

2016 Calendar

GREC Brokerage Course & Trust Accounts Class

Dates:

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

Common Violations Class

Dates:

November 10, 2016
Augusta BOR
706-736-0429

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](#)

Not Just Minor Details...

The practice of real estate brokerage is more than making deals. Consider the *Case in a Capsule* involving multiple violations by a local salesperson who clearly had sales activity underway, but who undermined his own success by his lack of concern to follow the License Law, Rules, and Regulations.

Review the summary of the case on [page 2](#).

Case in a Capsule



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A Specific Ethics course is Not a GREC Requirement.

The Commission has received numerous calls regarding requirements of membership trade organizations regarding ethics training. Although approved real estate courses are expected to include training and discussion of ethical issues in classes and online courses, the Georgia Real Estate Commission does not require a specific course in ethics. The confusion relates to the requirement of the National Association of REALTORS that requires Code of Ethics training in order to maintain a membership in the Association, whether national or local. Those ethic courses are unrelated to the GREC requirement of 3 hours of CE of specific license law topics. For more information regarding membership requirements of the NAR, you can refer to their website www.realtor.org, or contact your local association. The Georgia Real Estate Commission is a regulatory agency of the State of Georgia. A REALTOR® organization is a membership trade organization that many licensees choose to join, however, real estate licensees are not required to be a member of any association in order to maintain a real estate license.

September 2016 Meeting - Commission Actions Taken

Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	1
Cease & Desist Orders Issued	1
Citations Issued	9
Letter of Findings Issued	1
Consent Orders Entered Into	2
Final Orders of Revocation of Licensure	None
Cases Closed for Insufficient Evidence or No Apparent Violation	22
Licensing Cases - Applicant has a Criminal Conviction - License Issued	21
Licensing Cases - Applicant has a Criminal Conviction - License Denied	3
Total	60

[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](#)

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

SUBMIT

Comments & Suggestions

Georgia Real Estate Commission
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International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605
Phone 404-656-3916

Case in a Capsule...

Continued from page 1...



1. On Property A, the Salesperson advertised the property on the Internet in both the name of a firm his license was not affiliated with and also in the name of an unlicensed firm.
2. He failed to obtain the written permission of the seller or the seller's agent prior to advertising the property.
3. He failed to submit the advertising to his broker for approval.
4. On Property B, he failed to submit a document to the firm extending the listing agreement which had expired 3 months earlier.
5. He advertised the property on the Internet without the written permission of the seller.
6. On Property C, he failed to include an expiration date in the listing agreement.
7. On Property D, he failed to notify his broker in writing before purchasing the property and failed to remit copies of any documents to his broker regarding the purchase of the property.
8. He failed to notify his broker in writing when he later sold the property.
9. The salesperson also failed to notify the Commission of a change of address within 30 days.

This salesperson was issued a Citation for multiple violations and was required to pay a fine and reimburse the Commission for its administrative, investigative, and legal costs and expenses. His sloppy practice of real estate cost him \$1,000 and required him to attend a Commission approved course on compliance with the License Law, Rules, and Regulations. No doubt, his broker was no longer willing to hold his license since he often did not know what this agent was doing. The broker did not want to continue to be possibly liable for such careless actions from a licensee affiliated with his firm.



Focus on Terminology: “Realtor®”

Much of real estate and each specialty within the real estate industry has its own set of terminology. Whether it is residential or commercial real estate, each specialty has acronyms and various terms such as leasing structures or residential terms applicable to loan approvals. The Georgia Real Estate Infobase, accessible from a link on the GREC website at <https://www.grec.state.ga.us/infobase/infobase.html> can be a useful tool to find definitions and explanations for various concepts and terms. In fact, there is a Glossary section of the Infobase that provides links to different real estate dictionaries online. As an example, the link at <http://www.realestateabc.com/glossary/> provides an alphabetical index for terminology.

For instance, the term Realtor® is a registered trademark name and can be clarified from the explanation at their web site. Many people or even publications that are not in the real estate industry, mistakenly refer to all real estate licensees as Realtors®, when in fact not all licensees are members, and only members of a Board of Realtors can be accurately referred to as a Realtor®. The term Realtor® is defined in this glossary as “A real estate agent, broker or an associate who holds active membership in a local real estate board that is affiliated with the National Association of Realtors.” The “board” is a membership organization, unrelated to the Georgia Real Estate Commission which is a regulatory licensing authority of the State of Georgia.



The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

Different Appraisal Types

By: D. Scott Murphy, SRA

One of the most common questions I am asked when I speak to groups or teach a class is – what is the difference in a refinance appraisal and a purchase appraisal? Or do you appraise a property differently for an individual that you would for a bank? Or clients will call and request an appraisal be done like we would for a refinance or a purchase.

The bottom line is that most appraisals are more alike than you might think. With only a few exceptions, the vast majority of appraisals are to estimate market value of the subject property as of the day the appraiser inspects the property. That is, what would the property sell for on that date?

The definition of market value is “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
 - (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
 - (3) A reasonable time is allowed for exposure in the open market;
 - (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”
- (FIRREA - SOURCE: The provisions of this Part 323 appear at 55 Fed. Reg. 33888, August 20, 1990, effective September 19, 1990, except as otherwise noted)

Unless the appraiser is asked for another type of value, every appraisal should be based on this common definition. Examples of other types of value are retrospective – the client wants to know the value of the property as of a previous date, this is common in tax appeal work where the value would be January 1st of a given year. Quick sale or liquidation value – the client wants to know what the property would be worth if the marketing time were to be reduced. Another valuation which often gets confused is the value of a property for relocation purposes. In a standard relocation appraisal, the appraiser completes an ERC appraisal report which does not ask the appraiser to arrive at a market value as of the date of inspection but an anticipated net sales price so many days in the future (typically 90 or 120 days). There are a number of other specialty valuations which are done based on the agreed scope of the appraisal but these are not common and certainly are not done for typical mortgage appraisal purposes.

The other question that comes up is why are refinance appraisals always higher than other types of appraisals? I can understand why this is a common misconception because there may have been some truth to it in the past. I hate to say it but we saw many appraisers, pressured by lenders and homeowners, tend to stretch the value when completing a refinance appraisal. This caused many people to be upside down with regards to the relationship between their mortgage balance and true market value.



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The fact of the matter is that regardless of whether an appraisal is done for a divorce, a refinance, a purchase, prelisting, or any other matter where the objective is to arrive at the current market value – the outcome or resulting value should be the same. It does not matter if it is a desktop appraisal, a drive-by appraisal, a full appraisal completed on a standard form or a full blown narrative report, the resulting value should be the same.

Appraisers are licensed and bound by the rules of the state for which the property is located. In most cases, they are also governed by a set of national standards called USPAP (Uniform Standards of Professional Practice). There are certain instances when the appraiser can deviate from the USPAP rules but for simplicity the point is all appraisers must follow the same rules and standards. This applies to how the property is measured to how the comparables are located. It applies to which approaches to value are to be used and when certain approaches can be eliminated.

As a very generalized statement, the appraiser goes through the exact same process with every single appraisal assignment and should arrive at the same value regardless of the intended use of the appraisal. The difference is in the appraisal assignment type. If it is a driveby the fee might be lower because the appraiser does not inspect the interior of the property and does not have to measure the property. That time savings translates to a lower fee. However, the appraiser still researches the comparables the

same way, makes the same adjustments, and arrives at the same value. He has to make certain assumptions about condition, quality, and amenities and relies on public data for physical information such as square footage and room count. The client is aware that a driveby might be less reliable than a full appraisal and the appraiser outlines any assumptions he has made in his report.

If you were to have a prelisting appraisal done one day, a refinance appraisal done the next day and a purchase appraisal done the following day – all should arrive at a similar value. The reason I did not say “the same value”, is that an appraisal is an estimate of market value. Appraising is not a perfect science. There is an element of art as well as the fact that the market is not perfect. Homes do not sell for a specified price or X% of the list price. However, these three appraisals should be within a reasonable range – which is generally thought to be 5-8%+/- of each other.

So while there are a variety of uses for an appraisal and there are a variety of forms and formats the appraisals are presented in, for the most part, the appraiser is striving to report the true market value of the subject property as of the date of the inspection. I am sure I have said this in previous articles, but appraisers need to remember that they do not determine market value they interpret market value. I see more variance in appraised values on the same property due to appraisers who do not understand this fact and who do not accurately research the market, the type of appraisal, or the purpose of the appraisal.

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