

2012 Calendar

GREC Brokerage Course & Trust Accounts Class

Dates:

- November 27 & 28, 2012
GIRE
learningrealestate.com
- December 10 & 11, 2012
Carpet Capital
www.usamlis.net/dalton

Common Violations Class

Dates:

- December 6, 2012
DeKalb Board
770-493-6100
- December 10, 2012
Lake Country Board
706-453-0823
- December 11, 2012
Metro South
770-477-7579
- December 14, 2012
GA Institute of RE
learningrealestate.com

GREC Annual Schools Meeting and Advanced Instructor Training

- November 29 & 30, 2012
Athens, GA

[Click here to see GREC Disciplinary Sanctions](#)

Georgia Real Estate
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Atlanta, GA 30303-1605
Phone 404-656-3916



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Think Like a Buyer

In an environment of uncertainty or a slow economy buyers are sometimes reluctant to make a decision. The real estate professional is often the catalyst that makes a real estate transaction happen. By not only matching the property and the seller with the buyer, the real estate licensee can facilitate the process by providing enough of the right information to help the buyer make a decision.

Although each property is unique, many real estate licensees specialize in one or two specific types of property and are able to determine what information is pertinent in order to market their listings effectively.

When taking a new listing, be sure to assemble, organize, and make available to potential buyers the data necessary to analyze the property on a preliminary basis. The more you know about your listing, the more you can market to your potential buyers. Try to make it easier for the buyer to say, "Yes, this is the one", or

at least make it easier for the buyer to actually make a decision.

For example, a licensee with a listing on an income property must think like an investor when developing a marketing plan. Purchasers of income producing property require actual and/or projected income numbers and detailed expense numbers to enable them to calculate their version of their required minimum rate of return. Existing mortgage information and financing are also of major consideration when marketing those listings.

Although investors typically verify data in a feasibility period, if the licensee provides the basic information in an easy to interpret format, the information provided by the license will entice the buyer to act more quickly in making a decision to make an offer. A checklist suitable for specific property types can be very helpful. However, the licensee needs to be careful to provide information, not advice, to the customer.

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Disclosure

Disclosure is a required element of the information provided on a listed property. As a general reminder, BRRETA (in addition to the License Laws, Rules and Regulations) requires licensees to disclose "to the buyer adverse material facts of which the broker has actual knowledge concerning the transaction" in addition to "advising the buyer to obtain expert advice as to material matters which are beyond the expertise of the broker."

Consider these examples of issues that must be disclosed:

1. Knowledge of the subject property previously being used as a land fill or the existence or history of a land fill next door.
2. Lead based paint disclosure on residential properties built prior to 1978; this includes commercial properties such as apartment buildings.

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Online Courses from GREC

\$10 each
3 Hour CE Course
Total of 9 Hours CE Available

“Avoiding Trust Account Trouble”

“Practicing Real Estate & Staying Out of Trouble”

“Being a Broker and Staying Out of Trouble”

[Click Here](#)



Comments or Suggestions
[Click Here.](#)

To sign up to receive the
 GREC
 RENEWSletter
[Click Here](#)

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Think Like a Buyer

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If a potential buyer is presented with two similar properties, one with no data available other than price and the other property is presented with basic income and expense data, property size and price, the purchaser will no doubt pay more attention and promptly react to the one with more information that is easier to analyze.

It is human nature to lean toward an easier decision, rather than one that is

more laborious and time consuming. Consider the following: if you think like a buyer, you may better serve your seller.

Develop your own checklists as you gain experience in working on similar property types so that you know not only what information to request from the seller, but also learn what information the buyer needs to make a decision.

Make it easier for the buyer to make a decision.

Disclosure

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3. Knowledge of buried fuel tanks used for a residence or any other property.
4. When seller financing is involved, if it is known by the Buyer Representative (or the Seller Rep) that the buyer is not financially able to meet the obligations of seller financing, it must be disclosed to the seller. Reference the Brokerage Relationships in Real Estate Transactions Act [Title 10 Chapter 6A](#) section (5)(b). BRRETA states: “(b) A broker engaged by a buyer shall timely disclose to a prospective seller with whom the broker is working as a customer and who is selling property which will be financed either by a loan assumption or by the seller's providing a part or all of the financing all material adverse facts actually known by the broker concerning the buyer's financial ability to perform the terms of the sale

and, in the case of a residential transaction, the buyer's intent to occupy the property as a principal residence.”

If you find yourself in the position of wondering whether to disclose an issue, the fact that it is a dilemma usually indicates it is probably something that should be disclosed. Ask yourself, if you were the buyer, would you want to know that information to make a decision?

These are just examples of issues that must be addressed to comply with BRRETA and the Georgia Real Estate License Laws, Rules, and Regulations.

Another aspect of disclosure is the ethical consideration. Often discussions with your broker, instructor, or other licensees are helpful in maintaining ethical standards of practice. Real estate education courses should include a discussion of ethics or situations involving ethical considerations for a portion of the instructional time.



Focus on Terminology: “Disclose and Disclosure”

- According to Webster's dictionary, to disclose is “to expose to view or to make known or public”.
- The The Language of Real Estate, by John W. Reilly, defines disclosure as “to reveal, make known. A recognized ‘risk reduction tool’ for real estate brokers.”

In essence, disclosure is not only a requirement by BRRETA and the License Laws, Rules and Regulations, but it can provide some protection for the licensee. In addition, the parties involved are better able to make an informed decision which hopefully leads to a completed transaction for the licensee.



The Appraisers Page

Useful
Links:

[GREAB
Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

Reluctant Seller Syndrome

By D. Scott Murphy, SRA



Many markets throughout Georgia are experiencing the lowest inventory of homes for sale in decades. Atlanta for instance is down to less than 38,000 homes from a high of over 107,000 homes for sale. The principle of supply and demand would tell us that this is a great thing and a sign of an improving market. While we are seeing signs of stabilizing values in many areas, the recovery is not as swift as would be expected based on the current inventory of homes.

There are a number of reasons for this slow recovery. Many buyers, sellers and agents I have talked to are quick to point the finger at the appraisers. The low inventory has significantly reduced the days on market and in many cases homes sell within days with multiple offers. One would think those are clear signs of true market value and there would be no problem with the appraisal. Unfortunately, the appraisal process is not that simple and lenders have heightened their scrutiny of appraisal to the point that some wonder whether they really want to lend or not. In their defense, the days of “liar loans”, 24 hour closings and sloppy appraisals are gone. Fannie Mae and other secondary lenders are trying to recover from the worst mortgage meltdown in history and have clamped down on lenders to the point that if the smallest item is missing or the appraisal does not meet every guideline (without thorough explanation), they are demanding the lender buy back the loan.

In prior recoveries, the appraiser would recognize the increased demand, use the most recent sales, put weight on pending sales and appraise the property at the upper end of his adjusted range of value. In my opinion, many appraisers today are too conservative. It’s a function of the path of least resistance – it’s much easier for me to appraise your property low. The distressed comparables are readily available and lenders are less likely to reject the more conservative appraisal. Many appraisers don’t realize it is just as unethical to under appraise a property as it is to over appraise one. They feel that the easier road is to be conservative and they will never get in trouble. This of course, is not true; cases come before the board for high and low appraisals. It is a matter of competence.

Another reason for the slow recovery is a new phenomenon in this market, what I have coined as the **Reluctant Seller Syndrome**. With the very low inventory and the new home construction just starting to recover, many prospective sellers head out for a day of house hunting with their agent only to find there are no homes which they would consider buying. Knowing the typical days on market is extremely low, they are reluctant to list their house in fear they will not be able to find a suitable replacement. This creates the obvious catch 22 scenario. Thankfully, I feel the rise of the new home market will help fill this void and keep our market on the road to a healthy recovery.

The rise in the new home market will have multiple impacts. It will help rebuild the natural flow of buyers and increase the existing home inventory. Also, based on a recent article in the Wall Street Journal, conversations with builders in Georgia and my own research, land values are rising at an exponential rate and the inventory of developed lots is nearly dried up in many areas. Furthermore, the cost of materials is increasing by as much as 20% due to the high demand. This will in turn help existing home values to rise. As they do more home owners, who may have had negative equity, will be in a position to sell thus adding more pent up inventory to the real estate market.

Next month we will take a closer look at the new home market and examine new trends and building practices in Georgia.