain a registered agent for service of process; and
 - (b) Provide to the board the information required by the Secretary of State concerning the organization's agent for service of process. If changes are made to the information required by the Secretary of State, the changes shall be provided to the board within five (5) business days.
- (2) A registrant shall maintain, or cause to be maintained, complete records of requests for appraisal services referred to an appraiser licensed or certified by the board, including without limitation records pertaining to the acceptance of fees from clients and payments to appraisers. The board may inspect records, without prior notice, periodically, or if the board determines that the records are pertinent to an investigation of a complaint against a registrant.
- (3) A registrant shall designate a controlling person or managing principal

responsible for ensuring compliance with this section.

- (4) (a) The registrant shall file a form with the board:
1. Documenting the identity of the person designated as the controlling person or managing principal; and
 2. Certifying the individual's acceptance of the responsibility of a controlling person or managing principal.
- (b) The registrant shall submit a new form to the board within five (5) business days after a change in its controlling person or managing principal.
- (c) An individual registrant who operates as a sole proprietorship is deemed the managing principal under this section.
- (5) A registrant shall make and keep its accounts, correspondence, memoranda, papers, books, and other records in accordance with administrative regulations promulgated by the board. All records shall be retained for five (5) years unless the board establishes a different, longer retention period for particular types of records.
- (6) The registrant shall disclose, on all invoices, purchase orders, or other documents establishing work to be performed for or compensation due from its clients, itemized actual fees paid to any third party for services performed, including appraisal services, for the client through contract with or arrangement through the registrant. The disclosure shall include:
- (a) The name of the third party performing the service, including a licensed appraiser performing appraisal services;
 - (b) The nature of the service and itemized fees paid to the third party for appraisal services or any other services performed; and
 - (c) Itemized fees or charges received by the registrant for appraisal management services. If the disclosure made becomes inaccurate because of changes to services requested or performed, a revised or amended disclosure shall be provided by the end of the next business day after the change to services has been performed, and the revised or amended disclosure shall be clearly marked as revised or amended and contain sufficient information for the client to identify the original disclosure referenced.
- (7) The provisions of this section do not exempt the registrant from any other reporting requirements contained within any federal or state law.

Effective: June 8, 2011

History: Created 2011 Ky. Acts ch. 58, sec. 4, effective June 8, 2011.

324A.158 Prohibitions against certain conduct by registrants

- (1) An employee, director, officer, or agent of an appraisal management company or any other third party acting as a joint venture partner with or as an independent contractor for an appraisal management company shall not improperly influence or attempt to improperly influence the development, reporting, result, or review of a real estate appraisal, including but not limited to the use of intimidation, coercion, extortion,

bribery, blackmail, threat of nonpayment or withholding payment for appraisal services, or threat of exclusion from future appraisal work.

- (2) The registrant shall not:
- (a) Request, allow, or require an appraiser to collect any portion of the fee charged by the appraisal management company, including the appraisal fee, from a borrower, homeowner, or other third party;
 - (b) Require an appraiser to provide the registrant with the appraiser's digital signature or seal;
 - (c) Alter, amend, or change an appraisal report submitted by a licensed or certified appraiser, by the following or any other actions:
 - 1. Removing the appraiser's signature;
 - 2. Adding or removing information to or from the appraisal report; or
 - 3. Altering the final value opinion reported by an appraiser;
 - (d) Remove an appraiser from an appraiser panel without prior written notice to the appraiser. An appraiser may only be removed from an appraiser panel with written notice for:
 - 1. A violation of the minimum USPAP standards or other applicable statutes or administrative regulations resulting in a suspension or revocation of the appraiser's license in Kentucky; or
 - 2. Other substandard or otherwise improper performance as may be determined by administrative regulations promulgated by the board;
 - (e) Enter into contracts or agreements with an appraiser for the performance of appraisal services unless the appraiser is licensed or certified in good standing with the board;
 - (f) Request that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report or provide estimated values or comparable sales at any time before the appraiser completes an appraisal report;
 - (g) Provide to an appraiser an anticipated, estimated, encouraged, or desired value for a property or a proposed or target amount to be loaned or borrowed, except that a copy of the sales contract for purchase transactions may be provided;
 - (h) Commit an act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality; or
 - (i) Have a direct or indirect interest, financial or otherwise, in the property or transaction involving the appraisal.
- (3) Subsection (1) of this section shall not prohibit an appraisal management company from requesting that an appraiser:
- (a) Provide additional information about the basis for a valuation;
 - (b) Correct objective factual errors in an appraisal report; or
 - (c) Provide further detail, substantiation, or explanation for the appraiser's value conclusion.

Effective: June 8, 2011

History: Created 2011 Ky. Acts ch. 58, sec. 5, effective June 8, 2011.

324A.160 Register of applicants to be maintained

- (1) The executive director of the board shall keep a register of all applicants for registration which shall include:
 - (a) The date of the application;
 - (b) The applicant's name;
 - (c) The applicant's business address; and
 - (d) The current status of the registration.
- (2) The register shall be prima facie evidence of all matters contained in the register.
- (3) The register shall be kept on file in the office of the board and shall be open for public inspection in accordance with KRS 61.870 to 61.884.

Effective: June 8, 2011

History: Created 2011 Ky. Acts ch. 58, sec. 6, effective June 8, 2011.

324A.162 Disciplinary action -- Injunctive relief

- (1) The board may deny, suspend, revoke, or refuse to issue or renew the registration of an appraisal management company, or may restrict or limit the activities of an appraisal management company or of a person who owns an interest in or participates in the business of an appraisal management company if the board finds that any of the following circumstances apply to the applicant, a registrant, a person owning ten percent (10%) or more of the applicant or registrant, a partner, member, manager, officer, director, managing principal, controlling person, a person occupying a similar status or performing similar functions, or a person directly or indirectly controlling the applicant or registrant:
 - (a) The application for registration contained a statement that in light of the circumstances under which it was made is false or misleading with respect to a material fact;
 - (b) The person has violated or failed to comply with KRS 324A.152, 324A.154, 324A.156, or 324A.158 or failed to comply with administrative regulations promulgated by the board for the implementation and enforcement of KRS 324A.150 to 324A.164;
 - (c) The person has pled guilty or nolo contendere to, or has been found guilty of, a felony or, within the past ten (10) years, a misdemeanor involving mortgage lending or real estate appraising or an offense involving a breach of trust or fraudulent or dishonest dealing;
 - (d) The person is permanently or temporarily enjoined by a court of competent jurisdiction from engaging in or continuing any conduct or practice involving appraisal management services or operating an appraisal management company;
 - (e) The person is the subject of an order of the board or any other state's appraisal management company regulatory agency denying, suspending, or revoking the person's privilege to operate as an appraisal management company;
 - (f) The person acted as an appraisal management company while not properly registered by the board; or
 - (g) The person failed to pay the proper filing or renewal fee as provided

under KRS 324A.152 and 324A.154.

- (2) Upon its own motion or the written complaint of a person reporting a violation of subsection (1) of this section, and after notice and the opportunity for a hearing in accordance with KRS Chapter 13B, the board may:
 - (a) Suspend or revoke the registration of a registrant;
 - (b) Impose a fine not to exceed five thousand dollars (\$5,000) per violation; or
 - (c) Take other appropriate disciplinary actions as established by the board through promulgation of administrative regulations.
- (3) The board may appear in its own name in Franklin Circuit Court, or the Circuit Court of the county where the alleged violation occurred, to obtain injunctive relief to prevent a person from violating this section or KRS 324A.154, 324A.156, or 324A.158. The Circuit Court may grant a temporary or permanent injunction regardless of whether:
 - (a) Criminal prosecution has been or may be instituted as a result of the violation; or
 - (b) The person is the holder of a registration issued by the board.

Effective: June 8, 2011

History: Created 2011 Ky. Acts ch. 58, sec. 7, effective June 8, 2011.

324A.163 Administration of appraisal management company recovery fund --Restitution to real property appraisers -- Administrative regulations --Annual public statement of income and expenses

- (1) The board shall administer the appraisal management company recovery fund solely to provide restitution to each Kentucky licensed or certified real property appraiser who has suffered pecuniary loss:
 - (a) As a result of an appraisal management company ceasing to be Registered with the board, either voluntarily or involuntarily;
 - (b) If an appraiser has received a final judgment from a court of competent jurisdiction within the Commonwealth; and
 - (c) If no viable alternative for full restitution is available, as determined by the board.
- (2) Each fund distribution for restitution shall be made payable to the appropriate appraiser as determined by the board. The amount to be paid to the appraiser shall equal the actual amount of appraisal fees that are proven to be owed to the appraiser by the relevant appraisal management company and any reasonable and appropriate court costs associated with determining the final judgment in favor of the appraiser. If the amount of restitution to be paid to any one (1) or more appraisers at any one (1) time exceeds the balance in the fund, the board shall:
 - (a) Distribute as much of the restitution amount as possible, which shall be deemed to satisfy in full any claim the relevant appraisers have on payments from the recovery fund; and
 - (b) In the case of distributions to more than one (1) appraiser, provide for a pro rata distribution of the available fund balance, which shall be deemed to satisfy in full any claim the relevant appraisers have on payments from

the recovery fund.

- (3) Whenever restitution is paid by the fund, the fund shall be subrogated to the amount of the restitution.
- (4) The board shall promulgate administrative regulations in accordance with KRS Chapter 13A to:
 - (a) Ensure that the balance of the fund established in KRS 324A.155 shall not fall below three hundred thousand dollars (\$300,000); and
 - (b) Impose the fees assessed upon appraisal management companies under KRS 324A.155 whenever the balance of the fund is less than three hundred thousand dollars (\$300,000). The board shall cease imposing the fees when the balance of the fund is three hundred thousand dollars (\$300,000).
- (5) Within one hundred twenty (120) days after the end of each fiscal year, the board shall make public, in accordance with KRS 424.180 and 424.190, a statement of income and expenses of the appraisal management company recovery fund, the details of which are in accordance with generally accepted accounting principles.

Effective: June 25, 2013

History: Created 2013 Ky. Acts ch. 46, sec. 2, effective June 25, 2013.

324A.164 Exemptions from application of KRS 324A.150 to 324A.164

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

- (1) The federal government, state government, any county or municipal government, or any agency or instrumentality thereof;
- (2) A person authorized to engage in business as, or as a subsidiary of, a bank, credit union, or savings and loan association under the laws of the United States, the Commonwealth of Kentucky, or any other state;
- (3) A real estate broker or real estate agent properly licensed or otherwise authorized to do business in the Commonwealth of Kentucky listing or selling real estate;
- (4) An officer or employee of any entity listed in subsection (1), (2), or (3) of this section when acting within the scope of his or her employment;
- (5) An entity that is responsible for ensuring that the real estate appraisal activity being performed by an employee is performed in accordance with applicable appraisal standards;
- (6) An individual who:
 - (a) Is an appraiser; and
 - (b) In the normal course of business enters into an agreement, whether written or otherwise, with another appraiser for the performance of a real estate appraisal activity that the individual cannot complete for any reason, including:
 1. Competency;
 2. Workload;
 3. Schedule; or

4. Geographic location;

(7) An individual who:

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

(b) Under the agreement cosigns the report of the appraiser performing the real estate appraisal upon completion of the real estate appraisal activity; or

(8) An appraisal management company that contracts with one (1) or more appraisers for the performance of fewer than ten (10) appraisals in this state in a calendar year.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 46, sec. 6, effective June 25, 2013. -- Created 2011 Ky. Acts ch. 58, sec. 8, effective June 8, 2011.