

**2009 Dates to Note**

- **December 3-4, 2009**  
GREC Annual Schools Meeting  
Athens, GA  
[www.annualschoolmeeting.com](http://www.annualschoolmeeting.com)
- **December 7, 2009**  
GREC Brokerage Course @ Brunswick, GA  
[Golden Isles Realtors](http://GoldenIslesRealtors.com)
- **December 8, 2009**  
Trust Account Class Brunswick, GA  
[Golden Isles Realtors](http://GoldenIslesRealtors.com)
- **December 8, 2009**  
Common Violations Class Covington, GA  
[East Metro Board](http://EastMetroBoard.com)

[Click here to see the latest GREC Disciplinary Sanctions](#)



**Focus on Terminology:**

*“Lease Purchase and Lease with Option to Purchase”*

*Happy Holidays from the Georgia Real Estate Commission!*

*Property Management*

Property management is often considered a specialty within the real estate industry. Some states, other than Georgia, actually require a separate real estate license to perform property management services. It is important to be familiar with the specific laws that apply to managing someone else’s property as well as those properties owned by a licensee. For example, whether a licensee manages his/her own rental properties or manages properties for a client, all security deposits or any other trust funds must be placed in a trust account that is property registered with the Georgia Real Estate Commission.

Property management professionals often specialize by managing certain types of properties such as commercial properties, residential rental properties, office buildings, apartments, etc.

Certain requirements apply to property management services, one of which is a written management agreement. A written management contract is required between the broker and the owners of the property to not only establish a clear agency relationship, but to clarify the business points of the arrangement such as the following:

- Stipulate the terms of payments (commissions)
- Identify the level of all services that are being provided
- Identify conflicts of interest or material relationships
- Disclose any referral programs

Property management forms may be obtained from various real estate membership organizations and associations such as the following:

- Institute of Real Estate Management ([www.IREM.org](http://www.IREM.org))
- Atlanta Commercial Board of Realtors ([www.atlcbr.com](http://www.atlcbr.com))
- Georgia Association of Realtors ([www.garealtor.com](http://www.garealtor.com))
- National Association of Realtors ([www.nar.org](http://www.nar.org))
- Building Owners and Management Association ([www.boma.org](http://www.boma.org))

Many licensees find that in order to provide professional property management services, they must concentrate their efforts on the property management responsibilities rather than try to manage a few rental properties as an additional source of income in addition to other real estate brokerage activities. In other words, property management is often a full-time responsibility. There are various professional designations offered for property management professionals. This is an indication of the specialized service and knowledge it requires.

*continued on page 2...*

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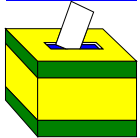
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**GREC**

## *Property Management...*

The license law defines property management in § 43-40-.1 (7)

*“Property management services” means the provision, for a valuable consideration, to another of marketing, including referring prospective tenants; leasing; physical, administrative, or financial maintenance; and overall management of real property; or supervision of the foregoing activities for another pursuant to a property management agreement.*

BRRETA lists the duties of a licensee when representing a landlord: [Title 10 Chapter 6A](#)

Licensees offering property management services must comply with the license laws as in any other real estate brokerage activity.

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## **Common Violations Class Popular Among Attendees...**

The 6-hour CE Class **“You Can’t Fix Stupid, But Ignorance We Can Work With,”** continues to receive great reviews!

- This in-class presentation focuses on how to avoid making violations through the use of actual cases involving licensees.
- It is offered at various locations around the state. The cost per attendee is \$10 or less as it is produced through funding of the Real Estate Education, Research and Recovery Fund.
- The next class is December 8, 2009 in Covington, GA at the [East Metro Board](#)
- The 2010 Schedule will be posted on the GREC Website. Upcoming classes are also noted monthly in the Dates column in this newsletter.



### **Focus on Terminology: “Lease Purchase and Lease with Option to Purchase”**

A lease gives the tenant temporary exclusive possession and use of the property. A **Lease Purchase** usually requires the tenant to pay higher lease payments than market rate in exchange for a portion of those payments being applied to purchase the property. The amount and method the funds are applied is negotiated among the parties and must be clearly stipulated in the lease document.

A **Lease with an Option to Purchase** does not usually require higher than market rental rates and is simply treated as a lease agreement. At some point during the lease term, if the tenant is in good standing, he/she may exercise an option to purchase the leased property. Whether an additional payment of option consideration is required or whether it merely requires notice of the exercise of the option is determined by the negotiation among the parties.

The distinction between a **Lease Purchase** and a **Lease with an Option to Purchase** is more important in the actual negotiations so the parties understand the commitments and the opportunities. However, rather than merely semantics, the more important issue is the final lease/option/purchase document. Although there are preprinted forms for such arrangements, it is best to seek legal counsel in drafting any lease with purchase rights, as it is more complex than a straight lease or outright purchase.