

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

August 21, 2014

The Louisiana Real Estate Commission held its regular meeting on Thursday, August 21, 2014, 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

Paul Burns, Chairman
James Gosslee, Vice Chairman
Lynda Nugent Smith, Secretary
Archie Carraway
Jeffrey Donnes
Kelly Ducote
Steven Hebert
Richman Reinauer
Cynthia Stafford
Frank Trapani
Evelyn Wolford

STAFF

Bruce Unangst, Executive Director
Arlene Edwards, Legal Counsel
Summer Mire
Debbie Defrates
Jeremy Endicott
Dusty Evans
Mark Gremillion
Chad Mayo
Robert Maynor
Stacy Sharpe
Ryan Shaw
Marsha Stafford
Sara Wheeler
Jenny Yu

GUESTS

Burk Baker – Burk Baker School of Real Estate & Appraisal
Kim Callaway – Louisiana Legislature – House of Representatives
Rashida Keith – Louisiana Legislature – House of Representatives
Rachel Lenox – Bob Brooks School of Real Estate
Roy Ponthier – ProEducate
John Sibley – Keller Williams Realty Professionals
Tim Tullos – Keller Williams

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

MINUTES

Commissioner Nugent Smith made motion, seconded by Commissioner Trapani, to approve the minutes of the meeting of July 17, 2014. Motion passed without opposition.

PERSONAL APPEARANCES

Please see a copy of the official court reporter transcript for the following personal appearances:

1. Lenore Hingle – requested authorization to obtain a real estate license. Commissioner Hebert made motion, seconded by Commissioner Stafford, to allow Ms. Hingle’s request to obtain a real estate license. Motion carried without opposition.

COMMITTEE REPORTS:

1. Budget – Commissioner Stafford reviewed the budget report. She stated that the legislative auditors are currently working on the annual audit and will have a final report ready for the September meeting. She stated that the budget has been well prepared and that finances are in good shape. The licensee count has remained solid and has increased slightly from the previous year.

(Attachment A)

2. Education/Research/Publication – Commissioner Hebert stated that staff received zero responses to the RFP for the 2015 mandatory continuing education topic. He stated that he spoke with the education vendors to ensure that the RFP wasn’t flawed or had any issues. The vendors that he spoke with did not respond to the RFP for their own personal business reasons. Some did not respond due to lack of knowledge on the mandatory subject. Mr. Unangst recommended to the Commission that Mrs. Cheryl Bella be chosen under a professional services agreement to develop the course on property valuation. Mr. Unangst spoke with Brent Lancaster and Roy Ponthier regarding having Mrs. Bella teach the course. They both agreed that she would be a good choice for the developer of the course as she has vast knowledge on the subject. Mrs. Bella originally did not respond to the RFP because she feared that she would lose exclusive rights to her course material. Mr. Unangst explained that it is not the intent of the Commission to keep instructors from teaching aspects of the mandatory course that is developed.

Commissioner Trapani made motion, seconded by Commissioner Stafford, to authorize staff and Mr. Unangst to negotiate a contract with Cheryl Bella for the 2015 mandatory continuing education course. Motion carried without opposition. Mr. Hebert stated that the contract can be negotiated so that Mrs. Bella’s content will not be the exclusive property of the Commission.

Dr. Ponthier stated that he was in support of Mrs. Bella developing the course. Having her teach the Train the Trainer would be helpful as she can bring the information down to the instructor and student level. Mr. Burk Baker agreed with Dr. Ponthier.

3. Legal/Legislative/Timeshare – No report.
4. Standardized Forms – Commissioner Wolford stated that the task force met at Louisiana REALTORS and proposed changes have been made to be recommended to the Commission. Mr. Unangst stated that staff had not yet received the recommendations from Louisiana REALTORS but Mrs. Mire will forward the proposed changes once they are received.
5. Strategic Planning – Commissioner Nugent Smith stated that the committee is finally moving forward and will be meeting with a consultant from LSU after the business meeting to discuss the strategic plan. Mr. Unangst stated that staff members will give a department update so that their suggestions can be taken into consideration while developing the strategic plan.

Mark Gremillion – Director of Education and Licensing- Mr. Gremillion stated that the total licensee count is currently right under 19,500 for all credentials. He stated that about 1100 continuing education courses are currently approved in the education department. He noted that his departments have strength in team work but feels that there is a small staff for the workload. He stated that his ideas for the committee to consider would be: 1) change in the actual renewal date for licenses; start earlier but have the deadline to be Nov. 30th due to confusion. 2) Begin development of the mandatory course 18 months prior to course year. 3) Reorganization of education – combine pre-licensing and post-licensing.

Robert Maynor – Director of Investigations – Mr. Maynor explained the duties of his division. He stated that the challenges they face include a large number of out of state brokers without

cooperative agreements or licenses; unlicensed individuals; no supervision from sponsoring brokers; technology and advertising. He feels his department has a weakness in interview techniques and would like to see further training in that area. He stated that his new ideas include: 1) Review of the cite and fine system to determine if fees need to be amended. 2) Develop a standard form for out of state broker cooperative agreements and possibly charge a fee for filing.

Jeremy Endicott – Information Technology – Mr. Endicott stated that LREC has much strength in the technology area. These strengths include the current infrastructure, metro E circuit, no downtime in updating the website, and a paperless environment. He stated that the weaknesses include the current licensing system of CAVU. Staff is currently with a local developer to develop a new software licensing system. Other weaknesses include the LREC Microsoft Exchange server which needs to be either outsourced or updated. Employee workstations also need to be updated. He stated his new ideas include: 1) Becoming a completely paperless environment. 2) Credit card payments in office. 3) Voice over IP system. 4) Utilizing offsite backup.

Ryan Shaw – Public Information Officer – Ms. Shaw explained that she and Public Information Director, Stephanie Boudreaux, are responsible for all public relations for the Commission. They are in charge of updating social media, creating the newsletter, law and rule changes, etc. She stated she has been working on a standard operating procedure manual for the agency which will streamline work and cross train employees. She noted that a challenge faced by LREC is the agency being seen as the regulatory authority instead of local boards being seen as the authority. New ideas include: 1) Updated communications plan. 2) Attending career fairs that would give information such as flyers and packets on how to become a licensee.

Marsha Stafford – Hearing Examiner – Mrs. Stafford stated that she is currently working on the follow up of the Continuing Education and Post Licensing audits. She stated that challenges she sees are brokers taking responsibility for their licensees' actions. New ideas include: 1) Stronger broker responsibility laws. 2) Broker training manuals.

6. Errors & Omissions – No report.

DIRECTORS REPORT:

Mr. Unangst reported that the legislative auditors have completed their internal work at the agency and should have their report available at next month's meeting. From his discussion with the auditors, there have been no significant deficiencies found and he is expecting a clean report.

Mr. Unangst stated that staff has received concerns regarding licensees receiving compensation from someone other than their sponsoring broker. Teams will hire a licensee to do tasks as a salaried employee. The team leader will then pay the licensee from his own pocket when in fact the work can be tied back to the commission earned from the sale of a property. This compensation should come from the sponsoring broker to the licensee. Mr. Unangst requested that this matter be referred to the Legal/Legislative committee.

PUBLIC COMMENT:

Mr. Tim Tullos stated to the Commission that he often has a lot of personal contact with the staff at LREC. He wanted to commend the staff for always being helpful and conscientious to his questions and needs.

Mr. John Sibley of Keller Williams Realty Professionals voiced his concerns over the upcoming real estate team rule changes. He stated that prohibiting team names from using the word "realty" would be a hard hit for many licensees. Many teams have developed brands and the direct cost that would affect the licensees would be great. He likened the situation to a licensee having to legally change their name. This would require the licensee to change all of their promotional items, signage, business cards, etc. He requested that the Commission reconsider this rule change. He also suggested that the Commission allow grandfathered teams to register their name with the Commission instead of having to change their name. Commissioner Wolford asked Mr. Sibley how many licensees that he knows of that will be affected. Mr. Sibley stated that he has 25 people that have signed up saying they will be affected. Mr. Sibley's team name is "Sibley Realty Group". Commissioner Carraway suggested that Mr. Sibley look into the rules of NAR as they prohibit the use of the words "realty" and "real estate". Commissioners

thanked Mr. Sibley for his comments and stated that the rules are currently posted with the state Register in which there will be a public comment period.

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Discussion of Disciplinary Action for Vendor Reporting :

Mr. Unangst provided information on vendor reporting forms and the problems that the Education Division is having. Many licensees are finding out that they are not receiving credit for continuing education courses that they have taken with education vendors. They most likely do not find out until they are flagged in the CE audit. Staff is expending hours and money on audits that end up being thrown out due to errors on part of the vendor. The licensee cannot be blamed for a reporting error made by the vendor. Staff has determined that over 40 waivers were granted to education vendors in the past year for reporting mishaps. Staff would like to see a simple fine schedule put into place for education vendors to be held responsible for their actions. This matter was referred to the Legal/Legislative Committee for further discussion.

Commissioner Trapani made motion, seconded by Commissioner Stafford, to approve the stipulations and consent orders as presented. Motion carried without opposition.

Commissioner Trapani made motion, seconded by Commissioner Nugent Smith, to approve the legislative auditor's Louisiana Compliance Questionnaire as presented. Motion carried without opposition.

There being no further business, Commissioner Trapani made motion, seconded by Commissioner Nugent Smith, to adjourn. Motion passed without opposition.

PAUL BURNS, CHAIRMAN

LYNDA NUGENT SMITH, SECRETARY