

2018 Calendar

Common Violations Class

- August 14, 2018
Valdosta BOR
Valdosta, GA
229-242-2085
- August 28, 2018
Columbus BOR
Augusta, GA
706-323-1701

Brokerage and Trust Account Class

- September 26 & 27, 2018
[Valdosta BOR](#)

Georgia Instructor Training (GIT)

- August 1-2-2018
Georgia Realtors@
Atlanta, GA
GREEA@garealtor.com

[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](#)



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Planning for Sales Meetings

According to [43-40-18](#) of the License Laws, Rules, and Regulations, “The broker or qualifying broker shall be responsible for establishing, implementing, and continuing procedures for providing programs for study and review of this chapter and its rules and regulations for all licensed associates”.

This means that brokers are required to provide ongoing training to all of their affiliated licensees. Often, this training is provided during a company sales meeting.

Perhaps a good question to ask at the next training session is “what do licensees consider to be the most difficult or confusing aspects of their real estate transactions?” The responses may help the broker to gain insight into the everyday practices of his or her licensees. The broker may also find that some licensees are following procedures that are adverse to the Firm’s policies, or possibly even violations of Georgia’s Real Estate License Law. This is a great opportunity for the broker to both clear up any misunderstandings and ensure all of his or her affiliates are to company policy, as well as the License Law, Rules, and Regulations.

The following is a list of some of the most common violations:

- Failing to include the license number of both the firm and the licensee on every document.
- Stating that the date the earnest money is actually, physically received is the same as the contract date, binding agreement date, or execution of the contract. Some form contracts make this statement, but seldom is the date exactly the same.

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July 2018 Meeting - Commission Actions Taken

Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	1
Cease & Desist Orders Issued	4
Citations Issued	14
Letter of Findings Issued	0
Consent Orders Entered Into	1
Final Orders of Revocation of Licensure	0
Cases Closed for Insufficient Evidence or No Apparent Violation	24
Licensing Cases - Applicant has a Criminal Conviction - License Issued	11
Licensing Cases - Applicant has a Criminal Conviction - License Denied	1
Total	56

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

SUBMIT**Comments
&
Suggestions**

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the GREC
RENewsletter
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Hours CE
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(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

Sales Meetings ...

...Continued from page 1

- Failing to disclose licensure status and/or to disclose the licensee's license number when acting as a principal in a transaction.
- Failing to inform the broker whenever the licensee plans to engage in a real estate transaction as a principal.

A group discussion and review of the following 2 sections of the License Laws, Rules, and Regulations may be helpful for the next sales meeting. [520-1-.10 Handling Real Estate Transactions](#) and [43-40-25 Violations by licensees, schools, and instructors: sanctions; unfair trade practices.](#)

Many resources are available to provide ideas for meeting topics. One source is the monthly GREC RENewsletter. If you or your affiliates are not already subscribed to receive the monthly issue, you can register at <http://www.grec.state.ga.us/about/subscribe.html> to receive an email link.

Other resources include the following:

- Georgia Real Estate Commission Website
www.grec.state.ga.us
- How-To" Articles
<http://www.grec.state.ga.us/grec/reprof.html>
- Archives of past issues of the GREC RENewsletter accessed from the GREC website home page www.grec.state.ga.us
- Georgia Real Estate Commission School Online Resources
<https://www.imre.com/Resources/ResIndexFinal.pdf>
- Georgia Real Estate InfoBase
<http://www.grec.state.ga.us/infobase/infobase.html>
- Georgia License Law, Rules, and Regulations
<http://www.grec.state.ga.us/about/rellaw.html>

Absolutely Must Know Section ...Do you know the AMKs?



A real estate licensee may practice any type of real estate: residential, commercial property management, etc. However, he/she must be competent to perform those services.

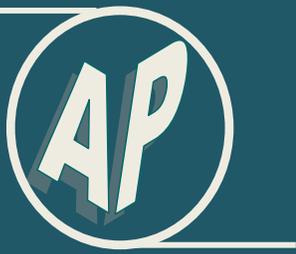
If you change your name, marry, divorce, etc. you must still conduct real estate activities, advertise, etc. in the name as originally licensed unless you change your name with the Commission.



Focus on Terminology: "Brokerage Agreement"

Another resource for brokers, trainers and licenses is the [§ 43-40-1. Definitions](#) section of the Georgia License Law, Rules, and Regulations. One example is shown below.

(2.1) "**Brokerage agreement**" means an express written contract wherein the client promises to pay the real estate broker a valuable consideration or agrees that the real estate broker may receive a valuable consideration from another in consideration of the broker's producing a seller, buyer, tenant, or landlord ready, able, and willing to sell, buy, or rent the property or in consideration of the broker's performing property management services or performing community association management services.



The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

We never dreamed it would not appraise.

By: D. Scott Murphy, SRA

I cannot tell you how many times I hear, "We never dreamed it would not appraise!" It is important to realize that when it comes to the appraisal, it does not matter how quickly the home sold, how many upgrades the property has or how many offers were received. What matters are the comparables available at the time of the appraisal. More specifically, the recent closed sales. You are at the mercy of these most recent sales. If one neighbor "gives" their house away, the rest of the neighborhood will be impacted. If a sale has a "bad" appraisal, causing the seller to reduce the price, the rest of the neighborhood will be impacted. The point is that it is impossible to know if you will have an appraisal issue, which is why it is critical to do your research and be prepared to assist the appraiser in every case.

The most common causes of appraisal issues are size, style and condition. Often when a surprised agent forwards me the address of the home that did not appraise, I look it up I discover it's by far the highest sale in the area, or the largest home in the subdivision, or a unique style, etc. You could have an appraisal issue with the most basic home in the area if

there are no suitable sales that have sold recently. This is because appraisers are required to search the market area and use the best *comparables* available. The appraiser cannot select a sale just because it is in the subdivision. We must find sales that are like the subject - sales that a typical buyer would have considered in place of the subject property. In addition, appraisers must use comparables that have sold within the past year, ideally within the past six months. No one can control when properties come available and sell. The subject property may have sold at a premium because there have been no other sales like the subject to come on the market in over a year. The agent would consider this a positive reason why the home is worth the sales price. The appraiser is challenged with the lack of recent sales.

For instance, if we are considering a ranch on a finished basement. The subject comes on the market and sells in a matter of days with multiple offers. All parties involved feel it's a great deal and are confident there will be no issue with value. The problem for the appraiser may be that there have been no ranches on finished basements to sell for the past 14 months, despite the fact that ranches on finished basements are very prevalent in the neighborhood. Even still, the appraiser cannot use a 14-month-old sale. He must then expand distance parameters to use other ranches on finished basements. He may consider using other styles most like the subject which are in the subdivision to make sure the influences of the subdivision on value are represented. What seemed like a slam-dunk, easy appraisal, turns out to be a complicated mess.

Now let's consider the home which has recently been totally renovated. It is in excellent condition and has every possible upgrade and amenity. The buyers literally line up to make offers, and the sales price escalates to \$25,000 above list price after 15 offers. We have multiple buyers interested in the subject property at or above the list price. A meeting of the minds of buyer and seller. The property was adequately exposed to the market, there were no excessive concessions by the seller or any party involved in the transaction. That pretty much is the definition of market value.

Enter the appraiser; nothing has sold for that much in the subject neighborhood. Of the sales, none are in as good of condition and none have the same amenities. The subject has an elaborate outdoor living space with grill, fireplace, spa tub and waterfall. All parties involved feel it's a great deal and are confident there will be no appraisal issue.



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There is a common misconception that appraisers have a list of Fannie Mae required rules. The reality is that this list is a set of *guidelines*. When an appraiser encounters a property such as we have described, these guidelines are put to the test. It is certainly important to stay near the subject property, but we must seek out comparables in similar condition, with similar amenities. Would a typical buyer view a property nearby that was dated and not renovated? While it is possible, they would require a very large discount compared to the price of the subject property. It is difficult to extract this adjustment. We cannot just arbitrarily apply a large positive adjustment for the subject's renovation against every single comparable.

One of the most important processes in the appraisal process is to ensure that all major factors are bracketed. What this means is that the appraiser uses a sale that is larger than the subject and one that is smaller, one in superior condition and one inferior, one with a more valuable lot and one with a lot of lesser value. In the case of our subject property, this is going to be challenging. The appraiser needs to seek out comparables which satisfy this test or at least equal the subject property. There may not be a comparable that is superior in condition, but

the more comparables found in similar condition, the more reliable the valuation will be.

The appraiser must also carefully consider if the subject property may be an over improvement for the neighborhood. What about our subject's outdoor living area? It is possible for a property owner to go too far and the typical buyer may be willing to pay only a fraction of the cost. It may not be possible for an appraiser to find a comparable with the same outdoor living area. The appraiser must seek out comparables with similar amenities or alternative amenities which would have a similar value to a typical buyer. Given the neighborhood area and subdivision the subject is located within, there are certain boundaries with regards to size, quality and amenities. Is a \$100,000 Pebbletech pool with covered pool cabana worth the same in a \$300,000 neighborhood as it would be in a \$1,000,000 neighborhood? Almost certainly not.

My plea to appraisers reading this article is to remember that appraisers do not determine market value; we interpret market value. Buyers and sellers are determining market value. Supply and demand are a huge part of value. As appraisers we must give first consideration to a sales price that was arrived at in the open market and meets the definition of market value. We must also carefully analyze market conditions and reflect appreciation (or depreciation) accurately. The most common error I see in low appraisals is a lack of consideration for market value appreciation. If all the comparables are selling within days at or above the list price and subsequent listings are competitively priced, the market is appreciating – regardless of what your 1004MC is saying. Generally, it is the case that the appraiser is not completing the 1004MC correctly. An appraiser should never have a direct impact on market value. However, a poorly completed appraisal which results in a low value can cause a seller to drastically reduce the sales price – in this case the appraiser had a direct impact on market value. Subsequent sales in that neighborhood now will be negatively impacted by a comparable which was forced to sell below value.

As an agent you have no control over the improvements the seller has made to the property. Your job is to sell the home. The process is not complete until the property closes. A good agent will identify the issues that will challenge the appraiser, do their homework, research the comparables and be prepared for the appraisal. A good appraiser will ask for your input and welcome your data. The appraiser's job is to verify this data and render an independent conclusion.