

2015 Calendar

GREC Brokerage Course & Trust Accounts Class Dates:

- December 9-10, 2015
Georgia Institute RE
www.learningrealestate.com

Common Violations Class Dates:

- October 29, 2015
Savannah BOR
Savannah, GA
912-354-1513
- November 3, 2015
GAMLS
Morrow, GA
770-493-9000

GREC Annual School Meeting

December 11, 2015

[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:

Online Policies	P.1
Commercial Lending	P. 1
Educational Growth	P. 2
Focus on Terminology	P. 2
The Appraisers Page	P. 3-4

Firm Policies for Online Activity

Every brokerage firm is required to have a written office brokerage policy that stipulates procedures for handling trust funds and other management policies to insure that the firm is in compliance with the License Law, Rules, and Regulations. As outlined in BRRETA, it is also a good idea to state what types of agency the firm practices. Although the operation of the real estate firm is primarily focused on listings, brokerage engagements, and brokerage activity, the broker must also consider the changes in how business in general is done and perhaps revamp the office brokerage policy to include technology and management of licensees that work out of the office that are seldom seen or heard.

For example, the firm should have policies regarding use of various technology and online activity, such as communication protocols with absentee affiliates, as well as procedures to protect the security of data.

One of the most obvious issues is the use and misuse of advertising in various social media. Not only must there be clear training and policies regarding acceptable postings, but the broker must also establish methods, schedules, and follow up to be sure that the policies are actually followed, corrective action is made, and disciplinary actions taken as necessary. Perhaps an office manager who is specifically in charge of monitoring sites and postings of affiliated licensees is in order. In addition, other issues such as the security and archive of email files, and policies regarding licensees conducting business unrelated to real estate brokerage on office computers should also be addressed.

All of these issues affect not only the efficiency of the firm, but can have long reaching impact on liability issues of the firm and the broker as well. Perhaps it is time to review the office brokerage policy in light of the changing times and take a look at it from a business perspective in addition to focusing on real estate brokerage activity.

Commercial Lending Trends

Commercial real estate recovery often lags several months if not years behind residential real estate. Lending for commercial projects is critical to the recovery. The source of funding for commercial financing is bouncing back to include traditional as well as more untraditional sources. Consider this list of active providers of commercial real estate financing. It indicates a growing source of funds which leads to a growing economy. Expectations indicate a brisk return to business. All good news for real estate!

- Small Business Administration (SBA)
- Real Estate Investment Trusts (REIT)
- Private Investors
- Public Companies
- Local/Commercial Banks Regional Banks
- National Banks
- International Banks
- Life Insurance Companies
- Commercial Mortgage Backed Securities (CMBS)
- Crowdfunding

Educational Growth

Real estate licensees in Georgia have the flexibility to select topics of their choice to obtain continuing education credits. Only 3 of the required 36 hours of CE must be in specifically required topics of the License Law, Rules, and Regulations. Thirty-three (33) hours of Continuing Education can be obtained in a subject that furthers the professional and intellectual goals of the licensee. There are a multitude of sources to obtain courses, in class, online, at colleges, universities, professional organizations, etc.

Many licensees choose to pursue a professional Designation or Certification that usually provides CE credit as well. There are many real estate related designations and certifications to choose from. They are usually developed by industry related organizations, but the actual designations or certifications are not authorized or approved by the Georgia Real Estate Commission. However, the Real Estate School offering them must obtain approval to provide Continuing Education credit for the course, the instructor, and the method of instruction. Usually a designation or certification program requires certain standards, examinations, perhaps membership, and some require a certain level of verifiable experience. Some organizations provide valuable resources, additional training, membership tools, and other benefits. Real estate licensees see benefits in being able to market themselves by identifying themselves with a designation or certification program. The licensee should research the various options to find the course, program, and provider that best suits his/her goals.

Training chosen should be beneficial to both the licensee and the public by training the licensee to provide professional and ethical real estate services to clients and further protect the public interest. The *Focus on Terminology* section below provides definitions to further explain the difference between various educational terms and programs.

Focus on Terminology: "Certified, Designated, Approved, Authorized, College, University..."

Applicable Definition provided by Merriam-Webster
<http://www.merriam-webster.com>

Designation	: a distinguishing name, sign, or title : the act of officially choosing someone or something to do or be something : a name or title that identifies someone or something : the act of indicating or identifying : appointment to or selection for an office, post, or service
Certification	: the act of making something official : the act of certifying something : official approval to do something professionally or legally
Approved	: to believe that something or someone is good or acceptable : to officially accept (an idea, action, plan, etc.) : to have or express a favorable opinion of : to accept as satisfactory : to give formal or official sanction to
Authorized	: to give power or permission to (someone or something) : to give legal or official approval to or for (something) : to establish by or as if by authority : to invest especially with legal authority
College	: a school in the U.S. that you go to after high school : a school that offers courses leading to a degree (such as a bachelor's degree or an associate's degree) : a part of an American university that offers courses in a specified subject
University	: a school that offers courses leading to a degree (such as a bachelor's, master's, or doctoral degree) and where research is done : an institution of higher learning providing facilities for teaching and research and authorized to grant academic degrees; : specifically: one made up of an undergraduate division which confers bachelor's degrees and a graduate division which comprises a graduate school and professional schools each of which may confer master's degrees and doctorates.

**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



The Appraisers Page

Georgia Real Estate Appraisers

October 2015

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

Consequences of Overpricing

By: Hudson Holder, SRA

The Atlanta real estate market has undoubtedly made leaps and bounds since the dark years following the market crash. Many sellers have regained the equity needed to facilitate a long deferred move, while other 2011/2012 buyers have realized handsome returns-on-investment upon recent resale – bolstering market conception of real estate as a sound investment vehicle. Seller optimism abounds at all price points, market segments, and locales. Great for Realtors, correct?

The best agents work markets with which they are familiar, areas where they know what drives buyers and sellers, markets where they know typical marketing times, price trends, recent comparable sales, absorption rates, etc. Sellers tend to view the real estate market through the rose-colored scope of their own property, to which they have strong emotional ties. Sellers often seek to recoup dollars invested in a property through this equation:

$$\text{Market Value} = (\text{acquisition price} + \text{amount spent on improvements during ownership}) \times \text{often over generalized or inflated rates of appreciation}$$

Is this equation true? The wild fluctuations in the market in the past 10 years tell us that this equation is not true! Property values are always changing, much like stocks. Your house is probably not worth the exact same amount as it was a year or two ago, nor do we know what your house will be worth one or two years into the future, regardless of improvements made – the market dictates the value of your home, which is not equivalent to personal capital outlays over time. Money invested in a property may drive the temptation to overprice the property. Media coverage of housing or misinterpretation of broad market indices or locational nuances may also lead to overpricing of a property. Regardless of reasoning, overpricing is the primary reason that properties fail to transact within typical marketing periods in an area.

To a typical seller, the consequences of overpricing a property may not be evident and overpricing may seem justified as a function of optimism:

“Someone will love my house so much they will pay what I am asking.” “My house is by far the best in the neighborhood.” “We will just reduce the price later if we have to.” “The market is increasing – we will wait until it increases to our asking price.” “We’ve been on the market for seven years, just waiting for the right buyer.”

...continued, see page 4



The Appraisers Page

Georgia Real Estate Appraisers Board

October 2015

Useful Links:

[GREAB Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

Consequences of Overpricing

By: Hudson Holder, SRA

While grossly overpricing a property may not seem detrimental to a seller, it is important to understand potential consequences of this approach:

1. Overpriced properties do not transact, meaning the seller continues to incur costs associated with ownership including taxes, mortgage payments, insurance, maintenance, etc. The goal of transferring ownership is not achieved. The hourly wage rate for the listing agent is \$0/hour!
2. Overpriced properties stay on market for an extended period. The first two or three weeks are typically crucial in marketing a property. It is important to be priced competitively from the onset to capture those buyers who are already looking for your product in the marketplace. A property that sits on the market for an extended period runs the risk of becoming stigmatized – has this property not sold because it has a flaw or problem? Further, an extended marketing time can lead to 'chasing the market.' If your property is overpriced during a strong spring and summer sell season, a fall price reduction could be too late because the bulk of buyers are already settled into their new homes, which were lower priced substitutes. Overpricing could also lead to missing out on showings altogether, as your house may not even be on the radar for buyers and agents due to asking price. If your buyer is looking at properties between \$200,000 and \$250,000, they are not even coming to look at your \$315,000 listing.

3. Overpriced properties may ultimately sell for less. Largely driven by extended marketing times, sellers typically become more motivated with longer days on market, few showings, and no offers. While a seller may not consider themselves motivated on day one on the market, they may be very motivated on day 364 on market – and much more likely to accept a below market offer out of necessity.

It pays to price your listing correctly! Seek out the advice of other agents in your office or a local appraiser to help accurately price your listing.

Mr. Holder can be reached at hholder@dsmurphy.com