

2017 Calendar

Class Dates
To Be Announced

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

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

[Link to Proposed Rule Changes](#)

Georgia Real Estate Infobase

[Click Here](#)



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2016 Year in Review

In 2016, the Georgia Real Estate Commission obtained approval and implemented changes to four areas of the Georgia License Law Rules, and Regulations. The following summarizes each Rule change with a document link to the revised rule for reference.

- Chapter 520 Rule 520-1-.08 and Rule 520-1-.14 effective June 1, 2016.
These rules, which address the handling of trust funds, have been updated to allow brokers more options regarding trust accounts. The term "bank" was changed to "financial institution" and the term "checking account" has been changed to "account". This offers brokers more flexibility in where they may hold trust funds. All trust accounts must still be federally insured and designated as trust accounts.
 [Rule 520-1-.08 Managing Trust Accounts](http://rules.sos.ga.gov/GAC/520-1-.08) <http://rules.sos.ga.gov/GAC/520-1-.08>
- Chapter 520 Rule 520-1-.14 effective June 1, 2016.
The term "bank" was changed to "financial institution" when charging a licensee with the following violation in a Citation: 3 (o) Failure of a licensee to have the financial institution designate an account as a trust or escrow account, except where the financial institution has erred. 43-40-20(b). Fine of \$600.00 per account not designated.

 [Rule 520-1-.14 Citations - Effective June 1, 2016](http://rules.sos.ga.gov/GAC/520-1-.14) <http://rules.sos.ga.gov/GAC/520-1-.14>
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Good News for Appraisers

This week Fannie Mae reversed a policy regarding supervision of trainees. This change will encourage certified appraisers to mentor trainee appraisers, who once properly trained, will be able to inspect the subject property and the comparables. As a result, this will allow the supervisor to focus on comparable selection and analysis and can be a critical step in fixing the Appraiser shortage issue. This is the biggest change in the appraisal and lending that industry in decades. Refer to the article on [Page 3 of this newsletter in the Appraiser Page section](#).

January 2017 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	5
Letter of Findings Issued	None
Consent Orders Entered Into	None
Final Orders of Revocation of Licensure	3
Cases Closed for Insufficient Evidence or No Apparent Violation	14
Licensing Cases - Applicant has a Criminal Conviction - License Issued	18
Licensing Cases - Applicant has a Criminal Conviction - License Denied	5
Total	42

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

SUBMIT**Comments
&
Suggestions**

To sign up to receive
the GREC
RENewsletter
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**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”**

**Georgia Real Estate
Commission**

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Atlanta, GA 30303-1605
Phone 404-656-3916

2016 Year in Review... *continued from page 1.*

3. Chapter 520 Rule 520-2-.03 (6) Rule becomes effective as of 12/31/2017.
The Rule regarding required education for Real Estate instructors was amended to increase the required education hours for approved Georgia Real Estate Instructors from 24 to 36 hours during the 4-year renewal period. This increase in hours coincides with the recent increase in hours required by real estate licensees. It also clarified how instructors may obtain the continuing education hours.
- The Rule requires that 12 of the 36 hours of continuing education must be obtained at the Commission annual meetings for approved schools and instructors,
 - The Rule requires that any additional instructional hours needed may be obtained in a continuing education course that meets the requirements of this chapter that an approved instructor teaches or any additional instructional hours approved by the Commission for instructor continuing education.

 [Rule 520-2-.03 \(6\) Real Estate Instructors – Renewal of Instructor Approval](#)

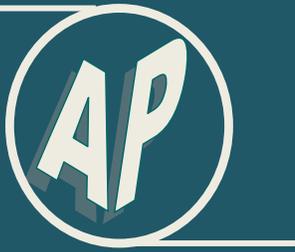
4. Chapter 520 Rule 520-2-.04 (6) effective June 29, 2016.
The Rule regarding courses approved by GREC broadened the subject areas that may be considered for continuing education course credit as well as clarifying subject areas that may need to seek specific approval by the Commission. Acceptable topics include, but are not limited to, commercial, property management, business brokerage, as well as the core subject areas of Prelicense courses. For a more detailed explanation of possible subject areas, refer to the following document link:  [Rule 520-2-.04 \(6\) \(c\) Real Estate Courses](#)

**Focus on Terminology: “Private Mortgage Insurance- (PMI)”**

Private Mortgage Insurance (PMI) increases the lender’s ability to lend more than 80% of the loan-to-market-value ratio. This private mortgage insurance protects the lender. The purchaser/borrower either pays the premium at closing or pays a portion of the premium at closing with a portion of the remaining amount paid each month when the purchaser/borrower makes a mortgage payment. If the mortgage payments are current, and the mortgage balance is 80% or less of the original value of the home, the PMI can be removed as provided under The Homeowners Protection Act. For example, if the borrower reaches 22% equity based on the original value of the property, the PMI terminates. In fact, the borrower could be due a refund. Lenders must automatically terminate PMI when the principal balance is 78% provided the loan is current. The lender must also terminate PMI if the loan reaches the midpoint. On a 30-year loan, the midpoint would be 15 years whether or not the 78% value has been reached.. If the mortgage is a FHA loan or a VA loan, these rules regarding PMI do not apply. Additionally, if the lender is paying the mortgage insurance (not a private insurer) then the rules may vary.

In addition to being current on the loan, there cannot be any second mortgage or other liens on the home and the lender could require an appraisal to be sure the value of the property has not declined from its original value at purchase. Consumers can obtain more information from the lender and can also refer to the consumer finance website at:

<http://www.consumerfinance.gov/askcfpb/202/when-can-i-remove-private-mortgage-pmi-insurance-from-my-loan.html>



The Appraisers Page

Georgia Real Estate Appraisers Board

February 2017

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary
Sanctions](#)

Update to Appraiser Shortage*

By: D. Scott Murphy, SRA

I have a very important follow up to last month's article – [Appraiser Shortage](#)*. I received feedback from one Georgia appraiser who challenged my statement that there is an appraiser shortage. He is a commercial appraiser and felt that if anything there was an oversupply of appraisers. He is correct and I stand corrected. There may be an oversupply of *commercial* appraisers but there is definitely a shortage of *residential* appraisers. This is possible because commercial appraisals are not affected by Fannie Mae guidelines and as I stated in my article, the main reason we have a shortage is due to Fannie Mae's policy change in 2008 requiring supervising appraisers to inspect the interior of the subject and the comparables.

Here is an excerpt from that notice: 08-30 – November 14, 2008

Fannie Mae defines the appraiser as the individual who personally inspected the property being appraised, inspected the exterior of the comparables, performed the analysis, and prepared and signed the appraisal report as the appraiser. Fannie Mae allows an unlicensed or uncertified appraiser who works as an employee or subcontractor of a licensed or certified appraiser to perform a significant amount of the appraisal (or the entire appraisal if he or she is qualified to do so)—as long as the appraisal report is signed by a licensed or certified supervisory or review appraiser and is acceptable under state law. This policy is updated to now require that if a supervisory appraiser signs the appraisal report as the appraiser, the supervisory appraiser must have performed the inspection of the subject property.

This past week Fannie Mae issued revision to the Selling Guide. I would like to think my article [Appraiser Shortage](#) played a part in this policy change but I know mine was just one voice amongst many who saw this as a critical step in fixing the Appraiser shortage issue.

Fannie Mae released revisions to the Selling Guide this past Wednesday – 01/31/2017; B4-1.1-03: Appraiser Selection Criteria.

As noted in the License and Certification section in this topic, Fannie Mae allows an unlicensed or uncertified appraiser, or trainee (or other similar classification) that works as an employee or subcontractor of a licensed or certified appraiser, to perform a significant amount of the appraisal (or the entire appraisal if he or she is qualified to do so), as long as the appraisal report is signed by a licensed or certified supervisory or review appraiser and is acceptable under state law.

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*[Reference the Previous article "Appraiser Shortage" at this link.](#)



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Update to Appraiser Shortage*

By: D. Scott Murphy, SRA

*If a supervisory appraiser is used, the supervisory appraiser does not need to physically inspect the subject property or comparables, but must sign the right side of the report and certify that he or she:
directly supervised the appraiser that prepared the appraisal report,*

- *has reviewed the appraisal report,*
- *agrees with the statements and conclusions of the appraiser,*
- *agrees to be bound by certifications as set forth in Fannie Mae's appraisal report forms, and*
- *takes full responsibility for the appraisal report.*

A supervisory appraiser may not sign the left hand side of the appraisal report unless he or she has met the requirements of the appraiser as noted in the License and Certification section in this topic.

Some may argue that the policy has not changed but is simply being clarified. However, prior to 2008 a trainee was allowed to sign the appraisal as the appraiser (signing on the left side) with the supervisor signing on the right side and checking the box the he did not inspect the subject or the comparables. Effective with the announcement 08-30 supervisors were then required to inspect the subject property and comparables. This immediately disincentivized supervisors from using residential trainee appraisers, virtually cutting off the opportunity for new residential appraisers to find mentors and the numbers of residential appraisers precipitately declined ever since.

Policy change or clarification, it is critical that residential lenders update their policies to allow trainees to act as appraiser and not require the supervisor to inspect the subject property or the comparables, as clearly outlined in the Fannie Mae Selling Guide. This will immediately encourage certified appraisers to mentor trainee appraisers, who once properly trained, will be able to inspect the subject property and the comparables, allowing the supervisor to focus on comparable selection and analysis.

I welcome your comments and feedback. Please send me ideas for future articles.
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*[Reference the Previous article "Appraiser Shortage" at this link.](#)