

**MINUTES OF MEETING**  
**OF**  
**LOUISIANA REAL ESTATE COMMISSION**

**March 16, 2017**

The Louisiana Real Estate Commission held its regular meeting on Thursday, March 16, 2017, 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:

**COMMITTEE**

Evelyn Wolford, Chairman  
Steven Hebert, Vice Chairman  
Richman Reinauer, Secretary  
Lacy Baaheth  
Jeffrey Donnes  
Kelly Ducote  
Eloise Gauthier  
James Gosslee  
Deanna Norman  
Lynda Nugent Smith  
Patrick Roberts, Jr.

**STAFF**

Bruce Unangst, Executive Director  
Arlene C. Edwards, Legal Counsel  
Summer Mire  
Ryan Shaw  
Mark Gremillion  
Robert Maynor  
Chad Mayo  
Debbie DeFrates  
Jenny Yu  
Jeremy Endicott

**GUESTS**

Cindy Rice – RISC Insurance  
Frank Trapani – Louisiana REALTORS  
Roy Ponthier - ProEducate  
Amy Fennel – Louisiana REALTORS  
Lisa Baker – Burk Baker School of Real Estate and Appraisal  
Andrew Baker – Burk Baker School of Real Estate and Appraisal

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

## **MINUTES**

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

(Attachment A)

## **COMMITTEE REPORTS:**

1. Budget – Commissioner Reinauer reviewed the budget report with the Commissioners. He stated that the license count is up to its highest mark in 8-9 year. He stated that expenses are down across the board except for supplies, which was slightly up. He congratulated the staff on the good shape of the budget.

(Attachment B)

2. Education/Research/Publication – Commissioner Gauthier stated that the Education Committee met earlier in the morning to discuss the 2018 Mandatory Continuing Education Course.

Chairman Wolford made motion, seconded by Commissioner Nugent Smith, to make the course topic and title of the 2018 Mandatory CE Course “Risk Management”. Motion carried without opposition.

Chairman Wolford made motion, seconded by Commissioner Nugent Smith, to develop a detailed outline for the Risk Management course content and to go out for a Request for Proposal once the outline is approved. Motion carried without opposition.

Chairman Wolford made motion, seconded by Commissioner Nugent Smith, to offer the course in a live setting format as well as an online format and to require a quiz to pass the Train the Trainer course. Motion carried with Commissioner Ducote voting in opposition. The passing rate required for the quiz will be determined after the course is developed.

Chairman Wolford made motion, seconded by Commissioner Reinauer, to approve Dr. Roy Ponthier’s request to have his “Lease Essentials” course serve as a commercial alternative course to the 2017 mandatory course. Motion carried without opposition.

3. Legal/Legislative/Timeshare – Commissioner Nugent Smith stated that there is a bill being developed by Louisiana REALTORS to handle out of state brokers that are doing business in Louisiana without a license. Once the language is developed, it can be discussed further at the next meeting.
4. Standardized Forms – No Report
3. Strategic Planning – Commissioner Ducote stated that some of the Commissioners have met with SSA Consultants staff to discuss items for the strategic plan. Mr. Unangst stated that due to conflicting schedules of Commissioners, the best time to hold a strategic plan planning meeting would be following the April 20 regular business meeting.

6. Errors & Omissions – Commissioner Norman introduced Cindy Rice of RISC Insurance. Ms. Rice gave an overview of the RISC Insurance Company. She stated that RISC works with only one insurance carrier, Continental Casual Company, and that the company has developed relationships with Louisiana attorneys. Ms. Rice brought the Commissioners’ attention to the Fourth Quarter 2016 Group Policy Claims document for review. Commissioner Norman asked if there were any new issues on the rise. Ms. Rice stated that wire transfers have been a growing issue recently. Mr. Unangst asked Ms. Rice to explain team coverage. Ms. Rice stated that the policy currently includes the licensee, their spouse, and the real estate firm. She stated that RISC is adding any real estate firm or team that the licensee is associated with, which the Commission should add to the Request for Proposal (RFP) language. She cautioned against adding too many endorsements as part of the policy because it would make the RFP process much more difficult and limit responses. Ms. Rice stated that escrow disputes are a rising issue and that coverage is available to be added to the group policy. Mr. Unangst asked the Commission to consider if they would like to add escrow dispute coverage to the RFP. Ms. Rice stated that there have been requests for appraisal coverage for individuals who are not also active real estate licensees. She stated that this would need to be added in the RFP as an optional available coverage. Mr. Unangst stated that a few tweaks need to be made to the RFP: home flippers, appraisers, escrow disputes, and team coverage. Ms. Rice stated that she would also recommend upping the environmental coverage. Mr. Unangst stated that the current E&O contract is in place until the end of the year, but he would recommend getting the RFP out as soon as possible because it takes time to put everything in place. Chairman Wolford requested that Commissioners Reinaeur and Roberts serve along with Commissioner Norman on the E&O committee to get the RFP prepared.

(Attachment C)

7. Technology – Mr. Unangst stated that Mr. Endicott has accepted a position with the Division of Administration. Mr. Unangst praised Mr. Endicott’s accomplishments while with the agency and thanked him for his service.

**DIRECTORS REPORT:**

No Report

**PUBLIC COMMENT:**

None

**UNFINISHED BUSINESS:**

None

**NEW BUSINESS:**

Commissioner Robert brought the Commissioners’ attention to suggested language for Chapter 2501.F. Proposed language reads “The sponsoring broker’s telephone number(s) must be a number at which the public can reach the broker or managing broker without going through the licensee(s) listed in the advertisement.” Commissioner Roberts stated that the existing language does not clarify who the call

goes to. Commissioner Roberts stated that there needs to be a way to ensure that the sponsoring broker can be reached. Ms. Edwards stated that the proposed language is not appropriate language for a rule.

Commissioner Roberts stated that the language can be edited, but the intent is that there is a number at which an agent's sponsoring broker can be reached directly. Commissioner Hebert suggested that staff and legal counsel come up with language to address the issue and bring it back to the Commission for discussion. Commissioner Roberts would like to see a definition of "broker number" to be included in the rules.

Commissioner Hebert stated that staff should make edits to the Advertising Guidelines Checklist to clarify the intent of the existing rule. Commissioner Baaheth agrees that this is the best course of action to alleviate the issue.

(Attachment D)

Commissioner Gauthier stated that there have been questions about the requirements for brokers to open an escrow account. This was a concern that was discussed at the live broker mandatory courses that were recently held. Chairman Wolford stated that the current law states that a broker must have an account only if they take in escrow funds. Commissioner Nugent Smith stated that title companies sometimes incorrectly return the deposit to the wrong party because they do not have the full accounting of the sale.

Chairman Wolford stated that it needs to be addressed in the future because of the potential liabilities. Ms. Edwards stated that the current law states that the deposit can be held by someone other than the broker as long as it is noted in the contract. She stated that this is confusing to many sellers and they sign it without understanding. Many brokers do not feel comfortable holding escrow funds therefore they do not have accounts. Ms. Edwards stated that this would need to be clarified in the law to state that escrow deposits cannot be held by anyone other than a broker.

#### **EXECUTIVE SESSION**

None

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

---

EVELYN WOLFORD, CHAIRMAN

---

RICHMAN REINAUER, SECRETARY