June 2019
Volume 15 Issue 6

Monthly Newsletter of the Georgia Real Estate Commission

GREC RENews

www.epa.gov

2019 Calendar

Brokerage and Trust Account Class Workshops (GIT)

- July 10 & 11, 2019
TAP Training & Learning
Fayetteville, GA
770-727-5701
www.tapacademyatl.com
- August 21 & 22, 2019
Great Augusta Assoc. of Realtors®
Augusta GA
706-736-0429
www.augustarealtors.com

Georgia Instructor Training Workshops (GIT)

- October 16 & 17, 2019
GA Association of Realtors®
Atlanta, GA

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

Click Here

Lead Based Paint Disclosure

"The Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as Title X. Section 1018, directed HUD and EPA to require disclosure of information on lead-based paint and lead-based paint hazards before the sale or lease of most housing built before 1978."* This includes most private housing, public housing, housing receiving federal assistance, and federally owned housing built before 1978.

To ensure compliance with this Act, the EPA conducts audits, sometimes surprise audits, of real estate firms handling residential transactions, including single or multi-family sales, leasing, and property management. These audits are not intended just to ensure compliance. Their primary purpose is to safeguard the public. In fact, licensees have incurred fines for thousands of dollars for failure to obtain the signed Lead Based Paint Disclosure form and have it available for verification. According to an article published by Weissman Law, "Violations include missing and/or incomplete forms. Incomplete forms are those missing signatures or initials, and each missing item constitutes a violation. Initial fines for the first offense are as much as $11,000 per violation and can be assessed against each agent and brokerage company involved in a transaction, regardless of which party they represent. Additionally, violations can lead to private lawsuits seeking treble damages, attorney's fees and court costs."

Real estate licensees must be diligent in their responsibilities regarding disclosure of lead-based paint in homes and apartments built prior to 1978. The EPA provides an informative pamphlet available online at Protect Your Family From Lead In Your Home (PDF). EPA also requires that the seller must disclose to the buyer any information known about the subject property regarding lead-based paint hazards, and a Lead Based Paint Disclosure Form must be signed by the seller of residential property and the Buyer in a transaction of any residential property built before 1978. https://www.epa.gov/sites/production/files/documents/selr_eng.pdf.

……continued on page 2

June 2019 Commission Actions Taken

Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	0
Cease & Desist Orders Issued	3
Citations Issued	5
Letter of Findings Issued	3
Consent Orders Entered Into	0
Final Orders of Revocation of Licensure	3
Cases Closed for Insufficient Evidence or No Apparent Violation	17
Licensing Cases - Applicant has a Criminal Conviction - License Issued	9
Licensing Cases - Applicant has a Criminal Conviction - License Denied	01
Total	40

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 Click Here

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

Lead Based Paint Disclosure

…continued from page 1

Compliance applies to property managers, landlords, and renters, as well as buyers, and sellers. Federal law requires that before signing a lease for housing built before 1978, landlords must provide prospective tenants and renters a Lessor's Disclosure of Information on Lead Based Paint

Basically, the seller and the seller's real estate agent or the landlord and the landlord's real estate agent or property manager, must do the following:

1. Provide the buyer or renter the EPA Lead Based-Paint pamphlet.
2. Inform the buyers of any conditions regarding lead-based paint.
3. Obtain signatures of both the seller and buyer on the Lead-Based Paint Disclosure form and maintain records of signed disclosures.
4. Provide a 10-day period for the buyer/tenant to conduct an inspection.

Sources
https://www.epa.gov/lead
Sample Seller's Disclosure of Information English (PDF) and in Spanish (PDF)
Sample Lessor's Disclosure of Information in English (PDF) and in Spanish (PDF)
https://dph.georgia.gov/healthy-homes-and-lead-poisoning-prevention
https://www.garealtor.com/

AMK Absolutely Must Know Section

"What is the responsibility of an agent if the seller or landlord fails to comply with the EPA and HUD Real Estate Notification and Disclosure Rule? *

The agent is responsible for informing the seller or lessor of his or her obligations under the EPA and HUD Real Estate Notification and Disclosure Rule. In addition, the agent is responsible if the seller or lessor fails to comply. However, an agent is not responsible for information withheld by the seller or lessor."

"What if a seller or lessor fails to comply with these regulations? *

A seller, lessor, or agent who fails to give the proper information can be sued for triple the amount of damages. In addition, they may be subject to civil and criminal penalties. Ensuring that disclosure information is given to home buyers and tenants helps all parties avoid misunderstandings before, during, and after sales and leasing agreements."

Quoted from the EPA website. View additional Q&A from the EPA website at:

* https://www.epa.gov/sites/production/files/documents/1018qa.pdf

Focus on Terminology" Lead-based paint hazard"

The term "lead-based paint hazard" means "any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, lead-contaminated paint that is deteriorated or present in accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects as established by the appropriate Federal agency."

https://www.epa.gov/lead/residential-lead-based-paint-hazard-reduction-act-1992-title-x

The Appraisers Page

Georgia Real Estate Appraisers Board June 2019

Useful Links:

[GREAB Web Site]

[Appraisal Act]

[GREAB Disciplinary Sanctions]

State of the market – will sellers be chasing the market again soon?

By: D. Scott Murphy, SRA

In 2008 I wrote an article titled “Chasing the Market”. It was shortly after the start of the recession and values were on a steady decline. The article emphasized the need to price your property correctly in order for it to sell and to maximize your return. The point was if you over priced the property and the market continued to decline you would be chasing the market down, even if you made regular price reductions. The resulting sales price of the property (if you could sell the property at all) would be far less than if you had priced it correctly in the first place.

In 2013 I updated the article highlighting the significant change which had occurred over those five years. At that point, the tables had turned. We were in a very unique real estate market, one unlike any other that I have seen in my 30 years as an appraiser. The market was recovering and in many areas, activity was very strong. I explained that the real estate market has always had its ups and downs. The best way to think of it is that the value of your home fluctuates much like the value of a stock. Over time, there is generally an overall positive appreciation, but the value at any one given time could be more or less than a prior period. The market in 2013 was unique because of the complexities that had come about in the secondary money market over the past decade and the resulting lack of mortgage products. In the early 2000’s, anyone could qualify for a loan under some program. This allowed for an expanded pool of buyers. Then came the shake-ups in the subprime market, which then led to the tightening of all loan products. Lenders quickly moved to remove dozens of their loan products, leaving just the most basic available.

By 2013 things had settled back out a bit as foreclosures began to decrease, but many that would have qualified for a loan in the past could not. So not only did we have fewer buyers due to a lack of creative financing options, but many buyers were adversely impacted by foreclosures, loss of job, decreased income, etc. This seriously impacted the real estate market over those years. But the real estate market is like that stubborn weed that will come back, no matter what you throw at it!

The years since 2013 have seen steady growth in the real estate market due in part to some pent-up demand. As prices have continued to rise, loan programs have been expanded and foreclosures/short sales finally have become few and far between – buyers have been driving the market. From 2016-2018, the number of new homes being built was still only a small fraction of what it was before the recession, creating an enormous lack of inventory. During this time these forces all came together and values rose in many markets as much as 2-3% per month. Homes were

…Continued on page 4

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selling in days with multiple offers and, as no surprise to me, we began to see an exponentially higher rate of appraisal/value issues. It was a seller's market.

Where are we today? Everyone is trying to predict the next real estate market crash. The problem is the factors that contribute to a decline are so complex and are generally different which each downturn that no one really knows. The Atlanta market has seen what I would call some leveling off over the past 3-4 months as evidenced by higher days on market and increased builder incentives. We are actually at a stable and steady rate which is very health for the market.

All of this makes it more important than ever to price your home correctly if you are planning to sell. It is critical to analyze the market and be sure not to overprice it or underprice it. The same principles apply today that did in years past. Remember, an appraisal can be a slightly lagging indicator. The appraiser makes every attempt to represent the true market value of the subject property as of the date of value. But by its very nature, an appraisal relies on sales data from the past – even if it is the relatively recent past. The appraiser must make every attempt to analyze the market and apply the correct appreciation or depreciation adjustments. However, as we discussed in last months article "Fannie Mae 1004", the data pool is often incomplete or collected incorrectly and then the properties used to define appreciation or depreciation are unadjusted. This means that other factors such as features or amenities of a recent sale may falsely give the illusion of an increase or decrease in the market.

The premise of my Chasing the Market concept is if the home is priced too high, the market *may* eventually catch up, but the seller may miss potential buyers and the house may not sell. Nobody knows when the music will stop and we will all scurry to get a chair. In today's market it is more important than ever that an agent accurately price their listing. Realize that homes which selling in a matter of days and with multiple offers may be a strong indication that they are underpriced, but over pricing can have an even more detrimental impact on the final sales price and the overall market in general. Homes which are underpriced will restrict the market and homes which are overpriced may stall the market, particularly since we appear to be moving out of a seller's market and into a period of more stability.