

## 2014 Calendar

### GREC Brokerage Course & Trust Accounts Class Dates:

- July 9-10, 2014  
Savannah BOR  
[www.savannahboardofrealtors.com](http://www.savannahboardofrealtors.com)
- September 24-25,  
2014  
Athens Area AOR  
[www.realtorsathens.com](http://www.realtorsathens.com)

### Common Violations Class Dates:

- July 24, 2014  
Tucker, GA  
770-493-9000
- August 5, 2014  
Warner Robins, GA  
478-922-0099

[Link to the  
Georgia Real  
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License Laws,  
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Georgia Real Estate Infobase

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## Critical Data Management

Real estate licensees are known for utilizing new technology to improve the transaction process and experience. However, something as simple as electronic record keeping requires updating office procedures to protect consumer information and to comply with the License Laws, Rules, and Regulations.

Records can be kept in electronic format, so the use of cloud storage, external drives, or other portable data storage systems are commonplace. Whether an electronic or paper system, it must all be addressed in an office policy. Sounds simple enough, but agents transfer from one firm to another; staff and office personnel come and go making it necessary to frequently change the passwords for cloud storage, computers, files, etc.

The broker can be held liable for the maintenance of all records in electronic or paper form. General Counsel for the Alabama Real Estate Commission recently quoted an apt guideline he uses regarding document retention for licensees. It applies to Georgia licensees as well; "If a document is touched or created by a licensee during any real estate activities, the licensee should make sure the qualifying broker, or company has a copy of the files." In Georgia, a list of records and documents to be retained is included in [Rule 520-1-10](#). That documentation must be maintained for 3 years and made available upon request by the Commission. This means it must be readily available.

The handling of data and the liability of protecting and maintaining that data are issues of concern to all licensees. It is common for real estate contracts to be transmitted and signed electronically allowing them to be processed in shorter time. Consider the use of electronic signatures. The use of electronic signatures must be done in a way that protects the public and maintains the integrity of the signature. The signatures should initially be encrypted with protected access, but the file must continue to be maintained in a safe manner. In addition, the electronic data and files must be accessible for 3 years to comply with the License Laws, Rules, and Regulations. Electronic documentation can leave a good audit trail, but the data management system needs to be set up properly to be able to retrieve it when needed.

Some consumers are averse to signing electronically or to certain electronic communication methods. The office policies need to take in account individuals' experience and comfort level with the latest technology in addition to the potential for identify theft. Access by staff and employees must be closely managed, and a system needs to be in place to assure future access to the data. To summarize:

1. As technology changes, the broker must re-evaluate the firm office brokerage policy to incorporate the use of new methods and services as well as protecting against the increasing potential for the misuse of personal information..
2. The files, email transmittals, folders, and document names, should be organized with appropriate names and dates so the information can be easily located later.
3. Using physical drives could be additional security against an online service that is not renewed or no longer available.
4. Be sure the storage of sensitive files is secure and office policies ensure the data is protected as much as possible.

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

## Recap of Recent & Proposed Rule Changes

**Increase in Required Continuing Education Hours** - As of July 1, 2015, a Rule change increases continuing education hours from 24 to 36 for the 4 year license renewal period. Also, as of July 1, 2016, the 36 required hours of continuing education shall include 3 mandatory hours on the topic of License Law. The [April issue of the GREC RENEWS](#) details this rule update. See [Rule 520-1-.05 Maintaining a License](#).

A proposed rule change detailing the content of the mandatory hours is posted for review and comment. It is accessible on the Commission web site under [Proposed Rules changes](#).

**Advertising** – This Rule change primarily addresses the use of the Internet to advertise real property. [Rule 520-1-.09 Advertising](#) A detailed article addressing the new rules on advertising was published in the [May issue of the GREC RENEWS](#).



### Focus on Terminology: Lending Acronyms

Congress established the **Consumer Financial Protection Bureau (CFPB)** through the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). In 2013, the **CFPB** adopted a rule that implements the **ATR/QM** provisions of the Dodd-Frank Act. **The Consumer Financial Protection Bureau (CFPB)** released a new set of lending rules that became effective January 2014. The licensee can go to <http://www.consumerfinance.gov/> to review the rules.

This rule generally applies to closed-end consumer credit transactions that are secured by a dwelling for which you receive an application on or after January 10, 2014. This includes residential mortgage and home equity loans, with some exclusions.

A real estate licensee is not expected to be an expert in lending, however, the ever-changing market requires that the licensee be familiar with the terminology and trends in the lending industry. The following lists the basics and the acronyms used in the marketplace as part of the new regulations.

#### **ATR/QM = Ability to Repay/Qualified Mortgage.**

**The ATR or Ability to Repay** rule describes the minimum standards used to determine if consumers have the ability to repay the mortgages they are extended. The new standards require lenders to review eight different credit indicators. Minimum standards include:

Income, assets, employment status, monthly mortgage payment, monthly payment for property taxes, insurance, HOA dues, rent, debt, alimony, child support, credit history and monthly **DTI (Debt-to-Income)** ratio and residual income, other monthly loan payments, and credit history.

“While the **ATR** rule provides eight specific factors [the lender] must consider (including verifications of income or assets relied on, employment if relied on, and review of credit history), the rule does not dictate that [the lender] follow particular underwriting models.”

#### **QM: Qualified Mortgage,**

“Qualified Mortgages are a category of loans where borrowers would be the most protected. They, among other things, cannot have certain risky features like negative-amortization, where the amount owed actually increases for some period because the borrower does not even pay the interest and the unpaid interest gets added to the amount borrowed.” Lenders can also issue Standard, Temporary or Non-standard to Standard Refinance type Qualified Mortgages. The CFB published a detailed document outlining the guidelines for the new rule, accessible at [http://files.consumerfinance.gov/f/201304\\_cfpb\\_compliance-guide\\_atr-qm-rule.pdf](http://files.consumerfinance.gov/f/201304_cfpb_compliance-guide_atr-qm-rule.pdf)

**Source:** [Consumer Financial Protection Bureau.](#)



# The Appraisers Page

## Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB Disciplinary Sanctions](#)

# SEND

**Bv D. Scott Murphv. SRA**

I wonder how much longer the US postal service will be around in its current form. I had heard they were going to stop delivering mail on Saturdays and then I heard Amazon was working out a deal with them to deliver seven days a week. When was the last time you wrote a letter – pen and paper - and sent it through the mail? Most of my bills are delivered and paid electronically. I have even started using electronic birthday cards.

It seems that every day we are moving more and more towards an electronic society. Most letters are now replaced by emails. Emails are even being replaced by text messages.

I can remember not so long ago, sending hard copies of our appraisals by courier each day. We would print three copies of each report at about 25-30 pages each and every day I would sit down to a pile two feet high and sign each report. No wonder my signature is worse than a doctor's signature. But having that physical report in front of me somehow allowed or encouraged me to go back one more time more thoroughly review the report before I signed it and sent it to the client.

Today, we complete an appraisal report, apply our electronic signature and push SEND. Once I push that button to send and deliver the appraisal it becomes published. While it is being delivered only to my client, the second I hit send it potentially becomes public domain. I don't want to confuse anyone and cause you to think that appraisals are published somewhere and that anyone can get access to an appraisal report, which is not true. But the appraiser must consider the fact that once he releases the report he is 100% responsible for its contents. Any errors, miscalculations, typos or omissions become set in stone. That report goes to the client who may circulate it throughout its organization, to outside review appraisers and then subsequently to the borrower. At that point it could end up in anyone's hands. While we as appraisers carefully identify who our intender users are and for what purpose the report can be used for, anyone who obtains a copy could submit it to the Appraisers Board or other regulatory agencies for disciplinary action.

It is very important for appraisers who make revisions to an appraisal report, to identify in their report that it is a revised appraisal report, what revisions were made and change the signature date (never change the effective date unless you reinspect the property and are truly meaning to change the effective date of the appraisal report). My appraisers are instructed to do this on the very first page of the addendum page and display it in bold print. Any subsequent changes to the report could lessen any disciplinary action but the appraiser will have a lot of explaining to do.

The Board is charged with maintaining the public trust and ensuring that appraisers do not cause harm to the public. Everyone is entitled to a mistake here and there but if the errors appear to be intentional or are not subsequently corrected the appraiser will faced some form of disciplinary action.

I know we all have written that email we wish we could take back. I know there are many of us appraisers who wake in a cold sweat the night after sending a report, terrified if they had made an error or are second-guessing our opinion of value.

I realize we live in a world where everyone expects "it" yesterday and we are all pressed to get that contract written, get that appraisal completed, etc. Just take the time to review your work. Make sure it represents your best efforts. An extra few minutes or even an hour or two is nothing compared to the time and potential risk of sending out a work product which is not your best work. Consider a teammate system for peer review, checking each others' work before it is sent out.

The bottom line is to remember up until you hit SEND you can make all the changes in the world, once you hit SEND it is gone forever.