

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE COMMISSION
MAY 19, 2011

The Louisiana Real Estate Commission held its regular meeting on Thursday, May 19, at 10:30 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

Frank Trapani, Chairman – arrived at 10:47 a.m.
Tim Flavin, Vice Chairman
Patrick T. Caffery, Jr., Secretary
Mike D. Bono
Paul Burns
Archie Carraway
James Gosslee
Judy Songy – left at 11:30 a.m.

STAFF

Bruce Unangst, Executive Director
Arlene C. Edwards, Legal Counsel
Mark Gremillion
Robert Maynor
Chad Mayo
Summer Mire
Al Rowe
Ivy Stringer
Sara Wheeler
Jenny Yu

GUESTS

Burk Baker
Chris Donaldson

Meeting began at 10:40 a.m.

Commission members Gretchen Ezernack and Cynthia Stafford were not present for the meeting.

Commissioner Songy led the Invocation and asked for prayers for the family of R.C. McCormick; Commissioner Burns led the Pledge of Allegiance.

Commissioner Songy made motion, seconded by Commissioner Burns, to approve the Minutes of Meeting of April 21, 2011, as written and circulated. Motion passed without opposition.

PERSONAL APPEARANCES:

1. Luria Young – Ms. Young appeared before the Louisiana Real Estate Commission in connection with her request to sit for the real estate sales exam.

On July 22, 1998, Ms. Young pled guilty to the use of a telecommunications facility, narcotics distribute. For this offense, Ms. Young was sentenced to two (2) years probation with standard conditions, and ordered to pay a fine of \$50.00 for a special assessment pursuant to 18 USC 3013. Her probation ended in 2000.

After answering Commissioner's questions, Commissioner Songy made motion, seconded by Commissioner Bono, to allow Ms. Young to sit for the real estate sales exam. Motion passed without opposition.

COMMITTEE REPORTS:

1. Budget – Al Rowe presented the budget as printed. Next month's budget report will be a budget revision and will need approval at next month's meeting.
(Attachment A)
2. Education/Research/Publication – Commissioner Caffery stated the special committee on education met prior to the business meeting and the meeting was very productive. The committee agreed to not accept the five classification categories but to consider them with the 20 subcategories provided by Mark Gremillion. The educators of the committee and Dr. Kelley Pace will gather information for a functional specification outline for the next meeting. There was no consensus on how long courses will be approved for and will be discussed at the next meeting.
3. Legislative/Legal/Timeshare – Commissioner Flavin referred his report to Commissioner Burns, chairman of the Advertising Subcommittee. Commissioner Burns stated that the Advertising Subcommittee met on Wednesday before the meeting and reviewed the advertising guidelines. The committee meeting will continue before June's business meeting. Commissioner Burns asked that participation from all Commissioners take place as it is vital to have input from the entire Commission on a critical issue such as advertising.
4. Standardized Forms – Commissioner Carraway stated that there was no report. Commissioner Caffery commented he felt there was an issue with the survey section of the mandatory buy/sell agreement where there is no language that stated who would pay for the survey. He feels that it should be discussed the next time revisions are considered. Commissioner Trapani stated that another issue that was brought to his attention was the issue of Chinese drywall on the property disclosure form. He feels there needs to be a mediation section on the form and be discussed at the next Standardized Forms Committee meeting.
5. Strategic Planning – Commissioner Caffery stated that the Special Committee on Education met this morning and are carrying out its part of the strategic plan.
6. Errors & Omissions – Commissioner Songy stated that she has been discussing the errors and omissions insurance policies with Mr. Unangst and Commissioner Bono. There are only two major companies and both are underwritten by CNA. There is an option to renew with RICE at the same price for two years. Only one company has inquired about possible bids for the group policy. Commissioner Songy feels that if we do not renew the option, we run the risk of not receiving new bids and losing the current price of the RICE contract. A letter should be received by RICE in July and the committee feels that the Commission should wait for the letter and then exercise the option to renew. The current price for errors and omissions per licensee is \$184.00 per year. Commissioner Bono noted that both Hartford and Travelers have discontinued coverage in Louisiana. Mr. Rowe stated that a contract must be in place by October 1, 2011. Any policy that a licensee obtains in place of the group policy must be comparable to the group policy offered by the Commission, including portability. The Commission discussed the possibility of requiring tail coverage. Cindy Rice Grissom has offered to attend a Commission meeting to discuss the coverage with Commissioners. It was recommended to wait until after receiving the letter in July. Commissioner Flavin would like to review other states requirements for minimum coverage.

Commissioner Songy gave a short report from the ARELLO meeting she attended at NAR. Short sales discussion was a major topic. Unlicensed individuals are charging a fee to handle short sales for banks. Brokers need to be made aware that they are not allowed to pay entities real estate fees unless they are licensed. Commissioner Burns discussed the issue of agents using the website, Groupon, to sell real estate services valued at \$2000 for the price of \$500. The question is whether this would be considered a prepaid real estate service and by paying Groupon for the service is this considered paying an unlicensed entity? Commissioner Songy stated that many people at the ARELLO meeting felt that this was a RESPA violation. Ms. Edwards will report at the next meeting with her opinion.

DIRECTORS REPORT:

Mr. Unangst proposed to the Commission a formal resolution that the Commission would sign at next month's meeting in honor of longtime employee, R.C. McCormick. The resolution would be framed and given to his family. Commissioner Trapani commented on his time working with Mr. McCormick.

Mr. Unangst gave a report on the building in which he stated that the architect and contractor have proposed that drainage be installed in the rear of the building to alleviate the problems. Mr. Unangst would like to receive permission from the Commission to hire a forensic engineer to receive a second opinion. Commissioner Gosslee made motion, seconded by Commissioner Flavin, to allow Mr. Unangst to hire an engineer. Motion passed without opposition.

Mr. Unangst summarized the work being done over the past six months on the strategic plan:

- Information Technology – IT problems with PayPoint and CAVU are under control, proposals for a new website have been received; job posting to fill the Information Technology Liaison Officer is underway.
- Communication – Outreaches have been attended by Executive Director and Commissioners, newsletter has started being distributed monthly.
- Advertising & Education - Committees have been appointed to advertising guidelines and education.

Commissioner Trapani commented that the New Construction Addendum needs corrections with the line references and also needs to be posted on our website and Louisiana Realtors.

EXECUTIVE SESSION – Commissioner Caffery made motion, seconded by Commissioner Carraway, to move meeting into executive session to discuss organizational issues. Motion carried without opposition.

PUBLIC COMMENT:

None

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Commissioner Burns made motion, seconded by Commissioner Caffery, to grant the Executive Director a monthly salary increase for expense allowances. Motion carried without opposition.

Commissioner Carraway made motion, seconded by Commissioner Burns, to approve the stipulations and consent orders in the cases indicated in their memorandum dated May 10, 2011. Motion passed without opposition. (Attachment B)

There being no further business, Commissioner Burns motioned to adjourn meeting, seconded by Commissioner Caffery. Motion passed without opposition.

FRANK TRAPANI, CHAIRMAN

PATRICK T. CAFFERY JR., SECRETARY

