

## 2012 Calendar

### GREC Brokerage Course & Trust Accounts Class

#### Dates:

- November 14 & 15, 2012  
Empire Board  
[www.empireboard.com/](http://www.empireboard.com/)
- November 27 & 28, 2012  
GIRE  
[learningrealestate.com](http://learningrealestate.com)
- December 10 & 11, 2012  
Carpet Capital  
[www.usamls.net/dalton](http://www.usamls.net/dalton)

### Common Violations Class

#### Dates:

- December 14, 2012  
GA Institute of RE  
800-633-3583  
[learningrealestate.com](http://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 Commission  
Suite 1000  
International Tower  
229 Peachtree Street NE  
Atlanta, GA 30303-1605  
Phone 404-656-3916



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## 2012 Changes in License Law

As a result of legislation passed during the 2012 Legislative Session of the Georgia General Assembly, there have been several changes to the License Law. The changes became effective on July 1, 2012 and several of these are worth noting:

1) A "Letter of Findings" was defined and can be used by the Commission as an alternative to a disciplinary sanction. A "Letter of Findings" can be used by the Commission when it has determined that a licensee violated the License Law but there was no harm to a third party or to the public. A "Letter of Findings" is

confidential, is not a public record, and will not appear on the license history of a licensee. It should be taken by the licensee as a warning from the Commission to modify their actions to avoid future violations of the License Law

2) A licensee must be actively licensed for three of the five previous years before he or she qualifies to sit for the state examination for broker. Before enrolling in a broker pre-license course, a licensee can call or e-mail the Commission and an Information Specialist will assist them in determining whether they have met this requirement.

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## Real Estate Education Manual

The new Real Estate Education Manual is available online. This manual is for use by Schools, Instructors, and those interested in opening a school or becoming an instructor. To access the manual (in PDF) from the horizontal tabs at the top of the page of the GREC web site, click the Schools/Instructors Tab, from the drop down, click Education Manuals, Real Estate [or this link](#)

This manual is a comprehensive guide regarding real estate education in Georgia based upon the License Laws, Rules, and Regulations and it covers the following topics in specific terms:

1. Requirements for obtaining approval

as a Real Estate School in Georgia.

2. Requirements and standards for real estate courses, including prelicense, post-license, continuing education, in-class, and distance education courses.
3. Requirements for obtaining Instructor Approval.
4. Requirements for maintaining school, and instructor approvals, and related standards.
5. This manual is an excellent training tool and reference manual for school directors, coordinators, administrative and support staff at the school.

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## 2012 Changes in License Law

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3) The maximum amount a nonlicensee with a court judgment against a licensee can collect from the Real Estate Education, Research, and Recovery Fund has been increased from \$15,000 to 25,000; the maximum amount of recovery per transaction has been increased from \$15,000 to \$25,000: and the maximum amount of recovery from a

single licensee has been raised from \$45,000 to \$75,000. Notice to the Commission of a fund claim can now be given after a civil judgment for damages is obtained against a licensee.

License Law Title 43-40-22 has been updated online to reflect these changes and can be accessed from the GREC web site.

## Real Estate Education Manual

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A Frequently Asked Questions document for Real Estate Schools will also be available on the GREC web site in the near future.

As a reminder, licensed real estate Instructors are required to renew their licenses every 4 years. They expire on December 31 of that 4<sup>th</sup> year. One of the requirements for renewal is that an Instructor must have engaged in at least 60 hours of instructional contacts with students in any approved course or courses during the preceding 4 years.

In order to renew an instructor approval, Instructors must also obtain instructor designated continuing education

that includes attendance at two GREC Annual School Meetings.

The 2012 GREC Schools Meeting will be held in Athens, Georgia November 29 & 30, 2012.

Review the new Real Estate Education Manual for the specifics of Instructor and School renewals, or [click here to review the requirements for renewal of an instructor license.](#)



[Online Manual](#)

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**Georgia Real Estate  
Commission**  
Suite 1000  
International Tower  
229 Peachtree Street NE  
Atlanta, GA 30303-1605  
Phone 404-656-3916

### Focus on Terminology: “License Laws” And “Rules and Regulations”



The License Laws are specific laws passed by the Georgia State Legislature regarding professions and businesses and the real estate laws are primarily found in Title 43 Chapter 40 of the Official Code of Georgia Annotated,

Rules and Regulations amplify and clarify the laws. The Rules typically have a notation at the end of the wording of the Rule that references the License Law it is derived from or to which it relates. For instance, the License Law that stipulates the qualifications of a licensee is 43-40-8. One of the Rules associated with those qualifications is Rule 520-1.04. Rules related to Real Estate brokerage are generally found in Rule numbers 520-1 through 520-5. These are posted online and updated by the Georgia Secretary of State.

You can access a link to look up a Law or Rule from the Commissions' web site at <http://www.grec.state.ga.us/about/relaw.html>

Other laws such as BRRETA (Brokerage Relationships in Real Estate Transactions Act [Title 10 Chapter 6A](#)) can also be accessed from the GREC web site.



# The Appraisers Page

**Useful Links:**

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

## What's going to happen when we run out of appraisers?

By D. Scott Murphy, SRA

<u>Year</u>	<u>Real Estate Licensees</u>	<u>Appraisers</u>
2007	103,817	7,414
2008	104,856	6,848
2009	98,966	6,132
2010	96,461	5,563
2011	90,853	5,175
2012	86,344	4,879
	<b>-17%</b>	<b>-34%</b>

I know a lot of you are thinking this is some attorney joke. Appraisers have not made a lot of friends these past few years as they have had to deliver the bitter reality of a declining market. But it is no joke, the number of appraisers is dropping at an exponential rate and far greater than companion fields such as real estate agents. If you compare the number of licensed appraisers and real estate licensees since the peak of the real estate market you will see a total drop of 17% for real estate licensees and 34% for appraisers. Taking into consideration that the number of commercial appraisers has actually edged up slightly over this period and the drop in residential appraisers is even greater.

Compounding the issue of a lack of residential appraisers – particularly those who complete mortgage related appraisals – is the fact that prior to 2007 the number of AMC's (Appraisal Management Companies) was probably less than 50 in Georgia and now there are almost 150 who each hire dozens of staff appraisers to perform reviews. Lenders have also doubled or tripled the number of staff review appraisers to deal with the fallout of the mortgage crisis. Many of the most experienced appraisers have left the mortgage appraisal business to complete foreclosure appraisals

or review appraisals. This leaves a dwindling number of appraisers willing and able to complete mortgage appraisals

Furthermore, there are big barriers to entry into the appraisal business. Entering the appraisal business used to be as easy as entering the real estate sales business. You take the required 75-90 hour course work, pass an exam and you are in the business. But due to the amount of mortgage fraud perpetuated by appraisers, the state and federal regulators have increased the requirements to become an appraiser. A college degree is now required and the biggest hurdle is the requirement of 2000 hours of experience under a certified appraiser. Very few appraisers are willing to take on a trainee to assist them in meeting this requirement. The number dropped to almost none about 5 years ago when Fannie Mae changed one critical requirement – the certified appraiser must go on EVERY appraisal inspection. The certified appraiser always was and still is 100% responsible for the appraisal completed by the trainee whether they inspect the property or not. In the past, once the certified appraiser felt the trainee was capable of inspecting the property on their own, the certified appraiser was not required to attend every physical inspection of the property. However, now that the certified appraiser must accompany the trainee on EVERY inspection until they become licensed (accumulate the 2000 hours of experience, take more courses and pass another exam), which takes a minimum of 12 months – most often 18-24 months, a residential trainee will be hard pressed to find anyone who will train them. If you are a real estate licensee I imagine your broker does not accompany you to all your listing appointments.

Some lenders have taken it even further and restrict trainees from doing any appraisal work even if the certified appraiser accompanies them to the property. The other problem is that appraisal community used to be comprised of mostly medium to large appraisal businesses. The number of these firms has dropped and independent appraisers are more the norm. The large appraisal business model is more conducive to training new appraisers. It is designed to continually adding new entry level appraisers as the firm matures and grows. Independent appraisers do not have the time of the workflow to support training a new appraiser.

Pressure needs to be placed on Fannie Mae and these lenders who are cutting off the lifeblood to the appraisal industry. The average age of appraisers is increasing and few new appraisers break through the barriers to entry. As the real estate market continues to improve and the number of sales and refinances increase, supply and demand tells us that the time to close a loan will increase and the fees for appraisals will also increase.