



## **Failing to Update Clients**

This case examines a scenario where the Listing Agent failed to perform in accordance with the brokerage agreement. Agents should make sure to comply with all terms of the brokerage agreement and ensure that they provide updates to their clients.

### **THE SITUATION:**

On January 6, 2022, the Board received a written complaint from Edwin & Chiara Serrano (“Sellers”) regarding Regan Schroeder (“Schroeder”).

On May 11, 2005, Schroeder was issued a real estate salesperson license.

### **THE INVESTIGATION:**

On July 11, 2018, the Sellers entered into a commercial listing agreement with Sparrow Real Estate (“Sparrow”) as the listing firm for the sale of property at 2722 Shady Pines Drive, Kingsport, VA. The Listing Agreement specified a sales price of \$945,000 and was signed by Edwin Serrano and Emilia Gordon (“Gordon”), Principal Broker for Sparrow. The Listing Agreement specified a commencement date of July 10, 2018 and a termination date of August 30, 2019. The Listing Agreement contained a provision that stated the listing period would automatically extend and renew from month to month unless either party gave the other written notice of termination at least 30 days before the expiration of the current term.

On December 20, 2018, the sales price was reduced to \$875,000.

On December 23, 2018, Schroeder emailed the Sellers a hyperlink to the updated MLS listing for the property, reflecting the reduced sales price.

As of August 30, 2019, neither party had provided notice of termination, so the Listing Agreement automatically extended and renewed.

In September 2019, the Sellers and Schroeder had a telephone conversation to further discuss reducing the sales price. According to Schroeder, she told the Sellers during the telephone call she would be terminating the Listing Agreement in the end of May 2020, as they were not interested in further reducing the price. However, during the investigation, Schroeder admitted she failed to follow up with the Sellers and provide written notice of termination as specified in the Listing Agreement.

According to the Sellers, Schroeder did not notify them by telephone that she would be terminating the Listing Agreement in the end of May 2020.

On May 15, 2020, Schroeder transferred her real estate sales person license from Sparrow to NewWorld Real Estate.

On May 31, 2020, the MLS listing for the property expired. Schroeder acknowledged that she entered the expiration date in the MLS.

On or about November 3, 2020, the Sellers noticed that the for sale sign on the property had been removed and immediately contacted Schroeder. On November 4, 2020, Schroeder responded to the Sellers explaining that she was traveling for a family emergency, but that the sign was being swapped out because she had changed brokerages.

On or about November 5, 2020, the Sellers contacted Sparrow by telephone to discuss their concerns regarding Schroeder and spoke to Gordon. Gordon told the sellers that Schroeder left Sparrow several months prior, and that the listing for the property terminated in the MLS in May 2020. The Sellers stated they were upset because Schroeder never notified them that she was changing brokerages or that she was terminating the listing for the property in the MLS.

Schroeder acknowledged that she did not notify the Sellers that she was changing brokerages, citing that she did not think it was necessary to notify the Sellers because the Listing Agreement was going to terminate at the end of May 2020.

**THE RESULT:**

The Board determined that Schroeder failed to perform in accordance with the terms of the brokerage agreement by failing to provide written notice of termination to the Sellers. Schroeder was fined \$1,200, placed on probation for a period of 6 months, and required to take 3 hours of Ethics and Standards of Conduct.

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