

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

February 16, 2017

The Louisiana Real Estate Commission held its regular meeting on Thursday, February 16, 2017, at 9:00 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

Evelyn Wolford, Chairman
Steven Hebert, Vice Chairman – arrived at 9:13 a.m.
Richman Reinauer, Secretary
Lacy Baaheth
Jeffrey Donnes
Kelly Ducote
Eloise Gauthier
James Gosslee
Lynda Nugent Smith
Patrick Roberts, Jr.

STAFF

Bruce Unangst, Executive Director
Arlene C. Edwards, Legal Counsel
Summer Mire
Ryan Shaw
Mark Gremillion
Robert Maynor
Chad Mayo
Telly Hollis
Debbie DeFrates
Dusty Evans
Jenny Yu
Jeremy Endicott

GUESTS

Rudy Gomez – SSA Consultants
Lisa Baker – Burk Baker School of Real Estate and Appraisal
Chris Donaldson – Donaldson Educational Services
Jason Hernandez – Crescent Title

Commissioner Norman was unable to attend the meeting.

Commissioner Ducote led the Invocation; Commissioner Donnes led the Pledge of Allegiance.

PRESENTATION OF PLAQUE TO FORMER CHAIRMAN LYNDA NUGENT SMITH:

Chairman Wolford presented former chairman Nugent Smith with a plaque and thanked her for her service to the Commission.

Chairman Wolford stated that an agenda item needed to be moved up to the top of the agenda because the speaker needing to address the Commission had an appointment to attend. Rudy Gomez with SSA Consultants address the Commission regarding the development of the upcoming Strategic Plan document. He presented the Commission with a proposal for moving forward with the plan.

(Attachment A)

MINUTES

Commissioner Gosslee made motion, seconded by Commissioner Donnes, to approve the minutes of the meeting of December 15, 2016. Motion passed without opposition.

(Attachment B)

PERSONAL APPEARANCES:

The following people are appearing in connection with their request to obtain a real estate license. See official court transcript for complete minutes of these hearings.

1. 2016-1483 Jerrod Arabie: Mr. Arabie pled guilty to the following felony – April 22, 2002 Video Voyeurism. For this offense, he was sentenced to a prison term of two years at hard labor. The sentence was suspended and he was placed on supervised probation for a period of two years. He was also ordered to pay a fine of \$500. Mr. Arabie was released from probation effective April 22, 2004. He received a First Offender Pardon on May 17, 2004.

Commissioner Roberts made motion, seconded by Commissioner Gauthier, to approve Mr. Arabie's request to obtain a real estate license. Motion carried without opposition.

2. 2016-1480 Donald Auzine II: Mr. Auzine pled guilty to the following felony – March 30, 2008 Unlawful Dispensation of Adderall, Oxycodone, Hydrocodone and Benzphetamine. For this offense, he was sentenced to a prison term of 37 months. Upon release, he remained on a supervised release for a term of three years. He was also ordered to pay court costs, an assessment of \$100 and a fine of \$10,000. Mr. Auzine was released from probation effective March 25, 2013.

Commissioner Hebert made motion, seconded by Commissioner Reinauer, to approve Mr. Auzine's request to obtain a real estate license. Motion carried without opposition.

3. 2017-24 Jessie Griffin: Mr. Griffin pled guilty to the following felony – July 20, 2010 Conspiracy to Distribute Schedule 1 Marijuana. For this offense, he was sentenced to service five years at

hard labor. All but six months were suspended. Upon release, he remained on active probation for three years. Mr. Griffin was released from probation effective January 17, 2014. He received a first offender pardon on February 3, 2017.

Commissioner Hebert made motion, seconded by Commissioner Roberts, to approve Mr. Griffin's request to obtain a real estate license. Motion carried without opposition. Commissioner Gosslee abstained from voting.

4. 2016-1479 Richard Guilbeau: Mr. Guilbeau pled guilty to the following felony – February 9, 2011 Second Degree Battery. For this offense, he was sentenced to three years active supervised probation. He was also ordered to pay court costs, pay a supervision fee and make restitution to the victim. Mr. Guilbeau was released from probation effective February 9, 2014. He received a First Offender Pardon on November 29, 2016.

Commissioner Roberts made motion, seconded by Commissioner Donnes, to approve Mr. Guilbeau's request to obtain a real estate license. Motion carried without opposition.

5. 2017-7 Vallan Lewis: Ms. Lewis pled guilty to the following felony – June 6, 2011 Second Degree Battery. For this offense, she was sentenced to two years in prison. The sentence was suspended and she was placed on two years of supervised probation. She was also ordered to pay a \$750 fine and court costs. Ms. Lewis was released from probation effective June 6, 2013 and received a First Offender Pardon on July 1, 2013.

Commissioner Reinauer made motion, seconded by Commissioner Ducote, to approve Ms. Lewis' request to obtain a real estate license. Motion carried without opposition.

6. 2017-26 Edward Marshall Jr: Mr. Marshall pled guilty to the following felonies – July 23, 2003 Possession of Methamphetamine with Intent to Distribute; Possession of Marijuana with Intent to Distribute. For these offense, he was sentenced to five years of probation with 90/120 days in boot camp. He was also ordered to pay a fine of \$1000. He completed the boot camp program and was released from probation effective December 2008.

Commissioner Donnes made motion, seconded by Commissioner Reinauer, to approve Mr. Marshall's request to obtain a real estate license. Motion carried without opposition.

7. 2016-127 Dean Seal: Mr. Seal pled guilty to the following felonies – May 6, 1999 Possession with Intent to Distribute Schedule IV Controlled Dangerous Substance (4 counts). For this offense, he was sentenced to serve a prison term of five years at hard labor. The sentence was suspended and he was placed on probation for five years. He was also ordered to pay of fine of \$2500 and court costs. May 14, 2012 Driving While Intoxicated Third Offense and Negligent Injury. For this offense, he was sentenced to serve five years at hard labor with one year to be served without benefit of probation, parole, or suspension of sentence. He was also ordered to pay a fine of \$3000 and court costs. He was released on good time parole supervision on October 29, 2013. Mr. Seal is currently on parole until March 15, 2017.

Commissioner Reinauer made motion, seconded by Commissioner Roberts, to approve Mr. Seal's request to obtain a real estate license. Motion carried with Commissioner Ducote voting in opposition.

8. 2016-1442 Aaron White: Mr. White was convicted of the following felony – July 17, 2008 Maintaining Drug-Involved Premises. For this offense, he was placed on three years of supervised probation. Mr. White was released from probation effective December 10, 2012.

Commissioner Reinauer made motion, seconded by Commissioner Roberts, to approve Mr. White's request to obtain a real estate license. Motion carried with Commissioner Ducote voting in opposition.

9. 2017-28 Melissa Kadi: Ms. Kadi pled guilty to the following felony – December 21, 2011 Fraud Possession of Controlled Substance Prescription Schedule III/IV. For this offense, she received an Order of Deferred Adjudication and was placed on Community Supervision for a period of four years. She was also ordered to pay a \$1500 fine. Ms. Kadi was released from Community Supervision effective December 20, 2015. She received a discharge from deferred adjudication on January 6, 2016.

Commissioner Reinauer made motion, seconded by Commissioner Roberts, to approve Ms. Kadi's request to obtain a real estate license. Motion carried without opposition.

Wayne Cressap and Shanda Moore were on the agenda to appear but they did not show up to the meeting.

COMMITTEE REPORTS:

1. Budget – Commissioner Reinauer reviewed the budget report with the Commissioners. He brought the Commissioners attention to license count, which is the highest since 2008. He stated that the actual are up due to the increase in licensees. He congratulated the staff on the good shape of the budget.

(Attachment C)
2. Education/Research/Publication – Commissioner Gauthier stated that the Commission will need to discuss pre-licensing and post-licensing, video production and course approvals at the next month's meeting. She asked Chairman Wolford if she believed that a taskforce would be beneficial. Chairman said that a taskforce would be necessary and appointed Commissioner Nugent Smith, Commissioner Gauthier, Commissioner Reinauer, Commissioner Ducote, and Chairman Wolford to serve. The task force will meet prior to the next business meeting to discuss the stated issues. Report and discussion will be given at the committee meeting in March.

Commissioner Gauthier made motion, seconded by Commissioner Nugent Smith, to recommend approving Louisiana REALTORS (LR) broker mandatory course contingent upon meeting the requirements of the course approval process. Mr. Unangst stated that the submission by LR is currently missing the instructor guide. The proposed instructor for the course is Lynn Madison who is a national instructor. The course will later be offered to all LR boards to teach. Mr. Unangst stated that the Education Department has already received and approved broker mandatory courses from Burk Baker School of Real Estate and Appraisal, Donaldson Educational Services, Bob Brooks School of Real Estate & Insurance, as well as one title company. Commissioner Nugent Smith stated that the listed vendors have an advantage as they already

have a broker licensing course in which they can pull course material from. Ms. Madison is having to develop her course from scratch and needs a concession at this late date so that LR can offer the course and schedule with Ms. Madison. LR has agreed to furnish all content necessary prior to teaching the course. Ms. Madison will also provide a Train the Trainer to course instructors that will be teaching for the local boards. Commissioner Hebert asked if the Commission required anything different of the vendors already approved to teach the broker mandatory course. He is concerned that these vendors may feel slighted that they were required to follow the rules and this would expose the Commission by making an exception for LR. Mr. Unangst stated that vendors are required to provide their course submittal and all required documents as laid out in the course approval guidelines prior to advertising for the course. By granting this exception to LR, this allows them to advertise for the course with the national instructor prior to receiving final course approval from the Education Division. Ms. Baker, Burk Baker School of Real Estate and Appraisal, stated for the record that their approved broker mandatory course follows the outline approved by the Commission and is not just a duplication of their Broker 203 licensing course.

After the discussion, motion carried 7-2, with Commissioners Ducote and Hebert voting in opposition.

Commissioner Gauthier stated that the Commission needs to begin looking at topics for the 2018 mandatory course for all licensees. She stated that Mr. Unangst provided the Commission with a timeline for choosing the topic in order to get it developed in time for 2018. Commissioner Gauthier stated that she is leaning toward ethics for the course topic, but that the taskforce assigned by Chairman Wolford could further discuss that. She suggest that the commission gather input from LR as well as each commissioner's constituents around the state for topic suggestions. Mr. Unangst stated that in the past the Commission has developed an outline and let the vendors develop their own content. He stated that the Commissioners have been discussing going back to the previous format of having one vendor develop the content for everyone to teach in order to maintain consistency in the mandatory course. He stated that sticking to the provided timeline will also help ensure that the Commission has adequate time to review and approve each phase of development. (Attachment D)

3. Legal/Legislative/Timeshare – Commissioner Nugent Smith brought the Commissioners attention to the proposed rule change language regarding escrow accounts – Chapter 29: Disbursement of Escrow Accounts. She stated that the language was at the request of former Commissioner Caffery as there is no means in which to release escrow deposits when a decision had been made by the broker on who to return the deposit to but the party cannot be found. This provides a method to return the money to the state treasury department.

Commissioner Hebert stated that he agrees with the intention of the rule, but worries that the language may be confusing because it does not stress that it is a final option to be used after all attempts to contact the client had been exhausted. Ms. Edwards stated that it depends on the intent of the rule and that the Commission needs to decide that intent. Ms. Edwards stated that the Treasury Department has their own procedure in place to ensure that people trying to put money into unclaimed funds have exhausted other steps.

Commissioner Nugent Smith made a motion, seconded by Commissioner Gauthier, to approve the proposed language changes to Chapter 29 of the rules and regulations. The motion carried without opposition. (Attachment E)

Commissioner Nugent Smith stated that she has been contacted by commercial brokers about out-of-state brokers conducting business in Louisiana without a license. She stated that the commission may need to look at language regarding this issue for a possible law or rule change. Chairman Wolford stated that she has also received calls about unlicensed out-of-state brokers doing business in Louisiana. Commissioner Reinauer stated that the problem is that the out-of-state broker is not engaging in a cooperative broker agreement with a licensed Louisiana broker until the end of the transaction. This needs to happen at the beginning of the advertising and transaction. Commissioner Donnes asked what staff is currently doing about this situation. Mr. Unangst stated that if staff is made aware of the issue, the Investigative Division will contact the out-of-state broker and sometimes they immediately affiliate themselves with a license Louisiana broker. Sometimes, they argue that they do not need to do this because they do not have a physical location in the state. He stated that it needs to be addressed soon before it gets out of hand due to the increase of internet business and social media.

4. Standardized Forms – Commissioner Roberts stated that the Commission has received a question from a compliance officer with Fidelity bank regarding language in the Buy/Sell Agreement requiring intent to proceed from the lender. Commissioner Hebert stated that the commission intentionally did not require a specific form. It should be between the buyer and the seller as to what suffices as notification. The commission agrees that the current language in the contract meets requirements and requested that Ms. Shaw respond to the request of their decision.

Commissioner Roberts stated that he also received a note from a licensee in his area regarding adding polybutylene piping to the property disclosure. He stated that he was just bringing it to the Commission's attention for future discussion. Commissioner Roberts is keeping a file of requests for future forms meetings.

5. Strategic Planning – Commissioner Ducote stated that the committee has been working on gathering proposals for the strategic plan. She stated that SSA Consultants gave a presentation earlier in the meeting. Mr. Unangst also received a proposal from LSU at the commission's request. Mr. Unangst reached out to LSU to see if they would appear at the meeting today to discuss their proposal. He could not get a return phone call or email from LSU in a timely manner therefore he reached out to SSA Consultants. He has received high recommendations regarding SSA Consultants and they have worked for other state agencies as well as board and commissions. He stated that SSA Consultants has handled the proposal process more professionally thus far in comparison with LSU. Ms. Edwards stated that she has work with SSA Consultants previously and can attest that they are a good company. Commissioner Nugent Smith has also worked with them on parish efforts in Jefferson Parish. She stated that she worked with a consultant named Christal and had a great experience. She knew the right questions to ask to solicit input for the strategic plan.

Commissioner Reinauer made motion, seconded by Commissioner Nugent Smith, to allow Mr. Unangst to engage SSA Consultants in a contract for the strategic plan. Motion carried without opposition.

6. Errors & Omissions – Mr. Unangst stated that Cindy Rice Grissom, Rice Insurance Services, will attend next month’s meeting to discuss E & O. A request for proposal will go out this year. Issues such as cyber security may need to be added to the group policy.
7. Technology – Commissioner Donnes introduced Ms. Shaw to present an update on the redesign of the LREC website. Ms. Shaw gave a brief overview of the design of the new site and stated that the Commissioners would be receiving a link to the site to test it out and give any comments on changes requested before the new site is launched in early April. Commissioner Donnes asked if there would be a mobile app developed. Ms. Shaw stated that the company that designed the new website will be developing a mobile app, which will be launched shortly after the new site.

DIRECTORS REPORT:

Mr. Unangst stated that there is always an ongoing problem in effective communication. He has spoken with the Administrative Executives of the local boards to find out what their issues are. One example that they gave was the instructor approval process was difficult. Mr. Unangst stated that the vendor has been approving the instructor for some time now and used this as an example of how items may not be effectively communicated. He stated that the commission needs to do a better job of communicating – reaching out to local boards, licensees, etc. If commissioners have problems in their area, please let Mr. Unangst know so he can do some outreach in that area. Chairman Wolford stated that the quarterly newsletter is sent by the commission and then resent by the local boards. Mr. Unangst stated that he is open to any better ideas for effective communication.

Mr. Unangst stated that if language is to be presented to the legislature regarding out-of-state commercial brokers, the language needs to be drafted soon so that it can be pre-filed. Any input from commissioners is needed before the next meeting.

Mr. Unangst provided the commissioners with a printed 2016 annual report that he will give to legislative oversight committees.

Mr. Unangst stated that he met with Chairman Wolford and she provided a few suggested topics on short videos for the website. If commissioners have any ideas or suggestions, please get them to Mr. Unangst. It is best to keep them no longer than 9 minutes per video to keep interest by the viewer.

PUBLIC COMMENT:

None

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Commissioner Hebert made motion, seconded by Commissioner Reinauer, to approve the stipulation and consent order for Case No. 2015-1331: Beverly Hobbs Shea. Motion carried with no opposition.

Commissioner Hebert made motion, seconded by Commissioner Reinauer, to approve the stipulation and consent order for Case No. 2016-438: Winifred P. Guillory. Motion carried with no opposition.

Commissioner Hebert made motion, seconded by Commissioner Reinauer, to approve the stipulation and consent order for Case No. 2016-1039: Tahani Mousa (C.E. 3rd Time Offender). Motion carried with no opposition.

Commissioner Hebert made motion, seconded by Commissioner Reinauer, to approve the stipulation and consent orders for 2nd and 3rd time Continuing Education offenders. Motion passed with no opposition.

(Attachment F)

EXECUTIVE SESSION

None

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

EVELYN WOLFORD, CHAIRMAN

RICHMAN REINAUER, SECRETARY