

2015 Calendar

GREC Brokerage Course & Trust Accounts Class Dates:

- August 5 & 6, 2015
Greater Augusta
AOR
augustarealtors.com
- October 7 & 8, 2015
Golden Isles AOR
goldenislesrealtors.com

Common Violations Class Dates:

- July 9, 2015
NAMAR
Duluth, GA
770-495-7300
www.namar.org
- September 15, 2015
Columbus BOR
Columbus, GA
706-323-1701

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

[Link to GREC
Disciplinary
Sanctions
View Current
Suspensions
and
Revocations](#)

Georgia Real Estate Infobase

[Click Here](#)



This Issue:

Exceptions to the Rule	P. 1-2
Focus on Terminology	P. 2
The Appraisers Page	P. 3-4

Exceptions to Licensure

There are exceptions to license requirements, but the exceptions cannot be used by active or inactive real estate licensees. In fact the exceptions do not apply to any person who uses or attempts to use them for the purpose of avoiding being licensed.

However, the licensure exceptions do apply to an owner or individuals who are full-time employees of the owner of real estate, whether the owner is an individual, a corporation, or a partnership. The exceptions to licensure are summarized in this article but are further detailed in [License Law 43-40-29 Exceptions to operation of chapter](#).

When acts are performed related to property owned, leased, or to be acquired by an owner, limited partnership, lessor, or prospective purchaser in the regular course of the management of property and the investment in property, the exceptions do apply and a real estate license is not required. Understandably, there are some conditions to these exceptions.

The exceptions apply to a person employed on a full-time basis (by any of the following parties) to provide property management services or community association management services, or who buys, sells, leases, manages, auctions, or otherwise deals with property owned by any of the following parties.

1. Owner of property.
2. Owner of a management company whose principals hold a controlling ownership of property.
3. A community association.

If a broker of a management company has a written management agreement with the property owner that specifies certain activities will be provided, the broker can employ an unlicensed individual to assist in property management. Provided the employee is acting under the direct instructions of the broker, the employee is permitted to perform activities limited to the following:

- Delivering or receiving documents
- Delivering or receiving a security deposit, rental payment, or any related payment made payable to the broker or the owner
- Show a rental unit to any person
- Executing leases or rental agreements

Continued on Page 2...

Reminder

Effective **July 1, 2015**, continuing education (CE) hours will increase for non-grandfathered licensees from 24 to 36 hours over the four-year renewal period.

Effective **July 1, 2016**, 3 of the CE hours must be on the topic of license law from a license law course approved by the Georgia Real Estate Commission.

Georgia Real Estate License Rule Changes Video:
<https://www.youtube.com/watch?v=zS0AWyIhzOI>

**Updated
Format!**

**GREC
Online
Courses**

[Click Here](#)

[Also approved for
Instructor CE](#)

SUBMIT

**Comments
&
Suggestions**

To sign up to
receive the GREC
RENewsletter
[Click Here](#)

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

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

Exceptions to Licensure ...Continued from Page 1

- Perform ministerial acts as stated in the management contract.
- Provide information authorized by the broker concerning:
 - a rental unit, a lease application, or a lease
 - the status of a tenant's security deposit or rent payments
 - the owner's financial accounts and payments from the owner's tenants.

It should be clear that if a broker uses the services of an employee to do certain tasks, the broker is responsible for the activities of that individual.

Exceptions to licensing apply to certain professionals and service providers that provide services to owners and property management companies:

- A licensed practicing attorney acting solely as an incident to the practice of law;
- A licensed certified public accountant acting solely as an incident to the practice of public accounting;
- A person who performs only physical maintenance on a property;
- A person who is a member of a community association providing community association management services only to the one community association where he/she is a member.

A real estate license is also not required in certain legal and quasi-government related real estate activities where services are provided in the regular course of managing property and the investment of properties. Such circumstances include the following:

- An attorney in fact under a duly executed power of attorney to convey real estate from the owner or lessor;
- Any person acting as receiver, trustee in bankruptcy, administrator, executor, or guardian or acting under a court order or under the authority of a will or of a trust instrument;
- Any officer or employee of a government agency in the conduct of official duties;
- Any person employed by a public or private utility.

Although there are detailed limitations that apply, the exceptions also extend to very specific situations including the following: (This is a summary, refer to 43-40-29 to obtain the specific details.)

- A person who provides property management services on properties available for less than 90 days' occupancy by guests or occupants and meets certain conditions;
- A person acting as a referral agent who is not involved in the actual negotiations, does not charge a fee, and does not do more than 3 referrals a year;
- Certain conditions where someone manages residential apartment complexes under a federal contract established before 1989.

If an actively licensed or inactive real estate licensee works as a full-time employee for an owner or company to perform real estate activities, their license must be surrendered to the Commission. If the individual later decides to engage in real estate brokerage other than as a full-time employee, he/she must apply for a license as an original applicant. Further information regarding working as a consultant is discussed in the [March 2014 issue of the GREC RENEWS](#).



Focus on Terminology: "Property Management"

Property Manager, Asset Manager, Rental Properties Specialist, Landlord Tenant Relationship Manager, Rental Agent, Investment Property Assistant.....call it what it is...Property Management, and it probably requires a real estate license. If a person performs real estate activities for another party for a fee, and he/she is not doing so as a full-time employee of that owner, company, or individual, he/she must obtain and maintain a real estate license in Georgia. Exceptions to licensure apply to a person employed on a full-time basis by a property owner or a property management company.



The Appraisers Page

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

How to Tell a Good Appraisal from a Bad Appraisal

By: D. Scott Murphy, SRA

I receive calls on a daily basis from people wanting me to review a “bad” appraisal. In this instance the caller usually deems the appraisal “bad” because the number is lower than expected. It is remarkable how many truly bad appraisals I see which meet or exceed the sales price. Yet, the buyer, seller, or agents never question these reports.

From a professional standpoint, there are a number of metrics to gauge the quality of the report. One of the most important things an appraiser must do is “bracket”. The term “bracketing” means to use comparable properties that are slightly superior and slightly inferior to the subject property.

For instance, it is critical that the appraiser use sales that are within ten percent of the subject’s gross living area. In order to prepare a strong, defensible appraisal, the appraiser should bracket the subject’s gross living area using comparables with slightly larger GLA and slightly smaller GLA. Room count in terms of bedrooms and bathrooms should be bracketed.

Lot size in terms of overall lot value should also be bracketed. It is important to note here that the appraiser must closely analyze the subject’s lot value as well as each comparable’s lot value. Too often the misconception is made that a larger lot is worth more than a smaller lot. That is not always the case. Topography, amount of usable land, location within the subdivision (such as a corner lot or cul-de-sac), or other features of this kind can impact the overall value. Adjustments are made on separate lines for the general location of the subject property and the property’s view.

When an appraiser uses bracketing properly, they remove the majority of the subjectivity possible in an appraisal report. Bracketing actually “tests” the adjustments and forms a basis for the appraiser to prove his value to the reader. For instance, if he extracts an adjustment of \$10,000 for a full bathroom from the subject market, he must add \$10,000 to a comparable with one less bathroom and subtract \$10,000 from a comparable with one more bathroom. The ultimate goal for an appraiser is to generate an appraisal report with the most similar, recent comparable and arrive at an adjusted range of estimated value that is very small. In other words, once he has made all of his adjustments, the bottom line shows the adjusted estimated market value for the subject property. The range between the lowest and the highest number would ideally be as small as possible. Keep in mind that it is virtually impossible for this range to be zero due to the imperfect nature of the real estate market. When an appraiser appraises a property for \$200,000 and his adjusted range is \$132,000 - \$367,000, I always say “take that bottom line of the adjustments grid and put the numbers into a sentence”. In the example above, what the appraiser is really saying is “I feel the subject property is worth between \$132,000 and \$367,000”. That is not very convincing to me. A range of ten percent is ideal. Any range larger than that is a huge indication of a bad appraisal.

...continued, see page 4



The Appraisers Page

Georgia Real Estate Appraisers Board

June 2015

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

How to Tell a Good Appraisal from a Bad Appraisal

By: D. Scott Murphy, SRA

There is no “one” number that a property is worth but an estimate range of over 10% is possibly an indication of dissimilar comparables. The appraiser must go back and analyze the adjustments. By looking at each line and testing the impact on value if that adjustment were increased or decreased, the appraiser is able to narrow the adjusted range and prove the adjustment. The appraiser should contact a party to the transaction and verify each comparable. He should ask probing questions about overall condition, quality, upgrades, and amenities. Generally he can determine why this adjusted value is too high or too low by thorough verification by one or more participants to the transaction.

I had a comparable just down the street from my subject, which was very similar to my subject and sold recently. However, it was adjusting \$25,000 below the adjusted range of all the other comparables. I called the buyer's agent and after just a few questions I was able to determine that it was selling below the other comparables because it had a very sloped lot. This was not visible from the street and was certainly not advertised in the

listing. A \$20,000 -25,000 adjustment for topography was reasonable and with that adjustment my adjusted range was very tight.

It is important for agents to be aware of other comparables in the neighborhood of their listing. Research these comparables and be prepared to alert an appraiser of variances such as this. It is then up to the appraiser to verify the information. There are far too many appraisers who because of a time constraint or a fear of talking to agents that will not dig to find the reason for a significant variance.

Another indication of a bad appraisal may be “across the board adjustments”. An across the board adjustment is one where every comparable is adjusted in the same direction for a particular item. For example, the subject has a very nice 2-acre lot. Each of the comparables used has less than one acre. This will cause the appraiser to make a positive adjustment to each of the comparables. Another common “across the board adjustment” is for gross living area (GLA). The subject has 2700 sf and the comparables had 3300 sf, 3400 sf and 3500 sf. Each of the comparables would receive a negative adjustment. The problem is that there is no list of adjustments that appraisers use. These adjustments must be extracted from the market. If one appraiser determined that the appropriate GLA adjustment should be \$30/sf than the respective adjustments would be -\$18,000, -\$21,000 and -\$24,000. If another appraiser determined the GLA adjustment should be \$50/sf than the respective adjustments would be -\$30,000, -\$35,000 and -\$40,000. Neither supplies adequate support for his determination of GLA adjustment.

In defense of my fellow appraisers, there are no easy appraisals. But with careful analysis, research, and verification of the comparables, usually a relatively tight range of estimated value can be determined.