

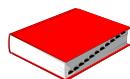
2008 Dates to Note

- June 16, 2008
Georgia Broker Course
[August Board of Realtors](#)
- June 17, 2008
Trust Account Class
[August Board of Realtors](#)
- July 16, 2008
Georgia Broker Course
[Atlanta Board of Realtors](#)
- July 17, 2008
Trust Account Class
[Atlanta Board of Realtors](#)
- July 24-25, 2008
[Georgia Instructor Training \(GIT\)](#)
Georgia Institute of Real Estate

[GREC Disciplinary Sanctions](#)

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Focus on Terminology:

“Amortization”

Georgia Real Estate Commission
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Atlanta, GA 30303-1605

Who can Sign to Bind the Parties To the Contract?

Depends...

A contract is only enforceable if the parties signing have the authority to enter the agreement. Therefore it is in the licensee’s best interest to see that the contract is properly prepared. In the case of the seller, the form of ownership in which the title to the property was granted will determine who, or how many, people or entities have authority to enter into a binding agreement. It is important to know how title is actually stated before constructing an offer. A look at the deed will display how title was granted and then the determination can be made.

The same holds true for the buyer. The name in which the property will be purchased will dictate who can actually enter into a binding agreement.

If the party is a couple that owns property jointly, both individuals must sign the agreement.

If one party is a partnership, there must be proof that one party can bind the partnership. A General Partnership could have several partners requiring all their signatures or one partner. Perhaps a managing partner may present a document giving him/her authority to sign for the partnership. Generally, the General Partner of a Limited Partnership may sign for the Limited Partnership, but satisfactory documentation should be available.

If the grantor is a corporation and depending on the structure of the corporation, an officer with a copy of a corporate resolution should be presented to show he/she has authority to bind the corporation.

A quick visit to the Georgia Secretary of State website <http://corp.sos.state.ga.us> will provide information on the corporation or if it is even a corporation that exists in Georgia. The Secretary of State website will also list the type entity the corporation is (i.e. profit, non-profit, LLC...) in addition to names and contact information for the officers and agents of the company.

The real estate licensee is not an expert in how title should be granted. The licensee should suggest that the client or customer use the services of an attorney to determine the correct method of taking title. However, the licensee often prepares the offer and many times an attorney is not consulted until the contract is signed by the parties. Therefore, understanding how the title is currently held or plans to be taken is needed to develop the offer. Typically a real estate agent gets paid by commission and that commission is only paid upon closing of a transaction. If the contract/offer is not prepared properly, there may be no closing and no commission. Another resource to review recorded real estate documents is the Georgia Superior Court Clerks’ Cooperative Authority at <http://www.gscca.org>. Although, there is a nominal fee to use this service it can prove invaluable considering time spent and access to information used to create a binding agreement that results in a successful transaction for the licensee.

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Signs, Signs, Signs

Whether it is an agent's for sale sign, a sign in support of some elected official, or a directional sign, signs must be placed in compliance with the local sign ordinances. These ordinances may be city or county requirements. Specific rules for placing or prohibiting the placement of such signs may include the following:

- Prohibiting the placement of signs on public rights-of-way, curbs, trees, utility poles
- Restricting the sign area by size, square footage, and height
- Establishing setback requirements
- Restricting the sign elevation relative to grade level

Ordinances vary greatly by locality and the duration of the placed sign is a critical component.

Signs in violation of the local ordinance are subject to fines and at a minimum the loss of costly signs. Most sign ordinances can be researched from one website www.municode.com. A little advance research can prevent some unneeded aggravation and expense.

GREAB Note: The Georgia Real Estate Appraisers Board intends to modify the rules to require safeguards when sending appraisal reports electronically or otherwise. To review the proposed ruling, go to http://www.grec.state.ga.us/PDFS/About/NOI_539-3-02_June2008.pdf. If you choose to express an opinion, do so before July 11, 2008.



Focus on Terminology: "Amortization"

The typical "**amortization**" process allows the borrower to pay a steady, predictable amount each payment period for the life of the loan. Although there are various creative forms of amortizing a loan, the traditional fully amortized loan has a fixed interest rate.

Each payment includes amounts toward principal and interest. Initially more interest is paid on the declining principal amount. But as the principal balance declines, less interest is paid and more of the payment is applied toward principal.

If the payment is less than the actual amount of interest due on the outstanding principal, there is "negative amortization." This means that the principal balance due gets larger rather than smaller. Clearly, the borrower wants a positively amortized loan. *Reference Source: Section 42.05, The Georgia Real Estate Guide*

A loan could also be set up based on a full amortization schedule with steady payments, but still have a balloon payment due at some point before full term, such as in a commercial loan that balloons in 5 or 10 years. It is important to understand the concept of full amortization and how it differs from adjustable rate mortgages where the payment does not stay the same.

