



LREC STRATEGIC PLAN 2015-2019





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EXECUTIVE SUMMARY

Recognizing the rapidly changing environment in the Louisiana real estate industry, the Commission established the LREC Strategic Planning Committee under the leadership of Commissioner Lynda Nugent Smith as Chairperson. The last full Strategic Planning effort was completed over nine years ago, with some specific updates added in 2011. Throughout 2014, input was solicited from all stakeholders, staff, and Commissioners in identifying the priorities that our new Strategic Plan should address. During this fact-finding phase, the Committee determined that professional assistance from an outside professional skilled in organizational planning would add significant value to this critical task.

Ms. Robin Kistler, Director of LSU Executive Education, was selected by the Committee to assist in completing the project. The invaluable assistance provided by Ms. Kistler in focusing Commission priorities and bringing the process to a successful completion reinforced the wisdom of the Commission decision to engage professional help. We extend our sincere gratitude to Ms. Kistler for her efforts.

An early conclusion reached by the Committee was that the Vision and Mission of the LREC has not changed over the nine year interval since our last Strategic Plan was adopted. However, the strategy, tactics, and resource utilization necessary to reflect the vision articulated required immediate attention. Although the Committee deliberations took a long term planning horizon of 5-10 years into account, due to rapid and evolving changes in business models and technology, the Committee focused on the immediate three (3) year time frame for Strategic Planning Purposes. With the rapidly evolving real estate landscape, specific planning beyond the three year horizon would be educated guesswork at best.



EXECUTIVE SUMMARY

Following lengthy discussion, the Committee determined that the major areas of concern that merited Commission attention in the planning process included:

- 1) Review and possible amendments to the Law of Agency and License Law
- 2) Review of our current law and rules regarding the growing segment of property management.
- 3) Upgrading Quality of Education for licensees and internal education and training for staff.
- 4) A total technology review to address fraud, abuse, data ownership from external threats.
- 5) Continuous internal upgrade of LREC systems to keep up with evolving technology.
- 6) Review of outside influences, including environmental, legal, and political.
- 7) Review of Broker Responsibilities.

The above list was further condensed by the Committee into four (4) broad categories listed below with work groups assigned from the Committee to target specifics within each category:

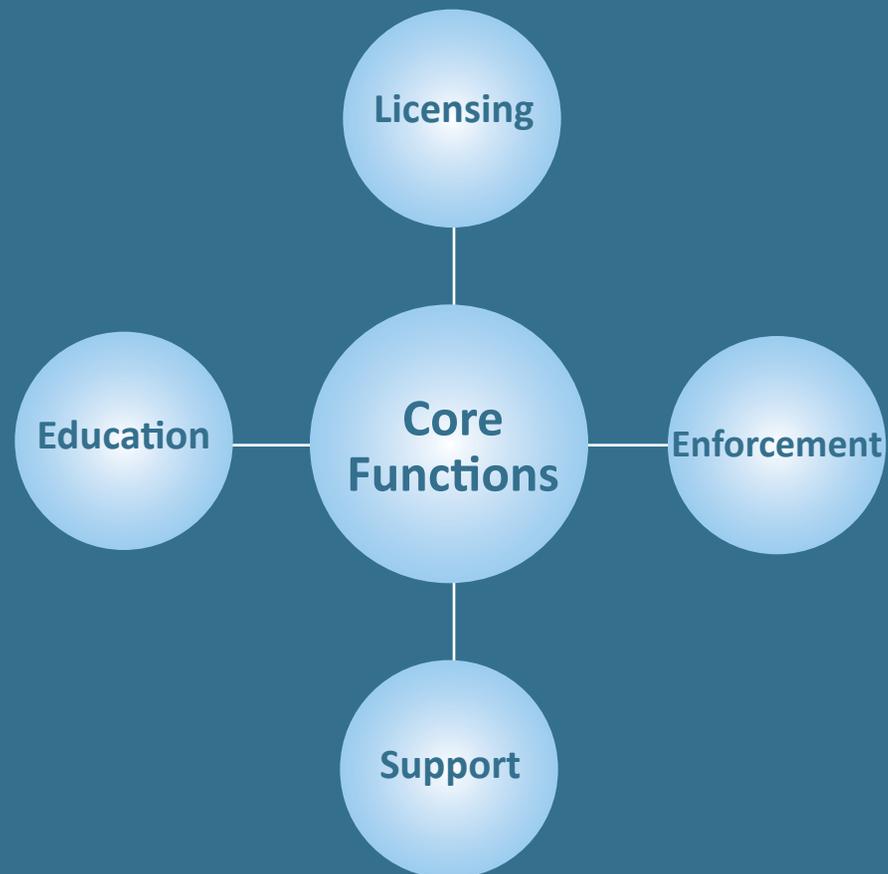
- 1) Legal: (Committee Chair Commissioner Stafford)
- 2) Broker Responsibility: (Committee Chair Commissioner Smith)
- 3) Education: (Committee Chair Commissioner Hebert)
- 4) Technology: (Committee Chair Commissioner Donnes)

Specific recommendations of the above work groups were discussed and adopted by the full Strategic Planning Committee and are further detailed in this report. The Committee strongly recommends that specific strategies and tactics to address the objectives detailed in this report be developed by the appropriate LREC standing committee. To assure accountability of implementation, strategies and tactics adopted by LREC standing committees shall include assignment of responsibility and time frames which can then be used in proper oversight. Adoption of this Strategic Plan is the beginning of a journey toward excellence, not a destination.



LREC MISSION STATEMENT

To serve and protect the public interest in real estate transactions and other real estate related activities.





HISTORY

The Louisiana Real Estate Commission was created as the State Board of Real Estate in 1920 by the Louisiana Legislature. The purpose was to “regulate the mode and manner of conducting the affairs and business of real estate.”

In 1972, legislative amendments brought major changes to the requirements for licensing. One was the shift in focus from regulating the industry to protecting the public. Another was the addition of the examination requirement, which made it necessary for each applicant to pass a comprehensive written examination prior to becoming licensed as a broker or salesperson. Other important additions included annual education requirements for licensees and a required sworn statement from each applicant attesting that the applicant agreed to abide by the provisions of the federal Fair Housing Act of 1968.

Under the direction of the eleven-member Commission, and through the efforts of an Executive Director and professional staff, the Commission consists of five major divisions: Education, Licensing, Investigative, Accounting, and Administrative. Education and Licensing and Investigation are all closely intertwined because they rely on each other for input and execution. More importantly, the three divisions provide the Real Estate Commission’s front-line exposure to licensees and the general public.

Education

Applicants, including non-residents, who want to become real estate professionals, take pre-licensing and post-licensing courses through vendors approved by the Education Division; licensees take required annual continuing education courses.

Courses are also monitored to ensure that applicants get high-quality, efficient learning on important topics, including annual mandatory topics. Schools and vendors are reviewed and certified by the Education Division.

Licensing

Licensees of the Commission meet annual standards for license renewal. Those who meet those standards get renewed; those who do not get notices from the Commission about any missing components. The Licensing Division also ensures that all active licensees have the required minimum Errors and Omissions insurance.

Investigative

Licensees are encouraged to comply with the established rules and policies by the Investigation Division, which has the power to deal with those who stray too far. Enforcement of the laws and rules leads to compliance, and this enforcement is accomplished through the Investigative Division. Complaints can be lodged against any licensee (or in some cases, non-licensees) and investigations are conducted by this Division.



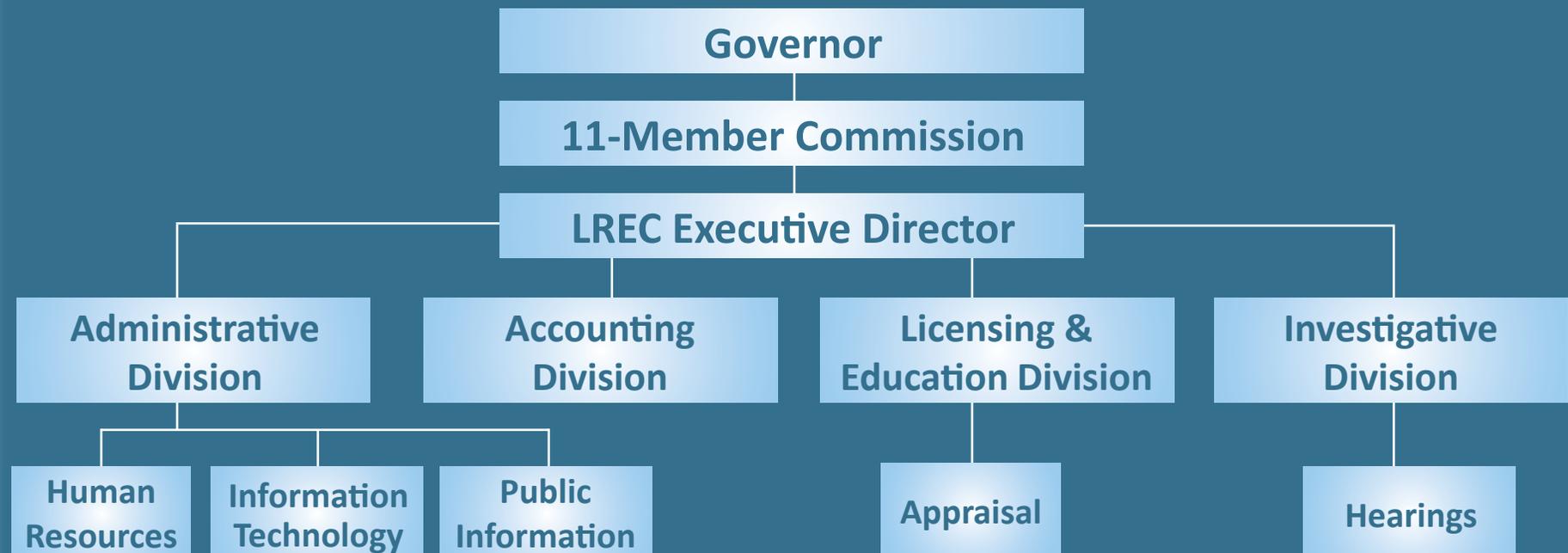
GOALS

It is a goal of the LREC, and this project, to chart a course for the future — a course that will lead to the efficient and effective accomplishment of our mission.

The strategic goals that will guide the LREC in its mission and which will set the course for the future depend on the organizational resources available to meet these challenges and provide:

- Courteous Service
- Maximum Efficiency
- Trained and Responsive Employees and Manpower

ORGANIZATIONAL STRUCTURE





Information Technology

The Information Technology (IT) department is responsible for all implementation, development and maintenance of everything dealing with agency technology and telecommunications.

The IT department supports six in-house servers, maintains and updates the LREC local area network, the Automatic Call Distribution (ACD) phone system, 27 employee workstations, copy/mail machines, hearing room Public Address (PA) and recording devices, and data backup for all systems housed within the office.

Strengths

- Infrastructure
- Functionality of websites
- Ongoing transition to a paperless environment
- Strong security measures to protect our network

Weaknesses

- Pitfalls in current licensing system
- Exchange mail server
- Out-of-date workstations throughout the office

New Ideas

- To promote a paperless environment, transition all in-office transactions to accept credit card payments
- Consider moving to a Voice Over Internet Protocol (VOIP) phone system in the future, which would reduce leaching overall bandwidth from our current network when calls reach peak volume
- Continue working with local vendors to design a new customized licensing system to replace LREC's current licensing software
- Upgrade the Microsoft Exchange server
- Update workstations by department in order to keep costs down



Public Information

The Public Information Department is responsible for all public information initiatives for the LREC. The department plans and administers communications, including maintaining a social media presence, crafting newsletters, public relations, and web page goals and objectives.

The Public Information Department is responsible for an ongoing standard operating procedures project to streamline employees' production and efficiency.

Strengths

- Efficient staff
- Complete working knowledge of all programs administered by each LREC division
- Use of technology to communicate with stakeholders and to disseminate information

Weaknesses

- Promoting the LREC as the regulatory authority in real estate license activities
- Parts of the license law/rules and regulations are outdated and need to be updated as soon as appropriate

New Ideas

- Adopt a new, updated communication plan
- Consider new avenues for reaching potential licensees, such as creating promotional materials to be provided to companies participating in job fairs to recruit new licensees



Licensing & Education Division

The Licensing Division is responsible for processing initial applications and renewals, exam authorizations and retakes. It is also responsible for verification of Errors & Omissions Insurance, review of background checks, broker sponsorship, and issuance of licenses.

The Education Division is responsible for processing initial applications and renewals for schools and vendors as well as post-licensing instructors. The Division verifies credentials and qualifications, processes course approval applications and individual instructors for each course, tracks all course offerings and attendance, and conducts random field audits of classroom course offerings. The Education Division is also responsible for conducting monthly PL audits and annual CE audits.

Strengths

- Knowledgeable, cross-trained staff
- Staff eagerness and willingness to help licensees

Weaknesses

- Limited staff during peak call volume
- Lack of interpersonal and communication skills

New Ideas

- Move the license renewal period to September 1 – November 30. License expiration date would remain December 31. Delinquent periods and fees would be December 1 – December 31 \$50.00, January 1 – March 31 \$200.00.
- Develop the Mandatory course 18 months in advance
- Re-organize Pre/Post licensing education. Current salesperson 90-hour course condensed with incorporation of current 45-hour Post Licensing (PL). New course would be 90 to 120 hours in length. No additional PL requirements. Brokers receive credit for completion of salesperson course with additional 30- hour license law and 30-hour updated broker responsibility course. No additional PL requirement for brokers.
- Review instructor requirements
- Review of standards for broker licensing, which may include minimum transaction requirements
- Allow Commissioners to approve fine schedules and fees



Accounting Division

The Accounting Division is responsible for handling all banking functions, including cash/credit intake for licensee functions, purchasing, payroll, benefit payments, and processing overpayments/refunds.

The division also prepares information for the annual audit and completes annual financial reports.

Strengths

- Knowledgeable, cross-trained staff
- Staff works as a team and assists each other when needed

Weaknesses

- Limited staff during peak renewal season

New Ideas

- Adopt a new/efficient system to process credit cards
- Eliminate cash transactions
- Move the license renewal period to October 1–November 30
- Hire a part-time assistant to operate the cash window during renewal season



Investigative Division

The Investigative Division is responsible for the enforcement of the license law and rules and regulations of the commission.

The Division handles complaints filed against licensed and unlicensed individuals, new applicants with criminal felony backgrounds, broker records inspections, escrow account audit, education audits, practice after expiration cases, NSF case files, and out-of-state broker cooperation agreements.

Strengths

- Ability to accomplish tasks and assignments as a team
- Staff members regularly attend workshops on enforcement in order to stay up to date

Weaknesses

- Complete working knowledge of all Commission laws and rules by newer staff requires extensive "hands on" experience
- Lack of professional training in effective interviewing techniques

New Ideas

- Review the approved citation fine schedule biannually
- Create an out of state broker cooperative agreement and charge a processing fee for filing the document
- Provide a quarterly synopsis of violations and Errors & Omissions claims



STRATEGIC FOCUS 1

Review and recommend appropriate revisions to Law of Agency, License Law, and other applicable statutes and Commission rules to reflect evolving industry practices.

Assigned: LREC Legal/Legislative Committee

TASK 1

PROJECTED COMPLETION: 2015

Review and recommend appropriate revisions to the Law of Agency to eliminate the ability of brokers to waive minimum levels of service.

THE PROBLEM: Under current law, primarily discount brokers insert language in listing agreements that absolves them of all transaction responsibilities other than listing the seller's property on the MLS for a fee. Buyers agents are directed to contact the seller directly to show the property, present offers, and negotiate the sale. This practice may place a buyer's agent in the position of becoming a dual agent. In addition, the seller/consumer may not fully understand their interests may not be fully represented in the transaction.



TASK 2

DATA COLLECTION: 2015

PROJECTED COMPLETION: 2016

Review and recommend appropriate revisions to Louisiana License Law providing for the investigation and enforcement of our laws with respect to out of state unlicensed entities.

THE PROBLEM: Our investigative division has many tools at their disposal in dealing with licensed Louisiana based entities. Enforcement options include fines, suspension, and license revocation. Since out of state unlicensed entities are not concerned about suspension or revocation of a license they do not possess, the enforcement options are limited to a fine and/or a Cease and Desist notification. Collection of any fine levied by the Commission on an out of state entity is problematic.

TASK 3

DATA COLLECTION: 2015

PROJECTED COMPLETION: 2017

Explore the concept of establishing a national registry that would track disciplinary action taken against real estate licensees that would be available to all jurisdictions online.

THE PROBLEM: In today's digital world, it is becoming more commonplace for licensees to practice real estate in multiple jurisdictions with individual state boundaries in many cases overcome by the power of the internet. If a licensee is disciplined in another jurisdiction for a serious violation of law, there is no automatic notification of the enforcement action to other jurisdictions. A national database of disciplinary actions has been working effectively for the Appraisal Subcommittee in tracking appraiser misdeeds. This same concept may now be appropriate for the real estate industry.



STRATEGIC FOCUS 2

Review and recommend appropriate revisions regarding broker licensing and responsibility.

Assigned: Legal/Legislative and Education Committee

TASK 1

DATA COLLECTION: 2015

PROJECTED COMPLETION: 2016

Review requirements for broker licensure and make any appropriate recommendations.

THE PROBLEM: Current law allows a licensed salesperson to qualify to become a broker after being licensed as a salesperson for four (4) years. The salesperson must also meet certain educational requirements. However, there are no transactional or activity requirements for broker licensure. Under current law it is possible to become a licensed broker without having consummated a single transaction. Other jurisdictions have established minimum transaction and experience requirements for a salesperson to secure a broker license.



TASK 2

DATA COLLECTION: 2015

Explore the concept of conversion to an "all brokers" licensing concept.

THE PROBLEM: Three (3) states utilize a single license category of "broker" in licensing. In these states there is no salesperson license issued. With certain evolving business models stressing an "agent centric" approach vs. a "Sponsoring Broker" approach, a review of the pros and cons of license categories may be warranted.

TASK 3

DATA COLLECTION: 2015

PROJECTED COMPLETION: 2016

Review the overall concept of sponsoring broker responsibility for actions by their sponsored licensees.

THE PROBLEM: One of the many challenges facing Louisiana brokers today is how to effectively monitor and manage a sales force that operates from virtual offices consisting of mobile phones and iPads. Licensees are no longer dependent on coming in to a broker office for desk space or internet access. With reduced personal interaction, to what extent should a broker be held accountable for licensee activity?



STRATEGIC FOCUS 3

Continuously improve delivery of quality licensing curriculum as well as continuing education programs.

Assigned: Education Committee

TASK 1

PROJECTED COMPLETION: 2016

Improve broker licensing education.

THE PROBLEM: Current broker educational offerings consist of a basic 90 hour pre-licensing course (Course # 201), a 30 hour course on laws and rules (Course # 202), and a 30 hour course on broker responsibility (Course # 203). Courses 202 & 203 have not been updated in over ten years and are both seriously flawed and outdated. The Commission has authorized a formal Request for proposal for new course development with the objective of immediately addressing these deficiencies.

TASK 2

PROJECTED COMPLETION: 2016

Improve broker continuing education.

THE PROBLEM: Once a broker becomes licensed, there is no ongoing LREC sponsored continuing education geared toward educating brokers on changes in laws, rules, and business practices that impact their role and responsibility as a broker. The Commission has successfully authorized alternate annual mandatory courses for licensees focused on the commercial sector and the concept of an annual mandatory broker course warrants consideration.



TASK 3

PROJECTED COMPLETION: 2016

Evaluate the concept of combining our current pre and post licensing courses into a single pre-licensing course.

THE PROBLEM: Current law requires a new applicant for a salesperson's license to complete a 90 hour pre-licensing course and pass an independent examination for licensure. Within 180 days of licensure the salesperson must complete an additional 45 hour post licensing curriculum. It is widely accepted that applicants complete the pre-licensing requirement for purposes of passing the exam, and then learn the basics of the real estate business through the post licensing course and broker training. We know of no other profession, including law, medical, appraisal, or accounting where licenses are issued before an acceptable level of both technical and practical knowledge is mastered by the applicant. Given the considerable "fluff" within our pre-license course and the duplication of some content, the Commission shall explore the advantages and disadvantages of combining these courses to adequately prepare new licensees for the real world of real estate practice.

TASK 4

PROJECTED COMPLETION: 2016

Examine current standards for continuing education.

THE PROBLEM: While the Commission has made great strides in adoption of course approval standards and instructor approvals in recent years, the quest for continuous improvement is required. It remains the policy of the Commission that consumers are best protected by a knowledgeable and informed licensee serving their real estate needs. Current law requires an annual 4 hour mandatory course be designated by the Commission, with an additional 8 hours of elective education required of the licensee. A review of content eligible for elective continuing education credit is a priority. New and more stringent ARELLO standards for online delivery of continuing education courses may increase the role of "live" classroom providers. The question of where is the "sweet spot" between fair and effective regulation and a laissez-faire approach to education for licensees remains a priority focus.



STRATEGIC FOCUS 4

Establish a Technology Committee to immediately address both external and internal technology issues.

Assigned: Technology Committee

TASK 1

PROJECTED COMPLETION: 2015

Upgrade internal licensing and database software.

THE PROBLEM: Approximately eleven years ago the LREC took the technology plunge and invested over \$250,000 in a then "state of the art" licensing database program referred to as CAVU. While the education module and certain other components of this program never functioned as intended, the CAVU system has performed basic functions over the years. The ongoing efforts of staff and outside consulting help has held this program together but the limitations and deficiencies of CAVU cannot serve our stakeholders moving forward. For example, the system does not provide a seamless way for all browsers and external operating systems to electronically perform simple tasks such as renewing online. CAVU will not adequately support transactions from mobile devices such as iPhones and iPads. Development and implementation of a new generation database program must be a priority.



TASK 2

PROJECTED COMPLETION: ONGOING

Improve communication with stakeholders through better use of technology.

THE PROBLEM: The Commission has three technology tools to mass communicate with our stakeholders including our website, Boundary Lines Newsletter, and email via LREC assigned email addresses. In conjunction with our personal outreach efforts, the Commission must identify improvements that can be made in both delivery of information and receipt of input from our stakeholders.

TASK 3

PROJECTED COMPLETION: 2017

Implement mobile app feature for stakeholder transactions with the LREC.

THE PROBLEM: Our current CAVU database program is not capable of seamlessly accommodating inquiries and transactions for our stakeholders from mobile devices. As soon as our new database is online, this capability must be added.

TASK 4

PROJECTED COMPLETION: ONGOING

Improve consumer protection and consumer choice by identifying effective policing techniques and enforcement strategies for curbing abuse by internet based brokerages.

THE PROBLEM: The proliferation of internet based brokerages has forever altered the compliance landscape with respect to our License law and Commission Rules. The first problem is identifying a problem with an internet brokerage before the issue negatively impacts consumers. LREC currently relies on stakeholder complaints which may not be received until after harm has been done. The second problem centers on when an out of state internet based brokerage is in violation of our laws, more effective means to compel compliance must be identified and implemented.



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