

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

April 14, 2022

The Louisiana Real Estate Commission held its regular meeting on Thursday, April 14, 2022, at 10:00 a.m., at 9071 Interline Ave, Baton Rouge, Louisiana, according to regular call, of which all members of the Commission were duly notified, at which meeting the following members were present:

COMMITTEE

Matt Ritchie, Chairman
Jeff Free, Vice Chairman
Paula Duncan, Secretary
Lacy Baaheth – arrived at 10:26 a.m.
Synde Devillier
Eloise Gauthier
Rodney Greenup
Ted Major
Joseph Pappalardo, Jr.
Patrick Roberts, Jr.
Gladys Smith-Coward

STAFF

Bruce Unangst, Executive Director
Arlene Edwards, Legal Counsel
Summer Mire, Deputy Director
Ryan Shaw
Damien Smart
Tom Devillier
Mark Gremillion
Dusty Evans
Nikki Wallace
Logan Cockerham
Telly Hollis
Henk vanDuyvendijk
Allison O'Toole
Jenny Yu
Allison Burnette

GUESTS

Taylor Hou – APM Help
Kim Callaway – Louisiana REALTORS®
Wardell Coward
Andrew Baker – Burk Baker School of Real Estate and Appraisal

Commissioner Major led the invocation; Commissioner Free led the Pledge of Allegiance.

MINUTES

Commissioner Gauthier made motion, seconded by Commissioner Smith-Coward, to approve the minutes of the meeting of March 17, 2022. Motion passed without opposition.

(Attachment A)

COMMITTEE REPORTS:

1. Budget – Commissioner Duncan reviewed the budget report with the Commissioners. She stated that E&O Insurance pass over has been paid to RICE Insurance, which is why the revenues are down from last month. She stated that the license count is up over 200 from her previous report. She stated that the budget is in good shape.

(Attachment B)

2. Education/Research/Publication – Commissioner Gauthier reviewed the Mandatory and Broker Mandatory Request for Proposals with the Commissioners. She stated that these have gone out and bids are due before the next meeting. She also stated that the Commercial Alternative Mandatory course will be either approved or developed by CCIM for use in 2023.

3. Legal/Legislative/Timeshare – Commissioner Pappalardo stated that the wholesaling bill did not pass out of the House committee and will have to be revisited in future years. He stated that the criminal background check/rap back bill did pass out of committee. Mr. Devillier stated that there is another bill, HB 1053 by Representative Emerson, coming up next week. He stated that

Chairman Ritchie asked Mr. Devillier to explain why the wholesaling bill did not make it out of committee. Mr. Devillier stated that the chief opposition came from a Representative on the committee who stated that he participates in the practice of wholesaling. Mr. Devillier stated that he believes that a combination of personal interest of Representatives and a misunderstanding of what the bill would do led to the deferment of the bill.

Ms. Callaway stated that she thinks that the best approach would be to readdress the bill next year and use the time until then to seek an Attorney General's opinion on the issue of wholesaling before attempting to go back to the legislature. Commissioner Ritchie stated that this is what he heard from other states at ARELLO who have successfully passed this kind of legislation.

4. Standardized Forms – No report
5. Errors & Omissions – No report
6. Technology – Commissioner Greenup requested that Ms. Shaw update the Commission on the rollout of the renewal season updates.

Ms. Shaw stated that all licensees were emailed information about the updates to the renewal season. She stated that paper letters are also being mailed out and thanked Commissioner Duncan for her tip regarding non-profit mail rates, which will save the Commission a lot of money on this

large mail out. She also stated that she emailed the vendors, schools, and Board AEs so that they can reach out to their membership regarding the changes.

Ms. Shaw also stated that Louisiana REALTORS® has sent out the information to their membership. She stated that social media and newsletter updates will be coming soon.

She stated that there have been a few people who have reached out with questions regarding the updates, but that most of these questions are already answered on the Renewal FAQ page and the information in the letter. She asked that the Commissioners relay any questions that they receive to her so that she can keep the information updated and address any widespread confusion.

DIRECTORS REPORT:

Mr. Unangst stated that the Commission is in great shape and that the transition of the Executive Director position is expected to go smoothly. He also stated that the incoming LREC Executive Director, Ms. Mire, was elected to serve on the Board of Directors at the most recent ARELLO Conference, ensuring an ongoing presence in ARELLO leadership.

Commissioner Roberts stated that Commissioner Ritchie also led a Best Practices Roundtable at the ARELLO Conference. Commissioner Ritchie stated that property management was a prevailing topic at the Conference.

PUBLIC COMMENT:

None

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Commissioner Ritchie introduced Mr. Taylor Hou from APM Help to discuss his insight into property management issues faced by various states. Mr. Hou stated that one of the biggest problems from the public's standpoint is finding a good property manager. Mr. Hou stated that property managers are responsible for managing money on behalf of both brokers and the public. He stated that a study in California showed that there is a very big problem with shortages and missing money. He stated that one big issue facing regulators is that they do not have enough staff and resources to investigate all property managers. He stated that in California only the largest property managers are investigated and that shortages were found in 40% on those investigations.

He stated that another issue is that there are so many tracking software applications available to property managers, which makes it incredibly difficult to regulate across the board.

Mr. Hou stated that his company, APM Help, has built audit tech that can review property managers regularly to see if they would pass an audit. He stated that less than 1% of the thousands of property

managers his company has reviewed review the status of their books monthly. He stated that his company can track these property managers' actions to see if they are acting in the interest of the public.

Commissioner Devillier asked how much the software costs and if it is for purchase or rental. Mr. Hou stated that the current purchase plan is ~\$0.50 per unit, per month.

Commissioner Greenup asked if this was in addition to accounting software used by property managers. Mr. Hou stated that this software is a separate tracking program.

Mr. Hou stated that APM Help keeps up with regulatory changes in each state and adds them to their program to ensure that property managers are aware of what is expected of them.

Commissioner Ritchie asked if Mr. Hou has come across any states that require audit reports from property managers. Mr. Hou stated that there are no states who require this, but that Canada does require this by law. He stated that there are a few states who require a reconciliation report, but no formal audits.

Commissioner Ritchie asked how staff currently handles property management complaints and audits. Mr. Devillier stated that there has been less on-site auditing due to Covid. He stated that there have not been very many of these types of complaints in his time with the LREC. Mr. Unangst stated that the LREC is not even aware of how many property managers there are in the state. He stated that staff has not been proactive about finding these issues. He stated that staff reacts to complaints, but that it is difficult to be proactive since property managers are not licensed or registered.

Mr. Devillier stated that past complaints that resulted in revocations have come from brokers who learn that their property managers are abusing funds.

Commissioner Ritchie stated that even if the only thing that comes out of this discussion is education of those licensees acting as property managers, that would be a win.

Commissioner Gauthier asked if any Commissioners have a property management committee at their board. She stated that she plans to bring this information to the committee of her board.

Mr. Hou commended the Commissioners for their interest in this ongoing issue and being proactive in their efforts. He stated that he would share his presentation with the Commissioners for their use.

EXECUTIVE SESSION

None

There being no further business, Commissioner Roberts made motion, seconded by Commissioner Greenup, to adjourn. Motion passed without opposition.

MATT RITCHIE, CHAIRMAN

PAULA DUNCAN, SECRETARY