

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

January 23, 2014

The Louisiana Real Estate Commission held its regular meeting on Thursday, January 23, 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
Patrick T. Caffery, Jr.
Tim Flavin
Steven Hebert
Frank Trapani
Evelyn Wolford

STAFF

Bruce Unangst, Executive Director
Arlene Edwards, Legal Counsel
Summer Mire
Debbie Debrates
Mark Gremillion
Chad Mayo
Robert Maynor
Ryan Shaw
Marsha Stafford
Jenny Yu

GUESTS

Brei Delahoussaye – Louisiana REALTORS
Chris Donaldson – Donaldson Real Estate School
Brent Lancaster – Bob Brooks School of Real Estate
Dr. Roy Ponthier – ProEducate
Tim Tullos – Keller Williams

Commissioners Carraway and Stafford were unable to attend the meeting.

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

MINUTES

Commissioner Caffery made motion, seconded by Commissioner Nugent Smith, to approve the minutes of the meeting of December 19, 2013. Motion passed without opposition.

PERSONAL APPEARANCES

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

1. Teresa Bass
2. Graham Clark
3. Niron Johnson

APPOINTMENT OF 2014 COMMITTEE CHAIRS:

Chairman Burns appointed the following Commissioners to serve as Chairmen of the following committees:

1. Budget: Cynthia Stafford
2. Education/Research/Publication: Steven Hebert
3. Legal/Legislative/Timeshare: James Gosslee
4. Standardized Forms: Evelyn Wolford
5. Strategic Planning: Lynda Nugent Smith
6. Errors & Omissions: Evelyn Wolford

COMMITTEE REPORTS:

1. Budget – Ms. Yu gave the budget report in the absence of Commissioner Stafford. Ms. Yu stated that there is a \$530,000 increase in revenue at this time due to the ongoing renewal season. She noted that travel expenses have decreased. She also reminded Commissioners that the \$2.8 million noted in the budget includes errors and omissions insurance premiums to be paid to Rice Insurance Services.

(Attachment A)

2. Education/Research/Publication – Commissioner Hebert reported that he will be meeting with Executive Director Unangst after the meeting to discuss plans for the year.
3. Legal/Legislative/Timeshare – Commissioner Gosslee stated that the Legal/Legislative committee met prior to the regular business meeting and discussed items pertaining to the seller’s response to the property inspection form, team member names in advertising and discussion of branch office requirements. Commissioner Flavin made motion, seconded by Commissioner Nugent Smith, to approve adding a subject property address to the second page of the property inspection response form as discussed in the committee meeting. Motion carried without opposition. Commissioner Gosslee stated that the issue of team members and branch offices was discussed and will be taken up at a later meeting after staff research on the issues.
4. Standardized Forms – No report.
5. Strategic Planning – Commissioner Nugent Smith stated that she met with Robin Kistler from LSU and will be getting questions to commissioners for their ideas. She is aiming for an April meeting date.
6. Errors & Omissions – No report.

Chairman Burns reminded all commissioners that they are invited to attend all committee meetings.

DIRECTORS REPORT:

Mr. Unangst briefed the Commissioners on attending committee meetings as well as agenda packet preparation. Ms. Mire reminded the Commissioners that agenda packets will be sent via email unless it is a month in which personal appearances take place. In those instances, agenda packets will be sent via regular mail due to size of files. She reminded Commissioners to check their email prior to attending meetings as sometimes additional information is sent.

Mr. Unangst discussed the current budget situation. He stated there is now a higher renewal rate due to the regular mail letters that were sent out to licensees reminding them of their username and password. The budget was prepared using the past years as a reference for budget planning. The budget will take a slight hit because delinquent renewal fees will not be as high as years past due to the proactive letter sent out prior to renewals. There has been 30% greater compliance in renewals due to the letter. Budget adjustments will be made in February or March to cover this.

Mr. Unangst updated the Commission on the status of the building repairs. He stated that the attorneys and bonding companies visited the building this week to view if there was any further movement in the

slab, etc. A mediation meeting is set for January 30th to determine which parties are responsible for repair payments. If no decision is made then legal action will move forward.

Mr. Unangst congratulated Chairman Burns on his new position as Chairman and stated that he looked forward to working with him and moving on to new issues.

Mr. Unangst stated that he had spoken with a large commercial firm licensed in Louisiana that is concerned with E & O coverage. He stated that the broker carries a \$5 million dollar E & O policy. There is no requirement that any licensee use the Rice group policy offered by LREC but that it must only be equal to what our policy requires. Currently, an underwriter must attest that their policy meet our requirements. LREC may need to set standards for outside policies. This commercial firm does not have first dollar coverage as the LREC policy requires. Commissioner Gosslee stated that the committee may want to refer to the RFP instead of the Rice policy. Mr. Unangst stated that the RFP was written to provide coverage for the rank and file licensee, not the large commercial brokerage. He wondered if it would be possible to have a tiered system if standards were set. Ms. Edwards stated that it could be a possibility but that it would be difficult to determine who fit into what tier. Mr. Unangst stated this could be deferred to the E & O committee for later discussion. Ms. Edwards stated that a set of standards should be developed and to not base the next RFP on the current policy. Commissioner Gosslee stated that larger property management and commercial brokerages do have different needs than residential firms. Mr. Unangst stated that he liked the idea of a tier system.

Mr. Unangst notified the Commission that PSI has been refreshing questions in the pre-licensing test. New questions will go into the databank effective March 1st.

Chairman Burns presented former Chairman Caffery and Commissioners Flavin and Trapani with plaques for their years of service on the Commission. Mr. Unangst thanked Commissioners Trapani, Flavin, and Caffery for serving as chairmen during his tenure thus far with the Commission. Commissioner Flavin thanked the staff of the LREC, fellow brokers and educators for their work and support during his term. Commissioner Caffery stated that he has enjoyed his term on the Commission and thanked Mr. Unangst and staff of the LREC. Commissioner Trapani shared the sentiments and thanked Mr. Unangst and staff.

PUBLIC COMMENT:

None

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Commissioner Trapani made motion, seconded by Commissioner Nugent Smith, to approve the stipulation and consent orders as presented to the Commission. Motion carried without opposition.
(See Attachment B)

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

PAUL BURNS, CHAIRMAN

LYNDA NUGENT SMITH, SECRETARY