

## 2014 Calendar

### GREC Brokerage Course & Trust Accounts Class

#### Dates:

- May 7-8, 2014  
Middle Georgia AOR  
[www.mgar.org](http://www.mgar.org)
- July 9-10, 2014  
Savannah GAR  
[www.savannahboardofrealtors.com](http://www.savannahboardofrealtors.com)

### Common Violations Class

#### Dates:

- May 21, 2014  
Clarksville, GA  
706-776-1551
- June 19, 2014  
Tucker, GA

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

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

Georgia Real Estate Infobase

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## Notice

### New Rule Changes

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## Notice to All Georgia Real Estate Licensees – New Rule Changes....

The Georgia Real Estate Commission passed changes to two of its Rules at its April 2, 2014 meeting.

Maintaining a License – As of July 1, 2015, this Rule change increases continuing education hours from 24 to 36 for the 4 year license renewal period. Also, as of July 1, 2016, the 36 required hours of continuing education shall include 3 mandatory hours on the topic of License Law. This issue of the GREC RENEWS details this rule update.

[Rule 520-1-.05 Maintaining a License.](#)

Advertising – This Rule change primarily addresses the use of the Internet to advertise real property. [Rule 520-1-.09 Advertising](#) A more detailed article addressing the new rules on advertising will be published in the May issue of the GREC RENEWS.

## Increase in Required Continuing Education Hours

Since continuing education (CE) was first required of non-grandfathered real estate licensees in 1980, the Georgia Real Estate Commission (GREC) has not increased the CE hours. Based on the number of repeated types of violations, surveys of licensees, input from industry professionals, and the ever-changing industry, the Georgia Real Estate Commission determined that an increase from 24 to 36 hours of CE per renewal period would further “protect the public” which is the function of the GREC. The Commission cites the following reasons for the increase:

1. The national average of CE hours is 9.3 hours per year. All surrounding states except for South Carolina have more CE hours per year than Georgia. This increase would put Georgia nearer the national average and above all surrounding states.
2. The purpose of the GREC is to "protect the public" from misconduct and violations by real estate licensees of real estate law and rules. The GREC firmly believes that an increase in CE taken by real estate licensees will help diminish the number of violations by licensees of the license law.
3. The GREC considers real estate licensees as professionals. As professionals, real estate licensees should take CE hours commensurate with other professions. For example, attorneys are required to take 12 hours of CE each year, insurance agents 15 hours of CE each year and appraisers 14 hours of CE each year. The GREC wants to insure the integrity and "raise the bar" for licensee professionalism.

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# New Rule Changes....

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The section of the rule that changed is stated below, and you can click this link to read the changes to [Rule 520-1-.05 Maintaining a License](#) or go to the GREC website and read the Rule.

(1) Required Education.

(d) In order to renew an active license, a licensee shall furnish to the Commission evidence of satisfactorily completing thirty-six (36) instructional hours of continuing education courses during the renewal period. The effective date of this requirement shall be July 1, 2015. Any licensee who renews an active license on or after this date must have completed thirty-six (36) hours of continuing education courses in order to renew.

(e) A licensee shall satisfactorily complete at least three (3) hours of continuing education on the topic of license law during each license renewal period. The effective date of this requirement shall be July 1, 2016. Any licensee who renews an active license on or after this date must have completed at least three (3) hours of continuing education on the topic of license law in order to renew.

Note that the new Rule has 2 parts, 1) number of hours and 2) the requirement of a license law course, and they are staggered in the years they become effective. If a licensee renews between July 1, **2015** and June 30, **2016**, he/she must take 36 hours of CE to renew. If a licensee renews on or after July 1, **2016**, the 36 hours must include a course that includes 3-hours on the topic of license law.

Any course developed to qualify as a continuing education course on the topic of license law will contain material that covers such topics as trust account requirements, brokerage relationships, unfair trade practices, advertising, licensees acting as principals, and other topics as deemed appropriate by the Georgia Real Estate Commission. Course providers will be required to identify the course as meeting the requirements for the 3-hour mandatory license law course approval.

**Note Regarding Grandfathered Licensees:** Because it takes a statutory change by the Georgia General Assembly to require continuing education for "Grandfathered Licensees" (those licensed prior to 1980), these "Grandfathered Licensees" will continue to be exempt from all continuing education requirements. However, Grandfathered licensees are encouraged to attend CE courses and in particular the courses that cover updates and a review of License Laws, Rules, and Regulations. Every licensee is responsible for being knowledgeable regarding the License Laws, Rules, and Regulations and being uninformed is not a defense for a violation of the License Laws, Rules, and Regulations.

## Key Points

- Beginning July 1, **2015** each licensee must have completed 36 hours of Continuing Education to renew a license.
- Beginning July 1, **2016**, each licensee must have completed 3 hours on the topic of license law as part of the 36 hours of CE.



## Focus on Terminology: "Mandatory"

The new requirements for Continuing Education address certain mandatory (required) topics. Mandatory in this case, means that in order to renew, each licensee must take at least one 3-hour course that covers specific subject areas on the topic of license law as identified by the Georgia Real Estate Commission. The course provider will be required to include required subjects in the course to comply with the requirements for the 3-hour mandatory license law course approval. Many states across the country have required mandatory topics for many years, and in fact require the same course to be updated and taught to every licensee every renewal period. However in Georgia, the License Laws, Rules, and Regulations allow the course provider to present the required topics in a variety of methods, as long as the material is sufficiently covered. By July 2016, in order to renew, every licensee must take at least (1) 3-hour CE course covering those license law topics as mandated by GREC.

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Suggestions  
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# The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

## "Once-in-a-lifetime opportunity"

By D. Scott Murphy, SRA

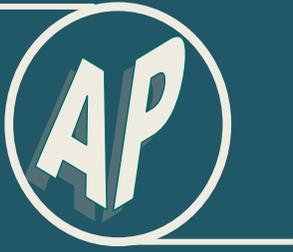
Sounds like a sales pitch right? The salesman says "don't you wish you had bought Apple stock when it was...." or your husband or wife says, "if we had only sold our house in early 2007..." (as we know the market peaked in mid 2007 and then dropped as much as 50-60+% in some areas). Well no one has a crystal ball and hind sight is 20/20. But if you look back at many of these major monetary events, there was evidence of their forthcoming. Particularly with the real estate market, many were predicting the collapse months before it happened.

While maybe it is not as dramatic as the crash of 2007 or a huge stock gain, I believe we are at a point where we may look back and say, "if we had only listed our house in the spring/summer of 2014". Inventory of homes for sale is very low. This is due to many factors, still over 25% of owners are underwater or owe more than their house is worth. There are also many sellers who are reluctant to list their home because they do not see any alternative to buy. I have made reference to this in past articles as the "reluctant seller syndrome". The rapid rate of sales of homes is decreasing the future supply or inventory of homes.

Buyers are lining up in mass for each new listing in most popular areas. It is very common to have 20+ showings the first day the home is listed and 3 to 5 offers the same day. I have heard of properties with 15 to 20 offers within the first few days of listing. Are these properties all under-priced, or is there such an under supply of homes and over supply of buyers that it is forcing this type of competition? What is this doing to home values? Well, it is driving them up at record rates. This creates an enormous challenge for appraisers. Monitoring and analyzing the rate of appreciation is part of our job, but these rapid jumps are often unsubstantiated, at least in the short term. Which is the time we as appraisers have to analyze the data. Three or four months down the road it will be easy to track how values rose but with the limited data available and the rate of increase it is very difficult.

The other big problem faced by appraisers is properties which are not listed in the multiple listing service(s). I know I am getting back up on my soapbox as I have preached this before, but it is so critical for everyone to understand the damaging effects of not listing every sale. One might say "can't the appraiser find the data in public records" or "what if I give the appraiser a copy of the HUD and any other documents supporting the sale". We have at least three problems with this issue. First, most lenders will not allow appraisers to use or place significant weight on any sale which was not adequately exposed to the market. This goes back to the early 2000's when mortgage fraud ran rampant. All of those fraudulent sales were referred to as "for sale by owner sales", and all of the fraudulent sales were in the public record, but they were never exposed or tested by the market. Another issue the appraiser runs into is that we have no way to verify the condition and quality of the home. MLS gives us photos and descriptions which we use to make adjustments. It also provides published evidence to subsequent underwriters and reviews. Yes, most underwriters have access to MLS, verify **every** comparable and often suggest additional comparables.

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# The Appraisers Page

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## "Once-in-a-lifetime opportunity"

By D. Scott Murphy, SRA

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The third and maybe most important issue to you as an agent who specializes in this particular market is that by not putting that sale in MLS because of "pocket listings", future sellers and buyers do not have access to that information and that has a negative impact on all the other sales and listings in the neighborhood. Combined with that, appraisers use the MLS data to determine market trends. If your sale(s) are not in the system, it will impact adjustments such as appreciation.

In February, nearly 35% of all offers were in cash across the country, which was a 30% increase from a year earlier, according to RealtyTrac. The number of cash buyers has increased over the past few years due to the low returns most are seeing on investment and savings accounts. Many are also deterred by heightened requirements for obtain traditional mortgage financing.

The biggest reason that this is *the* time to list and sell your home is the lack of competition from new homes. New home construction is still well below normal levels, which has kept inventory tight. New construction is also focused more on the first time home buyer or the lower end of the market. This is not to say there are no communities in the higher price brackets, but in order to develop the profit levels necessary to build out a subdivision, most home-builders start in the lower price ranges and then values gradually creep up. With this also comes a lesser of quality than what we saw in pre-crash homes. This is very easy to see when you go into a neighborhood that started in the early 2000s, failed, and is now being completed by a new builder. I have yet to see one of these neighborhoods where they are building higher quality homes than were previously built. Again, builders are having to watch their budgets and use lesser quality materials in order to deliver a profitable home. This, too, will change in time as buyers demand high quality materials.

Builders are building as fast as they can. They are strapped with labor shortages, lack of materials (I heard the drywall plantings are running 24/7), and lack of developed lots. All the developed lot which sat vacant for so many years - the "PVC pipe farms" as many of us called them, have been snatched up. So builders and developers must start from scratch and that process takes years to make it through all the red tape necessary to get a subdivision out of the ground. Speaking with Steve Brooks, a local Atlanta homebuilder, he said, "It takes a minimum of 2 years to go from acquisition of the land to delivering a home". Searching the NAHB (National Association of Home Builders) website, I found that the current rate of issuance of building permits is only up 5% nationwide (Feb 2014 over Feb 2013). Georgia is actually down 11% for the same time period. How could that be possible? My guess is that more permits were issued last year because the lots were already in place. This past year has been spent developing new lots and my guess is that by this time next year, those rates will skyrocket.

The buyers that are lining up for each existing home listing will be drawn to the new construction. The only reason they are not buying new construction is that buyers are not used to waiting 3-6 months for a home to be built. That is why I say that now is the time to list your home - the "once in a lifetime opportunity". New construction is coming like a steamroller.