



Prompt Delivery of Documents

In this case study, a broker is found to have improperly delivered instruments when he failed to provide copies of a lease to an owner for a property he managed. It is imperative that property management firms have policies in place regarding document delivery and then agents follow those procedures.

THE SITUATION:

On November 21, 1985, Peter Murphy (“Murphy”) was issued a salespersons license. On January 5, 1990, he was issued a brokers license. On March 15, 1995, Murphy became the principal broker of Rentals, Inc. (“Rentals”).

On June 20, 2014, the Olsens, as owners, entered into a Property Management and Exclusive Rental Agreement (“PMA”) with Rentals, as Agent, to manage 7823 Pembroke Place, Charlottesville, VA. Lisa Adams (“Adams”), leasing agent for Rentals, signed the PMA on behalf of Rentals.

On July 6, 2014, Rentals, as Lessor, and Larry Turner, as Lessee, entered into a Single Family Residential Rental Agreement (“2014 Lease”) for the subject property. The 2014 Lease was signed by Adams on behalf of the Olsens, as Lessor.

On July 6, 2014, Barry Blumenthal (“Blumenthal”) the bookkeeper for Rentals, sent a letter to the Olsens notifying them that the subject property had been leased and that the new tenant would take possession of the subject property on July 6, 2014. Additionally, the letter stated, “If you desire a copy of the lease for your files, or if you have any questions concerning the upcoming tenancy, please feel free to contact our office.”

On September 17, 2017, Executives, as Lessor, and Tara Levitt (“Levitt”), as Lessee, entered into a Single Family Residential Rental Agreement (“2017 Lease”) for the subject property. The 2017 Lease was signed by Adams, on behalf of the Olsens, as Lessor.

On September 17, 2017, Blumenthal sent a letter to the Olsens notifying them that the subject property had been leased and that the new tenant would take possession of the subject property on November 1, 2017. Additionally,

the letter stated, "If you desire a copy of the lease for your files, or if you have any questions concerning the upcoming tenancy, please feel free to contact our office."

On February 23, 2018, the Olsens requested the PMA with Rentals not be renewed.

On March 3, 2018, Rentals told Levitt by letter that the lease was nonrenewable and it would expire on October 31, 2018.

On April 23, 2018, Rentals ceased managing the subject property.

The Olsens stated they never received a copy of the 2017 Lease. The Olsens did not request a copy of the 2017 Lease from Rentals.

Adams stated that it was not part of her job to send copies of leases to property owners after she signs a lease. Adams stated that if it was part of protocol for leases to be sent out Blumenthal would have sent a copy along with the notification letter.

According to Murphy, he thought the Olsens did receive a copy of the 2017 Lease. Murphy was not sure if the Olsens actually requested a copy or how the Olsens would have received a copy of the 2017 Lease. Additionally, Murphy stated that copies of lease are not provided unless requested. Rental's policy and procedures manual did not specifically address providing copies of documents to owners.

Murphy failed to make prompt delivery to the Olsens, as principals to the transaction, of a complete and legible copy of the 2017 Lease.

THE RESULT:

The Board found that Murphy failed to properly deliver instruments to a principal to the transaction when Rentals did not have a policy in place regarding delivering signed leases to owners and such documents were not delivered to clients.

The Board issued Murphy a fine of \$500, and ordered him to complete at least two classroom hours of Board-approved education pertaining to Property Management and two classroom hours pertaining to Real Estate Agency within six months.

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