

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

July 21, 2016

The Louisiana Real Estate Commission held its regular meeting on Thursday, July 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
Lacy Baaheth
Jeff Donnes
Kelly Ducote
Eloise Gauthier
Deanna Norman
Richman Reinauer
Patrick Roberts, Jr.

STAFF

Bruce Unangst, Executive Director
Arlene Edwards, Legal Counsel
Summer Mire
Debbie Debrates
Mark Gremillion
Robert Maynor
Chad Mayo
Stacy Sharpe
Jenny Yu
Henk VanDuyvendijk

GUESTS

Brei Delahoussaye – Louisiana REALTORS
Bill Bacque - Van Eaton & Romero
Frank Trapani – Louisiana REALTORS
Danny Douglass – Crescent Title
Brent Lancaster – Bob Brooks School
Tim Tullos – Keller Williams Red Stick Partners
Brad Holloway - Faulk & Foster Real Estate, Inc.
Amy Fennell

Chris Donaldson – Donaldson Educational Services
Burk Baker – Burk Baker School of Real Estate and Appraisal

Commissioner Gosslee was unable to attend the meeting.

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

MINUTES

Commissioner Ducote made motion, seconded by Commissioner Gauthier, to approve the minutes of the meeting of June 16, 2016. Motion passed without opposition.

COMMITTEE REPORTS:

1. Budget – Commissioner Reinauer reviewed the year end and projected budget reports as well as the revised budget with Commissioners. He brought the Commissioners attention to the Actual 7/1/2015-6/30/2016 column to show the total dollar amount taken in by the Commission in the fiscal year. He pointed out that the revised budget was very similar and showed that the budget is in good shape. He stated that the projected budget is a blend of what he, Mr. Unangst, and Ms. Yu believe will be the Commission's costs in the '16-'17 fiscal year. He stated that last year was one of the strongest in the industry's history, so there is an expectation that the income will decrease some this year. Commissioner Reinauer made motion, seconded by Commissioner Ducote, to approve the revised and projected budgets. Motion carried without opposition.
(Attachment A)

Mr. Unangst explained that the revised budget would be finalized in time for the agency's annual audit. He stated that the auditors will provide a report by September.

2. Education/Research/Publication – Commissioner Ducote stated that the Commission had discussed the outlines for the mandatory and broker mandatory courses last month and now needed motions to approve both outlines. Commissioner Norman asked about the five-day requirement under the walkthrough timeline section. Chairman Nugent Smith stated that the language from the contract reads that walkthroughs must be completed within the five days preceding the act of sale.

Commissioner Ducote made motion, seconded by Commissioner Norman, to approve the broker mandatory course outline.

(Attachment B)

Commissioner Gauthier proposed that the course be required to be taken live as opposed to online. Commissioner Reinauer asked if the live requirement would cause problems. He stated that he did not want to mandate that it be taken live if it would cause problems. Mr. Gremillion stated that the LREC has many out-of-state brokers. Commissioner Hebert asked if there are any other courses that are required to be taken live. Mr. Baker stated that Train the Trainer is live only. Commissioner Reinauer asked how many out-of-state brokers are licensed. Mr. Gremillion stated that there are hundreds of out-of-state brokers. Ms. Edwards cautioned the Commission

that some people would drop their licenses rather than travel in for a live-only class. Commissioner Ducote asked if the Commission would only intend to make this class a live requirement for the first year. Commissioner Gauthier stated that as a new commissioner she was not aware of the reasons why this class was created. Chairman Nugent Smith stated that it was to increase the understanding of broker responsibility. Mr. Lancaster stated that for vendors the issue also lies in the fact that it is more expensive to teach a live course. He stated that mandating that the course be live would cause rural areas to be underserved, which could cause problems for brokers in those areas. Commissioner Norman stated that she would love for the course to be live, but that it was not practical. Mr. Tullos asked if associate brokers are required to take the course as well. Chairman Nugent Smith stated that all brokers must take the course. Commissioner Ducote, seconded by Commissioner Norman, amended her motion to require that the 2017 broker mandatory class be taken live.

After the discussion, the motion failed 2-7 with Commissioners Wolford, Hebert, Baaheth, Donnes, Norman, Reinauer, and Roberts voting in opposition.

Commissioner Wolford made motion, seconded by Commissioner Norman, to approve 2017 broker mandatory course outline. Motion passed without opposition.

Commissioner Ducote made motion, seconded by Commissioner Gauthier, to approve 2017 mandatory course outline. Motion passed without opposition.

(Attachment C)

3. Legal/Legislative/Timeshare – Commissioner Wolford made motion, seconded by Commissioner Hebert, to table the discussion of advertising rule language until September. Commissioner Reinauer asked what will happen between now and September. Chairman Nugent Smith stated that a taskforce of Commissioners Reinauer, Donnes, Hebert, Gauthier, and herself would meet with members of Louisiana REALTORS to discuss in order to come back to the full Commission in September with suggestions. Commissioner Roberts asked if legal counsel should be included in the taskforce. Chairman Nugent Smith stated that the taskforce could decide. After discussion, the motion carried without opposition.

Commissioner Wolford made motion, seconded by Commissioner Norman, to approve rule language provided by staff regarding broker application requirements. Motion carried without opposition.

(Attachment D)

4. Standardized Forms – Commissioner Wolford asked for an update on when new forms will be posted. Ms. Shaw stated that she is currently working on making the forms fillable and they will be posted online once they are complete. Licensees will be notified accordingly.
5. Strategic Planning – No report.
6. Errors & Omissions – Commissioner Norman reviewed the second quarter numbers and stated that the expenses mostly come from the legal side. She stated that there have already been 84 claims made this year. Chairman Nugent Smith asked if there was a breakdown of complaints by type. Mr. Unangst stated that a lot of the claims were due to lack of disclosure. He stated that

legal expenses are high because we provide our licensees with first dollar legal coverage. Commissioner Donnes asked if we provide information to schools regarding E&O claims so that they can tailor their courses to cover those areas. Mr. Unangst stated that we do not currently do that, but that staff can begin doing so. Chairman Nugent Smith stated that we can also include this information in the Boundary Lines newsletter.

7. Technology – Commissioner Hebert introduced Mr. Endicott and Ms. Shaw to give a presentation on the update of the LREC website. Mr. Endicott stated that LREC website has not been revamped in five years. Ms. Shaw stated that the new website would feature an updated layout geared toward making the website more user friendly by having more specific call outs directing users to appropriate pages for their needs. Mr. Endicott stated that the move from Cold Fusion to Wordpress would make the site more mobile-user friendly, which will make creating an app a less cumbersome process. He stated that the new site should be completed and launched by the beginning of 2017. Commissioner Wolford asked Mr. Endicott if he saw any possible issues with completing this project as it was delayed last year. Mr. Endicott stated that the delay was due to the fact that CAVU did not integrate well with the new site, but that our new licensing software will integrate fine. Mr. Unangst stated that mock ups will be provided and Commissioners will be consulted for their input before the site is launched.

Commissioner Donnes asked Mr. Endicott to discuss server backups. Mr. Endicott stated that information was recently moved from outdated servers to a virtual server which will protect our data better and will prevent data loss due to Acts of God.

DIRECTORS REPORT:

None

PUBLIC COMMENT:

Mr. Douglass asked who writes the courses based on the approved mandatory outlines. Mr. Unangst stated that vendors write the courses and submit them to staff for approval. Mr. Douglass stated that he was pleased to hear that. He also stated that an area of concern is online security because criminals are hacking agents' emails and having clients wire money to incorrect accounts. He asked what kind of protection there was for such a situation. Mr. Unangst stated that currently that would be a legal issue. Chairman Nugent Smith stated that the Commission is looking into a cyber policy to protect against such technology-related crimes.

Mr. Tullos asked if the four-hour broker mandatory was required in addition to the 12-hour continuing education requirement. Chairman Nugent Smith stated that the two four-hour mandatory courses would count for eight hours of the 12-hour requirement.

UNFINISHED BUSINESS:

Mr. Unangst stated that there are 15 felony applicants next month and asked how the Commission wanted to handle scheduling. Chairman Nugent Smith stated that Commissioners would need to look at their calendars and decide on when to meet.

NEW BUSINESS:

None

EXECUTIVE SESSION

None

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

LYNDA NUGENT SMITH, CHAIRMAN

STEVEN HEBERT, SECRETARY