



# BOUNDARY LINES

First Quarter 2016 Volume 49, No. 1

## Chair's Corner



### 2016: What's Next?

Kudos to our immediate past Chair, James Gosslee from Shreveport. His leadership is greatly appreciated as 2015 brought some much needed revisions to some of our real estate laws, rules, regulations and educational processes along with a new strategic plan, providing us with a path to the future.

Thanks also go out to Commissioner Archie Carraway for his years of service on the LREC as a representative of Congressional District 5. Recently appointed to represent that district is new Commissioner Deanna Norman from Monroe, LA. There are sure to be some additional new commissioners appointed this year as some other terms are ending. We will keep all posted as new appointments are confirmed.

Looking ahead, there is much work to be done. With ever-changing technologies and business models for the public and licensees, no doubt there will be changes in the way we buy, sell, and do business. Of course, we also have a new governor and some interesting governmental challenges that could mean even bigger issues to consider.

Reports of confusion and unclear understandings of our Agency Law continue to surface. It is important to remember our responsibilities to those we represent in any transaction. The entry of new broker business models seems to be causing some angst, both with licensees and the public. Specifically, limited service brokers/agents representing sellers often direct cooperating licensees to contact the seller directly for showings. Beyond that initial contact with the seller, especially if a transaction results, things can get murky.

For instance, if the seller's representative is remote and services don't include personal contact, the agent representing the buyer must be very careful in dealing directly with the seller. Many sellers have questions. One on one, in person contact often surfaces during showings, inspections and appraisals thus providing a seller's contact with Buyers Agents that can lead to Agency issues. So, be careful out there when dealing directly with sellers and avoid being put in a position of vulnerability or being seen as rude. Sales agents are by nature "helpful" and want to be liked. But this can lead to inadvertently providing information (either to the seller or about the buyer) that could be interpreted as a breach of your fiduciary relationship with the buyer and potentially used as a basis for an E & O claim.

Lynda Nugent Smith, Chair

# Meet Your New Commissioner

Deanna J. Norman is an Associate Broker with DB Real Estate, Inc. in Monroe, La. Born and raised in Shreveport, La., Norman moved to Monroe in 1984 to attend Northeast Louisiana University (ULM). She studied nursing and real estate & insurance until she acquired her real estate License in 1986. At the age of 23, Norman obtained her broker license, and she has sold residential real estate in the Monroe and West Monroe areas for 29 years.

Norman has held various positions within the Northeast Louisiana Association of Realtors (NELAR) and Louisiana REALTORS®. She married Ralph T. “Chip” Norman III in 1985 and has a daughter and son in law.



*Chairman James Gosslee swears in Deanna Norman.*



*Above: Incoming Chair Lynda Nugent Smith presents outgoing Chair James Gosslee with a plaque to recognize his service to the commission.*

*Below: Retired Baton Rouge City Court Judge Darrell White presents Chair Lynda Nugent Smith and commissioner James Gosslee with a Bible. Judge White, who is the founder and president of the nonprofit group Retired Judges of America, says that the tradition of gifting a Bible began in 1906 when U.S. Justice John Marshall Harlan gave the “Harlan Bible” to the U.S. Supreme Court.*

*In keeping with the tradition of the “Harlan Bible,” every member of the commission will sign the Bible’s flyleaf after being sworn in.*





## 2016 Mandatory Course Topics

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established the CFPB. Since then, the CFPB's duties have grown to include the following:

- Write rules, supervise companies, and enforce federal consumer financial protection laws
- Restrict unfair, deceptive, or abusive acts or practices
- Take consumer complaints
- Promote financial education
- Research consumer behavior
- Monitor financial markets for new risks to consumers
- Enforce laws that outlaw discrimination and other unfair treatment in consumer finance

### Important Acronyms:

**CFPB:** Consumer Financial Protection Bureau

**TILA & RESPA:** Truth in Lending Act & Real Estate Settlement Procedures Act

**TRID:** TILA-RESPA Integrated Disclosure

To better help licensees in Louisiana understand how the CFPB impacts their work, two of the three LREC-approved, four-hour mandatory courses cover this topic.

Licensees who have already taken a course on the CFPB can opt to take a course on the Law of Agency instead. Many licensees have not reviewed the Law of Agency since their pre-licensing course.

For those who would like to review both topics, a combination course will also be accepted to satisfy the 2016 mandatory requirement.

Any of the courses below will fulfill the 2016 mandatory requirement:

- CFPB & You – 2016 Mandatory
- CFPB & Agency – 2016 Mandatory
- Agency – 2016 Mandatory

## Quadrennial Ethics

Completion of a course in quadrennial ethics is not a requirement for license renewal; rather, it is a requirement implemented by the REALTOR® organization for its membership. Questions regarding your fulfillment of this requirement must be addressed by your local board or Louisiana REALTORS®. The LREC does not track this course and cannot assist you with this information.

While the LREC will accept a quadrennial ethics course toward the 12-hour continuing education requirement, it must be completed through a vendor whose course has been approved by the LREC. Under no circumstance, however, will quadrennial ethics fulfill the 4-hour mandatory topic requirement.

# Licensing

## 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, 2016 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 16, 2016 there were 420 licensees who fall into one or more of the scenarios above. Be sure to check your status!

## Deadline to Renew Approaching

As of February 16, 2016 there were 1,990 licenses that had not been renewed for 2016. 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 Louisiana Real Estate License Law provides 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!

## Broker's Responsibility

As a broker, it is your responsibility to ensure that all of your sponsored licensees have renewed their licenses.

The quickest way to check is by using the [Licensee Search](#) feature on the LREC website. To complete this search, follow these steps:

- Type your company's name into the Brokerage Firm or Trade Name box
- Click Submit Search
- Select your company from the list of results
- Click on "Click Here For A List Of Sponsored Licensees"
- Check your licensees' license status

Any licensee not listed as "ACTIVE" has not renewed and needs to contact the LREC in order to renew their license.

# E&O “Tail Coverage”

Most real estate Errors & Omissions (E&O) policies are claims made and reported policies. Under a claims made and reported policy, the policy that applies to a claim is the one in effect when the claim is first made. For the policy to apply, the claim must arise and be reported in writing during the individual policy period or any applicable extended reporting period (ERP).

ERPs, also referred to as “tail coverage,” allow the policy to apply to claims that arise after the policy’s expiration or cancellation date and during the ERP. If a claim arises after the policy has expired and there is no ERP in effect, then there will be no coverage to apply to the claim, even if the licensee had insurance in effect when the professional services were rendered. ERPs are important, because many E&O claims arise years after the professional services were provided.

The LREC group policy provides a 90-day automatic ERP if a licensee doesn’t renew coverage under the group policy because the licensee’s license is retired, inactivated, or expired. The group policy also provides 1, 2, and 3 year optional ERP endorsements for licensees who choose not to renew coverage under the group policy for any reason. An ERP endorsement extends the policy to apply to claims that arise 1, 2, or 3 years after the policy’s end date. Under the group program, ERP endorsements must be purchased within 90 days after the policy’s end date. **If you are insured outside of the LREC group program and choose not to renew coverage, contact your provider for more information about any available ERPs.**

## Investigator’s Desk

### January - February 2016 Citations

A salesperson in Houma was issued a citation for failure to provide all parties with an agency disclosure pamphlet or dual agency form, in violation of L.S.A.-R.S.37:1455.A.(21) of the Louisiana License Law. The licensee was ordered to pay a fine of \$150 as a result of the violation.

A broker in Lafayette was issued a citation for failure to maintain documents for a period of five (5) years, in violation of L.S.A.-R.S.37:1449.D of the Louisiana License Law. The licensee was ordered to pay a fine of \$225 as a result of the violation.

A salesperson in Denham Springs was issued a citation for failure to advertise with the licensed name on file with the commission, in violation of Chapter 25, Subsection 2501.D; Failure to include the city, state and regulatory jurisdiction in which her broker holds a license in her internet advertising, in violation of Chapter 25, Subsection 2515.C 3 & 4. The licensee was ordered to pay a fine of \$75 as a result of the violation.

A salesperson in Greenwell Springs was issued a citation for failure to include the city and state and regulatory jurisdiction in which his broker holds a license, in his email communication, in violation of Chapter 25, Subsections 2515.D 3 & 4. The licensee was ordered to pay a fine of \$75 as a result of the violation.

A salesperson in Madisonville received a citation for failing to include the telephone number of the sponsoring broker while advertising on the internet; failed to include the city & state in which the broker’s main office or branch office is located, in violation of Chapter 25, Subsection 2501.F. & 2515.C.3. of the Rules and Regulations of the Commission. The licensee was ordered to pay a fine in the amount of \$75.

## Citations continued

A broker in Metairie was issued advertising citation for failing to include the name as registered with the Commission, in violation of Chapter 25, Subsection 2501.D. of the Rules and Regulations of the Commission. The licensee was ordered to pay a fine in the amount of \$75.

A salesperson in New Orleans was issued advertising citations for failing to include the telephone number of the sponsoring broker, in violation of Chapter 25, Subsection 2501.F. of the Rules and Regulations of the Commission. The licensee was ordered to pay a fine in the amount of \$75.

A salesperson in Houma was issued a citation for failing to annotate time and date on an offer that was received and presented in violation of Chapter 39, 3901.B. of the Rules and Regulations of the Commission. The licensee was ordered to pay \$75 as a result of the violation.

A salesperson in Houma was issued a citation for failing to annotate the date and time the sellers countered an offer, in violation of Chapter 39, 3901.C. of the Rules and Regulations of the Commission. The licensee was ordered to pay \$75 as a result of the violation.

A broker in Slidell was issued advertising citations for failing to include the name as licensed on record with the Commission and failing to include the city and state in which the broker's main office or branch office is located, in violation of Chapter 25, Subsection 2501.D. & 2515.A.2. of the Rules and Regulations of the Commission. The broker was ordered to pay a fine of \$75 as a result of the violation.

A salesperson in Terrytown was issued a citation for failing to annotate the date and time the sellers countered an offer, in violation of Chapter 39, 3901.C. of the Rules and Regulations of the Commission. The licensee was ordered to pay \$75 as a result of the violation.

A salesperson in Broussard was issued a citation for including the term "realty" within their real estate team, in violation of Chapter 19, 1901 of the Rules and Regulations of the Commission. The licensee was ordered to pay \$75 as a result of the violation.

A broker in Shreveport was issued an advertising citation for failing to include the city and state of main office and the licensing jurisdiction in an advertisement they placed, in violation of Chapter 25 Subsection 2515 A. 2 & 3 of the Rules and Regulations of the Commission. The licensee was ordered to pay \$75 as a result of the violation.

A salesperson in Lake Charles was issued an advertising citation for failing to include their broker's telephone number in an advertisement they placed, in violation of Chapter 25 Subsection 2501 F. of the Rules and Regulations of the Commission. The licensee was ordered to pay \$75 as a result of the violation

A salesperson in Kenner was issued a citation for failing to provide an agency disclosure form to a party in a real estate transaction, in violation of L.S.A.-R.S.37:1455.A.(21) of the Louisiana License Law. The licensee was ordered to pay a fine of \$150 as a result of the violation.

A salesperson in Lake Charles was issued a citation for failing to provide an agency disclosure form to a party in a real estate transaction, in violation of L.S.A.-R.S.37:1455.A.(21) of the Louisiana License Law. The licensee was ordered to pay a fine of \$150 as a result of the violation.

A salesperson in Deridder was issued an advertising citation for failing to include her broker's name and telephone number in a Facebook advertisement she placed, in violation of Chapter 25 Subsection 2501 F. of the Rules and Regulations of the Commission. The licensee was ordered to pay \$75 as a result of the violation.

# Tech Tip

With renewal season drawing to an end, there are some licensees who have renewed their licenses delinquent and are in need of a delinquent affidavit. In order to access a personalized affidavit online from our home page, click on:

Licensing -> Licensee Search

When on the search page, you can simply search by your name (all search fields are not required). Once you see your name in the results, click on the link that brings you to the detailed results page for your license.

Under "License Status Reason", you will see a link that says "Print Delinquent Affidavit." Click on that link and print the resulting page for a personalized affidavit. (Ctrl+P will bring up your printing prompt when you are on the affidavit page).

If you have any questions, feel free to e-mail [info\\_IT@lrec.state.la.us](mailto:info_IT@lrec.state.la.us).

## Follow us for updates



## Commissioners & Contributors

**Lynda Nugent Smith (Metairie)**  
Chair

**James Gosslee (Shreveport)**  
Commissioner

**Evelyn Wolford (New Orleans)**  
Vice Chair

**Deanna J. Norman (Monroe)**  
Commissioner

**Steven Hebert (Lafayette)**  
Secretary

**Richman Reinauer (Lake Charles)**  
Commissioner

**Paul Burns (Baton Rouge)**  
Commissioner

**Cynthia Stafford (Gonzales)**  
Commissioner

**Jeffrey Donnes (Thibodaux)**  
Commissioner

**Stephanie Boudreaux**  
Managing Editor

**Frank Trapani (Kenner)**  
Commissioner

**Kelly Ducote (Alexandria)**  
Commissioner

**Ryan Shaw**  
Editor

**Bruce Unangst**  
Executive Director