



BOUNDARY LINES

Second Quarter 2017 Volume 50, No. 2

Chair's Corner



As we arrive at the midpoint of 2017, I hope that everyone is enjoying a successful year. Our licensee count remains high and we expect to have official good news shortly about a cost reduction in Errors and Omissions insurance coverage for 2018. We recently bid adieu to two Commissioners, our 2015 Chairman Jimmy Gosslee from Shreveport/Bossier and Kelly Ducote from Alexandria. We thank them both for their outstanding work and dedication to the industry and public, and welcome new Commissioners Jeffrey A. Free from Bossier City, and Matt Ritchie, a former Louisiana Realtor Association President, from Alexandria.

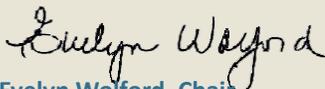
Because we are midway through the year, I would again like to remind all licensed brokers and associate brokers that the 2017 Broker Mandatory course must be taken in a live classroom format. Please do not wait until the last minute as you may have difficulty finding this course offered in the month of December. The LREC will be sending individual notifications sometime in August to those licensees for whom we have no record to date of having completed this course.

Residential agents should be aware of a 2014 Louisiana Supreme Court decision [No.2014-C-164](#) concerning Property Disclosures. Plaintiff buyers purchased a property from sellers and were provided a Property Disclosure in which the sellers, having the option of choosing "yes," "no," or "no knowledge" regarding defects, selected "no" rather "no knowledge" for each item (unless a defect was known). After completing pre-sale inspections, the plaintiffs purchased the property waiving their right of redhibition [pursuant to Louisiana Civil Code Article 2520, et seq. and Article 2541, et seq].

Following the sale, the plaintiffs hired a contractor who alleged to have found major defects in the property. Upon contact by the plaintiffs, sellers claimed that they were never in a position to know of said defects. In short, the plaintiffs then sued, claiming that they were fraudulently induced into executing a waiver of redhibition and that the waiver should be void. They contended that the sellers had the option to select "NK" or "no knowledge" but chose "N" or "no" instead.

In its ruling, the Supreme Court stated, "We do not believe that a seller can represent a thing to have no defects in order to procure a waiver of redhibition and then claim that they were not in a position to know whether there were defects or not, as alleged by the plaintiffs, while using the waiver of redhibition to require the buyer to prove actual knowledge of the defect by the seller rather merely that the thing sold contained a defect... sellers cannot avoid their representation of no defects by claiming [we really didn't know]."

The Forms Committee will be considering changes to the Property Disclosure next year when the mandated residential documents are reviewed and updated again. While the current Property Disclosure begins with the instruction, "Answer all questions to the best of your knowledge," this advice might still become problematic when your sellers respond "N" to every item on their Disclosure.


Evelyn Wolford, Chair



Left: Chairwoman Evelyn Wolford presents outgoing Commissioner Jimmy Gosslee with a plaque recognizing his years of service to the Louisiana Real Estate Commission.

Below: Gosslee addressed his colleagues and the LREC staff, thanking them for making his years on the Commission memorable.



Investigator's Desk

The Investigation Division issued 6 citations from April 1, 2017 through June 23, 2017. The list below outlines the specific violations cited. Some citations were issued for multiple violations:

1909.A. - Team Advertising Violations	1
2501.A. - Failure To Identify Listing Broker in Advertisement	2
2501.B. - Failure To Place Broker's Phone Number in Advertisement	2
2501.D. - Failure to Advertise as Licensed (Name or Brokerage)	1
2509 - Advertising Violations by Franchises	2
2515.C.4 - No Jurisdiction Shown in Website Advertisement	1



2017 Mandatory Course Topics and Requirements

The Louisiana Real Estate Commission (LREC) approved two mandatory topics for 2017. The titles of the two courses are:

Insurance Awareness and Contract Timelines – 2017 Mandatory
*Broker Responsibility - 2017 Broker Mandatory***

In 2017, as part of the annual continuing education, all brokers, associate brokers, and salespersons are required to complete the mandatory course titled, *Insurance Awareness and Contract Timelines – 2017 Mandatory*. In addition, the LREC is requiring brokers and associate brokers to complete a separate mandatory course titled, *Broker Responsibility - 2017 Broker Mandatory*. **The 2017 Broker mandatory course will only be offered in a live classroom format.** Due to the live-format requirement, the LREC recommends that brokers and associate brokers take this course earlier in the year to avoid missing available sessions and failing to fulfill their mandatory requirement.

While a salesperson will only be required to complete the four-hour mandatory course, *Insurance Awareness and Contract Timelines – 2017 Mandatory*; brokers and associate brokers will be required to complete both four-hour mandatory course topics in order to satisfy the mandatory portion of the continuing education requirement.

**** The Broker Mandatory course must be taken by all individuals holding any broker license, including qualifying brokers and associate brokers.****

IT'S NEVER TOO EARLY TO START YOUR CONTINUING EDUCATION!

With the first half of 2017 in the rearview mirror, the LREC would like to remind licensees that their annual 12-hour continuing education requirement (including 4-8 hours of mandatory courses; see mandatory article above) can be completed at any time during the year. Save yourself some time, money and added stress during the busy holiday season by completing your CE requirement in advance of the December 31, 2017 deadline or prior to renewing your license.

New Features for LREC's 2018 Group E&O Policy

The proposed 2018 Louisiana Real Estate Commission's (LREC) group policy (the 2018 Group Policy) includes some new features at a great new price. All proposed policy forms and premium rates will be subject to review and approval from the Louisiana Insurance Division. The proposed enrollment price is only \$136 per licensee (\$129 annual premium plus \$7 dollar LREC transaction fee), more than \$50 less than the current enrollment price. The LREC requested some new features for 2018, including real estate team coverage, escrow coverage, and security breach notification protection. Like the current policy, the proposed new 2018 policy includes primary residence coverage, limited environmental coverage, limited lock box coverage, limited fair housing/discrimination coverage, and limited subpoena coverage. Enhancements for the proposed 2018 Group Policy include:

- Team coverage - Many Louisiana real estate licensees are representing themselves to the public as teams. The 2018 group policy includes real estate teams in the definition of insured, so if there is coverage for a claim made against a licensee, then the policy will also insure the real estate team for vicarious liability for negligent acts, errors, or omissions in the licensee's professional services.
- Escrow coverage - Sublimits of liability for damages of \$5,000 per escrow claim, up to \$10,000 in the aggregate (the maximum per licensee for all escrow claims per policy period). An escrow claim is a claim alleging failure to pay, collect, or return escrow monies or earnest money deposits in connection with the licensee's professional services, provided that (i) the licensee has met the requirements of Louisiana real estate license law governing client funds and (ii) such funds are held separate from the licensee's funds.
- Security breach notification protection - Payment up to \$5,000 (\$10,000 maximum aggregate amount) to the real estate firm as reimbursement for costs it incurred to provide notification to individuals or entities whose confidential commercial information or non-public personal information may have been breached, used in an unauthorized manner, or disclosed, provided that policy requirements are met. Many statutes and regulations require entities to provide notice to specified persons of any actual or potential breach, unauthorized use, or disclosure of confidential commercial or non-public personal information. Note that the policy will not pay damages or defend an insured for an actual or potential breach, unauthorized use, or disclosure of this type of information.
- Environmental coverage - Increases the sublimits for environmental coverage to \$10,000 per environmental claim, \$20,000 aggregate coverage for environmental claims, including molds, spores, and fungi (up from \$5,000 per claim with \$10,000 aggregate).
- Residential ownership coverage endorsement available - The 2018 Group Policy will continue to include primary residence coverage. For 2018, individual licensees may also purchase a new endorsement to insure the sale and listing for sale of their own residential properties of 4 or fewer units, subject to certain conditions.
- Appraisal services endorsement available - Previously, individual real estate licensees who are also licensed or certified appraisers could purchase an appraisal endorsement to insure their appraisal services. The appraisal endorsement has been amended for 2018 and will also be available to Louisiana licensed or certified appraisers without an active Louisiana real estate license.

Rice Insurance Services Company, LLC will continue to administer the Louisiana program. The Rice family and their colleagues have specialized in mandated real estate E&O programs since 1989. They provide group policies in 11 of the 13 states that have group programs and require licensees to maintain insurance. The insurance carrier is Continental Casualty Company, a CNA company. More information for the 2018 Group Policy will be posted on www.risceo.com in the near future.



From the Desk of the Executive Director

Commission members will formally approve the LREC budget for fiscal year 2017-18 at their July meeting. Once again, there will be no increase in either new or renewal license fees.

In addition, your Commission re-bid the state mandated Errors & Omissions insurance coverage and awarded next year's plan coverage to Rice Insurance Services, LLC at a reduced cost of \$136 for expanded coverage. Starting January 1st, this represents a reduction of over 28% from the current year cost of \$190.

"While the cost of everything from groceries to technology has been trending upward and putting a financial squeeze on many of our licensees, I am grateful to work with dedicated Commissioners who are committed to sound fiscal control," stated Executive Director Bruce Unangst.

For more details on the new E&O policy, effective January 1, 2018, please see the article on the previous page.

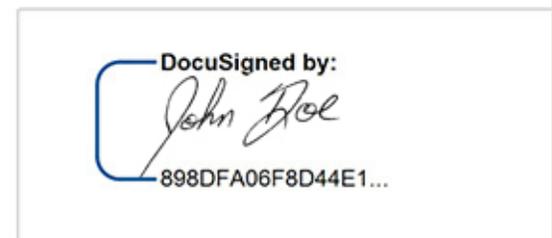
Licensing

Does the LREC Accept Electronic Signatures?

With electronic signatures becoming more prevalent every day, the LREC staff is often asked "can I DocuSign that form?"

The short answer is "yes!" It is important to note that, while the LREC will accept them, electronic signatures must include the "logo/verification" on the signature. If the document is sent in without the verification logo for the signature and it looks like the document was signed using only a signature font, the LREC will not accept the signature as valid.

Signature Style



How Do I Transfer to a New Broker?

When an agent decides to transfer from one broker to another, they must fill out both the [Request to Transfer License to New Broker](#) form **and** the [Termination of Sponsorship](#) form. The LREC cannot process a broker transfer without both of these forms.

While the most common mistake licensees make is sending in only one of the forms, incomplete or incorrect forms are also an issue that can delay a licensee's transfer. Before sending in your forms, stop to make sure that you have filled the form out correctly, including putting the correct name and license number in the appropriate places on the form.

One common error made on LREC forms is listing an individual as your sponsor when you work for a company. If you work for a licensed company, you must list the company as your sponsor. Errors on forms will cause a delay in processing which could leave a licensee without a sponsor for days resulting in the inability to practice real estate!

Tech Tip

LREC Sponsored E-mail Auto Forwarding Reminder: As many of you know, LREC issues e-mail addresses to all licensees. This e-mail account is used to communicate important topics and dates to licensees on a reoccurring basis. If you need a refresher on how to look up your password and/or auto-forward the LREC e-mail to your personal or work e-mail, please follow the link below:

<http://www.lrec.state.la.us/files/elearningemail/new/index.html>

Follow us for updates



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