

## Calendar

### GREC Brokerage Course & Trust Accounts Class

#### Dates:

- June 22 & 23, 2010  
[www.cowetarealtors.com](http://www.cowetarealtors.com)
- July 14 & 15, 2010  
Tift Area Board  
(229) 388-1111
- August 25 & 26, 2010  
Gordon Association  
(404) 845-4082

### Common Violations Class

#### Dates:

- June 15, 2010 @  
Rabun County Board
- June 16, 2010 @  
400 North Board
- June 17, 2010 @  
Greater Rome Board
- June, 25, 2010 @  
NE Georgia Board

### Georgia Instructor Training

#### Workshop Dates:

- July 22-23, 2010  
GIT – Macon  
<http://www.grec-git.com/>

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

### Georgia Real Estate Commission

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



This Issue:

Creative Business Models **P.1-2**

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## Creative Business Models in Real Estate Brokerage

A dynamic business environment requires any industry to react to the changing economy and marketplace. The real estate brokerage industry is adapting by creating new business models and implementing new marketing techniques. Some of these techniques could affect the traditional management role of the broker such as the following:

- Annuity brokerage models
  - The broker must be careful to remain closely involved in the hiring of agents.
- Discount brokerage Firms
  - Some Discount brokerage arrangements offer a la carte service to clients and limited broker management.
- Business models that simplify and encourage the creation of single independent brokerage units must still be under broker supervision.

Often the real estate licensee is someone who desires a career where he/she can work independently and is not tied to a classic 9 to 5 workday, 5-day workweek. These characteristics allow the flexibility for the invention of new business models. Knowing that

these ideas are attractive, it is important to review some critical license laws that must be considered when implementing a non-traditional business model for real estate brokerage.

- Most importantly, the broker must remember that he/she is ultimately responsible for the licensees under his/her license. That ultimate responsibility cannot be delegated.
- Because the Internet and technology allow the creation of virtual offices so easily, there may be a tendency to have less in-person contact among the broker and his/her licensees and with clients as well. Some business models encourage licensees to work from home and be more independent, and as a result the broker may risk losing touch with the activities of their licensees. The broker must have policies and procedures in place to maintain regular contact with his/her licensees and should document the subject of those meetings and the training that takes place with the broker.

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## Creative Business Models...

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- One business model, annuity brokerage, is becoming increasingly popular and is designed similar to a multi-level marketing program where agents have the potential to benefit financially from bringing in other licensees to the brokerage firm. The broker should be cautious in encouraging rapid growth in such programs. Although a higher volume of agents may increase the potential for more income, it also saddles the broker with more responsibility in managing those licensees.

- Even though discount brokerage firms may offer varying commission splits for licensees, they still require

**Whatever the model, the broker is ultimately responsible.**

- In an industry where market exposure is crucial to self-promotion, the Salesperson or Associate Broker must be careful to abide by the license laws, especially related to advertising, and be mindful that the licensee must still work under the

supervision of the broker. Any advertisements by the licensee involving property must:

- be in the name of the brokerage firm that is licensed with the Georgia Real Estate Commission
  - must include the phone number of that firm
  - be approved in writing by the broker
- An entrepreneurial Associate Broker or Salesperson may find it beneficial to use a licensed or unlicensed assistant, but there must be a written agreement of duties and the broker must be involved in approving the use of any assistants.

Whether it is an annuity-type program or a discount firm or a firm of virtual offices, the broker must be careful to maintain the level of supervision required by the license law.

To review the License Laws regarding broker supervision visit [43-40-18 Management of firm and licensed affiliates](#) which may be accessed from the [GREC website](#).



### Focus on Terminology: "Associate Broker"

In order to obtain an Associate Broker license, not only must the licensee meet the education, exam and application requirements, but he/she must have at least 3 years of the last 5 years experience in brokerage transactions and the experience must be within 5 years prior to applying for the license. [Rule 520-1-.04 \(2\)](#)

Although Brokers may enlist the help of an Associate Broker or a Salesperson to assist them in the management of the firm, it is important to remember that only the Broker is ultimately responsible for the firm and the licensees affiliated with it. An Associate Broker has no more authority than a Salesperson, but an Associate Broker may become a Broker and open his/her firm when needed.