

Case Study

Improper Dealing

This case study highlights the importance of faithfully representing multiple clients. Sometimes you may have a difficult situation when there are, for example, multiple sellers. One of the sellers may decide not to fulfill their duties or otherwise obstruct you from completing the sale, while the other seller is trying to advance it. Unfortunately, this places the agent in a bad position. An agent must not only ensure that they are representing their clients as faithfully as possible in accordance with their agency agreement and the laws/regulations; they also need to ensure they do not take any action which would break the rules and their agreements, even if it is done with good intentions.

The Situation

Amelia Hurst was issued a real estate salesperson license in 2017 and was affiliated with Sky High Realty LLC, a brokerage firm.

On January 2nd, 2024, Hurst entered into a listing agreement with Patty and John Dunn.

Patty and John were going through a contentious divorce.

The Investigation

Hurst met with Patty and John Dunn as potential customers on December 20th, 2023. During that meeting, Hurst learned Dunn's desire to sell the property and use the proceeds to relocate their separate ways. The Dunns seemed amicable during the meeting, and both expressed an interest in selling the property as quickly as possible.

The comps for the area show the property to be valued at \$350,000. The Dunns again expressed their interest in selling the property as quickly as possible, so both the Dunns and Hurst agreed to list the property for \$300,000. On January 2nd, 2024, they all signed a listing agreement for the sale of the property for \$300,000.

Shortly after, the divorce became even more contentious. There was a ratified purchase agreement on the property; however, it failed due to financing. The buyer's lender would only approve \$290,000 and the contract fell through. Subsequent discussions between the Dunns and Hurst led to both parties agreeing to lower the price to \$290,000. Hurst sent the amendment to the listing price to the Dunns but only John signed.

Meanwhile, the Dunns' lender was threatening to foreclose on the property and would have done so if the property was taken off the market. Patty Dunn instructed Hurst to remove the property from the MLS. John instructed Hurst per the addendum to lower the listing price. Hurst lowered the listing price and kept the listing active. Patty stopped answering all forms of communication and filed a complaint with the Real Estate Board against Hurst.

The Result

The Board found Hurst had violated 18 VAC 135-20-290 by offering the property for sale on terms not agreed to by both owners. The Board fined her \$1,750 and ordered her to attend 4 classroom hours of contract classes.