

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION

May 22, 2014

The Louisiana Real Estate Commission held its regular meeting on Thursday, May 22, 2014, 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

Paul Burns, Chairman
James Gosslee, Vice Chairman
Lynda Nugent Smith, Secretary
Patrick Caffery, Jr.
Archie Carraway
Steven Hebert
Cynthia Stafford
Frank Trapani
Evelyn Wolford

STAFF

Bruce Unangst, Executive Director
Ryan Shaw
Chad Mayo
Mark Gremillion
Debbie Defrates
Jenny Yu
Marsha Stafford
Tad Bolton

GUESTS

Herb Gomez – Greater Baton Rouge Association of Realtors
Dr. Roy Ponthier – ProEducate
Jean Carraway
Jeff Welsh – Keller Williams Red Stick Partners
Brent Lancaster – Bob Brooks School of Real Estate
Rachel Lenox – Bob Brooks School of Real Estate
Bob Brooks – Bob Brooks School of Real Estate
Chris Donaldson – Donaldson Educational Services
Scott Johnson – Louisiana REALTORS
Amy Fennel – Latter & Blum, Inc.
Jeff Donnes – Donnes Real Estate, Inc.

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

MINUTES

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

COMMITTEE REPORTS:

1. Budget – Commissioner Stafford reviewed the budget report. She stated that operating revenues are down due to fewer fines levied for licensee violations. Commissioner Stafford met with Mr. Unangst to discuss looking ahead to plan for ways to bring in more income. Retirement costs are increasing by 5% and over time health insurance will increase, so plans for future revenue streams need to be discussed. In the coming months, Commissioner Stafford will

present these ideas, which will not include raising fees. LREC is saving \$10,000-12,000 on utilities due to a past Commission vote to zone the building for energy efficiency. LREC has extra income in the budget due to two vacant positions. Commissioner Stafford reminded the other Commissioners to turn in their invoices and expense reports to LREC's accounting department.

(See Attachment A)

2. Education/Research/Publication – Commissioner Hebert reported that the 2015 mandatory course topic needs to be discussed and decided upon. Commissioner Hebert requested that the other Commissioners spend some time thinking about possible topics and mentioned that LREC will include a survey in the upcoming newsletter allowing licensees to suggest topics for the 2015 mandatory course.
3. Legal/Legislative/Timeshare – Commissioner Gosslee reported that the House Bill 869 was voted on and passed by the senate with the amendments requested by the Commission. Bill has to go back for House concurrence because amendments were made.
4. Standardized Forms – Commissioner Wolford stated that feedback on current forms is being gathered from various boards and brokers throughout the state. Issues with financing section may go away because of the mandate regarding HUD statements going out within 72 hours of closing. Commissioner Wolford is hoping to schedule a Committee meeting soon.
5. Strategic Planning – Commissioner Nugent Smith stated that the committee is waiting on appointments to move forward. She stated that it may be necessary to have a meeting prior to appointments being made due to pressing issues.
6. Errors & Omissions – No report.

DIRECTORS REPORT:

Mr. Unangst requested that the Commission vote on a resolution commending recent LREC retiree Gwen Chapman.

Commissioner Stafford made motion, seconded by Commissioner Trapani, commending Mrs. Chapman and thanking her for her service to LREC. Motion carried without opposition.

Mr. Unangst reiterated that the budget discussion with Commissioner Stafford shows that LREC is in good financial standing. The revenue decline is due to a push to have licensees renew on time, which resulted in the highest on-time renewal rate in recorded LREC history.

Mr. Unangst reported that legislative auditors will be in to conduct their annual audit and that the report will be presented to the Commission in September.

Mr. Unangst introduced Mr. Jeff Donnes from Thibodaux. Mr. Donnes has been nominated for the Governor's consideration to replace current Commissioner Caffery.

PUBLIC COMMENT:

None

UNFINISHED BUSINESS:

Mr. Unangst stated that the Commissioners chose to put off voting on changes to LREC's team rules in order to gather input from licensees in their respective areas.

Commissioner Nugent Smith stated that she had several questions about team names. She stated that she believes the ultimate goal is to distinguish between the team and the broker so that the public can determine who is responsible for the team. She suggested that it might be a good idea to discuss the words portion of the new language.

Commissioner Wolford stated that she thought "associates" should not be included on the list because it does not indicate that the team is the brokerage.

Commissioner Trapani stated that we need to be careful how teams are allowed to use the term "realtor."

Scott Johnson of Louisiana REALTORS stated that NAR mandates and governs the use of the term "realtor," so there is no reason for the Commission to determine proper usage of the term.

Commissioner Hebert stated that he believes the Commission needs to give existing teams time to implement the new rules. He stated that he believes they should be allowed at least six months to comply.

Commissioner Hebert made motion, seconded by Commissioner Trapani, to adopt Chapter 19 real estate teams and groups. Motion carried without opposition.

(See Attachment B)

Commissioner Wolford moved, seconded by Commissioner Hebert, to amend the motion to delete "associates" from the list of disallowed team name terms. Motion carried without opposition.

Commissioner Nugent Smith stated that any teams who have already spent money promoting team names that contain disallowed team name terms should be allowed until January 1, 2015 to comply with the new rules.

Mr. Unangst stated that other states have given teams time to comply and that Louisiana can do the same.

Commissioner Hebert made motion, seconded by Commissioner Trapani, to allow teams time to comply with the new team rules. Motion carried without opposition.

Commissioner Hebert stated that the Commission needs to delete the portion of the existing advertising rule that requires that all licensees' names be listed on any team advertising.

Mr. Unangst stated that the new Chapter 19 rule will supersede and replace the previous rule. Director of Licensing, Mark Gremillion, stated that LREC staff will edit the existing advertising rule and present it to the Commission for a final approval.

Commissioner Trapani made motion, seconded by Commissioner Nugent Smith, to remove the portion of the existing advertising rule that requires that all licensees' names be listed on any team advertising. Motion carried without opposition.

Mr. Unangst explained the timeline for adopting the rule change following the final Commission approval.

NEW BUSINESS:

Commissioner Trapani made motion, seconded by Commissioner Gosslee, to approve the stipulation and consent orders with the exception of B until LREC legal counsel can be consulted. Motion carried without opposition.

(See Attachment C)

Commissioner Burns requested that Mr. Unangst summarize the post licensing standards agenda item.

(See Attachment D)

Mr. Unangst stated that the House Commerce Committee narrowly ruled that the Commission does not have the authority under section 1460 of the license law to mandate course content. Section 1460 directs that the Commission shall adopt standards for course content. LREC staff created 45-hour Post Licensing Standards. Part one of these standards is a content outline that live classroom vendors will be required to follow in their course development. The second part of the standards applies to content delivery of online courses.

Commissioner Gosslee made motion, seconded by Commissioner Trapani, that the 45-hour Post Licensing Standards be adopted effective September 1, 2014 and that credit shall only be granted to licensees for courses meeting these standards after that date.

Brent Lancaster, President of Bob Brooks School, commented that he has not seen these standards and that there are already standards in place. He stated that the new set of standards comes as a surprise.

After public comment period, motion passed without opposition.

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

PAUL BURNS, CHAIRMAN

LYNDA NUGENT SMITH, SECRETARY