

## 2012 Calendar

### GREC Brokerage Course & Trust Accounts Class

#### Dates:

- October 17 & 18, 2012  
Northeast Georgia  
[www.negboard.com](http://www.negboard.com)
- November 14 & 15, 2012  
Empire Board  
[www.empireboard.com/](http://www.empireboard.com/)
- November 27 & 28, 2012  
GIRE  
[www.learningrealestate.com](http://www.learningrealestate.com)

### Common Violations Class

#### Dates:

- September 20, 2012  
GA Institute of RE  
800-633-3583
- December 14, 2012  
GA Institute of RE  
800-633-3583

### Georgia Instructor Training Workshop (GIT)

- September 13-14, 2012  
Macon, 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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## Licenseses & Personal Real Estate

Part of gaining experience involves making mistakes and learning from them. We can also learn from the mistakes of others. Cases reviewed by the Real Estate Commission provide insight into common mistakes and practical examples.

The Case of Lena Sanders actually provides a good checklist of what **not** to do as a licensee acting as a principal. Salesperson Lena Sanders saw an opportunity and bought 4 houses that were in foreclosure. She then rented them to tenants. Consider the list of violations made by Salesperson Lena Sanders:

1. The Salesperson failed to notify her Broker in writing before she made offers, and later when she actually purchased the properties.
2. She failed to notify her Broker in writing of leases on the 4 properties.
3. She failed to turn over security deposits to her Broker.
4. She failed to properly account for funds received from others (security deposits).

5. She commingled the funds of others with her own.
6. She failed to deposit funds of others into a trust account. (She never registered a trust account either.)
7. She collected a commission from a property owner and failed to turn over said commission to her Broker.
8. She failed to include her license number and the firm's license number on leases.
9. The Salesperson failed to state in the purchase agreements or the leases that she holds a real estate license.
10. She failed to submit copies of all leases on her personal property to her broker.

Salesperson Lena Sanders was issued a Citation, was required to pay a substantial fee in addition to legal and administrative costs, and was also required to take several education courses as a result of her numerous violations:

[Reference 43-40-25 \(b\) \(3\), \(4\), \(5\), \(8\) & \(23\) 520-1-.08\(1\) \(c\) 520-1-.10\(2\), \(3\) & \(11\)](#)

## Updates to GREC Services

**New this Issue:** *The Appraisers Page* is included as page 3. Beginning with this month's edition of the newsletter, important information and informative articles will be provided for the benefit of Appraisers and real estate licensees as well. *The Appraisers Page* is written by Scott Murphy, a member of the Georgia Real Estate Appraisers Board (GREAB).

**Online Courses:** Students of GREC online courses now have 6 months to complete each course (instead of 3 months). Each 3 hour CE course is \$10. Courses may be repeated after 1 year. [www.jmre.com/grec](http://www.jmre.com/grec).

# Real Estate: A Service Industry

Online  
Courses from  
GREC

\$10 each  
3 Hour CE

“Being a Broker  
& Staying Out of  
Trouble”

“Practicing Real  
Estate & Staying  
Out of Trouble”

“Avoiding Trust  
Account  
Trouble”

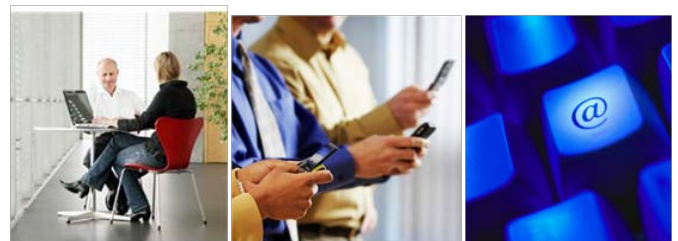
[Click Here](#)

Multiple communication options assist real estate licensees in many ways and more than ever, technology has made the real estate brokerage industry more efficient. But not all the tools are effective. We have all received unwanted email blasts. Before that it was faxes, and prior to that it was direct snail mail. Will it be broadcast texting next? There are already applications available to automate text messaging.

But before you decide to take advantage of the latest technology, remember that real estate brokerage is still a **service** industry. Of course real estate professionals benefit from the use of technology, whether it is email, social media, etc. But maybe it is time to reconsider alternatives that have proven to be successful over time.

Isn't real estate still about the quality of service the salesperson or the broker provides the client? Maybe the focus should be on developing a relationship with the client in person. If you meet someone in person, you will more likely be remembered. That impression will have a significant impact on how well the transaction progresses, or if the client or customer will give you a referral in the future. Repeat business is the key to any successful enterprise.

Sending emails, posts, texts, etc. is great for communicating when a relationship is already established, but the personal contact is still the most effective method to establish a real relationship. It can be difficult or timely to build rapport in an email.....although it can be done.



In Person

Texting

Email

When writing emails or any form of written communication, remember that the tone of the message, the words used, the grammar, spelling and general approach may or may not be received the way it was intended. Not only may it be misinterpreted, but a trail of written communication is left behind as well.

Also remember that whatever promotion, marketing, or broadcast system you use, if you are advertising specific property, you must comply with the License Laws, Rules, and Regulations. This applies to ANY form of advertising specific properties. (To Review the Advertising regulations go to [520-1-.09](#))



Comments or  
Suggestions  
[Click Here.](#)

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

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## Focus on Terminology: “Appraisal & Appraiser”

The terms “Appraisal” and “Appraiser” are defined in the Georgia [Appraisal Act](#) Title [43 Chapter39A Real Estate Appraisers](#)

*“(2) "Appraisal" or "real estate appraisal" means an analysis, opinion, or conclusion prepared by an appraiser relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate. An appraisal may be classified by subject matter into either a valuation or an analysis.*

*(8) "Appraiser" means any person who, for a valuable consideration or with the intent or expectation of receiving the same from another, engages in real estate appraisal activity on any type of real estate or real property.”*

Just as anyone who performs the acts of a real estate broker must obtain a real estate license from the Georgia Real Estate Commission, anyone conducting real estate appraisals in Georgia must obtain from the Georgia Real estate Appraisers Board state registration, licensure, or certification before undertaking appraisal work.

The [Appraisal Act](#) (effective July 1, 1991) requires appraisers to meet certain standards in order to conduct business and prohibits a wide variety of unfair trade practices. Like the Real Estate Commission, the role of the Appraisers Board is to protect the public interest.



# The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

## Shadow Sales – the next big blow to the Atlanta Real Estate Market

By D. Scott Murphy, SRA



An increasing problem in our market is the number of sales not making it to the multiple listing services. While this is a violation of the agent's agreement with his or her multiple listing service if he or she takes an exclusive right to sell listing, it's the unintended consequences we need to focus on. The issue from an appraiser's standpoint is the huge impact it could have on the market. When an agent omits listing in the MLS and sells the home to a buyer, with or without the assistance of another agent, that sale does not meet the true definition of a market value sale.

**Market value is defined as:** "The most probable price (in terms of money) which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: the buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale" (Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002)).

The part of the definition of market value which fails is that the property was never exposed to the market for a reasonable amount of time. Even the home which is listed in the MLS and gets three offers within 2 days was exposed to the market. Furthermore, the seller will negotiate with the three potential buyers to arrive at the highest value that the market will bear.

From an appraisal standpoint, this **Shadow Sale** should not be used as a comparable for future appraisals in the subject market. Lenders actually state in their appraisal engagement letter that sales must be multiple listed, so what may very well have been the best sale and best comparable in the subject neighborhood may now be disqualified. Furthermore, by not putting it in the MLS, most appraisers will miss it or choose to not use it due to lack of photos and data. On top of that, appraisers determine the trends in the market by extracting data from the MLS system and using a form called the *Fannie Mae 1004MC*. Without these valuable sales being in the MLS, the market trends could be inaccurate, causing the appraiser to determine the market is declining, when in fact it may be increasing. This could cause loan-to-value modifications by the lender, improper adjustments to the comparables and a low appraisal.

**An appraiser or underwriter should never have an effect on market value.**

It is critical that everyone in this market; buyers, sellers, agents, appraisers, underwriters, investors and the media, do all we can to allow this market to recover. Sellers and agents please multiple list all your properties. Appraisers, know and understand your responsibility is not to determine market value but to interpret market value. Underwriters, realize that the market is not perfect and that no sales exist that satisfy every guideline. Understand that appraisers are trying to work with the best sales available. Give careful consideration to a contract where there were multiple offers and as an appraiser should, put yourself in the shoes of a typical buyer and ask this question: what is available to them TODAY? This is the theory of substitution which is central to the appraisal process. The extremely low inventory is causing legitimate increases in value and we all must do what we can to let the market take its course. An appraiser or underwriter should never have an effect on market value.