

The Georgia Real Estate Commission Newsletter

Fall 2011 Issue

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Georgia Real Estate Commission
Suite 1000
International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605
Phone 404-656-3916



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Over the Fence

Judy and Debra had been neighbors for 10 years and were casual friends. One sunny afternoon they were having a neighborly conversation over the fence between the two houses. After catching up on family news, Judy mentioned that they were having trouble leasing out 2 of their rental properties. Knowing that Debra was a licensed real estate salesperson, Judy figured she could get some free advice. Judy failed to mention to Debra that the properties were actually listed with another firm.

During the course of the conversation, Debra offered to place photos and addresses of Judy's properties on the same website in which Debra advertises other properties listed with the brokerage firm with whom she is affiliated. Debra intended to pass along any leads to Judy since Judy was having financial difficulties. Debra did not intend to work those properties as if she had them under an exclusive listing.

By merely placing Judy's properties and corresponding

photos alongside Debra's other exclusive listings, she had created the perception that Judy's properties were listed with her firm. The advertising on Debra's website now contained false and misleading information, thereby being in violation of the License Laws, Rules and Regulations.

Debra thought she was doing a neighbor a favor, but as a licensee, even these actions must be done consistent with the License Laws, Rules and Regulations. Debra failed to obtain written permission from Judy to advertise the two properties, and she failed to disclose to her Broker she was advertising the properties. Now Debra and her firm were advertising properties listed by another firm without that firm's knowledge and consent. It is not too surprising that the firm that actually had the listings was not pleased and filed a formal complaint with the Commission.

After investigating the matter, the Commission determined that no one suffered any monetary harm as a result of Debra's actions, so the Commission issued a formal Citation regarding Debra's disregard for the License Law. The terms and

conditions of the Citation required that Debra pay \$1,000, complete a correctional type CE course approved by the Commission, and required her to become subject to continuing education requirements to which she was previously exempt. Their neighborly conversation over the fence was a costly one for Debra. **[Violations:** Chapter 43-40-25(b) (2) & (12) and Regulation 520-1-.09(2) & (3)]

Real estate licensees can win clients by being helpful, but when that assistance becomes counseling or advice, an agency relationship can develop unintentionally. By answering questions and concerns "over the fence," or on various social media networks, the licensee can leave him/herself open to developing an unwanted relationship.

Beyond the agency conundrum... *continued on page 2*

People tend to believe what they see in writing, even if the information is not accurate.

Over the Fence...

...continued from page 1

is the issue of the accuracy of the information given. Just because it is written or posted on a web page does not mean that it is accurate. Providing grossly inaccurate and misleading information could be a demonstration of incompetency.

Real Estate licensees are held to a higher standard when it comes to giving advice about real estate related matters. Licensees are seen as experts in the field of real estate and therefore consumers tend to rely on the information they present.

For example, if you give someone an opinion (such as a price, BPO), it must be done

consistent with the License Laws, Rules and Regulations, no matter whether it is at a cocktail party or posted on Facebook®.

Digital or electronic media has not changed the fact that a licensee must still abide by the License Laws, Rules and Regulations. However, it does require that the licensee be more aware that everything he/she does must be in compliance with those License Laws, Rules and Regulations. When you put it in writing, on Facebook®, a Blog, or a Tweet®, it is not only in writing, but may very well be posted on a multitude of sites by multiple methods of transmission.

The License Laws, Rules and Regulations require that the Broker must be involved and aware of the brokerage activities of the licensees affiliated with him/her. So if the Broker approves the posting, advertising, or whatever action is taken, and makes sure it is done properly with policies, etc., it provides the benefit of more exposure and advertising for the Broker. However, if it is **not** done properly, there can be an exposure of liability for the Broker. Consider the implication of this statement in light of all the advertising done in various social media networks.

The GRECrossing



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Across Clues

- When a licensee changes his/her residence address, how many days does he/she have to notify the Commission?
- Money belonging to others
- License Laws, Rules and _____
- Abbreviation of the Georgia law regarding agency relationships in real estate brokerage
- Document every Broker must have for managing licenses and the firm: _____ and Procedures Manual
- How many days after the listing expires must signage and other advertising be removed?
- Acronym for Georgia Real Estate Commission

Down Clues

- Any money belonging to others that comes into the licensee's possession must be deposited in a _____. (No spaces between words.)
- Document every Broker must have for managing licenses and the firm: Policies & _____ Manual.
- Social media, signage, web sites, listing services are all examples of _____.
- How many hours per year of CE are required to renew a real estate license?
- Quick and easy place for a licensee to renew his/her license and check education credits: GREC _____ site.
- Who has the ultimate responsibility for trust funds coming into the brokerage firm's possession?

Hint: spell out numbers; do not use spaces between words.

Answers on page 3.

“Avoiding Trust Account Trouble”

Third Online CE Course Free to All Licensees

The Georgia Real Estate Commission has recently released its third online course in the **Staying Out of Trouble Series**. This course specifically addresses **Trust Account** issues and includes the following sections:

1. Trust Account Requirements
2. Handling Deposits
3. Handling Disbursements
4. Basics of Property Management
5. Issues for Licensees Acting as Principals
6. Accounting and Record Keeping for Trust Accounts, including example entries and checklists
7. Trust Account Management

Sample Trust Account Journal forms for Sales and Rental transactions are not only included in the course but are accessible and printable for anyone from the **Resource Section** of the **Georgia Real Estate Commission School Home page** at www.jmre.com/GREC.

GREC also offers a classroom **Trust Account Workshop** throughout the year. These 2 are different courses, so licensees can obtain credit and additional instruction in avoiding trust account trouble by attending both the classroom class and taking the online trust account course. A schedule of the classroom course is listed on page 4 of this newsletter and on the GREC website.

9 Hours Total CE Credits are available online upon completion of all 3 online courses.

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

www.jmre.com/GREC

The 3 GREC online courses are PC and MAC compatible and require an Internet connection with either Foxfire™ or Internet Explorer™ as the browser.

Case Corner

Consider the licensee's actions in the following situation. Salesperson Brandon was looking at some lots in a new subdivision and ran into the builder who casually mentioned that he would gladly pay a commission if Brandon found a buyer. Brandon decided to post the property on www.craigslist.org. Brandon intentionally didn't obtain the owner's written consent and decided not to submit the advertisement to his Broker for review. In order to generate

some interest, he falsely stated in the ad that the property was in foreclosure and bank owned. He purposely did not include the name or phone number of the brokerage firm holding his license. Brandon was issued a Citation, required to pay a fine, reimburse the Real Estate Commission for legal, investigative, and administration costs, and complete a course of study. Brandon could have and should have followed the License Laws, Rules and Regulations in advertising the properties.

Investigations

The following categorizes the types of investigations that were conducted by the Commission in fiscal year 2011:

- **748 Brokerage Issues**
- **635 Pre-License or Application issues**
- **418 Trust Account examinations**
- **144 Approved Schools Routine examinations**



Across: 1.thirty 3.OPM 5.Regulations 10.BRRETA 11.policies 12.ten 13.GREC **Down:** 2.trustaccount 4.procedures 6.advertising 7.six 8.web. 9.Broker

Absolutely Must Know SectionDo you know the AMKs?



Every issue will include up to 3 critical items from the License law.



All signage and advertising, including internet postings, must be removed within 10 days after expiration of the listing.



When you sell your own home, you must notify your broker first, and all earnest money deposits must be deposited in your broker's trust account or one your broker approves.



If you do not have required education hours posted to your license record at the time of renewal, you must renew to inactive status and later change to active status. This avoids a lapse in licensure and a late fee.

Calendar of Classes

Brokerage Class Schedule

October 5, 2011
 GAMLS South (770) 961-2203
October 26, 2011
 Atlanta Board (404) 250-0051
November 16, 2011
 West GA Board (770) 949-9966
November 29, 2011
 Southwest GA Bd. (229) 377-8986
December 14, 2011
 Georgia Institute (800) 633-3583

Trust Account Class Schedule

October 6, 2011
 GAMLS South (770) 961-2203
October 27, 2011
 Atlanta Board (404) 250-0051
November 17, 2011
 West GA Board (770) 949-9966
November 30, 2011
 Southwest GA Bd. (229) 377-8986
December 15, 2011
 400 North Board (706) 216-5229

Common Violations Class

October 4, 2011
 Lake Country Board (706) 453-0823
October 19, 2011
 400 North Board (706) 216-5229
November 2, 2011
 East Metro Board (770) 787-3763
November 3, 2011
 Cobb Association (770) 422-3900
December 8, 2011
 GAMLS Training Inst (770) 493-9000

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www.grec.state.ga.us



Semi-Annual Publication for all Georgia Real Estate Licensees

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

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