

2018Calendar

Class Offerings

2018 Dates to Be
Announced for
GREC Sponsored
Classes

[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

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2017License Law Changes

In 2017, the Georgia Real Estate Commission implemented changes to three areas of the Georgia Real Estate License Law, Rules, and Regulations.

The following summarizes each Rule or statute change. Two Rules address military service members and spouses. The third Rule establishes education requirements for approved real estate Instructors.

520-1-.02 Definitions – Effective July 1, 2017

(p) “Military” means the United States armed forces, including the National Guard;

(q) “Military Spouse” means a spouse of a service member or transitioning service member;

(u) “Transitioning Service Member” means a member of the military on active duty status or on separation leave who is within twenty-four months of retirement or twelve months of separation;

520-1.04 Obtaining a License – Effective July 1, 2017

(13) Military Spouses and Transitioning Service Member Applications.

Military spouses and transitioning service members may qualify for expedited processing of any license application submitted to the Commission by showing that the applicant is a military spouse or transitioning service member and that the applicant has paid the fee

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Opportunities for Instructor Training

Georgia Instructor Training Workshop

March 20-21, 2018 Atlanta, Georgia

Link for more information and registration:

<http://www.grec-git.com/Instructor-Training/Current-GIT-Class-Schedule>

Alabama Real Estate Commission Education Essentials

February 23 Instructor Training

Be a ROCK STAR Presenter with Powerful Engagement Strategies

Link for more information and registration:

<https://mell-base.uce.auburn.edu/wconnect/CourseStatus.awp?&course=C180223>

Or call the Auburn University Office of Professional & Continuing Education (OPCE) at 334-844-5100.

Real Estate Educators Association Annual Conference

The 2018 Annual Conference of the Real Estate Educators Association (REEA) is scheduled for June 21-25 in San Diego, CA. An Instructor Development Workshop will be offered.

For more information go to <https://www.reea.org/index.cfm/upcoming-idws/>.

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&
Suggestions**

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of Trouble”****“Being a
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Staying Out
of Trouble”**

**Georgia Real Estate
Commission**
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International Tower
229 Peachtree Street NE
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Phone 404-656-3916

2017 Year in Review...*continued from page 1*

and meets the requirements for a license under the law and rules for the type of license for which the applicant has applied.

Chapter 520 Rule 520-2-.03 (6) Rule effective 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.

Also in 2017 at the request of the Commission, the Georgia Legislature passed the following statute change:

43-40-15. Grant of licenses; grounds for suspension or revocation of license; other sanctions; surrender or lapse; conviction effective October 2017.

Under the prior law when a licensee failed to request a hearing within 60 days of being convicted of a felony or crime of moral turpitude, the license was automatically revoked. The current law provides GREC with other disciplinary actions in lieu of an automatic revocation. It applies to appraisers [See 43-39A-14(i)] as well as real state licensees. [43-40-15(i).]

Each February, the GREC RENewsletter features a list and summary of the laws and regulations related to real estate licensees that were passed or became effective in the previous year. Archives of these issues can be accessed from the News section of the [GREC website](#).



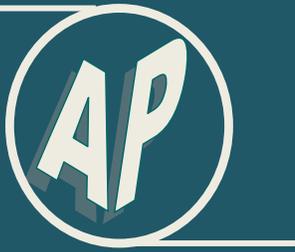
Focus on Terminology: “Legislation, Law, Rule”

Legislation is the creation and enactment of acts, statutes, bills, laws, rules, regulations, ordinances or a body of laws, etc. Visit Georgia General Assembly: <http://www.legis.ga.gov/en-US/default.aspx>

License Laws are enacted by all states to establish and enforce licensing standards and requirements, regulate licensees, and protect the public in real estate brokerage activities. Visit: Georgia Real Estate License Law: [Title 43 Chapter 40](#)

Rules and Regulations further clarify the Georgia Real Estate License Laws. <http://www.grec.state.ga.us/about/relaw.html>

The Georgia Professional Regulation Reform Act became effective July 1, 2016 and is designed to provide for executive oversight of licensing boards; to establish state policy for the regulation of certain professions and businesses; to provide for legislative intent; to provide for definitions; to provide for related matters; to repeal conflicting laws; and for other purposes. <http://www.legis.ga.gov/legislation/en-S/Display/20152016/HB/952StatusHistory>



The Appraisers Page

Useful Links:

Fasten Your Seatbelt

By: D. Scott Murphy, SRA

[GREAB Web Site](#)

The hectic spring real estate selling market is soon upon us. As we make our way through the holidays, new years celebrations, college football championships, the Super Bowl and the weather starts to hint at warmer days ahead - more and more people begin to consider a move. For some it is a matter of coming out of their winter hibernation, for others it is early planning to be able to list their home, buy a new home, move and be settled by the time schools let out.

[Appraisal Act](#)

Spring is a very challenging time in the real estate market for appraisers. Get a couple weeks of warmer weather in late February/early march and the market is off to the races. Pent up demand further fuels the fire often creating a feeding frenzy for the few available listings. Sellers get aggressive with their list price in order to capitalize on the increased activity. Buyers frustrated by being out bid on numerous properties will offer well over list price with hopes of finally securing a successful contract. Agents call for highest and best in an effort to corral the countless offers. When the dust settles there are a dozen or more offers to buy, the highest thousands above list price.

[GREAB Disciplinary Sanctions](#)

So the question then comes up - is this market value?

Fannie Mae's definition is *"Market value is the most probable price that 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, 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:*

- *buyer and seller are typically motivated;*
- *both parties are well informed or well advised, and each acting in what he or she considers his/her own best interest;*
- *a reasonable time is allowed for exposure in the open market;*
- *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *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"*

In researching for this article I found the following statement in Wikipedia "**Market value** is a concept distinct from **market price**, which is "the price at which one can transact", while market value is "the true underlying value" according to theoretical standards. The concept is most commonly invoked in inefficient markets or disequilibrium situations where prevailing market prices are not reflective of true underlying market value. For market price to equal market value, the market must be informationally efficient and rational expectations must prevail.

To me, this sounds like what is going on in my previous example. We have a market price, which was arrived at based on by a frantic market or possibly a market in disequilibrium. However, market value may be something slightly less. The seller is convinced that the highest offer is market value. How can anyone say it is not. He offered his home for sales and received multiple offers. There is no question the property was exposed to the market, buyers are acting prudently and it can be assumed they are knowledgeable. We then get to the part of the definition of market value which states *"assuming the price is an affected by any undue stimulus"*.

We need to step back for a minute and take a closer look at this "Undue stimulus": Let's break down the Webster's Dictionary Definition: Undue= exceeding or violating propriety or fitness; propriety=the standard of what is socially acceptable; fitness=suitable, proper or appropriate. So, I would say Undue within the context of real estate means exceeding what is typically acceptable or common within the marketplace. Webster's Dictionary Definition: ...



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[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

Fasten Your Seatbelt

By: D. Scott Murphy, SRA

Stimulus=something that rouses or incites to activity or incentive. So undue stimulus again within the context of the real estate world could mean an incentive or influence that exceeds what is typically acceptable or common within the marketplace.

I am not quite sure our example falls into this situation. An example of an undue stimulus that an owner could invoke is "purchase this home and seller will include brand new BMW". This is an unusual stimulus to encourage the buyer to purchase the property. But does the frenzy created by very low supply create an undue stimulus? It was not invoked by the seller. There are however, situation where seller will list the property far below market value in order to create a bidding war. This might qualify as undue stimulus.

What I am circling around to is how does the appraiser handle this sale? How does he consider it if he is appraising it for the purchase or how does he consider it if he is using is as a comparable sale in a subsequent appraisal?

In my opinion, market value should be something close to the median net offer. Remember too that each offer potentially has a different net sales price to the seller. Closing date, seller paid

concessions and other items will impact the amount listed as the sales price. I do not believe the seller should be penalized because there simply is a lack of housing supply. We don't award a bonus to seller who has to sell in the very lowest times in the real estate market. Market value fluctuates and this is why an appraisal has a date. It estimates the value on that given date. Two months earlier it could have been higher or two months later the value could be lower.

The main issue for an appraiser who is appraising homes in the frantic spring market is the lack of comparable sales. Ideally the best sales are those which sold within the past ninety days. Appraising a home on March first means using sales from December, traditionally the slowest month for sales in the year, January, the second slowest and February, the third slowest month for sales. An appraiser can not ignore recent sales in lieu of more dated sales. Also, the spike in values in the early spring market is technically a function of appreciation. In order for an appraiser to calculate appreciation he must analyze sales over the past 3 months, 6 months and 12 months. That analysis in our example would probably demonstrate a stable market or possibly a declining market. Until a sufficient number of recent sales are available, there is not enough data to reflect the current rate of appreciation. Actually, it's really impossible to estimate the current rate of appreciation - we can only estimate the past rate of appreciation. This is a constant battle for appraisers. Buyers are looking at active properties (current inventory) and creating current appreciation, appraisers must wait for properties to sell in order to estimate appreciation.

The best way an agent can assist the appraiser in order to receive the most accurate appraised value is to make all the multiple offers available. Also, leave as much time in the appraisal and financing contingency as possible and work with the lender to order the appraisal later than normal. This will allow other pending comparable sales to close and therefore assist the appraiser reflecting the most recent value. When I am appraising a property in a very hot market I will often suggest delaying the appraisal until other sales in the subject neighborhood have closed. I realize this is a double edged sword. Dealing the appraisal is risky for the seller but rushing the appraisal may cause even the best appraiser to arrive at a low value for lack of good sales. We do consider pending sales in our appraisal report but can not put weight on them until they have actually closed. It is also important that agents share the sales price with appraisers, who will keep that information in confidence, so they can best analyze appreciation and arrive at the highest possible value.