



# BOUNDARY LINES

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## Chairman's Corner



Under the leadership of Chairpersons Lynda Nugent Smith and Evelyn Wolford, the LREC Strategic Planning Committee will be rolling out our new Strategic Plan in March. This planning document will guide the focus of your Real Estate Commission over the next few years in striving to be your tech-savvy and responsive regulatory body committed to protecting consumers and serving our stakeholders.

A sneak preview of a few critical topics in this plan:

- Embark on a comprehensive review of Louisiana License Law, Law of Agency, and Commission Rules and Regulations to bring regulatory capabilities into the electronic age.
- Upgrade LREC internal technology to move to the cutting edge of mobile app technology.
- Consolidate and streamline content and delivery of salesperson and broker licensing courses, as well as update the scope of continuing education.
- Provide specific training for LREC staff to foster more responsive and courteous service to those we regulate and serve.

I will be working with my fellow Commissioners over the next few months on tackling the challenges of implementing the positive changes called for in this plan. This process cannot totally succeed unless you let our staff and your commission representative know your thoughts and ideas. Check out our website next month to read a copy of this plan!

Look forward to hearing from you!

Sincerely,

**Chairman James Gosslee**

# DON'T LOSE YOUR LICENSE OR GET FINED

If there was a problem with your submitted renewal you were issued an "Important Notice" outlining the needed action to complete the renewal. These notices are mailed to the address on file and if applicable a copy is sent to your sponsoring broker. You must respond to the important notice or your renewal will not be complete.

Chapter 9 of the LREC Rules and Regulations states that *It shall be the responsibility of the individual licensee, registrant, or certificate holder to ensure that the renewal of an individual license, registration, or certificate has been fully completed and timely submitted to the commission with the required fees. (§901. A)*

It is also important for any active licensee who renewed on or after January 1, 2015 to complete a **Delinquent License Renewal Declaration And Acknowledgement** and submit this document to the LREC. You must submit this document for your renewal to be considered complete.

If your license status is "SPONSOR NOT RENEWED," your license has been renewed but you cannot practice real estate because your sponsoring broker or the qualifying broker of a company license has not been renewed. Contact your broker to make sure all licenses are renewed or transfer to a new broker.

As of February 20, 2015 there were 496 licensees who fall into one or more of the scenarios above. Be sure to check your status!

## Deadline to Renew Approaching

As of February 20, 2015 there were 1,621 licenses that had not been renewed for 2015. Over the last five years the number of licensees who do not renew their license averages 8%. This percentage comes from retirements, deaths, personal reasons and forgetfulness. Forgetting to renew can be an extreme burden for someone who did not want to lose their license.

The LREC License Law states that *The period for delinquent renewal of an expired license or registration shall be limited to the three-month period immediately following the expiration date of the active/inactive license or registration. Failure to delinquently renew an expired license or registration during this three-month period shall result in a forfeiture of renewal rights and shall require the former licensee or registrant to apply as an initial applicant and meet all requirements of an initial applicant. (§1442)*

Check your status to make sure you are renewed!

## Investigator's Desk

### January 2015 Citations

The Investigation Division issued 8 citations from January 1, 2015 through January 31, 2015. Some citations were issued with multiple violations. The list below outlines the specific violations cited:

2501.F - Failure to include the name and telephone number of the sponsoring broker	2
2509 - Failure to disclose to the public that the brokerage is independently owned and operated in all advertising	2
2515.C.3 - Failure to identify the City, State, Country in an internet advertisement	1
2515.C.4 - Failure to include the regulatory jurisdiction(s) in which the broker holds a real estate brokerage license	5

# Records Inspections to Verify Compliance

## Broker Responsibility - Record Retention

The LREC Investigative Division conducts numerous records inspections throughout the course of a year. While most records inspections are conducted in conjunction with an active investigation, the licensing law provides the commission authority to inspect a broker's records and to subpoena records.

The rules and regulations of the commission require that brokers maintain the following records for a period of 5 years: bank statements, copies of deposit slips, and canceled checks on all escrow or trust accounts and copies of all documents, which in any way pertain to real estate transactions wherein they or licensees sponsored by them have appeared in a licensing capacity. Maintaining digital files for 5 years is acceptable.

Chapter 27 of the rules and regulations of the commission requires that the sponsoring broker be an authorized signatory on every escrow account and states that they are responsible for the proper maintenance and dispersal of any funds contained therein.

When an inspection is conducted at a broker's office the following documents are examined by an investigator:

- 12 months of bank statements for the Sales Escrow Account (and, if applicable, the Rental Trust Account and Security Deposit Trust Account)
- 12 months of bank deposit slips for the escrow accounts
- 6-12 months of closed files
- All pending sales files
- Listing agreements and property management agreements, purchase agreements and lease agreements, property condition disclosure forms, agency disclosure forms and dual agency consent forms, and any additional documents pertaining to transactions

An investigator will determine compliance by reviewing files to determine:

- Current mandatory forms (residential purchase agreement and property condition disclosure form) are utilized
- Contracts are properly annotated with the time and date as to when the offer was delivered to the listing agent, when the offer was presented to the seller and when signatures of the principals were affixed
- Appropriate agency disclosure forms and dual agency consent forms are utilized and annotated
- Brokerage has the owner's written authorization to represent property for sale or lease
- Escrow bank reconciliation to verify that escrow funds were collected, deposited, and disbursed in accordance with the rules and regulations

The LREC Investigative Division has the authority to issue citations during a records inspection. If serious deficiencies are revealed during the inspection, a recommendation is made to open a formal investigation to handle violations through formal adjudicatory proceedings.

# Coming Soon Advertisements and Pocket Listings

Over the past several weeks the Louisiana Real Estate Commission has received a number of inquiries concerning the marketing of properties not listed in the MLS and the use of the phrase “coming soon” in advertisements.



While some licensees believe using the phrase “coming soon” in advertisement to be unethical or illegal, it is not a violation of the Commission’s laws and rules. Licensees wishing to use the phrase “coming soon” in advertising and marketing material must adhere to the following Commission law and rules:

First the broker or brokerage advertising a property in this manner must have written authority from all property owners. Salespersons and associate brokers may be given authority by their sponsoring broker to advertise in this manner; however, this advertising must be done under the direct supervision of and approved by the broker.

These advertisements must also comply with Chapter 25 of the Commission’s rules and regulations.

***Do you have written authority to advertise the property and is your broker aware of your “coming soon” advertisement or the “pocket listing” you have?***

Second the licensee placing the advertisement or not placing the property in the MLS needs to properly inform the seller of this. Licensees who fail to properly inform their sellers may be charged for making false representations to their respective party.

***Is your seller fully aware of how you intend to market their property?***

Last as a licensee you must present any and all written offers to the sellers for their consideration immediately and without delay. Licensees often believe that because the property is not listed in the MLS they are not obligated to forward written offers to their sellers; this is absolutely false. The seller has the right to receive and review any offer on their property.

***Does your seller know about any and all offers you received?***

To view the rules on advertising click [here](#).

To view the rules on presentations offers and counter offers click [here](#).

To view the 35 ways to lose your license click [here](#).

## Tech Tip

Due to the recent uptick in hacked e-mails throughout the real estate community, here are a few tips for preventing future breaches:

- Make sure to use a unique and secure password for each account that you have.
- Ensure that your passwords are more complicated than “12345, etc”. Use a combination of case sensitive letters, numbers, and characters (#%\$) to increase security.
- Regularly update and perform scans with anti-virus and malware software.
- Never open an e-mail that seems suspicious, even when it is from someone you know! Some signs to look for are vague messages in the subject and body of the e-mail, attachments that seem suspicious, and links that lead to unrecognizable websites. It doesn't hurt to reach out to the person that sent the e-mail to confirm that it is safe.

Nothing is ever fail proof when it comes to e-mail security but these steps should provide you with extra protection. Better safe than sorry!

## Follow us for updates



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