

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

January 21, 2016

The Louisiana Real Estate Commission held its regular meeting on Thursday, January 21, 2016, 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:

COMMISSION

Lynda Nugent Smith, Chairman
Steven Hebert, Secretary
Paul Burns
Kelly Ducote
James Gosslee
Deanna Norman
Richman Reinauer
Cynthia Stafford
Frank Trapani

STAFF

Bruce Unangst, Executive Director
Arlene Edwards, Legal Counsel
Summer Mire, Commission Administrator
Debbie Debrates
LaKeisha Duhon
Dusty Evans
Malissa Fowler
Mark Gremillion
Telly Hollis
Robert Maynor
Chad Mayo
Nikki Senegal
Ryan Shaw
Stacy Sharpe
Sara Wheeler
Henk vanDuyvendijk
Jenny Yu

GUESTS

Lisa Baker – Burk Baker School of Real Estate & Appraisal
Ann Borne – Northshore Housing Initiative
Maureen Clary – Northshore Housing Initiative
Brei Delahoussaye – Louisiana REALTORS
Amy Fennel – Latter & Blum
Brent Lancaster – Bob Brooks School
Chip Norman
Tim Tullos

Commissioners Wolford and Donnes were unable to attend the meeting.

Commissioner Gosslee led the Invocation; Commissioner Hebert led the Pledge of Allegiance.

PRESENTATION OF PLAQUE TO FORMER CHAIRMAN JAMES GOSSLEE

Chairman Nugent Smith presented Commissioner Gosslee with a plaque commending him for his service as Chairman in 2015.

MINUTES

Commissioner Trapani made motion, seconded by Commissioner Reinauer, to approve the minutes of the meeting of December 17, 2015. Motion passed without opposition.

STAFF INTRODUCTION – INVESTIGATIVE DIVISION

Mr. Maynor explained the duties and responsibilities of the Investigative Division and introduced staff members Telly Hollis, Sara Wheeler, Chad Mayo, Nikki Senegal, Malissa Fowler and Henk VanDuyvendijk. Chairman Nugent Smith asked Mr. Maynor about the biggest complaints that the Investigative Division receives. Mr. Maynor stated that the division is receiving complaints about unlicensed activity, advertising/marketing complaints, and disclosures. Commissioner Nugent Smith would like to see a quarterly report from local boards about the ethical complaints that they receive. Commissioner Hebert thanked the Investigative Division for their work and for handling the felony applicant appearances in such a professional manner. Mr. Tim Tullos spoke on behalf of the Investigative Division and praised them for their cooperation and assistance in any issues he has brought to them.

COMMITTEE REPORTS:

1. Budget – Commissioner Reinauer reviewed the budget report. There is a small increase in revenue due to licensee increases. Personnel services are up slightly due to annual insurance and retirement increases. The commission is earning interest on a CD. Overall, the budget is healthy.
2. Education/Research/Publication – Commissioner Ducote suggested that the Commission begin looking at the mandatory topic for 2017. Commissioner Trapani inquired if staff will continue to

collect the \$1.00 per student fee now that vendors are developing their own courses. Mr. Unangst explained that the fee covered the cost of course development and Train the Trainer expenses in the past. This year, the commission offered a mandatory instructor development workshop (IDW) in place of the Train the Trainer course. This is a cost that was incurred by the commission. Mr. Unangst stated that the fee is a commission decision. Commissioner Trapani made motion, seconded by Commissioner Norman, to end the current vendor submission of \$1.00 per student for the mandatory course. Discussion took place regarding the cost of the IDW. Mr. Unangst stated that it cost around \$10,000 to offer the IDW in three locations. There is no cost for the instructor to attend the workshop. If the commission chooses to do away with the \$1.00 per student fee, the commission will lose out on that revenue. Commissioner Trapani suggested that in the future, the commission should charge instructors to attend the workshop. Mr. Unangst asked the commission if it was their intention to continue having the vendor develop their own mandatory courses based on topics chosen by the commission. Commissioner Trapani agreed that vendors should continue to develop their own course. Ms. Delahoussaye stated that Louisiana REALTORS spends around \$2,000 to \$5,000 to develop a commercial mandatory course. Mr. Unangst stated that the commission has been prudent with the budget and will not suffer greatly if the revenues are not made back from the \$1.00 fee. He suggested that a fee of \$25 - \$50 per instructor could be charged to those that attend future IDWs. There should be a happy medium to not upset attendees but to also recover costs. After discussion, motion carried to end the current vendor submission of \$1.00 per student of the mandatory course.

Chairman Nugent Smith asked Mr. Unangst why staff is requesting updating outlines and handouts for the alternate agency course that was allowed for the 2016 mandatory course. She thought that vendors would be able to use a past agency course that they offered previously with no issues. Mr. Unangst explained that the past agency courses may be used but that per commission law/rules, the courses must be updated. Ms. Defrates stated that vendors received instructions stating that the courses needed to be up to date and current and that they must submit the information just as any other mandatory course would be submitted. Mr. Gremillion stated that the corrections needing to be made to most of the agency courses were just minor corrections. The whole course did not need to be redeveloped.

Commissioner Hebert suggested that the committee discuss an alternative mandatory course specifically for brokers.

3. Legal/Legislative/Timeshare – Commissioner Nugent Smith stated that the committee met prior to the regular business meeting. Ms. Ann Borne and Ms. Maureen Clary, both from the Northshore Housing Initiative, presented talking points to the commission regarding the possibility of mandating interest charges on real estate escrow accounts to be submitted to a fund to assist with affordable housing. Mr. Unangst will research other states that have this mandate and program and will talk with the banking industry to get their thoughts on the issue.

The commission will review suggested law changes at the February meeting for approval.

4. Standardized Forms – Commissioner Burns stated that 2016 is the year for forms review. He requested suggestions from local boards, title companies, practitioners, etc. regarding any changes that need to be made. The goal is to have the changes made by June. Commissioner

Trapani stated that he would like to see a committee appointed work on forms. He made motion, seconded by Commissioner Stafford, to have Commissioner Burns appoint a committee with the commissioners and Louisiana REALTORS and to have the forms ready by July 1, 2016. Motion carried without opposition. Commissioners Trapani and Norman volunteered to serve on the committee.

5. Strategic Planning – No report.
6. Errors & Omissions – Commissioner Norman stated that there is one more year left open for renewal with Rice Insurance. She will begin researching options for the upcoming year.
7. Technology – No report.

DIRECTORS REPORT:

Mr. Unangst stated that he spoke with Mr. Morris at Louisiana REALTORS and they do want to be a part of the work group regarding forms revisions. Vice- Chairman Wolford will be working with Commissioner Burns on this. Mr. Unangst encouraged Commissioner Burns to ensure that there is legal representation in the work group committee. Commissioner Trapani agreed as misinformation needs to be cleared up regarding TRID requirements. Mr. Unangst stated that staff will assist as much as possible but attorneys should be involved.

Mr. Unangst agreed that there should be a self-imposed deadline by the committee to select the mandatory topics. He is hopeful that a topic can be selected by June. Chairman Nugent Smith stated that she feels that the purchase agreement should be a topic due to the changes being made this year.

Mr. Unangst stated when E & O was bid back in 2013, coverage was increased. He suggested that the commission check with Rice Insurance and brokers to determine if there are any gaps in coverage. Commissioner Hebert stated that he had past experience with excluded items – mold, fair housing, real estate licensee interest in the property, etc. Commissioner Gosslee asked Mr. Unangst how much Rice is paying out in claims versus how much they are collecting in premiums. Mr. Unangst stated that he will try to provide a break down review at next month's meeting. He stated that the LREC policy is a claims made policy. Some brokers and salespersons obtain policies from other companies and those policies are not claims made policies. In this instance, the licensees need to be aware that tail coverage is often needed. This would be a good topic for an upcoming newsletter article.

Mr. Unangst explained that there is a cash balance sheet on the budget report. He cautioned the commission to not look at the E & O revenue and think that this is an actual revenue. That number is simply a pass through. He is working with the legislative auditor on how to correctly reflect this on the report.

Commissioner Trapani encouraged commissioners to read the "Danger Report" that was distributed by the National Association of REALTORS.

PUBLIC COMMENT:

None

UNFINISHED BUSINESS:

None

NEW BUSINESS:

None

EXECUTIVE SESSION

None

There being no further business, Commissioner Gosslee made motion, seconded by Commissioner Burns, to adjourn. Motion carried without opposition.

LYNDA NUGENT SMITH, CHAIRMAN

STEVEN HEBERT, SECRETARY