

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

**October 19, 2017**

The Louisiana Real Estate Commission held its regular meeting on Thursday, October 19, 2017, 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**

Evelyn Wolford, Chair  
Steven Hebert, Vice Chairman  
Richman Reinauer, Secretary  
Lacy Baaheth  
Jeffrey Donnes  
Jeff Free  
Deanna Norman  
Matt Ritchie  
Patrick Roberts, Jr.  
Lynda Nugent Smith

**STAFF**

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

**GUESTS**

Norman Morris – Louisiana REALTORS®  
Amy Fennell – Louisiana REALTORS®  
Kim Calloway – Louisiana REALTORS®  
Frank Trapani- Louisiana REALTORS®  
Brent Lancaster – Bob Brooks School of Real Estate and Insurance  
Laura Lancaster – Bob Brooks School of Real Estate and Insurance  
Hannah Bass – Bob Brooks School of Real Estate and Insurance  
Lisa Baker – Burk Baker School of Real Estate and Appraising

Tim Tullos – Keller Williams Zachary Partners

Chairman Gauthier was unable to attend the meeting.

Commissioner Nugent Smith led the Invocation and Commissioner Reinauer led the Pledge of Allegiance.

### **MINUTES**

Commissioner Hebert made motion, seconded by Commissioner Donnes, to approve the minutes of the meeting of August 17, 2017. Motion passed without opposition.

(Attachment A)

### **COMMITTEE REPORTS:**

1. Budget – Commissioner Reinauer reviewed the budget report with the Commissioners, stating that it is a slow time of the year so the budget is running in the negative, which is normal for pre-renewal months. He also reviewed the allocation of splits between the Commission and Appraisers Board, which led to an increase in the Commission’s budget. After discussion, Commissioner Reinauer made motion, seconded by Norman, to approve the revised budget as presented. Motion passed without opposition.

(Attachment B)

2. Education/Research/Publication – Commissioner Norman stated that the Education Taskforce met and discussed practical experience for new licensees and how to incorporate technology to improve education. The taskforce also discussed the current course approval guidelines and whether they should be expanded to include more types of courses as core courses or elective courses.

Chair Wolford invited Mr. Lancaster to discuss his streaming course process. Mr. Lancaster stated that he has taught two Train the Trainer courses with one more to go on Monday. He thanked the Commission for allowing him to be part of the Mandatory Course process for 2018. Mr. Lancaster stated that from 2009-2012 ARELLO phased out correspondence courses. He stated that this was an issue for those individuals who live in more rural areas without schools nearby. He stated that his business started to work on a way to stream live courses to satisfy the requirements of the Commission’s laws and rules while serving those individuals in rural areas. He stated that members of the Commission staff have come to his office and tested the system. He stated that the system was approved and has been used by his business for the last four years.

He stated that he received a call from Commissioner Gauthier telling him to use his On Live format to teach the Broker Mandatory course. He stated that he taught the course after receiving approval from staff. He stated that his concern was that there may be an appearance of his business having done something wrong. He stated that his business did not do anything without approval. He stated that the one “On Live” course he taught was well received and that

he has received many requests to teach in that format again, but wanted to discuss it with the Commission first. He stated that his concern is that there are over 1,500 brokers who have not taken the Broker Mandatory course yet and that trying to teach them 30 at a time presents an issue with reaching 100% compliance.

Mr. Lancaster thanked the Commission for allowing him to explain his method and asked if there were any questions. Commissioner Baaheth asked how the course is live. Mr. Lancaster stated that there is a designated start time, a unique user ID, and monitoring systems in place to ensure that attendees are in attendance, i.e. screen prompts, emails, and phone calls. Commissioner Donnes asked Mr. Lancaster how many courses he thinks he can teach in the last two to three weeks of the year. Mr. Lancaster stated that he is planning to teach three courses in the last two weeks of the year. He stated that he has to cap the course size at 100 in order to keep the integrity of the course. Mr. Unangst stated that the entire burden is educating the remaining brokers who have not taken the course but that the Commission staff has done a good job of informing those individuals who require the course. It is the ultimate responsibility of the broker to take notice of the requirement that is being sent out.

Commissioner Reinauer stated that the Commission also needs to discuss how we got into this situation to being with. Mr. Morris stated that he felt like he needed to alert the Commission to the issue of the law stating that individuals cannot practice if they do not complete their education. He stated that this could affect agents under the broker because their licenses are not renewed if their broker does not renew theirs. Commissioner Reinauer stated that the simple solution is for everyone to complete the education. Commissioner Hebert stated that he recalled that during the discussion of whether or not to make the course live only all of the issues discussed today were addressed and the Commission decided that it was still important to have the course be taught in a live format only. Commissioner Reinauer stated that he has been pushing the course heavily in his area and is doing all that he can to reach full compliance.

Commissioner Richie asked if it would be possible to produce a hardship application that would have to be completed prior to the November meeting for review and approval by the Commissioners. Commissioner Reinauer stated that he believed that the Commission is looking for answers to something that is not yet a problem. Commissioner Hebert stated that he believed that there was already a process in place for Mr. Unangst to screen hardship applications. Mr. Unangst stated that he thought it was not a good idea to publicize the hardship process because there will be countless applications. Ms. Edwards stated that there could be legal ramifications of having one person making these decisions. She stated that it would have to be handled in a hearing process where each person looking for a hardship would have to appear before the Commission, which is not feasible.

Commissioner Roberts asked why this was even a discussion since the vote has been taken and the rules have been set and now the responsibility is on the brokers to complete the requirement.

Mr. Morris asked if the Commission was going to uphold the law that individuals who do not complete their education will not be allowed to renew. He stated that he wanted to know so that he can reach out to his members to make sure they know the ramifications of their actions. Mr. Unangst stated that Mr. Morris' reading of the law is accurate, but that it is due to the time lag in getting education records in following late-December courses. He stated that this is why

there is a check box on the renewal form where the licensee has to attest that they have completed their education. He stated that this is why the current policy as voted on by the Commission is that those brokers who do not complete the course are treated the same way as any other licensee who renews without completing their education. Ms. Edwards stated that the law does not state that you cannot renew it states that you cannot practice if your education is not complete.

Commissioner Hebert asked if the delinquent period would be handled the same way as it was for past individuals who have not completed their education. Mr. Maynor stated that this year there were 115 brokers who did not complete their education. He stated that all individuals who do not complete their education are flagged in the continuing education audit and are required to pay a fine and complete additional education.

Commissioner Baaheth stated that the only solution she sees to the issue is making the education requirement end at least 60 days prior to the start of the renewal period in order to make sure that all education has been turned in and processed before renewals. Ms. Edwards stated that this is how it is handled for attorneys. Mr. Unangst stated that the splitting of the renewal date and the continuing education deadline has been discussed and should be discussed further in the future, but that for today the discussion needs to be focused on the topic of Mr. Lancaster's "On Live" course.

Commissioner Reinauer stated that his issue is that that Commission had voted very clearly to hold the Broker Mandatory in a live-classroom format and somehow Mr. Lancaster was able to teach an online equivalent. Mr. Lancaster stated that his format has already been approved as a live equivalent for other courses in the past. Commissioner Nugent Smith asked Mr. Lancaster why he waited until September to use this format if it had been previously approved. He stated that he did not utilize his "On Live" system until Commissioner Gauthier requested that he do so. Mr. Unangst stated that Mr. Lancaster was given permission to continue with the course he had already scheduled at Commissioner Gauthier's request but not to schedule any more until he had an opportunity to have the Commission vote on the issue.

Commissioner Reinauer stated that he thinks that if the Commission had known about the live streaming issue they would have discussed it. He stated that it was never brought to his attention and he had no idea about the option. Ms. Fennell stated that the direct mailing will help, but that providing a listing of available classes and vendors where the class is being offered.

Chair Wolford stated that the continued discussion of a course that has already passed is a waste of time. Commissioner Hebert stated that if the "On Live" presentation of the course meets the Commission's standard of a live presentation course it should be allowed to fulfill the requirement of a live course.

Commissioner Reinauer made motion, seconded by Commissioner Donnes, that vendors not be allowed to offer live streaming versions of the Broker Mandatory course. Commissioner Nugent Smith suggested that the motion be amended to allow the brokers who completed the On Live course to receive credit for completing the course.

Mr. Lancaster stated that he does not believe that there will be enough seats available for all of

the brokers who have not taken the Broker Mandatory. He also stated that the motion on the floor is in direct violation of the Commission's rules. Commissioner Richie asked Ms. Edwards for clarification of the point that there is a conflict with the motion and the rules. Ms. Edwards stated the there is a conflict that can leave the Commission open to potential lawsuits. After discussion, Commissioner Reinauer withdrew his motion. Commissioner Nugent Smith asked if there was any liability for the Commission from individuals who paid to travel in to take the course because they were told that there was no alternative. Mr. Lancaster stated that he did not believe that the Commission could be held liable because of a business decision he made to not offer "On Live" until later in the year. Ms. Edwards assured Commissioner Nugent Smith that she agreed with Mr. Lancaster's statement.

Mr. Unangst stated that he believes that the Commission has made every effort to publicize the course and will continue to do so, but at this point it is time to just expect the brokers to complete the course. Mr. Morris suggested that the Commission consider sponsoring a large-venue course at locations throughout the state to ensure that there are enough seats for all brokers.

3. Legal/Legislative/Timeshare – Commissioner Nugent Smith stated that the Commissioners received an article from the Monroe newspaper regarding bandit signs. Commissioner Norman stated that the head of the Better Business Bureau sent the article to the Commissioners because not all, but some of these signs are put up by licensees. She stated that the ones that are put up by licensees are in violation of the rules. Commissioner Nugent Smith stated that the licensees who are using these signs need to be identified and fined. She stated that we need to reply to the Better Business Bureau to let them know that the Investigations Division is looking into it. Mr. Maynor stated that there would be a response and asked that anyone who see these signs turn them in to assist in the investigation.
4. Standardized Forms – Commissioner Roberts stated that Standardized Forms Taskforce met and made changes to the Property Disclosure, which are being formatted and will be presented at November's meeting.
5. Strategic Planning – Commissioner Baaheth thanked members of staff and her fellow Commissioners for participating in taskforce meetings to help form the Strategic Plan. She asked that Commissioner Norman give a recap of the Communications Taskforce meeting. Commissioner Norman stated that the Taskforce met to discuss how to reach out to the Commission's target audience. She stated that the Commission needs to be more proactive on social media and plans to engage with a media company to form a plan for how to succeed in that space. She stated that Commissioners can be helpful in this pursuit by sharing stories of interest with the staff to share on these platforms.

Commissioner Baaheth stated that the Technology Taskforce will be meeting the second week in November. She stated that the Best Practices Taskforce will meet after Commissioner Nugent Smith returns from the NAR Annual Meeting in November.

6. Errors & Omissions – Commissioner Norman asked Mr. Unangst to discuss an issue that arose with the E&O contract. Mr. Unangst stated that the policy documents have to be filed with the Louisiana Department of Insurance. He stated that upon submittal of these documents the Department of Insurance did not approve the policy due to a clause that has been in place for

years which allows backdating of policies for those that renew delinquent so that there is no gap in coverage. The policy was then filed with a policy exception and approved but Rice Insurance and Mr. Unangst are working with the Department of Insurance to correct this issue before the first of the year.

7. Technology – No report

**DIRECTORS REPORT:**

None

**PUBLIC COMMENT:**

None

**UNFINISHED BUSINESS:**

None

**NEW BUSINESS:**

Commissioner Hebert motion, seconded by Commissioner Reinauer, to approve the stipulation and consent orders for 2<sup>nd</sup> and 3<sup>rd</sup> time CE Offenders. Motion passed without opposition.

Commissioner Nugent Smith made motion, seconded by Commissioner Reinauer, to consider all Stipulation and Consent Orders: Informal Hearings together. Motion passed without opposition.

Commissioner Nugent Smith made motion, seconded by Commissioner Donnes, to approve Stipulation and Consent Orders: Case No. 2017-641: Darrell Joseph Carriere, Case No. 2017-1374: Asia Brown, Case No. 2016-388: Linda V. Larocca, and Case No. 2016-388: Lauren E. Schindler. Motion passed without opposition.

Chair Wolford asked Ms. Edwards her opinion on the compensation law regarding LLCs. Ms. Edwards stated that the law, as written, is confusing because of the emergence of teams. She said that the law states that the broker is responsible for compensation, but that it makes it difficult when there are multiple team members to split the compensation amongst. Commissioner Hebert stated that the only issue he sees is that the money cannot go to an unlicensed individual. Chair Wolford stated that she believed that this needs to be discussed with more research done and suggested that a taskforce handle this issue and make a recommendation to the Commission. Ms. Edwards stated that she needs some direction from the Commission on how they want this to work so that she can work on language. This will be referred to the Legal/Legislative/Timeshare Committee for further review and discussion.

**EXECUTIVE SESSION**

None

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

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EVELYN WOLFORD, CHAIRMAN

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RICHMAN REINAUER, SECRETARY