



BOUNDARY LINES

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Chairman's Corner



While our Louisiana economy remains strong with projected job growth continuing, recently released housing data for the Pelican state deserves our attention.

To be sure, buying a home remains a sound long term investment for the clients you serve in your real estate practice with significant differences in our local markets. However, according to current statistics, Louisiana home buyers perhaps should not be counting on rapid appreciation in the value of their home in their buying decisions.

A study of housing data in all metro U.S markets conducted by Veros Real Estate Solutions forecasts that Louisiana has four of the five weakest markets in the country for 2019 led by Alexandria with a forecasted depreciation of 1.9%, followed by Hammond (1.2%), Baton Rouge (.8%), and Lafayette (.7%). It is important to note this data does not indicate any major crisis, simply a "slowdown" expected to extend into 2020.

Louisiana also leads the nation in another unwelcome category! According to ATTOM Data Solutions, 20.7% of all Louisiana mortgages were "seriously underwater" per their first quarter 2019 statistics. This is more than double the nationwide average of 9.1%. Looking at the glass half full, this could simply reflect relaxed lending standards coupled with historically low interest rates providing an opportunity for your clients to purchase a home that otherwise might not be available to them.

With the celebration of the 4th now in the rear-view mirror, let's all be thankful for the freedoms we enjoy as real estate professionals and use all information available to better serve our clients!

Sincerely,


Richman Reinauer, Chairman

Commission Guidance on using Federal Proprietary Purchase Agreements/Contracts

At its June 20, 2019 meeting, the Commission approved the use of federal proprietary contracts in place of the LREC mandated Residential Agreement to Buy or Sell to be used when the seller is one of the following: Fannie Mae, Freddie Mac, The Department of Housing and Urban Development (HUD), The Department of Veterans Affairs (VA), The United States Department of Agriculture Rural Development (USDA), The United States Department of Agriculture Farm Service Agency (FSA)

In all other cases, the LREC mandated contract shall be used. No other third-party contracts may be substituted for those listed above.

Official Motion Language:

LREC will not censure, suspend, fine, or impose civil penalties or continuing education requirements on licensees pursuant to LA R.S. 37:1455 when not completing the purchase agreement form prescribed by the Louisiana Real Estate Commission as set forth in LA R.S. 37:1449.1 in making an offer to purchase or sell residential real property where Fannie Mae, Freddie Mac, the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA), the United States Department of Agriculture Rural Development (USDA) or the United States Department of Agriculture Farm Service Agency (FSA) are sellers and require the use of proprietary purchase agreement or contract.

Licensing

CHECK YOUR FORMS



It has come to the attention of staff that many people are still using old forms with the now closed P.O. Box address on them. Any forms sent to the old P.O. box address are not being forwarded by the post office and it is taking a month or longer for these forms to be returned to sender. To avoid these long delays, the LREC suggests that you check any saved or pre-printed forms to ensure that they are current versions with our physical address.

It is your responsibility to ensure that you are using the most current version of available forms. All forms have a revision date in the lower, left-hand corner, which can be referenced for verification that you are not using an old form. All current forms are available on our website [Forms Page](#).

Licensing Checklists

The LREC has created checklists for new applicants to use when applying for a license. These helpful checklists contain step-by-step instructions for applicants seeking Salesperson, Broker/Associate Broker, Broker Company, or Reciprocal licenses.

To access these checklists, visit our website at [LREC.gov](#) and click on the "Obtain A License" tab at the top of the page. Click on the type of license that you are interested in obtaining from the sidebar and scroll to the bottom of the information section for a link to the checklist for that license type.

These checklists can be printed out for easy reference throughout the application process. Brokers and Schools should share this information with individuals seeking to obtain a new license.

Education Corner



2019 Mandatory Course Requirements

As part of the annual 12 hour continuing education requirement, all active licensees (sales and broker) are required to complete the four-hour mandatory course titled, **2019 Mandatory – LREC Updates & Addenda**.

All active brokers (individual and associate) as part of their annual 12 hour continuing education requirement must also complete the four-hour mandatory course titled **2019 Broker Mandatory**. Brokers will satisfy eight of their 12 hour requirement by taking the two mandatory courses mentioned above. The other 4 hours can come from an LREC-approved elective course of the broker's choosing.

In an effort to accommodate licensees, both mandatory courses will be offered live and online. Licensees can select the delivery method of choice.

If you have any questions, please contact the LREC Education Division.

Note: Any salesperson who upgrades to a broker is also required to complete both four-hour mandatory course topics in order to satisfy the mandatory portion of their continuing education requirement.

Streamlined CE Reporting

The Louisiana Real Estate Commission has partnered with StateReporting.com to provide continuing education management services. The services provided by StateReporting.com are completely optional and free for licensees to use.



On StateReporting.com, licensees can find LREC-approved courses and course schedules and track their course completions. Licensees can still view their current education transcript on the LREC website at lrec.gov by logging in to their MyLREC Portal.

The LREC's partnership with StateReporting.com has simplified and streamlined the continuing education reporting process, resulting in faster updates to licensees' transcripts. In addition, StateReporting.com provides a Course Lookup tool, allowing licensees to search for courses relevant to their license type, field of work, and personal schedule.

Licensees should visit www.StateReporting.com to set up their free account and begin tracking compliance with the LREC's education requirements.

If you need any assistance with setting up your account or general questions about StateReporting.com, please feel free to contact their customer support by calling (855) 261-9808, emailing at support@statereporting.com, or taking advantage of the live chat feature on their website.

Investigator's Desk

The Investigations Division issued 11 citations from March 1, 2019 to June 20, 2019. The list below outlines the specific violations cited:

Chapter 25, Subsection 2501.A. Failure to Identify Listing Broker in Advertisement	5
Chapter 25, Subsection 2505.A. Using Advertising which is Misleading or Inaccurate	3
Chapter 25, Subsection 2509.A. Advertising Violations by Franchises	1
Chapter 25, Subsection 2515 Improper Internet Advertising	1
Chapter 31, Subsection 3101.A. Failure to Report Change of Address within 10 days	1

Adjudication Reports:

A Salesperson in Shreveport was censured and ordered to pay a fine and administrative costs in the amount of \$575.00 and to complete 4 hours of continuing education in Louisiana Licensing Law for failure to ensure the counter offer included the time and date and that it was signed by the offering party in violation of Chapter 39, Subsection 3901.B of the Rules and Regulations of the Commission and LSA-R.S. 37:1455.A.(2). The Consent Order was approved at the Commission meeting held April 18, 2019.

A Salesperson in Mandeville was censured and ordered to pay a fine and administrative costs in the amount of \$325.00 for pleading guilty to a felony and failing to report it in violation of LSA-R.S.37:1455.A.(1), LSA-R.S.37:1455.A.(29), LSA-R.S.37:1450.A.(3). The Consent Order was approved at the Commission meeting held April 18, 2019.

A Salesperson in Benton was censured and ordered to pay a fine and administrative costs in the amount of \$575.00 and to complete 4 hours of continuing education in Louisiana Licensing Law for failure to obtain written authority from all property owners or their attorney in fact prior to advertising property for sale, in violation of Chapter 25, Subsection 2503.A. of the Rules and Regulations of the Commission and LSA-R.S.37:1455.A.(2). The Consent Order was approved at the Commission meeting held April 18, 2019.

Is Your Mailing Address Up to Date?

Chapter 31 of the LREC Rules and Regulations specifies that: "The commission shall be notified in writing within 10 days of any change in the mailing address, physical address, and/or telephone number of a licensee's, certificate holder's, or registrant's business or residence."

It is important that you make sure your mailing address is current with LREC. We use this address to send out important notices and updates. Failure to comply with the requirement above is a violation of the LREC rules and can lead to a fine.

If you need to change your address with the LREC, use the [Change of Address form](#), which can be used by all licensees to update their contact information.

The following article was prepared and written by former Louisiana Real Estate Commissioner and current practicing broker Patrick T. Caffery, Jr.

Mr. Caffery served as a Commissioner from 2008-2014 and was Chairman of the Commission in 2013.

Hey, Did You Get My Offer?

We are practicing real estate in the golden age of technology. So fast, so easy, so convenient... or is it?

On more than one occasion, in the last year or so I have received calls from other agents asking if I had received their offer. "Offer on what," I asked. "You know, the offer I sent you yesterday morning by email on the property at 222 Big Shot Lane." Unfortunately, I never saw their offer because it went straight to my spam folder.

I am amazed at how often Buyer's agents send offers using various cloud-based technologies and just assume that because they hit send the Seller's agent got the offer.

Another technology issue I have encountered is receiving an offer via Dot Loop, or Authentisign wherein the receiving agent is required to answer questions and or prove they are "not a robot." On more than one occasion I have been unable to prove that I am not a robot, preventing me from retrieving the offer. I have to reach out to the agent to request the offer in a PDF format that I can open and forward to the Seller.

Well, I know you are thinking, "you are just old and cannot understand how it works." I purchased my first computer in 1983, so I have a little experience in the digital arena. Forty percent of the over 20,000 people who hold a real estate license in Louisiana are over the age of 55 and are still very active and very successful in the business.

Being successful in this business doesn't happen by accident. It happens because you are diligent and follow up relentlessly, which is what you should do when you send another agent an offer using one of the above methods.

Not only is follow up critical to your success, but we actually have a rule in Chapter 39 of the Rules & Regulations (Section 3905 B) that addresses the responsibility of each designated agent in a transaction when making an offer. It reads "It shall be the responsibility of each of the designated agents to make reasonable efforts to contact and notify the designated agent of the other party of the existence of an offer or counter offer."

Don't assume because you hit send that the other person got your offer. Follow up with that other agent just to make sure it happens. Your success depends on it.

- Patrick T. Caffery Jr.



Don't Let Your Coverage Lapse: The Importance of Maintaining Continuous E&O Coverage

Prepared by Rice Insurance Services Company, LLC © 2019

While the policies RISC administers vary from state to state, it is uniformly important to maintain continuous coverage. That means having no gaps, not even one day, between when one policy period ends and the next begins. Having a gap in coverage has multiple ramifications, including:

1. violating the law in states that require real estate licensees to carry E&O insurance, which can result in regulatory penalties and fines; and
2. loss of your retroactive date, which may lead to loss of prior acts coverage (loss of coverage for professional services performed before the new policy's effective date).

RISC's policies, like most E&O policies, are claims-made-and-reported policies. Four dates are important in determining whether a claim will be covered under a claims-made-and-reported policy:

1. the insured's retroactive date, which is the date from which the insured has maintained continuous E&O insurance with no gaps;
2. the date of the professional services giving rise to the claim;
3. the date the claim is made; and
4. the date the insured reports the claim to the insurance company.

RISC's policies' retroactive dates are established separately for each insured licensee. The retroactive date is the date the licensee first obtained and from which has continuously maintained uninterrupted E&O coverage. Any gap in coverage will terminate the previously-established retroactive date and the new retroactive date will be the date the licensee reestablishes coverage.

Coverage is considered under the policy in effect the date the claim is first made. RISC's policies only cover claims that relate to professional services provided on or after the retroactive date. That means for a claim to be covered, the insured must have coverage on the date the claim is made, have had coverage on the date of the professional services giving rise to the claim, and have continuously maintained coverage between the date of the professional services and the date of the claim. If there is even one day break in coverage during that time, then the policy's retroactive date would not go back to the date of the professional services, so there would be no coverage for the claim. Further, the claim must be timely reported to the insurance company.

Example: Ramifications of Failure to Timely Renew Coverage

Ms. Agent first purchased E&O coverage when she obtained her real estate license on May 1, 2015. The effective dates of her 2015 policy were May 1, 2015 to January 1, 2016. Ms. Agent timely renewed coverage in 2016 and 2017, which policies had effective dates of January 1, 2016 to January 1, 2017 and January 1, 2017 to January 1, 2018, respectively. The retroactive date of her 2016 and 2017 policies was May 1, 2015, because that was the first date Ms. Agent obtained E&O coverage and she had maintained it continuously from that time.

Ms. Agent forgot to timely renew her coverage in 2018 and did not pay her premium until April 1, 2018. Therefore, her 2018 policy's effective dates were April 1, 2018 to January 1, 2019. Due to the gap in coverage from January 1, 2018 to April 1, 2018, Ms. Agent's new retroactive date was April 1, 2018. Ms. Agent did purchase coverage timely in 2019. Because she renewed coverage timely, there have been no gaps since April 1, 2018. Her retroactive date under the 2019 policy is April 1, 2018 (the date from which she has maintained continuous coverage).

Summary of Ms. Agent's coverage dates:

Policy Period Retroactive Date

May 1, 2015 – January 1, 2016 May 1, 2015

January 1, 2016 – January 1, 2017 May 1, 2015

January 1, 2017 – January 1, 2018 May 1, 2009

Gap in coverage from January 1, 2018 to April 1, 2018 → Loss of previously established retroactive date

April 1, 2018 – January 1, 2019 April 1, 2018

January 1, 2019 – January 1, 2020 April 1, 2018

Shortly after obtaining her license, Ms. Agent represented a buyer in a real estate transaction that closed August 1, 2015. On February 1, 2019, the client sued Ms. Agent alleging that Ms. Agent's professional services in the 2015 transaction were negligent and damaged the client. Ms. Agent timely submitted the complaint to her insurance company and asked the company to hire an attorney to represent her in the lawsuit. Ms. Agent was upset to learn the claim is not covered, because the professional services took place before her 2019 policy's April 1, 2018 retroactive date. For purposes of this example, assume the lawsuit would otherwise be covered under the policy.

In this example, the claim arose on February 1, 2019, so coverage is considered under Ms. Agent's 2019 policy, which has an individual policy period of January 1, 2019 to January 1, 2020 and a retroactive date of April 1, 2018, because that is the date from which Ms. Agent continuously maintained coverage. The transaction closed on August 1, 2015, which is before the retroactive date. Even though Ms. Agent had E&O coverage when the transaction closed and when the claim arose, the claim is not covered, because the applicable policy does not cover conduct that occurred before its retroactive date. Ms. Agent's failure to timely renew coverage in 2018 caused her to lose coverage for claims relating to any services provided before April 1, 2018.

In the example above, Ms. Agent had a three-month gap in coverage. However, the result would be the same if the gap was one day. Thus, it is important to timely renew your coverage each year.

Protect Yourself

In light of the serious consequences of even a one-day gap, the carrier may approve requests to backdate the inception date for licensees who fail to timely renew in certain situations. The carrier is not obligated to backdate coverage and reserves the right to deny requests to backdate, so do not rely on it. The best way to protect yourself from situations like Ms. Agent's is to always renew your coverage and pay your premium on time.

Further, real estate commissions in states that require E&O coverage may issue fines and penalties for a licensee's failure to timely renew even if coverage is backdated, because backdating does not change the fact that the licensee was without coverage for a period of time.

Your insurance coverage is important. Please take the time to read and understand your policy's coverage provisions, conditions, and exclusions.

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Tech Tip

Online tech support scams are a major problem these days. Generation Z and Millennial users are the most likely to fall victim to these schemes. In 20% of consumers engaging with a tech support scammer, victims detail someone calling them to explain something is wrong with their computer or a robocall threatening to cut off service or warning a user they have been hacked. Out of fear, they engage with the scam and offer up personal data or money to fix their nonexistent problem. Microsoft receives around 11,000 complaints a month from victims of tech support scams.

Microsoft recommends offering the following five pieces of advice for anyone who fear themselves, customers or employees falling victim to one of these scams:

1. Do not engage with any unsolicited pop-up — do not click on it or call any number listed.
2. Keep in mind that most tech companies will never reach out to offer technical support.
3. Only give computer access to a third-party if you know the person is a legitimate support agent or representative from an actual company where you are a customer.
4. If you are concerned about the legitimacy of a call concerning a tech product, hang up the phone and contact the company directly.
5. If you believe you may have fallen victim to a support scam report it to the company whose product it involves and file a report with police and the consumer protection authority.



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