PUBLISHED OPINIONS
KENTUCKY COURT OF APPEALS
Feburary 1, 2026 to February 28, 2026

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I. CIVIL LAW

A. FIRST STATE BANK OF THE SOUTHEAST, INC. v. SUDHARSSAN JAGANNATHAN, ET AL. (Ky. App. 2026).

2025-CA-0550-MR 2/06/2026 2026 WL 317913

Opinion Affirming in Part and Reversing and Remanding in Part by ECKERLE, JUDGE; THOMPSON, C. J. (CONCURS) AND COMBS, J. (CONCURS)

This action began as a foreclosure case, in which Appellant, First State Bank ("FSB") filed a suit in foreclosure to collect on a defaulted promissory note for a residential construction home loan secured by real property that it had made to Maynard Builders, Inc. ("Maynard"). FSB had properly perfected its security interest by recording its mortgage with the county clerk. However, prior to the mortgage, the intended homeowners and purchasers, Appellees, Jagannathan, had given Maynard what was termed a "cash advance," pursuant to a written contract, which FSB received and of which it had undisputed actual knowledge prior to its loan. Although this contracted money transfer was not recorded, the Circuit Court deemed it to be an equitable lien and gave it priority over the recorded mortgage because FSB knew about it before lending money.

The Court of Appeals affirmed in large part, holding that Jagannathan correctly received priority with respect to $91,297 of the $105,872 in remaining sales proceeds. We explained that Kentucky is a race-notice jurisdiction, meaning that the first party to record its interest is generally granted lien priority – unless it knows or reasonably should have known of a prior competing claim. Where, as here, FSB had undisputed and actual knowledge of the earlier claim, even though unrecorded and arising in equity, FSB's loan took second priority to it. This actual or inquiry notice stemmed from FSB's prior notice of payments that Jagannathan had already made to Maynard that helped enable Maynard to purchase the lot and construct the residence on the property. FSB had already been furnished and had in its possession a copy of the building contract, which unambiguously indicated that Jagannathan had extended Maynard significant monies toward the purchase of the lot and the construction of the residence. The law does not allow FSB to ignore its knowledge in an attempt to take precedence over the

earlier obligation. Had FSB not known or had reason to know of the prior cash advance, or had the earlier money been in the form of unliquidated earnest money in escrow, the ruling might have been otherwise. Significantly here, the parties had altered the contract, crossing out the form language of "earnest money" and substituting "cash advance." The contract amendment evidenced the parties' intention to mean money paid by Jagannathan toward the purchase of the real property at issue. At the very least, this contracted, earlier payment constituted inquiry notice to FSB that Maynard would use the funds to improve the property under conditions imposing upon Maynard a responsibility akin to that of a constructive trustee for Jagannathan's benefit.

But reversing in part, the Court of Appeals found that a small portion of the remaining sales proceeds stemmed from a subsequent advance that occurred after the recorded mortgage. Applying the same race-notice principles, these later change-order monies were not entitled to priority as FSB could not have had notice of them prior to recording its mortgage.

B. JERRY SKINNER v. LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, ET AL. (Ky. App. 2026).

2024-CA-0457-MR 2/20/2026 2026 WL 478154

Opinion Affirming by A, JONES, JUDGE; COMBS, J. (CONCURS) AND KAREM, J. (CONCURS)

In an appeal from the trial court's order granting summary judgment to the appellees, the Court of Appeals affirmed. The appellant alleged that he was terminated from his employment in violation of the Kentucky Whistleblower Act (KWA), KRS 61.101 *et seq*., for reporting that Louisville Metro's Fleet & Facilities Department ("FFD") failed to obtain electrical permits and inspections required by law for certain electrical work performed in-house. However, FFD had consulted with the Jefferson County Attorney, which advised that KRS 227.480(2) meant FFD was exempt from the permitting and inspection requirements for some electrical work performed by Louisville Metro employees on government-owned buildings. FFD thereafter continued its existing practices in reliance on that advice. The appellant, a recently hired employee of FFD, had nonetheless raised concerns about the practice to his supervisors. The appellant was terminated from employment before the expiration of his probationary period, ostensibly for failure to properly supervise his subordinates.

In affirming, the Court of Appeals held that the appellant's communications regarding FFD's electrical permitting practices did not constitute protected disclosures under the KWA. The reporting of information "which is public information or otherwise already widely known within the organization cannot qualify as a whistleblower disclosure." *Harper v. Univ. of Louisville*, 559 S.W.3d 796, 802 (Ky. 2018). The record established that FFD's practice of performing in-house electrical work without obtaining permits was

widely known within the organization well before appellant's employment. Furthermore, the appellant's communications with the Chief Electrical Inspector with Louisville Metro's Department of Codes and Regulations were similarly not qualified disclosures. An employee's request for an opinion or verification regarding the legality of conduct, even if motivated by a sincere belief that the conduct is improper, does not constitute a protected disclosure under the KWA. For these reasons, the Court of Appeals upheld the trial court's order granting summary judgment to the appellees.

C. ***PAUL A. KRALLMAN, ET AL. v. NIKKI KRALLMAN, INDIVIDUALLY AND AS THE MOTHER OF J.K., A MINOR, ET AL. (Ky. App. 2026).***

2024-CA-1515-MR 2/27/2026 2026 WL 545731

Opinion Affirming and Remanding by KAREM, JUDGE; EASTON, J. (CONCURS) AND MCNEILL, J. (CONCURS)

A family business involving masonry contracting was incorporated in Ohio in 1982 by Father, the president and sole shareholder of the company. Eventually Father's five sons were also employed at the company. In 2012, Father transferred an identical amount of Class A common stock to each of his sons resulting in the sons owning all the company's Class A stock. Additionally, Father and sons entered into a Buy-Sell Agreement which was intended to keep the stock in the family. The agreement contained an arbitration provision. Upon the death of one of the sons, a disagreement regarding the value of the stock ensued between the remaining sibling shareholders and the deceased son's trust and his children. The sibling shareholders filed suit to compel arbitration.

The trial court denied the motion to compel on the grounds that the Kentucky Uniform Arbitration Act (KUAA) confers subject matter only when the arbitration agreement specifically provides for arbitration within Kentucky, which the Buy-Sell Agreement did not. The decision was subsequently appealed.

The Court affirmed in part but remanded the case to the trial court for further proceedings. Specifically, it held that the trial court was correct in denying the motion to compel under the KUAA. However, the case was remanded for the court to first decide if the arbitration provision was valid under state law. If valid, then the court must make findings regarding whether the agreements were contracts evidencing transactions involving interstate commerce under the FAA, which would enable the court to enforce the arbitration provision.

II. CRIMINAL LAW

A. COMMONWEALTH OF KENTUCKY v. ROBERT W. BROCK (Ky. App. 2026).

2025-CA-0029-MR 2/27/2026 2026 WL 119044

Opinion Vacating and Remanding by CETRULO, JUDGE; ACREE, J. (CONCURS) AND CALDWELL, J. (CONCURS)

The Commonwealth filed this interlocutory appeal of the Powell Circuit Court's order interpreting KRS 512.020(2)(b). The circuit court held that the statute permits a criminal defendant to qualify for a class B misdemeanor by depositing restitution with the clerk of court to hold pending the outcome of trial.

In January 2023, Brock was indicted under KRS 512.020 for criminal mischief in the first-degree, a class D felony. In July 2024, the Kentucky Legislature amended KRS 512.020 to include subsection (2)(b). This amendment permitted a defendant to reduce his sentencing exposure for a first offense to that of a class B misdemeanor upon completion of one of the following tasks prior to trial: (1) repair or replace the damaged property; (2) perform community service; or (3) pay full restitution. Brock opted to pursue option (3), but instead of paying restitution to the victim prior to trial, he proposed depositing the restitution with the clerk of court to hold pending the jury's verdict. In effect, Brock would proceed to trial on a class B misdemeanor, and if convicted, only then would the victim receive restitution. If acquitted, Brock argued that the restitution would be returned to him.

The circuit court found that KRS 512.020 as amended contained ambiguities and required construing the statute in Brock's favor, thereby permitting him to proceed to trial as he proposed.

Basing our analysis solely on statutory interpretation, we vacated the circuit court and held that KRS 512.020(2)(b) was unambiguous and required the complete payment of restitution to the victim prior to trial in order to benefit from the provisions of KRS 512.020(2)(b).

III. FAMILY LAW

A. A.W.H v. P.H. ON BEHALF OF A.T.H., A MINOR CHILD (Ky. App. 2026).

2025-CA-1219-ME 2/27/2026 2026 WL 545914

Opinion Affirming by COMBS, JUDGE; CALDWELL, J. (CONCURS) AND EASTON, J. (CONCURS)

In this case, the father of his underaged daughter sought an IPO on her behalf against the boyfriend who was the father of her unborn child. The boyfriend-appellant challenged the entry of the IPO because no actual physical violence occurred or was overtly threatened. The court heard extensive testimony about the very fragile mental and emotional state of the victim. She had a history of anxiety attacks and had even attempted suicide on two previous occasions.

The boyfriend had hacked into her telephone repeatedly, had shown up at a school event where she was seeing another boy, and continued to harass her verbally and emotionally. As a result, she suffered severe anxiety and physical side effects from stress that he had caused—including a drop in the birth weight of the unborn child. The court determined that the emotional stress caused by his behavior had produced such severe physical ramifications that an IPO was warranted. We agreed and affirmed.