

## 2020 Calendar

## More Education Opportunities in 2020

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[Georgia Instructor Training Workshop- GIT](#)  
March 17-18, 2020  
Atlanta, GA

More In-Class Schedules  
and Events TBA

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

[Link to Proposed Rule Changes](#)

[Link to GREC Disciplinary Actions](#)

View Current Suspensions and Revocations

## Now Approved to meet License Law Requirement:

**GREC Online Courses and GREC In-Class Workshops  
Also Approved as Instructor CE**

### GREC Online Courses

1. *Being a Broker and Staying Out of Trouble*
2. *Avoiding Trust Account Trouble*
3. *Practicing Real Estate & Staying Out of Trouble*

[Click Here](#)

### GREC Workshops In-Class

1. *Common Violations Class: You Can't Fix Stupid!!!...But We Can Work With Ignorance!*
2. *Brokerage and Trust Account Workshop*

**NOTE:** Opportunity for Instructor Training in Alabama on February 28, 2020. For information and registration go to [Auburn University OPCE](#).

## Job Opening at the Georgia Real Estate Commission

To obtain further information regarding qualifications and the application process for the position of **Information Specialist**, click the following link <http://grec.state.ga.us/PDFS/About/HireInfoSpec2019-4.pdf>

### January 2020 Commission Actions Taken

Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	2
Cease & Desist Orders Issued	0
Citations Issued	11
Letter of Findings Issued	2
Consent Orders Entered Into	1
Final Orders of Revocation of Licensure	0
Cases Closed for Insufficient Evidence or No Apparent Violation	6
Licensing Cases - Applicant has a Criminal Conviction - License Issued	11
Licensing Cases - Applicant has a Criminal Conviction - License Denied	0
<b>Total</b>	<b>33</b>

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

Georgia Real Estate Infobase

[Click Here](#)**SUBMIT**Comments  
&  
SuggestionsTo sign up to receive  
the GREC  
RENewsletter  
[Click Here](#)**Georgia Real Estate  
Commission**  
Suite 1000  
International Tower  
229 Peachtree Street NE  
Atlanta, GA 30303-1605  
Phone 404-656-3916

## Scholarships Towards a Real Estate Designation

The Georgia Real Estate Commission funds a grant for [The Georgia Association of REALTORS® Scholarship Foundation](#). The GAR site explains: "This scholarship assists persons in the real estate field who are seeking to obtain a related designation such as the GRI (Graduate, REALTOR® Institute), CPM (Certified Property Manager), CAE (Certified Association Executive), CRS (Certified Residential Specialist), CRB (Certified Real Estate Brokerage Manager) and the many other designations in real estate related fields. GAR Scholarship applications are for one designation or certification course required towards obtaining an approved designation or certification, not the entire designation or certification requirements." Visit the [GAR website](#) for more information.

This scholarship program may be the opportunity you need to pursue a real estate designation in 2020!

## Proposed Rule Change on TEAMS

On December 11, 2019, the Georgia Real Estate Commission posted a Notice of Intent to Adopt Proposed Amendments to the Georgia Real Estate Commission Rules. There are 2 proposed amendments regarding Teams and Advertising Teams. The complete Notice and documents can be reviewed from the Georgia Real Estate Commission web site or at this link [Notice of Intent regarding Teams](#). The proposed rule amendments will be considered for adoption by the Commission meeting on March 11.

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## Absolutely Must Know Section



License renewals are every 4 years. Every licensee must obtain 36 hours of continuing education credit in order to renew a real estate license. A licensee can review all education hours posted for his/her license on the GREC website online services.

Three (3) hours of the 36 hours of continuing education must be on the topic of License Law. [Click here for a list of approved LAW courses.](#)

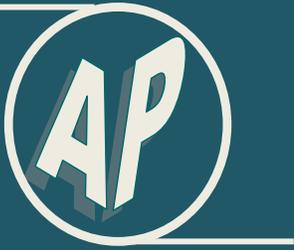
For students completing their Post-license course in the first year of licensure, the Postlicense course also counts as 9 hours of continuing education credits.



### Focus on Terminology: "License Law Topics"

The mandate requiring Continuing Education in certain subjects and sections of the Georgia License Law, Rules and Regulations every renewal now approves courses that include all or some of the required topics covering 9 areas which are summarized below.

1. The effects on license status by a licensee of prohibited conduct
2. Requirements concerning transfer of a license from one firm to another
3. Requirements concerning trust or escrow accounts
4. Unfair trade practices
5. Brokerage relationships
6. Management responsibilities of real estate firms
7. Advertising
8. Handling real estate transactions.
9. Licensees acting as principals



# The Appraisers Page

## Useful Links:

[GREAB Web Site](#)

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[Appraisal Act](#)

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[GREAB Disciplinary Sanctions](#)

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## Can Every Home Be Appraised?

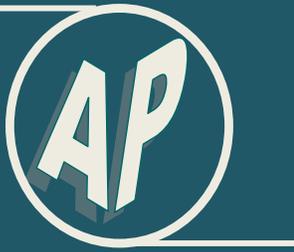
By: D. Scott Murphy, SRA & E. Grant Murphy



Can every home be appraised? This might sound like a silly question to some: “Of course every home can be appraised! The appraiser should just use the best comparables in the subject neighborhood.” However, the answer is actually no.

About 15 years ago I was asked to appraise the “Cloudland Castle”: a 57,000 square foot home in Cloudland, Georgia. The home was under construction at the time and was comprised of 4 buildings all interconnected creating a large courtyard in the middle. It had all the amenities you would expect of a castle; large turrets, a mote, a drawbridge, a hidden level, a story telling room, a chapel, etc. The owners had traveled Europe touring castles and taking notes. They dreamed of building their own castle here in Georgia. They designed the home themselves and with help of friends and family they constructed the skeletal frame of their dream home. She would have a 10,000-sf wing dedicated to her passion of pottery; he would have a 10,000-sf wing dedicated to woodworking. It would be a place for family to come together and one day might be opened to the public as a bed and breakfast.

This is the kind of property that an appraiser pulls up to then puts the car in reverse and retreats. Most appraisers would have turned down the assignment over the phone and not have made the two-hour drive to view what they know would be an impossible assignment. I was intrigued by the fact that this couple had designed it and were building it themselves. Construction had begun about 5 years prior to my visit and more out of curiosity than



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anything else, I turned to the couple and asked when they planned to have it complete. The woman quickly responded, "Two years ago." I think I hit on a sore subject. The fact that the home was not complete does not hinder my ability to estimate its value as if it were complete. We commonly appraise homes during the construction process. We simply need to have a detailed list of improvements and then we make our appraisal subject to the completion as per the plans and specification supplied. The only questions that remains is, "Where in the world am I going to find comparable homes to use in this report?"

Some might say that this is a perfect opportunity to use the cost approach. Surely there is a reliable way to calculate the cost, analyze the land, find land comparables and arrive at an estimate of value. Particularly in this case where the home is new construction and would be valued as-if complete, there is no need to determine physical depreciation. If completed correctly, the cost approach would yield a *reasonably* reliable estimate of value. What most don't realize is that there are many forms of depreciation which include not only physical but also functional, external, and economic depreciation. While this home would not have any physical depreciation, it is most certainly an over-improvement which implies functional obsolescence

(depreciation). Additionally, being located in a very remote rural area would require an analysis of economic depreciation.

As you can imagine, just because someone invests \$3,000,000 into the cost of construction does not mean that the home is worth \$3,000,000. We see this on a regular basis in more traditional homes in metro Atlanta. Very large custom homes with unique amenities most often will later sell for considerably less than the cost to construct. This is due to a number of factors. Many times, those who build these large, elaborate homes have the means to build it exactly the way they want it.

Consideration is not given to future value at the time of construction. Subsequent buyers are not willing to pay a premium for a feature they do not want or may have to alter to suit their tastes.

How about the income approach? Could we value the property based on the income it could generate? The appraiser must consider the income approach, but it is important to carefully review the possible legal uses of the property. If we considered it strictly a single-family residential property, how much would someone pay to rent this home? If we were able to confirm that local zoning would allow the use of the home as a bed and breakfast, how much income would that generate? The use which would create the maximum income would be a resort/destination venue where there could be corporate retreats, weddings, etc. This use, however, would be more in lines with a commercial use and would require rezoning. This would actually take us into a more detailed discussion of highest and best use which we will not get into in this article. As a single-family residential property,



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the income it could generate is not sufficient to support a meaningful estimate of market value as properties of this type are not typically rented.

We are therefore left with the sales comparison approach. How far am I as an appraiser allowed to go in search of comparables sales? There is no limit as to how far an appraiser can go for *comparables*. Remember there is a big difference between a *sale* and **comparable sale**. The appraiser can expand his search parameters as far as necessary in order to find suitable **comparable sales**. He can not ignore a more proximate comparable and choose a comparable further away. The appraiser must put himself in the shoes of a typical buyer of the subject property and look for other comparable properties which that buyer would have considered. In this case, the appraiser would expand his search throughout all of Georgia and Tennessee. If no suitable sales were found (or not enough suitable sales) he would expand further. At the same time, the appraiser should expand his time parameter. If a home relatively similar to this sold two years ago, I would absolutely use it as one of my comparables. It is a lot easier to adjust for a difference in time and all the other micro-factors surrounding this property than to adjust a much smaller or totally different style of home. Do not get hung up on the traditional "Fannie Mae

guidelines" you may have heard which state the appraiser should stay within a mile and use comparables which have sold in the past 6 months. Those are merely guidelines and when valuing unique properties good common sense must prevail.

Having expanded my search back 5 years and extending out to all contiguous states, no suitable comparables sales were found. Expanding my search beyond those parameters may have yielded some sales but the ability to adjust them correctly and arrive at a meaningful value would decline exponentially leaving me with no credible grounds to make a value assessment at that time. This does not mean that this property can *never* be appraised. If somewhat comparable properties were to sell in the future, it may be possible to arrive at an estimate of value. In my case, there were no relevant sales and neither the income nor the cost approach made sense either. However, you should not judge the property or the property type in determining if it can be appraised. All approaches must be considered each time a property is presented. Review the data and do some research in order to determine if any of the approaches to value make sense. Only after determining that none of the approaches will yield a reliable result can you say that a property is not able to be appraised at that time.