

**AGENDA**  
**December 4, 2023**

Zoom Meeting:  
<https://www.zoomgov.com/j/16108455048>  
Meeting ID: 161 0845 5048  
833 568 8864

9:00 a.m. Call to Order – Additions to Agenda

1. Approval of the October 16, 2023 Commission Meeting Minutes
2. Formal Hearings
  - Neil Losh, 9:00am Zoom
3. Staff Reports
  - Education and Communication Report (Nutt)
  - Licensing Report (Smith)
  - Compliance Report (Alkire)
  - Director's Report (Wisner)
4. Possible Public Comment

Adjournment

Upcoming Commission Meeting Dates:

- January 24, Manhattan, KS (KAR Legislative Meeting)

# APPROVAL OF MINUTES

**MINUTES OF THE MEETING**  
**Kansas Real Estate Commission**  
**October 16, 2023**

The Kansas Real Estate Commission held its regular meeting on Monday, October 16, 2023, at 9:02 a.m. via Zoom teleconference.

**Commissioners Present:**

Natalie Moyer, Chairperson  
Jacqueline Kelly, Vice-Chairperson  
Bryon Schlosser, Member  
Marsha McConnell, Member  
Clarissa Harvey, Member

**Staff Present:**

Erik Wisner, Executive Director  
Alycia Smith, Licensing Director  
Amber Nutt, Education Director  
Wendy Alkire, Deputy Director & Compliance Director  
Jennifer Box, Administrative Officer  
Cindy Boswell, Real Estate Specialist  
Tim O'Brien, Real Estate Specialist

**Kansas Real Estate Commission Legal Counsel:**

Lisa Mendoza, Assistant Attorney General  
Nicole Turner, Assistant Attorney General

**Members of the Public:**

Kim Goudy	Randy Vanderpool	Chris Fosgate
Mark Tomb	Kathy McCarty	Kim Bischler
Adam Crowder	Steve Metarelis	Mark Barker

**Call to Order**

Ms. Moyer called the meeting to order at 9:02 a.m.

**Approval of the Minutes of the July 31, 2023 Meeting**

Mr. Schlosser moved to approve the minutes of the July 31, 2023 meeting. Ms. McConnell seconded the motion. Motion carried unanimously.

**Education and Communication Report**

Staff has approved zero pre-license courses and 20 continuing education courses since July for FY24. Pearson VUE has administered 798 exams with an overall pass rate of 57%.

**Licensing Report**

As of October 2023, there are 19,222 licensees, which is an increase of 11 compared to October 2022. There are 241 pending applications (76 salesperson, 10 broker, and 155 fingerprint-only files). This is a decrease of 101 applicants compared to October 2022.

**Compliance Report**

Staff has received 83 complaints and completed 77 compliance reviews so far for FY24.

**Director's Report**

Mr. Wisner provided an update on the statewide enterprise license system. The go-live date has been postponed to June 2024.

Mr. Wisner provided an update on legislative issues specifically related to assignable contracts, cease and desist authority, and KBI background checks. Any bills for the session will be reviewed at the December meeting.

Mr. Wisner provided highlights of the recent meetings staff attended including ARELLO, ARIS, and KAR.

**Adjournment**

The meeting adjourned at 9:29 a.m.



# STAFF REPORTS

# EDUCATION AND COMMUNICATION

## MEMO



DATE: December 4, 2023

TO: Kansas Real Estate Commission Members

FROM: Amber Nutt  
Director of Education and Communication

Jayhawk Tower  
700 SW Jackson Street, Suite 404  
Phone: 785-296-3411 Fax: 785-296-1771  
krec@ks.gov  
www.krec.ks.gov

### Education and Communication Department Report for FY24 (As of 11/15/23)

#### Education Reports – See attached

Course Applications	Oct 2023	FY24 Total	FY23 Total
In-person	3	16	49
Virtual (synchronous)	0	1	2
Distance (asynchronous)	0	6	65
Pre-License	0	0	7
Continuing Education	3	23	109
Elective	3	22	77
Mandatory	0	1	32
Withdrawn or Denied	0	0	4
<b>Total Processed</b>	<b>3</b>	<b>23</b>	<b>116</b>

Exam Performance Summary	FY24 Total	FY23 Total
Broker Pass Rate	58%	61%
Salesperson Pass Rate	55%	57%
<b>Overall Pass Rate</b>	<b>56%</b>	<b>57%</b>
Broker Total Exams	74	246
Salesperson Total Exams	987	2,865
<b>Total Exams</b>	<b>1,061</b>	<b>3,111</b>

#### Additional Items – See attached

- Memo on Updates to Exam Content Outlines - December 4, 2023
- Memo on Updates to Exam Content Outlines – July 31, 2023
- Current exam content outline for Kansas salespersons and brokers
- Proposed new exam content outline for Kansas salespersons and brokers
- Preview of Principles of Real Estate course outline draft

## New Courses from 10/1/23 to 10/31/23

<u>Course Type</u>	<u>Course #</u>	<u>Course Title</u>	<u>Hours</u>	<u>Status</u>	<u>Location</u>
<b>CCIM Institute</b> Elective	E20381	Introduction to Development Workshop	6	Active	In-person
<b>Crystal Clear Academy</b> Elective	E20382	Credit Reporting & What Matters Most	3	Active	In-person
<b>Residential Real Estate Council</b> Elective	E20380	The Grass is Greener: Marijuana and Real Estate	4	Active	In-person

## Exam Performance Summary by Fiscal Year (FY20-FY24)



Fiscal Year	First Time Takers					Repeat Takers					Overall Statistics				
	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate
<b>FY2020</b>															
Broker	207	151	73%	56	27%	95	60	63%	35	37%	302	211	70%	91	30%
Salesperson	1,617	1,169	72%	448	28%	731	389	53%	342	47%	2,348	1,558	66%	790	34%
Total	1,824	1,320	72%	504	28%	826	449	54%	377	46%	2,650	1,769	67%	881	33%
<b>FY2021</b>															
Broker	129	95	74%	34	26%	56	22	39%	34	61%	185	117	63%	68	37%
Salesperson	2,511	1,681	67%	830	33%	1,464	704	48%	760	52%	3,975	2,385	60%	1,590	40%
Total	2,640	1,716	67%	864	33%	1,520	726	48%	794	52%	4,160	2,502	60%	1,658	40%
<b>FY2022</b>															
Broker	160	120	75%	40	25%	67	36	54%	31	46%	277	156	69%	71	31%
Salesperson	2,052	1,398	68%	654	32%	1,207	563	47%	644	53%	3,259	1,961	60%	1,298	40%
Total	2,212	1,518	69%	694	31%	1,274	599	48%	675	52%	3,486	2,117	61%	1,369	39%
<b>FY2023</b>															
Broker	157	105	67%	52	33%	89	44	49%	45	51%	246	149	61%	97	39%
Salesperson	1,744	1,133	65%	611	35%	1,121	505	45%	616	55%	2,865	1,638	57%	1,227	43%
Total	1,901	1,238	65%	663	35%	1,210	549	45%	661	55%	3,111	1,787	57%	1,324	43%
<b>FY2024 (July 2023 - Oct 2023)</b>															
Broker	45	34	76%	11	24%	29	9	31%	20	69%	74	43	58%	31	42%
Salesperson	582	383	66%	199	34%	405	164	40%	241	60%	987	547	55%	440	45%
Total	627	417	67%	210	33%	434	173	40%	261	60%	1,061	590	56%	471	44%

## EXAM PASSING RATES BY SCHOOL FOR FY24 (July 2023 - October 2023)



Kansas Broker	First Time Takers					Repeat Takers					Overall Statistics				
	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate
School Name															
Lowry School of Real Estate	3	3	100%	0	0%	2	1	50%	1	50%	5	4	80%	1	20%
Career Education Systems - Online	7	6	86%	1	14%	6	3	50%	3	50%	13	9	69%	4	31%
Career Education Systems - Kansas City	17	14	82%	3	18%	9	2	22%	7	78%	26	16	62%	10	38%
Waiver - KREC Equivalent Requirements Met	12	7	58%	5	42%	4	2	50%	2	50%	16	9	56%	7	44%
Kansas Association of REALTORS	6	4	67%	2	33%	8	1	13%	7	88%	14	5	36%	9	64%
Career Education Systems - Wichita	0	0	0%	0	0%	0	0	0%	0	0%	0	0	0%	0	0%
<b>Total</b>	<b>45</b>	<b>34</b>	<b>76%</b>	<b>11</b>	<b>24%</b>	<b>29</b>	<b>9</b>	<b>31%</b>	<b>20</b>	<b>69%</b>	<b>74</b>	<b>43</b>	<b>58%</b>	<b>31</b>	<b>42%</b>

Kansas Salesperson	First Time Takers					Repeat Takers					Overall Statistics				
	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate	Total Exams	Total Pass	Pass Rate	Total Fail	Fail Rate
School Name															
Washburn University	1	1	100%	0	0%	0	0	0%	0	0%	1	1	100%	0	0%
RSCK School of Real Estate	1	1	100%	0	0%	0	0	0%	0	0%	1	1	100%	0	0%
Perry Real Estate College	2	2	100%	0	0%	0	0	0%	0	0%	2	2	100%	0	0%
Waiver - KREC Equivalent Requirements Met	57	53	93%	4	7%	10	6	60%	4	40%	67	59	88%	8	12%
Colibri Real Estate, LLC	37	27	73%	10	27%	22	10	45%	12	55%	59	37	63%	22	37%
Key Real Estate School	8	5	63%	3	38%	4	2	50%	2	50%	12	7	58%	5	42%
Career Education Systems - Wichita	70	51	73%	19	27%	51	19	37%	32	63%	121	70	58%	51	42%
The CE Shop, Inc.	71	45	63%	26	37%	63	29	46%	34	54%	134	74	55%	60	45%
Career Education Systems - Online	81	55	68%	26	32%	69	27	39%	42	61%	150	82	55%	68	45%
Career Education Systems - Kansas City	118	64	54%	54	46%	76	39	51%	37	49%	194	103	53%	91	47%
Lowry School of Real Estate	5	3	60%	2	40%	5	2	40%	3	60%	10	5	50%	5	50%
Kansas Real Estate School	26	17	65%	9	35%	15	3	20%	12	80%	41	20	49%	21	51%
Kansas Association of REALTORS	45	25	56%	20	44%	34	13	38%	21	62%	79	38	48%	41	52%
Training Partners	17	12	71%	5	29%	13	2	15%	11	85%	30	14	47%	16	53%
Career Academy of Real Estate - Penfed Realty	12	6	50%	6	50%	4	1	25%	3	75%	16	7	44%	9	56%
ReeceNichols Training	26	14	54%	12	46%	24	7	29%	17	71%	50	21	42%	29	58%
ReeceNichols Training – Online	3	1	33%	2	67%	6	2	33%	4	67%	9	3	33%	6	67%
PDH Academy	2	1	50%	1	50%	8	2	25%	6	75%	10	3	30%	7	70%
Pinnacle Real Estate School	0	0	0%	0	0%	1	0	0%	1	100%	1	0	0%	1	100%
Pro Real Estate Class	0	0	0%	0	0%	0	0	0%	0	0%	0	0	0%	0	0%
Sterling College	0	0	0%	0	0%	0	0	0%	0	0%	0	0	0%	0	0%
<b>Total</b>	<b>582</b>	<b>383</b>	<b>66%</b>	<b>199</b>	<b>34%</b>	<b>405</b>	<b>164</b>	<b>40%</b>	<b>241</b>	<b>60%</b>	<b>987</b>	<b>547</b>	<b>55%</b>	<b>440</b>	<b>45%</b>

Please note, pass and fail percentage rates may be misleading when the total number of exams is low. It may also be misleading for any school to include information from this chart in any advertisement unless the advertisement also contains the percentage results shown and the total number of exams taken and passed in the same type size and prominence in the advertisement.

# MEMO



DATE: December 4, 2023  
TO: KREC Commission Members  
FROM: Amber Nutt, Director of Education and Communication  
RE: Updates to Exam Content Outlines

Jayhawk Tower  
700 SW Jackson Street, Suite 404  
Phone: 785-296-3411 Fax: 785-296-1771  
krec@ks.gov  
www.krec.ks.gov

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A summary on updates to the course and exam content outlines for salespersons was presented to the Commission at the July 31, 2023 meeting (memo follows).

On October 25-26, 2023, Pearson VUE, Subject Matter Experts (SME's), and KREC staff reviewed the current Kansas state exam content outline for salespersons and brokers (outline follows) at the Test Development and Item Writing meeting. Based on discussion, KREC staff is proposing the following changes to the state exam content outline (draft follows):

- Section I. A. - Replace "membership" with "Commission members" to help alleviate any confusion with membership to an association.
- Section II. G. – Add *Supervision of affiliated licensee* to address issue of salespersons not understanding who the supervising broker is. Section VI. D. *Broker Supervision of primary office and branch offices* is broker-only and focuses on duties of the supervising broker. The intent of this section is to increase education for salespersons on their affiliation to a supervising broker.
- Section VI. - Pull "broker-only" topics from within the outline and organize them into their own section to help clear up confusion on which topics are required for salespersons and brokers.
- Update weighted sections for broker items as recommended by Pearson VUE.

Approval today of proposed changes to the exam content outline will allow Pearson VUE to move forward. Changes to an exam content outline require a new standard setting. Pearson Vue will meet with SME's and KREC staff in early 2024 to review the cut score for the salesperson and broker exams. The cut score is the number of questions that a minimally competent candidate for licensure should answer correctly on the examination. Results of the standard setting meetings will be presented to the Commission for consideration at the April 2024 Commission meeting. Pearson anticipates a go-live date to follow.

**Possible Motion:** <NAME> moves the Commission approve proposed changes to the exam content outline for Kansas salespersons and brokers.

Additionally, KREC staff recommends updating the Principles of Real Estate course outline to align with the Pearson VUE general and state content exam outlines. A draft outline for Principles of Real Estate will be presented to the Commission for possible approval at the meeting on January 24, 2024 (preview follows). Once approved, staff recommends an effective date of July 1, 2024 for the new course outline. Any Principles of Real Estate courses not updated by the January 31, 2025 renewal deadline will be expired.

Feedback on required topics for new salespersons was solicited in the October 2023 Commission newsletter. KREC staff will reach out to approved school coordinators for feedback on the draft course outline. Any feedback may be emailed to [kreceducation@ks.gov](mailto:kreceducation@ks.gov).

# MEMO



DATE: July 31, 2023  
TO: KREC Commission Members  
FROM: Amber Nutt, Director of Education and Communication  
RE: Updates to Exam Content Outlines

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The Principles of Real Estate outline (see attached) was last updated and approved 05/13/1997. This outline combined topics for the national and state exams for salespersons. It is unknown why this outline was separated from the outline provided by Pearson VUE.

Pearson VUE is the contract vendor for Kansas real estate license exams. On October 25-26, 2023, Pearson VUE will be in Topeka conducting the Test Development and Item Writing sessions with KREC staff and subject matter experts (SMEs). Nathaniel Hoffman, Content Developer for Pearson VUE, has advised KREC staff to utilize this session to explore changes to the state exam content outline. Mr. Hoffman has also advised aligning the commission outline with the Pearson VUE outline to produce one state exam content outline for Principles of Real Estate moving forward.

Any recommended outline changes will be presented to the Commission at the December 4, 2023 Commission meeting for discussion. Staff recommends an effective date of July 1, 2024 for the new outline. Any Principles of Real Estate courses not updated by the January 31, 2025 renewal deadline will be expired.



# Kansas State Exam Content Outline for Salespersons & Brokers

*Effective Date: March 1, 2020*

The Kansas portion of the exam is made up of 30 items for salesperson candidates and 40 items for broker candidates which are distributed as noted in the following content outline.

The exam also has 10 pretest items for salesperson and 10 pretest items for broker. These pretest items are not identified and will not affect a candidate's score in any way. These items are used to gather statistics on performance and to help assess appropriateness for use on future exams. Because pretest items look exactly like items that are scored, candidates should answer all the items on the exam.

## **I. DUTIES AND POWERS OF THE KANSAS REAL ESTATE COMMISSION (SALESPERSON 2, BROKER 2)**

- A. General powers and duties; membership
- B. Investigations, hearings, and appeals
- C. License revocation, suspension, condition, restriction, censure of licensee, and civil fines
- D. Criminal prosecution

## **II. LICENSING REQUIREMENTS (SALESPERSON 4, BROKER 4)**

- A. Activities requiring a license
- B. Exemptions from licensure (**Broker Only**)
- C. Qualifications, exams, denial of license (**Broker Only**)
- D. Renewal of license
- E. Education requirements
- F. Deactivation, and reinstatement of licenses

## **III. REQUIREMENTS GOVERNING ACTIVITIES OF LICENSEES (SALESPERSON 5, BROKER 11)**

- A. Place of business and company names
- B. Handling of trust funds and trust accounts (**Broker Only**)
- C. Records
- D. Reporting requirements
- E. Advertising
- F. Commissions/referral/relocation fees
- G. Broker supervision of primary office and branch offices (**Broker Only**)
- H. Required residential contract language
  - I. Commercial real estate; sharing commissions with a person licensed in another state/ jurisdiction (**Broker Only**)

## **IV. PROHIBITED ACTS (SALESPERSON 8, BROKER 8)**

## **V. BROKERAGE RELATIONSHIPS IN REAL ESTATE TRANSACTIONS ACT (BRRETA) (SALESPERSON 11, BROKER 15)**

## **State Exam Resources**

- Links are available under the *Resources* tab at [www.krec.ks.gov](http://www.krec.ks.gov).
- Kansas Real Estate Brokers' and Salespersons' License Act
- Brokerage Relationships in Real Estate Transactions Act
- Kansas Real Estate Commission
- Rules and Regulations of the Kansas Real Estate Commission

# Kansas State Exam Content Outline for Salespersons & Brokers

*Effective Date: TBD*

The Kansas portion of the exam is made up of 30 items for sales candidates and 40 items for broker candidates which are distributed as noted in the following content outline.

The exam also has 10 pretest items for salesperson and 10 pretest items for broker. These pretest items are not identified and will not affect a candidate's score in any way. These items are used to gather statistics on performance and to help assess appropriateness for use on future exams. Because pretest items look exactly like items that are scored, candidates should answer all the items on the exam.

## I. DUTIES AND POWERS OF THE KANSAS REAL ESTATE COMMISSION (SALESPERSON 2, BROKER 2)

- A. General powers and duties; Commission members
- B. Investigations, hearings, and appeals
- C. License revocation, suspension, condition, restriction, censure of licensee, and civil fines
- D. Criminal prosecution

## II. LICENSING REQUIREMENTS (SALESPERSON 4, BROKER 3)

- A. Activities requiring a license
- B. Renewal of license
- C. Education requirements
- D. Deactivation, and reinstatement of licenses

## III. REQUIREMENTS GOVERNING ACTIVITIES OF LICENSEES (SALESPERSON 5, BROKER 8)

- A. Place of business and company names
- B. Records
- C. Reporting requirements
- D. Advertising
- E. Commissions/referral/relocation fees
- F. Required residential contract language
- G. Supervision of affiliated licensee (NEW)

## IV. PROHIBITED ACTS (SALESPERSON 8, BROKER 8)

## V. BROKERAGE RELATIONSHIPS IN REAL ESTATE TRANSACTIONS ACT (BRRETA) (SALESPERSON 11, BROKER 15)

### VI. BROKER ONLY TOPICS (BROKER 4)

- A. Exemptions from licensure
- B. Qualifications, exams, denial of license
- C. Handling of trust funds and trust accounts
- D. Broker supervision of primary office and branch offices
- E. Commercial real estate; sharing commissions with a person licensed in another state/jurisdiction

## State Exam Resources

Links are available under the *Resources* tab at [www.krec.ks.gov](http://www.krec.ks.gov).

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**PRINCIPLES OF REAL ESTATE  
KANSAS REAL ESTATE COMMISSION**

**MANDATORY PRE-LICENSE SALESPERSON COURSE  
30-HOUR TOPICAL OUTLINE APPROVED XX/XX/2024  
FOR COURSES TAUGHT ON/AFTER January 31, 2025**

**58-3046a. Licensure; educational requirements.** (a) Except as provided in K.S.A. 58-3040, and amendments thereto, any person who applies for an original license in this state as a salesperson shall submit evidence, satisfactory to the commission, of attendance of a principles of real estate course, of not less than 30 hours of instruction, approved by the commission and completed within the 12 months immediately preceding the receipt by the commission of the application for salesperson's license. The commission may require the evidence to be furnished to the commission with the original application for license or it may require the applicant to furnish the evidence to the testing service designated by the commission as a prerequisite to taking the examination required by K.S.A. 58-3039, and amendments thereto. If the evidence is furnished to the testing service, the instruction shall have been completed within 12 months immediately preceding the date of the examination.

**86-1-11. Minimum curricula and standards for course.** (a) Each school offering a course approved by the commission under K.S.A. 58-3046a(a), and amendments thereto, shall use a course outline provided by the commission and shall use the title "principles of real estate."

Additionally, all salesperson applicants must complete an approved 30-hour Kansas Practice course. The Commission must receive the license application and course certificate within six months of the course date.

**I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE**

**A. Real property vs. personal property**

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

**B. Characteristics of real property**

1. Economic characteristics
2. Physical characteristics

**C. Legal descriptions**

1. Methods used to describe real property
2. Survey

**D. Public and private land use controls – encumbrances**

1. Public controls – governmental powers
  - a. Police power, eminent domain, taxation, escheat
  - b. Zoning ordinances
2. Private controls, restrictions, and encroachments

- a. Covenants, conditions, and restrictions (CC&Rs), HOAs
- b. Easements
- c. Licenses and encroachments

## **II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE**

### **A. Ownership, estates, rights, and interests**

- 1. Forms of ownership
- 2. Freehold estate
  - a. Fee simple absolute
  - b. Fee simple defeasible, determinable, and condition subsequent
  - c. Life estate
  - d. Bundle of rights
- 3. Leasehold estates and types of leases
  - a. Estate for years and from period to period (periodic estate)
  - b. Estate at will and estate at sufferance
  - c. Gross, net, and percentage leases
- 4. Liens and lien priority
- 5. Surface and sub-surface rights

### **B. Deed, title, transfer of title, and recording of title**

- 1. Elements of a valid deed
- 2. Types of deeds
- 3. Title transfer
  - a. Voluntary alienation
  - b. Involuntary alienation
- 4. Recording the title
  - a. Constructive and actual notice
  - b. Title abstract and chain of title
  - c. Marketable title and cloud on title
  - d. Attorney title opinion, quiet title lawsuit, and title insurance

## **III. PROPERTY VALUE AND APPRAISAL**

### **A. Concept of value**

- 1. Market value vs. market price
- 2. Characteristics of value
- 3. Principles of value

### **B. Appraisal process**

- 1. Purpose and steps to an appraisal
- 2. Federal oversight of the appraisal process

### **C. Methods of estimating value and Broker Price Opinions (BPO)**

- 1. Sales comparison approach (market data)
- 2. Cost approach
  - a. Improvements and depreciation

- b. Physical deterioration, functional, and economic obsolescence
  - c. Reproduction or replacement costs
- 3. Income approach
- 4. Gross rent and gross income multipliers
- 5. Comparative Market Analysis (CMA)
- 6. Broker Price Opinion (BPO)
- 7. Assessed value and tax implications

#### **IV. REAL ESTATE CONTRACTS AND AGENCY**

##### **A. Types of contracts**

- 1. Express vs. implied
- 2. Unilateral vs. bilateral

##### **B. Required elements of a valid contract**

##### **C. Contract performance**

- 1. Executed vs. executory
- 2. Valid vs. void
- 3. Voidable vs. unenforceable
- 4. Breach of contract, rescission, and termination
- 5. Liquidated, punitive, or compensatory damages
- 6. Statute of Frauds
- 7. Time is of the essence

##### **D. Sales contract**

- 1. Offer and counteroffer
- 2. Earnest money and liquidated damages
- 3. Equitable title
- 4. Contingencies
- 5. Disputes and breach of contract
- 6. Option contract and installment sales contract

##### **E. Types of agency and licensee-client relationships**

##### **F. Creation and termination of agency**

##### **G. Licensee obligations to parties of a transaction**

#### **V. REAL ESTATE PRACTICE**

##### **A. Responsibilities of broker**

- 1. Practicing within scope of expertise
- 2. Unauthorized practice of law

##### **B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant)**

- 1. Seller representation – Types of listing agreements
  - a. Exclusive right-to-sell and exclusive agency listing
  - b. Non-exclusive or open listing
  - c. Net listing (conflict of interest)
  - d. Multiple listing service (MLS)

2. Buyer representation
3. Property management agreement
  - a. Accounting for funds
  - b. Property maintenance
  - c. Leasing property
  - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

**C. Fair Housing**

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

**D. Risk management**

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws
5. Fraud and misrepresentation
6. Types of insurance
  - a. Errors and Omissions
  - b. General Liability

**VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES**

**A. Property conditions and environmental issues**

1. Hazardous substances
  - a. Lead-based paint
  - b. Asbestos, radon, and mold
  - c. Groundwater contamination and underground storage tanks
  - d. Waste disposal sites and brownfields
  - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
  - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
  - b. Superfund Amendment and Reauthorization Act (SARA)
  - c. Environmental site assessments (including Phase I and II studies) and impact statements
  - d. Wetlands protection

**B. Disclosure obligations and liability**

## **VII. FINANCING AND SETTLEMENT**

### **A. Financing concepts and components**

1. Methods of financing
  - a. Mortgage financing – conventional and non-conventional loans
  - b. Seller financing – land contract/contract for deed
2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

### **B. Lender Requirements**

1. FHA requirements
2. VA requirements
3. Buyer qualification and Loan to Value (LTV)
4. Hazard and flood insurance
5. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

### **C. Federal Financing Regulations and Regulatory Bodies**

1. Truth-in-Lending and Regulation Z
2. TILA-RESPA Integrated Disclosures (TRID)
  - a. Consumer Financial Protection Bureau (CFPB)
  - b. Loan Estimate (LE)
  - c. Closing Disclosure (CD)
3. Real Estate Settlement Procedures Act (RESPA)
  - a. Referrals
  - b. Rebates
4. Equal Credit Opportunity Act (ECOA)
5. Mortgage fraud and predatory lending

### **D. Settlement and closing the transaction**

## **VIII. REAL ESTATE MATH CALCULATIONS**

### **A. Property area calculations**

1. Square footage
2. Acreage total

### **B. Property valuation**

1. Comparative Market Analysis (CMA)
2. Net Operating Income (NOI)
3. Capitalization rate
4. Equity in property
5. Establishing a listing price
6. Assessed value and property taxes

### **C. Commission/compensation**

### **D. Loan financing costs**

1. Interest

2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

**E. Settlement and closing costs**

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)
3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

**F. Investment**

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

**G. Property management calculations**

1. Property management and budget calculations
2. Tenancy and rental calculations

**IX. DUTIES AND POWERS OF THE KANSAS REAL ESTATE COMMISSION**

- A. General powers and duties; Commission members
- B. Investigations, hearings, and appeals
- C. License revocation, suspension, condition, restriction, censure of licensee, and civil fines
- D. Criminal prosecution

**X. LICENSING REQUIREMENTS**

- A. Activities requiring a license
- B. Renewal of license
- C. Education requirements
- D. Deactivation, and reinstatement of licenses

**XI. REQUIREMENTS GOVERNING ACTIVITIES OF LICENSEES**

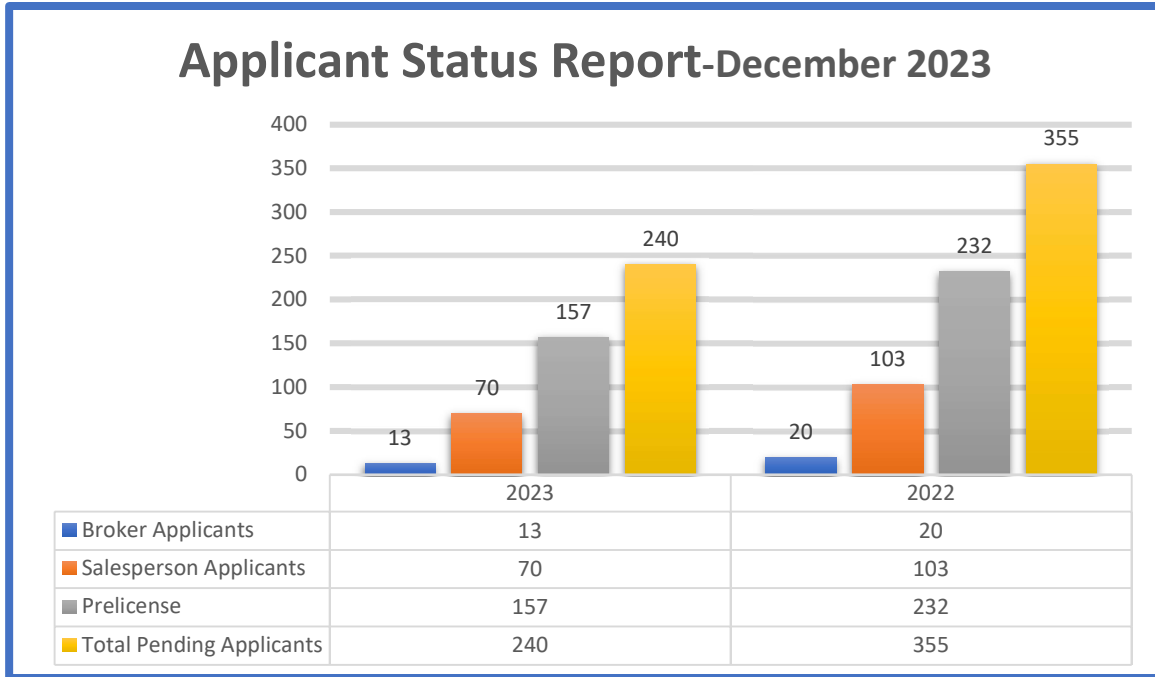
- A. Place of business and company names
- B. Records
- C. Reporting requirements
- D. Advertising
- E. Commissions/referral/relocation fees
- F. Required residential contract language
- G. Supervision of affiliated licensee



## **XII. PROHIBITED ACTS**

### **XIII. BROKERAGE RELATIONSHIPS IN REAL ESTATE TRANSACTIONS ACT (BRRETA)**

# LICENSING REPORT

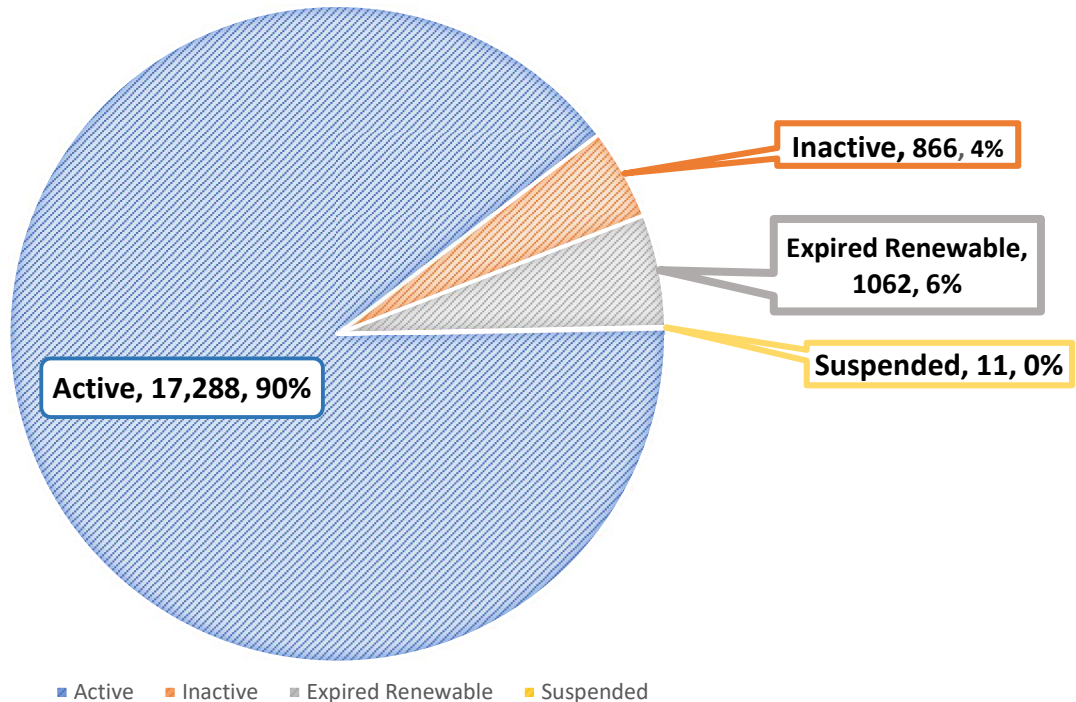


## TRENDS

**Overall decrease of 115 applicants compared to December 2022**

- **Broker Applicants: -7**
- **Salesperson Applicants: -33**
- **Prelicense Applicants: -75**

## LICENSE TOTAL REPORT-DECEMBER 2023



Total of **19,227** licensees; this is a decrease of 74 licenses compared to December 2022

- **17,288 Active Licenses** (13,949 Salesperson, 3,339 Broker)
- **866 Inactive Licenses** (804 Salesperson, 62 Broker)
- **1,062 Expired Renewable Licenses** (951 Salesperson, 111 Broker)
- **11 Suspended Licenses** (8 Salesperson, 3 Broker)

OFFICE INFORMATION		
OFFICE TYPE		
COMPANY	BRANCH	
2,274	206	
OFFICE TOTAL: 2,480*		

\*Decrease of 22 companies/branches compared to December 2022

LICENSING FACTS
<ul style="list-style-type: none"> <li>• 128 licenses issued between October 1, 2023, and November 1, 2023. 145 licenses were issued during the same period in 2022.</li> <li>• 9 new companies and 1 new branch office opened compared to 4 companies and 2 branches during same period in 2022.</li> </ul>

# COMPLIANCE REPORT

# MEMO



Real Estate Commission

Jayhawk Tower

700 SW Jackson Street, Suite 404

Phone: 785-296-3411 Fax: 785-296-1771

krec@ks.gov

www.krec.ks.gov

DATE: December 4, 2023

TO: Kansas Real Estate Commission Members

FROM: Wendy Alkire, Deputy Director  
Director of Compliance

## Compliance Department Status Report (As of 11/21/2023)

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### Legal Case Review

#### Current

#### As of 10/04/2023

- |  |            |            |
|--|------------|------------|
| • Oldest Disciplinary File Pending KREC Staff Review   | 06/16/2023 | 04/23/2023 |
| • Oldest Disciplinary File Pending AG Review (non-OAH) | 11/03/2023 | None       |

### Complaints

#### Current

- |   |            |            |
|---|------------|------------|
| • FY 2024 Complaints Logged– See attached charts            | 133        | 83         |
| • Oldest Complaint Under Investigation (not held for legal) | 07/04/2023 | 05/04/2023 |
| • Open complaint files (I-Team ready files not included)    | 75         | 57         |

### Compliance Review/Audit

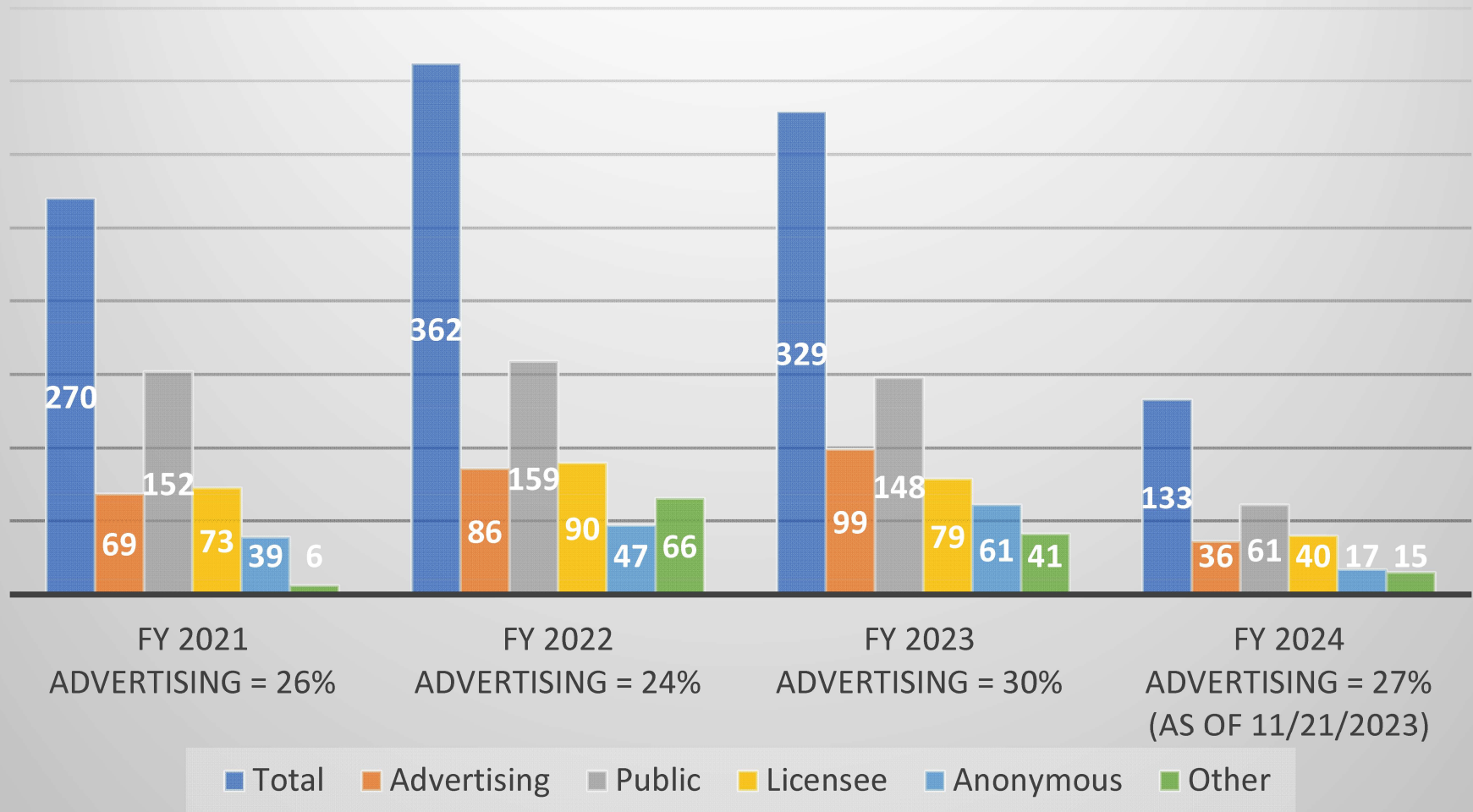
#### Current

- |   |     |     |
|---|-----|-----|
| • Compliance Reviews Completed in FY 2024- See attached chart   | 121 | 77  |
| ○ 91 additional brokers had no transaction records to review    |     |     |
| • Commission Directive Follow Up Reviews – See attached summary |     |     |
| ○ FY 2024 Follow up reviews with confirmed results              | 27  | 17  |
| ○ Percentage with repeat violations                             | 36% | 35% |
| ○ Percentage with no violations or minor violations             | 52% | 53% |

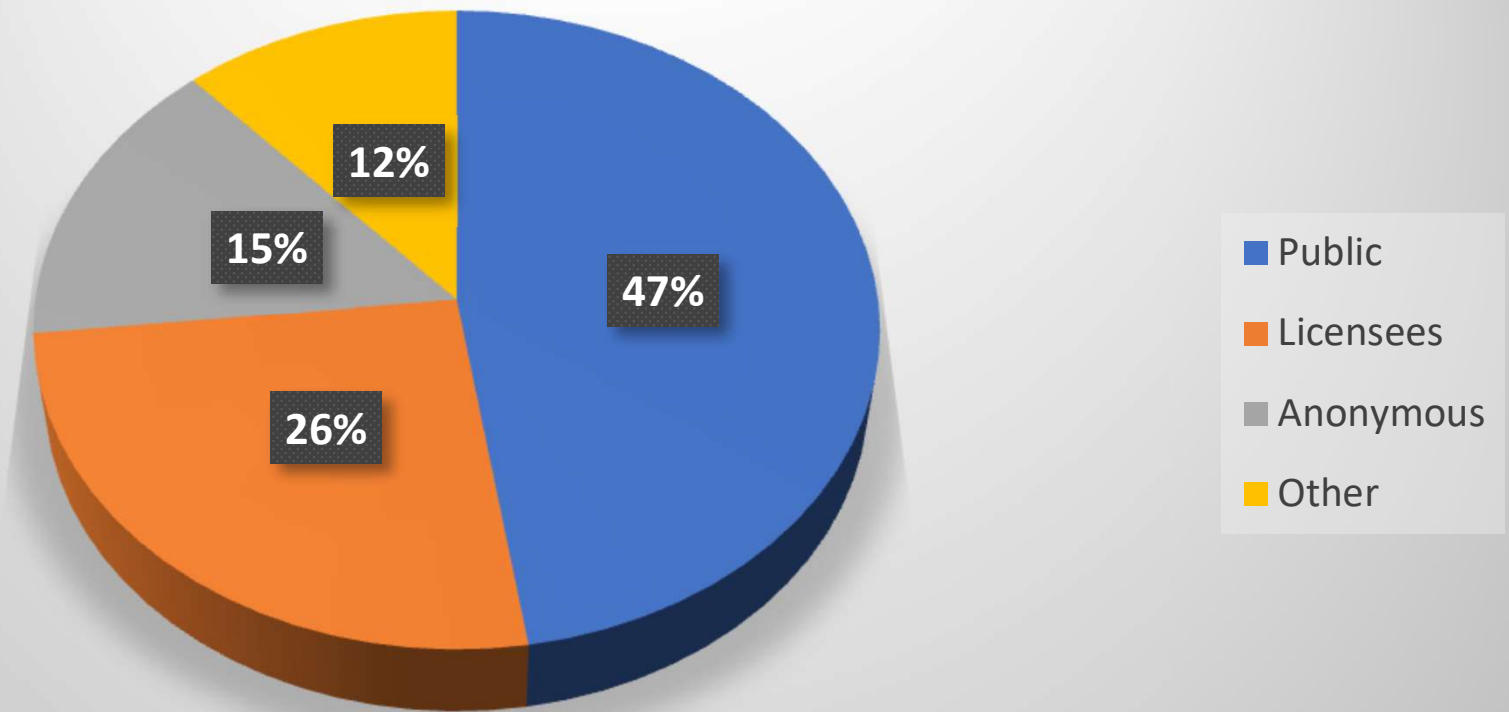
### Miscellaneous

- |  |                                 |  |
|--|---------------------------------|--|
| • Compliance Course Attendees-See attached chart |                                 |  |
| ○ Next scheduled dates:                          | Broker Supervision-<br>BRRETA - | December 12, 2023 & March 21, 2024<br>January 18, 2024 & May 9, 2024 |

# Complaint Data



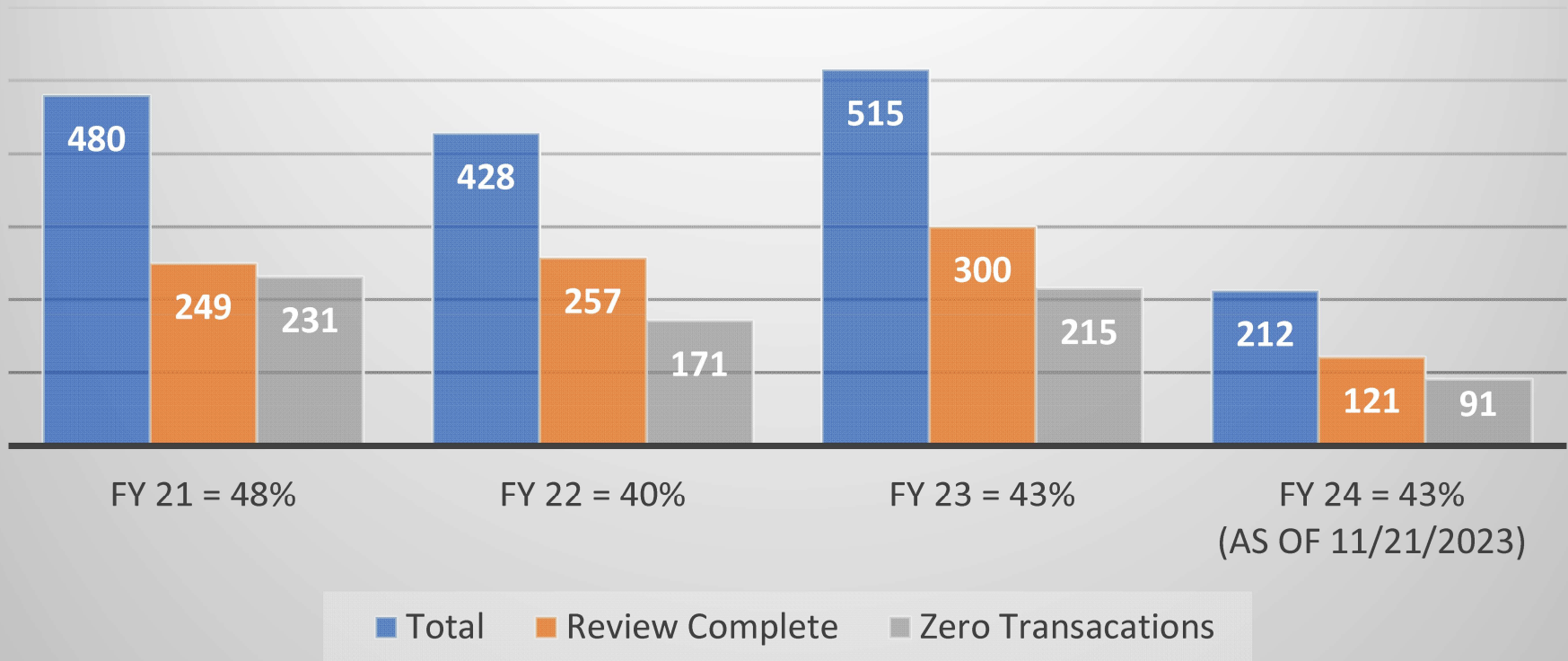
## Complaint Source - FY 21 - FY 24





# Compliance Reviews

(with percent of brokers reporting no transactions)



## FY2024 Results of follow up compliance review

Updated: 11/21/2023

Month	Total	No violations	Minor only	Repeat	New major	In process	QC needed	Notes:
July 2023	4	1	2		1			
August 2023	8	3	2	2	1			
September 2023	8		1	6	1			
October 2023	6	1	3	1			1	
November 2023	1					24	1	
December 2023								
January 2024								
February 2024								
March 2024								
April 2024								
May 2024								
June 2024								
<b>Total</b>	<b>27</b>	<b>5</b>	<b>8</b>	<b>9</b>	<b>3</b>		<b>2</b>	

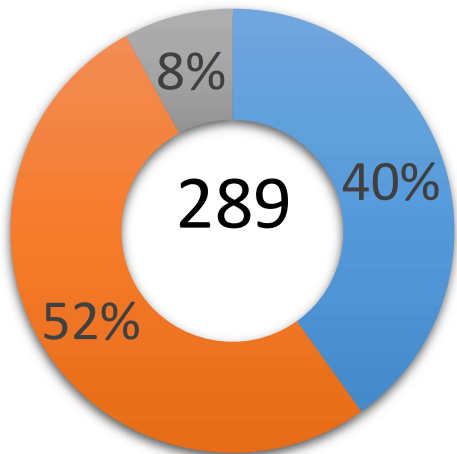
Compliance Review Complete	27
Quality Control Review Needed	2
Total w/Confirmed Results	25
Total w/Confirmed Results	25
Files w/Repeat Violation	9
Percentage	0.3600

# Compliance Course Attendance

FY 20 - FY 24

(as of 11/21/2023)

Required Volunteer Other



\* Participants attending both courses are counted twice in the total

Compliance Course Attendance				
	Required	Volunteer	Other	Total
Broker Supervision	35	75	13	123
BRRETA	81	75	10	166
Total	116	150	23	289

# DIRECTOR'S REPORT

# MEMO



DATE: December 4, 2023  
TO: Kansas Real Estate Commission Members  
FROM: Erik Wisner, Executive Director  
RE: Director's Report

Jayhawk Tower  
700 SW Jackson Street, Suite 404  
Phone: 785-296-3411 Fax: 785-296-1771  
krec@ks.gov  
www.krec.ks.gov

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## Fiscal

- The real estate fee fund balance as of Oct. 31, 2023 is \$1,477,831 up \$65,345 for FY24.
  - Revenue. Real estate fee fund receipts for FY24 are \$479,450. This is 11% above estimates.
  - Expenditures. Real estate fee fund expenditures for FY24 are \$400,401. This is 8% below estimates.
- Background investigation fee fund receipts for FY24 are \$30,268. Real estate recovery fund receipts for FY24 are \$8,648.
- FY24-25 Budget Submission. The Division of Budget approved the Commission's budget submission as requested.
- FY 22 Audit Financials.

## Legislative and Policy Issues

- Delegation Motions
- Licensing System Update
- 2024 Possible Legislation
  - Assignable Contracts/Cease and Desist Authority
  - KBI Background Checks

## Dates and Events

- **2024 Commission Meeting Tentative Dates (via Zoom/Commission Conf Room unless noted)**
  - Jan. 24, 8am, Hilton Garden Inn, 410 S. 3rd St., Manhattan, KS
  - Apr. 8
  - Jun. 17
  - Aug. 26
  - Nov. 18

- **Staff Presentations**

- Oct. 18 – Sunflower AR (Wendy)
- Oct. 23 – Prairie Land AR/Hutchinson (Cindy)
- Dec. 20 – KAR Virtual Broker Summit (Erik)

- **Other Events**

- Jan. 22-25 - KAR Winter Advocacy Conference (Manhattan)
- Apr. 16-18 - ARELLO Mid-Year Conference (New Orleans, LA)
- May 4-9 - NAR Legislative Conference (Washington DC)
- Sept. 23-26 – ARELLO Annual Conference (Chicago, IL)
- Oct. 2-4 - KAR Annual Conference (Overland Park)
- Nov. 6-11 – NAR Annual Meeting (Boston, MA)

ACCOUNT GROUP	AMOUNT
<b>CASH BALANCE</b>	
<b>OPERATING EXPENDITURES</b>	
<b>CASH BALANCE</b>	
CASH AT BEGINNING OF THE YEAR	\$1,412,486.76
<b>CASH BALANCE Subtotal</b>	<b>\$1,412,486.76</b>
<b>REVENUE</b>	
LICENSES, SALES, SERVICE	\$461,810.00
OTHER REVENUE	\$13,639.88
<b>REVENUE Subtotal</b>	<b>\$475,449.88</b>
<b>EXPENDITURES</b>	
SALARIES AND WAGES	-\$311,363.91
CONTRACTUAL SERVICES	-\$87,220.12
COMMODITIES	-\$584.70
CAPITAL IMPROVEMENTS	-\$1,232.16
<b>EXPENDITURES Subtotal</b>	<b>-\$400,400.89</b>
<b>OTHER</b>	
ACCOUNTS PAYABLE	\$444.46
LESS PRIOR FY EXPENDITURES	-\$10,149.02
<b>OTHER Subtotal</b>	<b>-\$9,704.56</b>
<b>OPERATING EXPENDITURES Subtotal</b>	<b>\$1,477,831.19</b>
<b>CASH BALANCE Subtotal</b>	<b>\$1,477,831.19</b>
<b>HOSPITALITY</b>	
<b>OPERATING EXPENDITURES</b>	
<b>CASH BALANCE</b>	
CASH AT BEGINNING OF THE YEAR	\$1,000.00
<b>CASH BALANCE Subtotal</b>	<b>\$1,000.00</b>
<b>EXPENDITURES</b>	
CONTRACTUAL SERVICES	-\$66.27
CAPITAL IMPROVEMENTS	-\$25.98
<b>EXPENDITURES Subtotal</b>	<b>-\$92.25</b>
<b>OTHER</b>	
ACCOUNTS PAYABLE	\$0.00
<b>OTHER Subtotal</b>	<b>\$0.00</b>
<b>OPERATING EXPENDITURES Subtotal</b>	<b>\$907.75</b>
<b>HOSPITALITY Subtotal</b>	<b>\$907.75</b>
<b>Total</b>	<b>\$1,478,738.94</b>

ACCOUNT GROUP	AMOUNT
<b>CASH BALANCE</b>	
<b>OPERATING EXPENDITURES</b>	
<b>CASH BALANCE</b>	
CASH AT BEGINNING OF THE YEAR	\$10,061.62
<b>CASH BALANCE Subtotal</b>	<b>\$10,061.62</b>
<b>REVENUE</b>	
OTHER REVENUE	\$37,800.00
<b>REVENUE Subtotal</b>	<b>\$37,800.00</b>
<b>EXPENDITURES</b>	
CONTRACTUAL SERVICES	-\$30,268.00
<b>EXPENDITURES Subtotal</b>	<b>-\$30,268.00</b>
<b>OTHER</b>	
ACCOUNTS PAYABLE	\$0.00
LESS PRIOR FY EXPENDITURES	-\$7,213.00
<b>OTHER Subtotal</b>	<b>-\$7,213.00</b>
<b>OPERATING EXPENDITURES Subtotal</b>	<b>\$10,380.62</b>
<b>CASH BALANCE Subtotal</b>	<b>\$10,380.62</b>



ACCOUNT GROUP ▲	AMOUNT
<b>CASH BALANCE</b>	
<b>OPERATING EXPENDITURES</b>	
<b>CASH BALANCE</b>	
CASH AT BEGINNING OF THE YEAR	\$331,570.73
<b>CASH BALANCE Subtotal</b>	<b>\$331,570.73</b>
<b>REVENUE</b>	
INTEREST, RENTS	\$4,998.15
OTHER REVENUE	\$3,650.00
<b>REVENUE Subtotal</b>	<b>\$8,648.15</b>
<b>OPERATING EXPENDITURES Subtotal</b>	<b>\$340,218.88</b>
<b>CASH BALANCE Subtotal</b>	<b>\$340,218.88</b>

September 15, 2023

Erik Wisner, Executive Director  
Kansas Real Estate Commission  
700 SW Jackson Street, Suite 404  
Topeka, KS 66603-3785

Dear Mr. Wisner:

We want to thank you and your staff for the time and assistance provided to Ginnie Schirmer during the Kansas Real Estate Commission Annual Agency Audit, conducted by the Office of Accounts and Reports for Audit Year 2022, which covers July 1, 2021, through June 30, 2022.

Included in this audit was a review of SMART Accounts Payable Journal Voucher entries, encumbered payments greater than or equal to \$5,000.00 and recurrent errors or omissions encountered while reviewing SMART payment vouchers and expense reports greater than or equal to \$5,000, local funds, claims, deposit adjustments and wires. See below for a summary of the findings and related Corrective Action Plans (CAP) discussed in detail with your finance team.

**SMART Accounts Payable Journal Voucher transactions:**

There were no findings in this area.

**SMART encumbered payments greater than or equal to \$5,000.00:**

There were no findings in this area.

During FY 2021, the audit services team began tracking recurring errors and/or omissions encountered during the pre-audit review of SMART payments (accounts payable and T&E) greater than or equal to \$5,000, deposit adjustments, local fund changes, wire requests, and claims. These incidents were discussed informally with your accounting staff and corrections were made prior to approval by audit services.

**Pre-Audit review of SMART payment transactions greater than or equal to \$5,000, Deposit Adjustments, Local Fund Changes, Wires and Claims: (Your agency may not have transactions in all categories.)**

**SMART payment transactions greater than or equal to \$5,000:**

There were no findings in this area.

Findings within the State of Kansas internal audit processes, especially those that represent repeat or unmitigated findings, can result in increased risks and scrutiny in future audits. Additionally, this information will be included in a statewide risk assessment that considers findings and issues identified from a variety of

sources including internal audits, external audits, and other internal control monitoring mechanisms. In the future, results of this statewide risk assessment will be reported to the Audit Contract Committee and to the Governor on an annual basis.

Again, thank you for your cooperation and assistance. If you have any questions or concerns, please contact Barbara Walder-Hittle at (785) 296-3242.

Sincerely,



Martin Eckhardt, Manager  
Statewide Agency Audit and Municipal Services  
Office of Accounts and Reports

Me:gs

Cc: SMART Service Center  
Barbara Walder-Hittle

## Delegation Motions for Legislative Matters

Motion #1: I move that the Commission designate and delegate to the Executive Director its authority to provide testimony to the Legislature or answers to Legislators or Legislative Committees, during the 2024 Legislative Session, including any 2024 Special Session, on policies decided by the Kansas Real Estate Commission. Further, I move that the Executive Director is required to notify the Commission of the testimony or answers at the next meeting.

Motion #2: I move that the Commission designate and delegate to the Chairperson, or the Vice Chairperson, its authority to provide testimony or answers to Legislators or Legislative Committees, during the 2024 Legislative Session, including any 2024 Special Session, on policies that have not been finally determined by the Commission but requires an immediate response by the Commission to the requestor. Any testimony or answers to Legislators or Legislative Committees from the Chairperson, or the Vice Chairperson as the case may be, may be conveyed through the Executive Director. Further, I move that the Chairperson, or the Vice Chairperson as the case may be, is required to notify the Commission of the testimony or answers at the next meeting, whether at a special meeting or at the regularly scheduled meeting. If the Commission approves of the testimony or answers provided, the Chairperson, or the Vice Chairperson shall obtain ratification by the Commission. If the Commission disapproves of the testimony or answers provided, the Chairperson, or the Vice Chairperson shall immediately withdraw the prior testimony or answers and shall provide the requestor with the Commission's approved policy.

# PUBLIC COMMENT