

2016 Calendar

GREC Brokerage Course & Trust Accounts Class

Dates:

November 30- Dec 1, 2016
DeKalb AOR
www.dekalbrealtors.com/

Common Violations Class

Dates:

December 6, 2016
GAMLS Morrow
770-493-9000

GREC Annual School Meeting

December 1-2, 2016
www.annualschoolmeeting.com

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

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

[Link to Proposed Rule Changes](#)

Georgia Real Estate Infobase

[Click Here](#)



Keep Taking Those CE Courses Even if Your License is Inactive.

When a licensee renews his/her real estate license, he/she can place his/her license on Active or Inactive status. However, if placed on Inactive status, a licensee cannot receive referral fees or otherwise practice real estate brokerage. Even if your licensee is Inactive, it is recommended that you continue to take the required continuing education (CE) as if you were Active. Those CE credits will be posted to your record at the Commission as you obtain them. However, if you wait to take those hours until you are ready to activate your inactive license, besides getting behind on current changes in laws and trends in the industry, those hours will add up over time. A licensee that is Inactive and applies to reactivate his/her license to Active status is required to have obtained the same number of CE hours as if he/she were Active.

....Continued on Page 2

CE for Inactive Licensees	P.1-2
Disciplinary Actions October	P. 2
Terms of Sale – Accuracy	P. 1
CE Hours for CAM	P. 2
Focus on Terminology	P. 2
The Appraisers Page	P. 3-4

Terms of sale –

How important is it that they are reported correctly?

To appraisers, agents and many users of MLS data having the correct terms of sale is very important. Last October we moved from using the HUD-1 to the new ALTA Settlement Statements and the Closing Disclosure (CD). Over the past year we have seen misreporting rise significantly. Based on a recent survey of the terms reported on sales in FMLS (metro Atlanta) the percentage report as “other” increased from less than 2% to over 35%. Representatives from FMLS state this is due to a combination of agent error in completion of form #118 and the fact that the new ALTA Settlement Statement does not list the terms of sale – which the HUD-1 did. **It is critical that those responsible for submission of this data to the local MLS confirm the terms of sale and report it correctly.**

October 2016 Meeting - Commission Actions Taken

Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	None
Cease & Desist Orders Issued	None
Citations Issued	10
Letter of Findings Issued	2
Consent Orders Entered Into	2
Final Orders of Revocation of Licensure	2
Cases Closed for Insufficient Evidence or No Apparent Violation	11
Licensing Cases - Applicant has a Criminal Conviction - License Issued	11
Licensing Cases - Applicant has a Criminal Conviction - License Denied	3
Total	41

[Click here to review a legend of the disciplinary actions the Commission may impose.](#)

Online Courses from GREC

**\$10 each
3 Hour CE
Course
Total of 9
Hours CE
Available**

(Also Approved as Instructor CE, not approved as License Law CE)

“Avoiding Trust Account Trouble”

“Practicing Real Estate & Staying Out of Trouble”

“Being a Broker and Staying Out of Trouble”

[Click Here](#)

Even if Your License is Inactive ...

....Continued from Page 1

Consider the following examples.

1. Example 1: A licensee completed all CE for her August 31, 2012 renewal. She renewed to Inactive on August 31, 2016 with no CE on her record. To activate her license in November 2016, she must complete 36 hours of CE and must have 3 of those hours in the specifically required topics of the license law.
2. Example 2: A licensee completed all CE for her August 31, 2012 renewal. She renewed to Inactive on August 31, 2016 with 12 hours of CE on her record. To activate her license in November 2016, she must complete 24 hours of CE and must have 3 of those hours in the specifically required topics of the license law.

Reference: [520—1-.05](#) (e) Any licensee who seeks to activate a license which has been on inactive status shall be required to have satisfactorily completed the continuing education requirements which would have been required if such licensee had been on active status or in lieu thereof, requalifying as an original applicant.

Continuing Education Requirements are the Same for Community Association Managers

- A Community Association Manager (CAM) is a real estate licensee.
- Every CAM must complete the 3 hours of required license law topics as part of the 36 hours of required continuing education (CE).
- A CAM must disclose in a lease or management contract that he/she is a licensee.
- A CAM must disclose in a sale or purchase of personal real estate, that he/she is a licensee.

To sign up to receive the GREC RENewsletter [Click Here](#)

SUBMIT

Comments & Suggestions

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Focus on Terminology: “Rebate”

Webster’s Dictionary defines rebate as: **a return of a part of a payment.***

Any rebate as it relates to real estate transactions can only be made to principals in the transaction. Any rebate must be disclosed to all parties involved, including sellers, buyers, lenders, title companies, and government agencies, and it must be disclosed on the closing statement for the transaction.

A recent trend involves some real estate brokerage firms promoting rebates in order to obtain more clients. Because this effectively reduces the commission to the licensee, the firm/licensee may elect to provide limited services to those clients. The level of services must be disclosed and understood by the parties involved as well as the conditions of the rebate to principals.

[Rule 520-1-.10. Handling Real Estate Transactions](#) “(e) A licensee may rebate to a principal any part of a commission, fee, or other compensation received by the licensee related to the purchase, sale, lease or exchange of real estate as long as said rebate is disclosed on the closing statement for that transaction and as long as the rebate does not mislead any other licensee, other principal, lender, title company or government agency involved in the transaction regarding the source of funds to complete the transaction or regarding the financial resources or obligations of a buyer principal. Notwithstanding anything to the contrary above, no disclosure is required for gifts, products, services, or other things of value given to a principal by a licensee provided that they are not contingent upon the purchase, sale, lease or exchange of real estate for that transaction.”

*Source: Webster’s New Collegiate Dictionary



The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

Consistency

By: D. Scott Murphy, SRA

The appraisal process is based on a set of standards. All appraisers must abide by these standards. There are formal ethical standards which govern the way appraisers act – these are called USPAP – Uniform Standards of Professional Practice. While USPAP provides a minimum set of quality control standards for the conduct of appraisals in the U.S., it does not attempt to prescribe specific methods to be used. Rather, USPAP simply requires that appraisers be familiar with and correctly utilize those methods which would be acceptable to other appraisers familiar with the assignment at hand and acceptable to the intended users of the appraisal.

Appraisers utilize three approaches to value, sales comparison, cost and income approaches. At the root of these approaches is the ANSI (American National Standard Institute) measuring standard. ANSI is a 98-year-old private non-profit organization that oversees the development of voluntary consensus standards for products, services, processes, systems, and personnel in the United States. The organization also coordinates U.S. standards with international standards so that American products can be used worldwide. It is critical that all appraisers use the same standard for determining gross living area (GLA).

While there are many standards and guidelines used by appraisers, the most important practice is that appraisers be consistent. For example, when determining GLA there can often be gray areas. This often happens with split-level homes and split foyer homes. There are situations where one could argue that the lowest level should be considered GLA. Another wrinkle is that there sometimes are local exceptions or local practices, which supersede conventional standards.

With that said, it is critical that the appraiser commit to a standard and apply it consistently across the subject and all comparables. This may cause the appraiser to verify the data and possibly recalculate the GLA or recategorize the room count. For example, the lowest level of a split-level home, which is partially below-grade should be considered basement space. The square footage for that level and the room count for that level should be separated. For example, let's say the total of all three levels is 2000 sf with 4 bedrooms and 3 bathrooms; of which 500 sf and 1 bedroom and 1 bathroom are in the lowest level which is below grade. In order to be consistent with and abide by traditional measuring standards, the GLA should be reported as 1500 sf with 3 bedrooms and 2 baths – plus 500 sf finished in the basement with 1 bedroom and 1 bath. The appraiser needs to be very careful to view the comparables the same way. It would be wrong to say an identical comparable is 2000 sf above grade with 4 bedrooms and 3 baths. I have seen this error many times. When questioned the appraiser typically responds “that is the way the data was reported”, which is not an acceptable response. It is incumbent upon the appraiser to be consistent and to dig deeper to determine the physical information of the comparable based on the same standards.

...Continued on page 4



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Consistency

By: D. Scott Murphy, SRA

Here is a real life example of an appraisal I reviewed this week. The subject and all three comparables are the exact same model townhouse. All have the same room



Subject

Comparable

	Subject			Comparable			
Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths	
Room Count	6	2	3.1	7	3	3.1	-2,500
Gross Living Area	1,989 sq.ft.			1,989 sq.ft.			
Basement & Finished	0-0			0-0			

configuration and same GLA. The only difference may be cosmetic items.

Both the subject and the comparable have a bedroom and bath on the first floor, living room, dining room kitchen and 1/2 bath on 2nd floor and 2 bedrooms and 2 baths on the third floor.

The issue here is that the appraiser deemed the lower level bedroom not a bedroom because there is an exterior door in the room. I disagree, I feel that since it is over 100sf, has a closet, a window, a door and its own full bath – it is a bedroom. I agree that the exterior door in the room is less desirable but the issue is not actually whether it is a bedroom or not. The comparables are built the exact same way. So each of them has this same room on the lower level. Had he stuck by his determination of it not being a bedroom and then applied the same logic to the comparables, I would have accepted it. But instead, he states the comparables have three bedrooms and then he makes a negative adjustment. This negative adjustment means that he feels the subject is inferior to the comparables.

This is not just an error. This is an issue of competency. The issue was further compounded when the “error” was brought to the appraiser’s attention and he refused to make the correction – did I mention he is a VA appraiser?

I welcome your comments and feedback. Please send me ideas for future articles.

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