

2017 Calendar

Common Violations Class Dates:

- May 9, 2017
Northeast GA BOR
Blairsville, GA
706-781-3030
- May 23, 2017
Valdosta BOR
Valdosta
229-242-2085

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

[Link to GREC
Disciplinary
Actions View
Current
Suspensions
and
Revocations](#)

[Link to
Proposed
Rule
Changes](#)

Georgia Real Estate Infobase

[Click Here](#)



This Issue

New Commissioner	P. 1
GREC EAC Updates	P. 2
Focus on Terminology	P. 2
Instructor CE Opportunities	P. 3
Word Find	P. 3
The Appraisers Page	P. 4-8

Real Estate Commissioner Appointed

Governor Nathan Deal nominated **Lynn Dempsey** as Commissioner of the Georgia Real Estate Commission following the retirement of William L. Rogers Jr. The nomination was approved by the Georgia Real Estate Commission and was effective February 28, 2017.

Lynn Dempsey is a second-generation auctioneer and the former president and managing broker of Dempsey Auction Company. He is a past president of the Georgia Auctioneers Association and was named to the Georgia Auctioneers Hall of Fame. Dempsey was a member of the Rome-Floyd County Development Authority and served on the Georgia Auctioneer's Commission. He previously sat on the boards of directors for the Greater Rome Chamber of Commerce and the Georgia Chamber. Dempsey is a graduate and past chairman of Leadership Georgia. He sits on the advisory board for the Exchange Club Family Resource Center for the Prevention of Child Abuse and teaches Sunday School at Rome First United Methodist Church. Dempsey earned a bachelor's degree in Real Estate from the University of Georgia. He and his wife, Katie, have two children and seven grandchildren. They reside in Rome.

The Governor also selects and appoints members of the Real Estate Commission to serve five year terms. Each member serves that term and can continue to serve until the Governor names a successor. The law requires the Governor to appoint five persons who have been actively engaged the real estate business for 5 years, and one person who has a recognized interest in consumer affairs and is not a real estate licensee.

March 2017 Meeting - Commission Actions Taken

Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	9
Cease & Desist Orders Issued	None
Citations Issued	9
Letter of Findings Issued	1
Consent Orders Entered Into	1
Final Orders of Revocation of Licensure	None
Cases Closed for Insufficient Evidence or No Apparent Violation	23
Licensing Cases - Applicant has a Criminal Conviction - License Issued	8
Licensing Cases - Applicant has a Criminal Conviction - License Denied	1
Total	52

[Click here to review a legend of the disciplinary actions the Commission may impose.](#)

Current Members of the Georgia Real Estate Commission

Chair	Mr. Clayton Foster	Flowery Branch	Term Expires: 01/29/2022
Vice Chair	Mr. Jerry Warshaw	Atlanta	Term Expires: 01/26/2019
Member	Ms. Jodie Shepard	Newnan	Term Expires: 01/25/2020
Member	Mr. Paul Brower	Marietta	Term Expires: 01/26/2021
Member	Ms. Cindy Rampley	Fayetteville	Term Expires: 01/25/2018
Public Member	Mr. David J. Burge	Atlanta	Term Expires: 10/26/2018

Executive Officers

Real Estate Commissioner **Mr. Lynn Dempsey**
Deputy Real Estate Commissioner **Mr. Craig Coffee**

GREC Education Advisory Meeting Updates

The Real Estate Education Advisory Committee is made of representatives from various industry classifications including property management, commercial, residential, and appraisal. The committee includes practitioners as well as educators. This committee meets twice per year to provide feedback and input to the Commission regarding educational and practical issues in the Georgia real estate industry. At the last meeting on March 24, 2017, the new Real Estate Commissioner, Lynn Dempsey, met with the committee and the Deputy Commissioner, Craig Coffee, updated the EAC on recent trends in licensing issues and Commission projects. The following is a summary.

Licensing:

The Commission is issuing an average of 637 new licenses per month.

As of March 1, 2017	Active	Inactive	All
Brokers	17,270	2,639	19,909
Salespersons	43,722	11,729	55,451
CAMs	399	137	536
Firms	10,844	377	11,221
	72,235	14,882	87,117
	83%	17%	

Staff:

GREC has 26 Full Time Employees - 13 in Investigations Department, 9 in Licensing Department, 2 in IT and 2 in Administration, and 3 Part Time Employees.

Investigative Cases:

There are currently 477 Pending Cases. New procedures are speeding up resolution of investigative cases. It was noted that as market activity increases so does the case volume.

Projects:

A current priority project is the implementation of a new Telephone System and Automated Call Distribution system that will enable callers to reach an Information Specialist much more quickly.



Focus on Terminology: "Commission"

The purpose of the Real Estate Commission is two-fold: First, it seeks to protect the public from intentional or unintentional harmful acts of persons acting as real estate licensees by assuring that licensees meet basic levels of competency. Second, it attempts to create a regulatory environment for the real estate industry that is reasonable and allows the licensee to attain economic success. For more information about the purpose and role of the Georgia Real Estate Commission and its members go to <http://www.grec.state.ga.us/about/grecroles.html>.



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

Online Courses from GREC

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

(Also Approved as Instructor CE, not approved as License Law CE)

"Avoiding Trust Account Trouble"

"Practicing Real Estate & Staying Out of Trouble"

"Being a Broker and Staying Out of Trouble"

Georgia Real Estate Commission

Suite 1000
International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605
Phone 404-656-3916

OPPORTUNITIES FOR INSTRUCTOR CONTINUING EDUCATION FOR REAL ESTATE & APPRAISAL

2017 GREEA Mid-Year Symposium

The program will focus on what adult educators need to develop, prepare and master to provide a valuable and relevant education experience for their students.

Thursday, April 27, 2017

Approved for 6 hours Real Estate and Instructor Continuing Education and 6 hours of Appraisal and Instructor Continuing Education.

Register at <http://2017GREEMidYear.Eventbrite.com>

Real Estate Educators Association Instructor Development Workshops (IDW)

REEA schedules various IDW and a series of Gold Standard Certification Workshops various locations and dates. For more information visit

<https://www.reea.org/>

Other sources for Instructor CE are available from various Georgia Real Estate Schools both as resident classes and online courses in addition to the three GREC courses offered online.

Word Find List

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C
E O I
D N M S L
N P P M H F U
G R B H I R P O D
S F X I B S O Z K U F
L P T L G F S N Y S G R L
R R G T L M E I R E Z B S D A
W A J O E G N
I T Z N V J O
A H D E O A I
I I T Z H R G K Z U T
G R N B N S O R T E A
R T T G C H V L
O Y F V Z R I U
E S R A R E F G
G I B L F E J E
U X L X Y U N R
    
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- The **Governor** appoints the Real Estate **Commissioners**.
- The number of hours of required CE per renewal period is **thirtysix**.
- **Three** hours of specific License Law Topics are required per renewal as part of the 36 hours required continuing education.
- The length of the renewal period is **four** years.
- There are **five** members of the commission in addition to the Real Estate Commissioner and Deputy Commissioner.
- The **Georgia** License Laws are clarified by Rules and **Regulations**.

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

Georgia Real Estate Commission
Suite 1000
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The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

Different Types of Appraisals

By: D. Scott Murphy, SRA

For mortgage purposes, there are four basic appraisal types; FHA, VA, USDA and Conventional. All are completed on the same appraisal forms. All are done to arrive at an estimated market value as of the effective date (date of inspection). All consider each of the three approaches to value – sales comparison, cost and income. All follow the same appraisal standards – USPAP (Uniform Standards of Professional Practice). All must abide by their state's Real Estate Appraisers Act (state licensing regulations). All should arrive at the exact same value for a given property. Meaning, the type of loan has no bearing on the appraised value.

The following will outline the subtle differences in each program as it pertains to the appraisal.

FHA:

What an FHA Appraiser Looks for During an Inspection

According to HUD Handbook 4150.2, the home "must be free of all known hazards and adverse conditions that may affect the health and safety of the occupants."

Read more: <https://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf>

Certain things will be called out in an FHA appraisal, but due to the unique characteristics of each home, certain items may be subjective to the appraiser's opinion. Overall, FHA appraisals are meant to determine if everything is working as it should, if there are any issues that present a safety or health concern, and if there are any issues that would affect the marketability of the home. Here is a general list* of what an FHA appraiser must inspect during the appraisal of the home:

- Utilities must be turned on to test the systems and appliances for functionality
- Proper drainage around the perimeter of the home
- Adequate water pressure and testing of both hot and cold water
- Water heater must be in working order and up to local code

This article is continued on the next 4 pages.

- Attic must have vents, no damage, no exposed or frayed wires, no signs of water penetration or leaks, adequate insulation
- Crawlspace must have no signs of standing water or foundation issues
- No chipping, peeling or flaking paint on homes built before 1978 for danger of lead-based paint
- No defective paint or bare wood for homes built after 1978
- Electrical outlets must be in working condition with cover plates
- Active termite infections must be addressed and cured
- Windows must open and close with no broken panes
- No dangling wires from missing fixtures
- Smoke and carbon monoxide detectors must be present and up to local code
- Roof should not be leaking and must have at least two years of economic life left. The FHA will not accept roofs with over three layers of existing roofing.

In 2005 FHA issued a mortgagee letter (Mortgagee Letter 2005-ML-48) to appraisers eliminating the tedious checklist appraisers were using. FHA also changed policy and instructed appraisers to no longer call for items of deferred maintenance so long as those items do not negatively affect the safety, soundness or habitability of the home.

Cosmetic repairs include missing handrails that do not pose a threat to safety, holes in window screens, cracked window glass, defective interior paint surfaces in housing constructed after 1978, minor plumbing leaks that do not cause damage (such as a dripping faucet), and other inoperable or damaged components that in the Appraiser's professional judgment do not pose a health and safety issue to the occupants of the house. If an element is functioning well but has not reached the end of its useful life, the Appraiser should not recommend replacement because of age.

Who can complete FHA appraisals? Only certified appraisers who have been approved by HUD.

Does the appraiser have to have access to the attic and crawl space? Yes, FHA requires the appraiser to make a full inspection of the entire attic and crawl space. If full access is not available or access is restricted, the appraiser is to cancel the appointment and return when full access can be granted.

How long is an FHA appraisal good for? The simple answer is 120 days, however, the clock actually starts clicking when the lender orders the case number. Once 120 days passes the case number expires and the appraisal is no longer valid. There can only be one appraisal every 120 days – regardless of the borrower or the lender. There is a common misconception that if an appraisal comes in low that the property owner is stuck with that value for 120 days. This is not accurate. Once an appraisal is completed no additional appraisal may be completed, however, the original appraiser is obligated to review any subsequent comparables that occurred between the original appraisal and the new contract for purchase.

Can the borrower request a reconsideration of value if the appraised value is lower than the purchase price? Yes, each lender has a specific rebuttal process.

VA:

According to [VA Pamphlet 26-7, Chapter 11](#)

VA Reasonable Value:

For VA loan guaranty purposes, the “reasonable value” of a property is that figure which represents the amount a reputable and qualified appraiser, unaffected by personal interest, bias, or prejudice, would recommend to a prospective purchaser as a proper price or cost in the light of prevailing conditions. VA considers Reasonable Value and Market Value to be synonymous.

Unique VA Appraisal requirements:

- VA is listed as client
- “Any Qualified Veteran” is listed as borrower
- Must conform to supplemental VA standards
- VA assigns the appraiser
- Appraiser uploads appraisal to VA portal
- VA relies *exclusively* on the sales comparison approach
- VA appraisal contains only three comparables – “the three best comparable sales”
- Active or pending sales must not be used as comparables

What an VA Appraiser Looks for During an Inspection

The subject property must meet the Minimum Property Requirements (MPR) – as outlined in [VA Pamphlet 26-7](#). These requirements are very similar to FHA. The property must be SAFE, SOUND and HABITABLE. There are specific provisions for proximity to detrimental influences, distances from airports, noise levels, etc.

Who can complete VA appraisals?

VA very specifically limits the number of approved appraisers in a given county or area. As opposed to FHA where an appraiser can meet the requirements and become approved to complete FHA appraisals.

Does the appraiser have to have access to the attic and crawl space?

Fee appraisers are required to view, but not enter, any accessible crawl space and/or attic areas of the home and report any significant defective conditions observed.

How long is an VA appraisal good for?

Per VA rules, for a property to be purchased, a Notice of Value (NOV) must be attached to it. This ensures that the loan issued is for the fair market value of the home. “An appraisal ordered by the US Department of Veteran Affairs is valid for six months.”

Can the borrower request a reconsideration of value if the appraised value is lower than the purchase price?

Tidewater Initiative (introduced in Circular 26-03-11)

A major change in VA's policy regarding interaction between VA Fee Appraisers and other program participants was introduced in 2003. In brief summary, the Tidewater procedure allows an opportunity for a designated "Point of Contact" to provide market evidence for the appraiser's consideration prior to establishing the final URAR value. The appraiser initiates the procedure by alerting the Contact person that the appraised value appears likely to come in under the sales price. The appraiser should not discuss the appraisal contents except to explain that the comparables located by the appraiser do not adequately support the sales price. The Contact person then has two business days to provide additional sales information in support of the sales price. Verification of closed sales is required. (Pending sales may be offered, but should only be used to support time adjustments.)

USDA:

USDA follows the same guidelines as FHA. It is not submitted through HUD and there is not a case number.

[USDA Appraisal Requirements](#)

Who can complete FHA appraisals? Only certified appraisers who have been approved by HUD.

Does the appraiser have to have access to the attic and crawl space? Yes, FHA requires the appraiser to make a full inspection of the entire attic and crawl space. If full access is not available or access is restricted, the appraiser is to cancel the appointment and return when full access can be granted.

How long is an FHA appraisal good for? There is no specified time period

Can the borrower request a reconsideration of value if the appraised value is lower than the purchase price? Yes, each lender has a specific rebuttal process

Conventional:

Who can complete Conventional appraisals? Fannie Mae and Freddie Mac allow registered appraisers (sometimes referred to as trainees) to complete appraisals if supervised by a certified appraiser. They allow licensed appraisers to complete "non-complex" appraisals. Complex properties are those worth more than \$1,000,000 and multi-family homes. Certified appraisers can appraise any residential property which they are experienced and competent to appraise. This not only applies to property type but property location. Most lenders have approved appraiser lists.

Does the appraiser have to have access to the attic and crawl space? There is not a specific requirement but the appraiser should inspect all areas of the house where there is reasonable access.

How long is a Conventional appraisal good for? While you may never see an expiration date on a property appraisal, many lenders will not accept an appraisal that is more than 120 days old. Some allow up to 180 days, which matches the typical acceptance age of comparable properties (those sold in past 6 months). Most mortgages are drawn up under Fannie Mae and Freddie Mac underwriting guidelines. The validity period for conventional loan appraisal reports is four months, or 120 days, for existing homes. Proposed constructions or new home appraisals are good for up to 12 months.

Can the borrower request a reconsideration of value if the appraised value is lower than the purchase price? Yes, each lender has a specific rebuttal process

For more information please visit our website <http://www.dsmurphy.com>