

2014 Calendar

GREC Brokerage Course & Trust Accounts Class Dates:

- December 3-4, 2014
GAMLS
www.GeorgiaRealEstateSchool.com

Common Violations Class Dates:

- October 9, 2014
Blairsville, GA
706-781-3030
- October 21, 2014
Brunswick, GA
912-264-2915

GREC Annual School Meeting Date:

- November 21, 2014
Athens, GA

[Link to the
Georgia Real
Estate
License Law,
Rules, and
Regulations](#)

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Georgia Real Estate Infobase

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Sources to Review Recent Updates of the License Law, Rules, and Regulations

The [GREC Online Courses](#) have been updated to contain the recent changes to the Georgia License Law, Rules, and Regulations.

If you have not yet taken, or have already completed the 3 GREC online courses over 1 year ago, you can register again for the [GREC online courses](#) and stay current with the License Law, Rules, and Regulations. A licensee can take the same course again one year after completing the course, either online or in class.

In 2014, significant changes were made to the advertising rules and the requirements for continuing education hours. In addition to the [Online Courses](#), GREC offers several resources to assist the licensee in maintaining his/her license and keeping current with changes in laws and regulations. See **page 2** for a list of methods to keep current ... ➡

See **Page 3** for Proposed Rules Changes regarding unlicensed support personnel and changes to Appraiser rules....

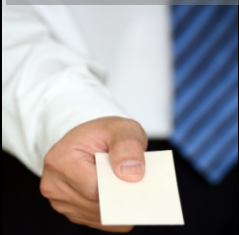
The Georgia Real Estate Commission Annual School Meeting is November 21, 2014.

The GREC Annual School Meeting has been approved by the GREC for six (6) hours of continuing education credit for real estate licensees and instructors and seven (7) hours of continuing education credit by the Georgia Real Estate Appraisers Board (GREAB) for appraisal instructors and real estate appraisers. [Registration Link](#)

The Annual School meeting will be only one day this year. Instructors should plan to attend the full day to obtain the hours of instructor continuing education. Real Estate Instructors licensed in Georgia must have 24 hours of continuing education credits to renew their instructor license. Hours may be obtained by attending the Annual School meeting each year OR by attending at least two Annual School meetings and completing 12 hours of continuing education approved for Instructors.

A 6-hour Instructor training course will be offered on October 17, 2014 in Auburn, Alabama through the Alabama Real Estate Commission. Georgia Instructors can earn six (6) hours of instructor continuing education by taking this training. Registration for this instructor training is available with the Auburn University Office of Professional and Continuing Education. [Instructor Training Registration](#)

Comments or
Suggestions
[Click Here.](#)



Updated!
**GREC
Online
Courses**
[Click Here](#)

Sources.....*continued from page 1*

In addition to the monthly issue and the archived issues of The GREC RENEWSletter, the Georgia Real Estate Commission provides several tools to inform licensees of changes to the License Law, Rules, and Regulations as well as proposed changes. Below is a list of current resources.

- Regularly Scheduled Live Classes
 - [GREC Brokerage Course & Trust Accounts Class Dates](#)
 - [Common Violations Class Dates](#)
- Adopted legislative or rule changes affecting real estate licensees are posted on the GREC web site at <http://www.grec.state.ga.us/about/readopted.html>
- Recent Law Updates at <http://www.imre.com/GREC/RecentLawUpdates.pdf>
- The GREC Real Estate School web site www.imre.com/grec has 5 tabs for quick reference. See a screen shot below.

The Georgia Real Estate Commission School

[GREC School Policy](#) | [Course Contact](#)

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|---------------|------------------|-----------------|----------------------|--------------------|
| ① | ② | ③ | ④ | ⑤ |
| GREC Web Site | Resource Section | GREC Newsletter | Check Your Education | Recent Law Updates |



Focus on Terminology: "Topic of License Law"

Beginning July 1, 2016, in order to renew any real estate license, required continuing education must include 3 hours of material on the "topic of license law", which is further defined as follows:

520-2-.04 Real Estate Courses.

(6)(f) Any course developed to qualify as a continuing education course on the topic of license law under Rule 520-1-.05 (1)(e) shall have a minimum of three credit hours and shall contain a review of material that covers all the following areas of license law to wit:

- (1) The effects on license status by a licensee of prohibited conduct found in O.C.G.A. §43-40-15 (c), (d), (e), (f), (g), (h), (i), (j), (k), and (m);
- (2) Requirements of a qualifying broker and an affiliated licensee upon transfer of a license from one firm to another under O.C.G.A. 43-40-19 and Rule 520-1-.07 (5);
- (3) Requirements of a qualifying broker and affiliate licensee concerning trust or escrow accounts under O.C.G.A. §43-40-20 and under Rule 520-1-.08;
- (4) Unfair trade practices prohibited by O.C.G.A. §43-40-25 (b);
- (5) Brokerage relationships under Rule 520-1-.06;
- (6) Management responsibilities of real estate firms under Rule 520-1-.07 (4), (5) and (6);
- (7) Advertising under O.C.G.A. §43-40-25 (b)(1), (2), (11), (12) and (21) and Rule 520-1-.09;
- (8) Handling real estate transactions under Rule 520-1-.10; and
- (9) Licensees acting as principals under Rule 520-1-.11.

Beginning July 1, 2015, a licensee must have 36 hours of continuing education to renew a real estate license.

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Proposed Rule Changes

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

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NOTICE TO REAL ESTATE LICENSEES OF RULE CHANGES

At its August 13, 2014 meeting, The Georgia Real Estate Commission voted to propose changes to the "Management Responsibilities of Real Estate Firms" Rule addressing the use of support personnel. It allows active licensees affiliated with one firm to be support personnel at another firm.

You may view this Rules by clicking here:

<https://www.grec.state.ga.us/about/reproposed.html>

NOTICE TO REAL ESTATE APPRAISERS OF RULE CHANGES

At its September 15, 2014 meeting, The Georgia Real Estate Appraisers Board voted to propose major changes to the "Appraiser Classifications and Their Education, Examination, and Experience Requirements" Rule and the "Courses" rule. These Rules will implement the Real Property Appraiser Qualification Criteria required as of January 1, 2015 as established by the Appraiser Qualifications Board (AQB) of The Appraisal Foundation.

You may view these proposed Rules by clicking here:

<https://www.grec.state.ga.us/about/apprproposed.html>

Links to other recently adopted changes to the Georgia License Law, Rules, and Regulations are shown below:

 [520-2-.04 Real Estate Courses](#) - Effective September 1, 2014

 [520-1-.05 Maintaining a License](#) - Effective September 1, 2014



The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

Different Appraisal Types

By: D. Scott Murphy, SRA

One of the most common questions I am asked when I speak to groups or teach a class is – what is the difference in a refinance appraisal and a purchase appraisal? Or do you appraise a property differently for an individual that you would for a bank? Or clients will call and request an appraisal be done like we would for a refinance or a purchase.

The bottom line is that most appraisals are more alike than you might think. With only a few exceptions, the vast majority of appraisals are to estimate market value of the subject property as of the day the appraiser inspects the property. That is, what would the property sell for on that date?

The definition of market value is “the most probable price 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:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) 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.” (FIRREA - SOURCE: The provisions of this Part 323 appear at 55 Fed. Reg. 33888, August 20, 1990, effective September 19, 1990, except as otherwise noted)

Unless the appraiser is asked for another type of value, every appraisal should be based on this common definition. Examples of other types of value are retrospective – the client wants to know the value of the property as of a previous date, this is common in tax appeal work where the value would be January 1st of a given year. Quick sale or liquidation value – the client wants to know what the property would be worth if the marketing time were to be reduced. Another valuation which often gets confused is the value of a property for relocation purposes. In a standard relocation appraisal, the appraiser completes an ERC appraisal report which does not ask the appraiser to arrive at a market value as of the date of inspection but an anticipated net sales price so many days in the future (typically 90 or 120 days). There are a number of other specialty valuations which are done based on the agreed scope of the appraisal but these are not common and certainly are not done for typical mortgage appraisal purposes.

The other question that comes up is why are refinance appraisals always higher than other types of appraisals? I can understand why this is a common misconception because there may have been some truth to it in the past. I hate to say it but we saw many appraisers, pressured by lenders and homeowners, tend to stretch the value when completing a refinance appraisal.

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The Appraisers Page

Georgia Real Estate Appraisers Board

September 2014

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[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

Different Appraisal Types

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This caused many people to be upside down with regards to the relationship between their mortgage balance and true market value.

The fact of the matter is that regardless of whether an appraisal is done for a divorce, a refinance, a purchase, prelisting, or any other matter where the objective is to arrive at the current market value – the outcome or resulting value should be the same. It does not matter if it is a desktop appraisal, a drive-by appraisal, a full appraisal completed on a standard form or a full blown narrative report, the resulting value should be the same.

Appraisers are licensed and bound by the rules of the state for which the property is located. They are also governed by a set of national standards called USPAP (Uniform Standards of Professional Practice). There are certain instances when the appraiser can deviate from the USPAP rules but for simplicity the point is all appraisers must follow the same rules and standards. This applies to how the property is measured to how the comparables are located. It applies to which approaches to value are to be used and when certain approaches can be eliminated.

As a very generalized statement, the appraiser goes through the exact same process with every single appraisal assignment and should arrive at the same value regardless of the intended use of the appraisal. The difference is in the appraisal assignment type. If it is a driveby the fee might be lower because the appraiser does not inspect the interior of the property and does not have to measure the property. That time savings translates to a lower fee. However, the appraiser still researches the comparables the same way, makes the same adjustments, and arrives at the same value. He has to make certain assumptions about condition, quality, and amenities and relies on public data for physical information such as square footage and room count. The client is aware that a driveby might be less reliable than a full appraisal and the appraiser outlines any assumptions he has made in his report.

If you were to have a prelisting appraisal done one day, a refinance appraisal done the next day and a purchase appraisal done the following day – all should arrive at a similar value. The reason I did not say “the same value”, is that an appraisal is an estimate of market value. Appraising is not a perfect science. There is an element of art as well as the fact that the market is not perfect. Homes do not sell for a specified price or X% of the list price. However, these three appraisals should be within a reasonable range – which is generally thought to be 5-8%+/- of each other.

So while there are a variety of uses for an appraisal and there are a variety of forms and formats the appraisals are presented in, for the most part, the appraiser is striving to report the true market value of the subject property as of the date of the inspection. I am sure I have said this in previous articles, but appraisers need to remember that they do not determine market value they interpret market value. I see more variance in appraised values on the same property due to appraisers who do not understand this fact and who do not accurately research the market, then and the type of appraisal or the purpose of the appraisal.