

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

September 26, 2013

The Louisiana Real Estate Commission held its regular meeting on Thursday, September 26, 2013, 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:

COMMISSION

Patrick T. Caffery, Jr., Chairman
Paul Burns, Vice Chairman
Archie Carraway
Tim Flavin
Steven Hebert
Rodney Noles
Cynthia Stafford
Frank Trapani
Evelyn Wolford

STAFF

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

GUESTS

Burk Baker – Burk Baker School of Real Estate & Appraisal
Bob Brooks – Bob Brooks School of Real Estate
Robert Burns
Tadas Dabsys – PSI Testing Services
Chris Donaldson – Donaldson Education Services
Denise Hebert – Louisiana REALTORS
Brent Lancaster – Bob Brooks School of Real Estate
Norman Morris – Louisiana REALTORS
Dr. Roy Ponthier - ProEducate
Rick Roberts – Louisiana REALTORS
Wayne Thorburn – PSI Testing Services
Malcolm Young – Louisiana REALTORS

Commissioners Gosslee and Nugent Smith were unable to attend the meeting.

Commissioner Wolford led the Invocation; Commissioner Carraway led the Pledge of Allegiance.

PRESENTATION OF PLAQUE TO FORMER COMMISSIONER BONO

Mr. Bono was unable to attend the meeting; therefore the presentation of plaque was deferred to a later meeting date.

SWEARING IN OF NEW COMMISSIONER STEVEN HEBERT

Chairman Caffery swore in new Commissioner Steven Hebert and welcomed him to the Commission.

MINUTES

Commissioner Trapani made motion, seconded by Commissioner Stafford, to approve the minutes of the meeting of July 18, 2013. Motion passed without opposition.

Mr. Unangst recognized Mr. Wayne Thorburn and Mr. Tadas Dabsys of PSI Testing Services and thanked them for working with the Commission over the past few years. Mr. Unangst recommended that the Commission approve the extension of PSI's contract for the calendar year 2014. PSI and LREC have had a great working relationship over the course of the last contract. Commissioner Flavin made motion, seconded by Commissioner Trapani, to approve a 1 year contract extension between LREC and PSI Testing Services for the calendar year 2014. Motion carried without opposition.

Commissioner Flavin asked Mr. Dabsys about the Louisiana passing rates versus national averages. Mr. Dabsys stated that pass rates have been relatively consistent over the past years and are very consistent with the national rates.

PERSONAL APPEARANCES:

1. Alvin Cooks, Jr. – Mr. Cooks appeared before the Commission in connection with his request to obtain a real estate license.

On December 13, 2007, Mr. Cooks was convicted of illegal discharge of a firearm and driving while intoxicated, first offenses. For the offense of illegal discharge of a firearm, Mr. Cooks was sentenced to a period of two (2) years (which was suspended) and was placed on supervised probation for a period of two (2) years. For the offense of driving while intoxicated, Mr. Cooks was sentenced to serve six (6) months imprisonment (which was suspended by the courts) and he was placed on supervised probation for one (1) year. On March 14, 2012, Mr. Cooks satisfactorily completed his probation.

Mr. Cooks explained that he had a DWI charge and that his illegal discharge of a firearm occurred at his home when he shot a gun in the air in celebration. Commissioner Flavin asked Mr. Cooks if he has been in any trouble since the time of his arrest. Mr. Cooks stated that he has not been in any other trouble and that he is now off of probation.

Commissioner Flavin made motion, seconded by Commissioner Noles, to allow Mr. Cooks to sit for the real estate exam and obtain his license. After a roll call vote, motion carried without opposition.

2. Rodney Dawson – Mr. Dawson appeared before the Commission in connection with his request to obtain a real estate license.

On March 16, 1998, Mr. Dawson pled guilty to three counts of armed robbery. The court sentenced Mr. Dawson to serve ten (10) years hard labor with each sentence to run concurrent with each other. Credit was given for time served. On October 10, 2007, Mr. Dawson satisfactorily completed his probation.

Mr. Dawson stated that in 1997, he and two other friends robbed a pizza delivery man at gunpoint. He stated that he takes full responsibility for what happened. No one was hurt during the robbery and Mr. Dawson states that the gun was not loaded. He served 8 years and 8 months in prison and completed his parole. He now works as an engineer for an offshore company. He would like to obtain a real estate license to work in real estate investment. Mr. Dawson was 17 years old when the robbery occurred and he is now 34 years old. Commissioner Flavin asked Mr. Dawson if he has been in any other trouble since his arrest and release. Mr. Dawson stated that he has been in no other trouble since that time. Commissioner Noles asked Mr. Dawson if he had to go through a similar appearance process to obtain the authority to work offshore. Mr. Dawson stated that he had to similarly explain his situation to the Coast Guard and had to submit paperwork through Homeland Security.

After further questions from the Commissioners, Commissioner Carraway made motion, seconded by Commissioner Stafford, to allow Mr. Dawson to sit for the real estate exam and obtain his real estate license. After a roll call vote, motion carried with Commission Trapani voting in opposition.

3. Tyler LaBauve – Mr. LaBauve appeared before the Commission in connection with his request to obtain a real estate license.

On May 30, 2013, Mr. LaBauve pled guilty to Distribution of a Scheduled I Controlled Dangerous Substance – Marijuana. The court deferred imposition of the sentence under Article 893D and he was sentenced to three (3) years supervised probation. Mr. LaBauve is currently on probation and it is set to expire on May 30, 2016.

Mr. LaBauve stated that he was arrested for distribution of marijuana in 2011. This was his senior year of college. He stated that he made a bad decision whenever his cousin called him and asked him to transport some drugs for him. Being that his was going through a hard time financially, he made a poor decision in helping out his cousin (who had two prior drug charges). He was pulled over by a police officer and they found 8 oz. of marijuana. He stated that he has since turned his life around and no longer associates himself with bad influences. He now works for a construction company in Lafayette. He pled guilty under Article 893 and will be eligible for early termination of probation in May 2014. He has not been in any other trouble before or after his arrest. He is required to attend substance abuse evaluations and drug screenings in which he has had no problems.

After further questions from the Commissioners, Commissioner Noles made motion, seconded by Commissioner Flavin, to allow Mr. LaBauve to sit for the real estate exam and obtain his real estate license upon termination of his probation. After a roll call vote, motion carried without opposition.

4. Truitt Roberts – Mr. Roberts appeared before the Commission in connection with his request to obtain a real estate license.

On July 21, 2004, Mr. Roberts was arrested for possession of a Schedule II Substance (Hydrocodone) and carrying an illegal weapon in Grant Parish. On February 24, 2005, Mr. Roberts accepted a plea agreement. Mr. Roberts pled guilty to the charge of possession of hydrocodone and the charge of carrying an illegal weapon was dismissed. The court ordered Mr. Roberts to serve three (3) years hard labor. The sentence was suspended and he was placed on three (3) years active supervised probation.

On November 9, 2006, Mr. Robert's probation was revoked. Mr. Roberts was arrested for possession of a Schedule II Substance (Methamphetamin) and Schedule IV Controlled Substances (Alprazolam and Clonazepam) in Rapides Parish. On March 1, 2007, Mr. Roberts was ordered to serve three (3) years hard labor in Grant Parish and was given credit for the fourteen (14) days previously served. On February 12, 2010, Mr. Roberts' period of supervision was terminated.

Mr. Roberts stated that in 2007 he owned the Logan Farms Restaurant. It was there that he became caught up in the drug addiction. He lost everything he had – family, money, restaurant, etc. He stated that he attended rehab after his first arrest but that it was really jail that broke his addiction. Since his release, he has been drug tested for jobs and has not failed any of the tests. He currently works for an aluminum fabrication shop.

After answering questions from the Commissioners, Commissioner Trapani made motion, seconded by Commissioner Burns, to allow Mr. Roberts to sit for the real estate exam and obtain his real estate license upon securing a sponsoring broker. After a roll call vote, motion carried without opposition.

COMMITTEE REPORTS:

1. Budget – Commissioner Stafford stated that the Commission received an unqualified audit report from the Legislative Auditor's office, which is equivalent to a five star rating. She stated that because the Commission is finishing the year in the black, the Commission can begin to pay more on the building debt for a faster payoff. Net assets this year increased to \$370,000 while they were at \$210,000 last year.

Mr. Unangst explained that the Commission recently refinanced the building loan to a lower rate but has kept paying the same monthly bill. Building debt was reduced from \$1.2 million to \$800,000. He recommends that the Commission reduce the building debt by \$300,000. This will not change assets but will reduce cash flow. By doing this, the Commission will save \$12,000 in interest charges this year. The Commission may be able to pay off the building debt in a few years if this rate of repayment continues. Mr. Unangst warned the Commission that they may not have the same revenue next year due to reduction in CE fines, increase in retirement charges, annual merit increases, etc. Therefore, the amount that the Commission may be able

to pay in excess next year may be lower. He stated that he expects an unqualified audit again next year. Current debt service is around \$100,000 per year for additional merit increases, etc. He stated that he doesn't foresee a need to adjust fees in the next three years unless something terrible happens. Commissioner Noles asked Mr. Unangst if there was any prepayment penalty on the current loan. Mr. Unangst stated there is a 3 year prepayment penalty but no penalty for additional payments made throughout the year. Commissioner Flavin suggested that Mr. Unangst get something in writing from the bank that states there is no penalty for reducing the premium. Commissioner Burns made motion, seconded by Commissioner Stafford, to approve the application of \$300,000 payment to reduce the principle on the building mortgage. Motion passed without opposition.

Commissioner Noles requested that the discussion of the Legislative Audit Report be placed on next month's agenda.

(Attachment A)

2. Education/Research/Publication – Commissioner Trapani reported that the Education Committee met the prior day and discussed the proposed 45-hour post-licensing course developed by the Commission. It was discussed to leave the testing requirement as is for now and to revisit the testing requirement in the upcoming year. The same testing requirement will allow vendors to certify that students have taken the course and passed an exam. The same procedure will continue. The question was raised regarding whether the rule was in conflict with the law. Ms. Edwards stated that post-licensing is part of the licensing requirement and the Commission has authority to do the testing. Commissioners were given a copy of the course, the test questions, and course syllabus to review. A vote will be taken at next month's meeting to go forward with the course. Mr. Unangst explained that the course was distributed on 2 compact discs. He asked that the Commissioners review the course before the next meeting and discussion will take place on whether any changes need to be made, etc. The course can be updated at any time. The Commissioners will have the opportunity to vote any way they choose at the next meeting. Again, Mr. Unangst stated that the testing procedure will remain the same as it has for the past 5 years. The Commission will review this topic again next year after the course has rolled out.

Commissioner Noles made motion, seconded by Commissioner Burns, to approve the 2014 mandatory course as presented at the Education Committee meeting and to approve the Train the Trainer contract for Carmel Streater. Motion carried without opposition. Commissioner Noles requested that the mandatory topic be chosen earlier next year so that it can be rolled out in June of next year.

3. Legal/Legislative/Timeshare – No report.
4. Standardized Forms – Commissioner Carraway stated that salt dome language that was passed at the last meeting has now been added to the residential property disclosure form.
5. Strategic Planning – No report.
6. Errors & Omissions – No report.

DIRECTORS REPORT:

Mr. Unangst welcomed LREC new hire, Ryan Shaw. Ms. Shaw has been hired as a Public Information Officer 2. She is working on standard operating procedures for the office and will be also working on updating the newsletter, etc.

Mr. Unangst stated that he will begin his annual outreach to local boards and brokerage offices in the upcoming months. He is scheduled to visit the Monroe area on October 8th and the Shreveport area on October 23rd. He asked any Commissioner to let him know if they want their local areas/local boards/interest groups involved.

Mr. Unangst updated the Commission on the status of the building repairs and situation. He stated that all parties have come to the table and accepted responsibility. The parties are still fighting over the percentage of splits to be paid. No repairs will be completed during the busy renewal season. All sheetrock bracing in the building will have to be repaired, walls painted, etc.

PUBLIC COMMENT:

H. J. Crosby, Jr. – did not appear to discuss polybutylene pipes as on agenda.

Brent Lancaster – Mr. Lancaster stated that he is the president of Bob Brooks School of Real Estate. He stated his official position is to oppose the mandate of teaching the 45-hour post licensing course proposed by the Commission. He understands the hard work that was put in by the Commission but does not agree with the Commission mandating a course and giving it to the vendors to teach. He feels that the Commission should regulate vendors but not mandate what they should teach. He does not feel that a document should be allowed to be introduced in a public meeting but not be distributed for the public to see. Commissioner Caffery asked Mr. Lancaster to put his concerns and comments in writing so that the Commission may review. Mr. Lancaster did state that Mr. Unangst has been very open and honest in discussion and dialogue with the vendors concerning the proposed 45-hour post licensing course. He asked if there was an Education Committee meeting planned for the month of October. Chairman Caffery stated that no committee meeting has been planned and that discussion on the topic will take place in the regular business meeting.

Bob Brooks – Mr. Brooks addressed the Commission and demanded to know what motion was passed today. Chairman Caffery explained that nothing was passed in regards to the course and that the same testing process will remain in place that the Commission is currently doing. Mr. Brooks demanded again to know what motion was passed. Ms. Edwards explained that no motion was passed and that the Education Committee brought the 45-hour post licensing course topic to the Commission for full discussion. Any vote that is made on the issue will be discussed at next month's meeting after all Commissioners have reviewed the course material. Mr. Brooks refuted that too many questions are unanswered and that he will be going to the Oversight Committee once the course is approved. Chairman Caffery asked Mr. Brooks to put his concerns in writing to the Commission.

Robert Burns – Mr. Burns stated that he is an inactive real estate broker. He complemented the Commission for their respect toward one another and for the professional manner that business is conducted at the meetings. He stated that he has been to many Louisiana Auctioneer Board meetings and they do not display this level of professionalism. He stated that the Commission is violating Revised Statute 42.16.D in regards to allowing a period of public comment prior to an agenda item action. He also claimed that there was not enough specificity in agenda items. Chairman Caffery asked Mr. Burns to put his concerns in writing to Commission staff.

Burk Baker – Mr. Baker stated that he is excited about the proposed 45-hour post licensing course after reviewing the Power Point presentation at the Education Committee meeting yesterday. He agrees that independent testing is important. He feels the instructor should have to a test on the material as well. If it is worth teaching, it is worth testing. He thinks the course will be a great course. Chairman Caffery stated that he appreciated the comments and asked Mr. Baker to put his comments in writing to the Commission.

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Commissioner Flavin made motion, seconded by Burns, to approve all Stipulation and Consent Orders as presented. Motion carried without opposition. (Attachment B)

Commissioner Flavin stated that he attended the ARELLO meeting and gathered many great ideas from the meeting. He noted the recent law and rule changes of other jurisdictions for which he brought back an ARELLO report on. He asked Ms. Mire to distribute copies to the Commissioners for their review.

Mr. Unangst informed the Commission that the annual ARELLO investigator workshop will be held in Baton Rouge in October. Investigators on staff will attend and the Commission will be hosting a dinner one evening at the conference.

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

PATRICK T. CAFFERY, JR., CHAIRMAN

JAMES D. GOSSLEE, SECRETARY