

2014 Calendar

GREC Brokerage Course & Trust Accounts Class Dates:

- December 3-4, 2014
GAMLS
www.GeorgiaRealEstateSchool.com

GREC Annual School Meeting Date:

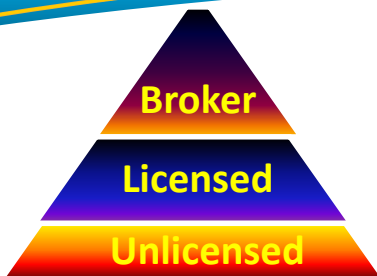
- November 21, 2014
Athens, GA

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Recent Rule Change Regarding Support Personnel

Effective November 1, 2014, Rule [520-1-.07](#) that addresses the use of support personnel was amended.

The new Rule now allows an active licensee that is an affiliated licensee at one firm to be simultaneously employed as support personnel at another real estate firm. An individual licensed with one firm desiring to work as support personnel at another firm must obtain the written consent from the broker of each firm and may perform only ministerial duties at the second firm.

As before, the Rule describes those written agreements that are required in order to use the services of support personnel. Consider the following summary:

1. There must be a written agreement between the broker/firm and the support personnel specifying the duties the support personnel may and may not perform on behalf of the firm or an affiliated licensee of the firm.
2. If an affiliated licensee wants to use support personnel, there must be a written agreement between the affiliated licensee and the broker to authorize the use of support personnel, including the compensation arrangement. It must also specify the duties the support personnel may and may not perform on behalf of the firm or an affiliated licensee of the firm.
3. There must be a separate written agreement between the affiliated licensee and the support personnel specifying the duties the support personnel may and may not perform on behalf of the firm or an affiliated licensee of the firm and the agreed compensation arrangement.

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NOTE



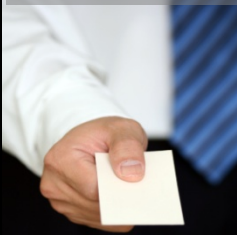
- ✓ On July 1, 2015: required hours of continuing education increase from 24 to 36 hours.
- ✓ On July 1, 2016: 3 of the 36 hours must be on the topic of License Law.

New President-Elect of the Association of Real Estate License Law Officials is from the Georgia Real Estate Commission

Real Estate Commissioner, Bill Rogers, recently announced that Deputy Real Estate Commissioner, Craig Coffee, was elected as President-Elect of ARELLO for 2015 and will serve as President for 2016. Rogers stated it is an honor to be selected to lead this organization and it demonstrates the respect that ARELLO has for Coffee and for the state of Georgia.

ARELLO is an international association of real estate license law officials. ARELLO meets several times each year to discuss common problems and possible solutions in the changing landscape of real estate license law, education, and discipline.

Comments or
Suggestions
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**Georgia Real Estate
Commission**
Suite 1000
International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605
Phone 404-656-3916

Support Staff.....

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The Rule includes relatively few changes to the list of tasks support personnel may perform. For example, in the list of tasks that support personnel are allowed to perform, the rule change deleted the word “**receiving**” deposits, earnest money, security deposits and rents, but the support personnel can **record** and deposit those monies. Other notable revisions include the use of the word real estate in place of real property because “real estate” is a defined term in the License Law and property is not.

You can view the entire wording of the [New Rule with Changes noted by clicking here](#) and the new version is already included in the License Law, Rules, and Regulations accessible from the GREC web site at www.grec.state.ga.us/relaw. Reference: [520-1-.07 Management Responsibilities of Real Estate Firms](#).

The rule change gives more freedom to licensees and opens up potential employment opportunities that were not previously possible under the prior License Law, Rules, and Regulations.

It should also be noted that under O.C.G.A. Section 43-40-25 (b) (7), an active licensee practicing real estate and affiliated with one firm can obtain written permission from his/her broker to also work as an active licensee practicing real estate with another real estate firm. Obviously the licensee’s Broker must voluntarily agree in writing for his affiliated licensee to do so.

Of course from a practical business perspective, it may not be desirable for brokers to be competing with each other with the same licensee. Confidentiality concerns should be addressed by both firms whether the licensee acts as support personnel or as active licensees practicing real estate brokerage. These issues should be addressed internally as well as between the two brokers/firms.



Focus on Terminology: Acronyms: “AVM, IDX, VOW”

AVM Automatic Valuation Models are models that use existing databases or reported sales and tax information to estimate real estate values and predict market trends. These models are used by banks, listing services, marketing services, and other real estate related industries. AVM are readily available on numerous web sites. There is some controversy over the accuracy of the estimates produced by the AVM. Whenever a licensee uses a site providing values for free, or otherwise, he/she should perform research to verify the accuracy of the information before presenting it to clients or customers or using it in marketing materials. When a licensee gives a value for a property, it is extremely helpful to actually view the properties used as comparables. A field visit could help determine if the comparable is or is not a true comparable.

IDX Internet Data Exchange (MLS) is a system where brokers give each other permission to display their listings on each others’ websites. All brokers can choose to opt in or opt out of the IDX program at any time. Participants in the IDX program (“opted in”) can display each others’ listings...” Quote Source: <http://portal.mlslistings.com/data/2011/06/09/idx-faq/>

Virtual Office Websites (“VOWs”) What is a “VOW” and who can have one? VOW’s are Internet sites operated by **MLS Participant Brokers** through which they establish relationships and work with clients and customers in cyberspace in ways similar to how real estate professionals interact with clients and customers in a “brick and mortar” environment. A consumer accessing VOWs can search and view listing data after registering and providing his/her name and a valid email address, and accepting certain Terms of Use. There are very specific guidelines for operating VOW’s” Quote Source: <http://portal.mlslistings.com/data/2011/06/10/vow-faq/>



The Appraisers Page

Georgia Real Estate Appraisers Board

November 2014

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

Who Can Talk To Whom?

By: D. Scott Murphy, SRA

I have touched upon this in previous articles but wanted to circle back and spend a little more time discussing this topic. There is a lot of confusion among agents and appraisers. The rules seem to keep changing or evolving. So let's look at where we started, the rules which were introduced, and where we are today.

Communication is a critical part of the real estate transaction. In order for it to move smoothly, all parties need to remain informed and information needs to flow between all parties. None of the past or present legislation was ever intended or meant to impede communication. The reason this is even a topic of discussion is the confusion which arose as a result of the HVCC and the Dodd Frank Act, which were federal regulations enacted in the wake of the recent mortgage crisis.

The HVCC (Home Valuation Code of Conduct) was introduced as a settlement in a lawsuit between the State of New York and the GSE's (Freddie Mac & Fannie Mae). It created a separation of the origination staff of a lender (or mortgage broker) and the appraiser. No longer could the loan officer chose who the appraiser was to be for their loan. It was to be done in an independent and random fashion. Lenders were given the alternative of using an independent AMC or create a separate department to manage the appraisal process which was completely separate from the origination department.

You need to understand that this was very positive news to most appraisers. For years and years we were constantly pressured and harassed by loan officers into raising values. We would regularly receive phone calls from loan officers stating "I need to get \$250,000 for this property, can you do it?" – we would be expected to answer then on the spot or at best get back to them within the hour. No amount of desktop research is possible for an appraiser to be able to answer that question. Furthermore, based on USPAP (Uniform Standards of Professional Practice) – if we did answer that question, even with a range of value, we had just completed an appraisal and could be held liable for those results. If the appraiser said "no, I cannot give you an answer over the phone, I need to do research, inspect the property and prepare a report" – which is the correct answer – the loan officer would hang up the phone and call another appraiser. The first appraiser would most likely not receive any more work from that loan officer and so an enormous amount of pressure was placed on the shoulders of the appraiser. What happens if he says – "yes, I can get you \$250,000" and then gets out to the property and it is not what he expected and he is unable to return a report for the predetermined value?

Many loan officers also felt it was common practice that if they ordered an appraisal, providing an estimate of value, and the resulting appraisal did not meet that value, that the appraiser should either stop as soon as he realized it would not "hit" value or that the borrower should not have to pay for the appraisal. The term "the borrower wasted their money" was most commonly used. Sorry that it did not "hit" your number but the appraiser could not know without going through all the necessary steps to complete the report – and regardless of the value the appraiser is due his fee.



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HVCC was always intended to be a temporary set of rules while congress drafted what is now called the Dodd Frank Act. The Dodd Frank Act is far more reaching than HVCC was. I have never read the entire document but it touches on many different parts of the mortgage, banking and financial markets. As it pertains to loan officers, it required them to become licensed. Most people don't realize or never thought about the fact that everyone else in the real estate transaction was licensed but the loan officer. The strict background checks weeded out a lot of loan officers. Other regulations made it virtually impossible to operate as a mortgage broker – thus the steep decline in the number of mortgage brokers.

But nowhere in the HVCC or the Dodd Frank Act does it say that the agent – or anyone else except the loan officer and production staff – can talk to an appraiser. Many appraisers either misinterpret these rules or purposely lump agents in so they do not have to talk to them.

Not only can agents talk to an appraiser – I strongly encourage them to provide any information they can to the appraiser. It is the appraisers job to collect, analyze and VERIFY all data available to them in the normal course of business. Any appraiser who purposely refuses to take information from an agent, homeowner or any other participant who might be able to supply or verify data – is in my opinion, in violation of USPAP and the Georgia Appraisers Act. We all know that certain parties will be biased in certain directions, but if the appraiser is professional, ethical, and competent – he can take this into consideration, include the information and use it appropriately.

I am so tired of hearing agents tell me that the appraiser would not talk to them, would not take their information and some even state that it is illegal for them to do so - “we have a hotline to report you to” – what hotline – ASC hotline which is for reporting unethical activity of appraisers, lenders and AMC's? They do not have authority over real estate agents. Are you going to report them to the GREC? That will not do any good. Unless the agent is categorically stating that the property is WORTH x and not y; then they would be acting as an appraiser without a license but just providing information is no violation.

I am speaking to the residential appraisers – stop being so unprofessional. You do not see commercial appraisers turning down information. To the contrary, they spend an enormous amount of time soliciting information from the parties involved in the transaction. It is called verification and most residential appraisers do know what that word means. You would be amazed at how much detailed information you can get from the listing agent, selling agent, buyer or seller. Encouraging their input will make your reports so much more accurate and reliable. So please – communicate, talk to the agents, take what they have to say with a grain of salt if necessary, but don't break off ties with the very people who can assist you the most in completing an accurate appraisal report.