

2022 Calendar

Georgia Instructor Training
Workshop (GIT)

- October 17-18, 2022
Atlanta, GA

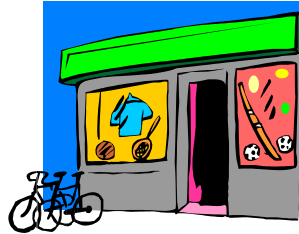
For more Info, visit
greea.org

[Link to
Proposed Rule
Changes](#)

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

Georgia Real Estate Infobase
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Listing & Selling an On-Going Business

A real estate License is required to receive a commission on the sale of a business that includes a transfer of any type of real estate. Valuing a business is quite different than determining a listing price for a piece of real estate. Be careful that you consider the business as well as the real estate value when taking a listing on a business. The core value is based upon the projected future profits from the business itself. The listing agent should work in conjunction with the owner's CPA and other professionals familiar with that type of business and the tax and legal implications of selling an on-going concern.

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Two Job Opportunities at the Georgia Real Estate Commission

Investigator

<https://grec.state.ga.us/wp-content/uploads/pdfs/About/HireREInvestigator%20August%20%202022.pdf>

Information Specialist

<https://grec.state.ga.us/wp-content/uploads/pdfs/About/HireInfoSpec%20August%202022.pdf>

August 2022 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	9
Letter of Findings Issued	2
Consent Orders Entered Into	0
Final Orders of Revocation of Licensure	2
Cases Closed for Insufficient Evidence or No Apparent Violation	13
Licensing Cases - Applicant has a Criminal Conviction - License Issued	13
Licensing Cases - Applicant has a Criminal Conviction - License Denied	1
Total	42

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

SUBMITComments
&
SuggestionsOnline
Courses
from GREC\$10 each
3 Hour CE
Course
Total of 9
Hours CE
Available(Approved as
License Law
CE and
approved as
Instructor CE)*“Avoiding
Trust
Account
Trouble”**“Practicing
Real Estate
& Staying
Out of
Trouble”**“Being a
Broker and
Staying Out
of Trouble”*[Click
Here](#)Georgia Real Estate
Commission

Suite 1000

International Tower

229 Peachtree Street NE

Atlanta, GA 30303-1605

Phone 404-656-3916

Selling a Business...

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[520-1-.12 Business Brokerage](#)

Unless otherwise excepted from licensure requirements by O.C.G.A. Section 43-40-29, a person who brokers the sale of a business must hold an appropriate license issued by the Commission if the sale of the business involves the transfer of any interest (including, but not limited to, leasehold or ownership interest) in real property. A business broker and any of the business broker's associates who do not hold licenses issued by the Commission may not negotiate or attempt to negotiate or assist in procuring prospects for the sale of a business where:

(a) that sale involves the transfer of any interest in real property, or

(b) where the payment of all or part of a commission or fee to the business broker or any of the business broker's associates in the sale of a business is contingent upon the transfer of an interest in real estate.

An unlicensed broker may not perform or attempt to perform the acts in the preceding sentence and then secure a person licensed by the Commission to approve that transaction.

see also O.C.G.A. §§43-40-1; 43-40-2; 43-40-29; and 43-40-30



Absolutely Must Know

- If the sale of a business includes real estate, the recipient of the sales commission must have an active Real Estate License.
- If the real estate Licensee has a listing and sells a business involving real estate, the Licensee cannot split the commission with a business broker unless that business broker also holds an active Real Estate License.
- Paying an unlicensed individual compensation for performing the acts of a Broker is a violation of the Georgia Real Estate License Law, Rules, and Regulations.



Focus on Terminology: Cap Rate

The “**Cap Rate**” or **Capitalization Rate** is a very basic measure of performance for quickly evaluating income properties. The Basic Cap Rate Formula gives an estimate of return: **Cap Rate = $\frac{\text{Net Operating Income}}{\text{Value}}$**

1. If an investor requires a certain minimum “cap rate,” the Licensee can quickly determine if a potential income property is in the client's acceptable range to merit his/her interest. Usually owners of income properties will provide basic net operating income (NOI) numbers to assist in the marketing of the property. NOI is the income generated after expenses are covered. The seller of the property may require a confidentiality agreement be signed before detailed information is released. The value should be comparable to other similar properties recently sold.
2. Knowing the required “cap rate” or the “cap rates” of similar properties can provide a quick estimate of value. **Value = $\frac{\text{Net Operating Income}}{\text{Cap Rate}}$**
3. The “cap rate” theory can also be used to estimate the net operating income a property should generate based upon a certain “cap rate” and properties of comparable value and type. **Net Operating Income = Cap Rate X Value**

Remember that the “cap rate” is merely a snapshot in time and only reflects the value based upon the numbers provided for one period of time. It is only a rule-of-thumb and an estimate. Investors usually perform more detailed performance analysis to determine if they are interested in purchasing a certain income property.