



Do Not Trust Unconfirmed Representations

The following case study highlights the importance of verifying material facts rather than relying on unconfirmed representations from a cooperating agent. Particularly, a real estate licensee representing a seller is required to exercise ordinary care to ensure that contract terms and addenda accurately reflect the client's actual circumstances and objectives.

The Facts

Disclaimer: All names and dates are fictitious.

On August 11, 2023, Martin Brody (seller) engaged Matthew Hooper as his listing agent for the sale of a residential property located at 7812 Vineyard Way. The property carried a VA-assumable loan at a 2.75% interest rate. Brody informed Hooper that he wished to preserve his VA entitlement, and that the loan should only be assumed by a veteran buyer.

Hooper listed the property as having a "VA Assumable Loan" but did not specify that assumption was contingent on veteran status, citing concerns about protected-class advertising language. On September 27, 2023, Larry Vaughn submitted an offer through his agent, Polly Watkins. Hooper stated that Watkins verbally confirmed Vaughn was a veteran. However, he never obtained this confirmation in writing or requested supporting documentation, such as a DD-214 or VA eligibility certificate. Watkins later denied ever making this representation.

The contract was signed on September 28, 2023, along with a VA Financing Contingency Addendum indicating that Brody's VA entitlement and liability would **not** be released at settlement—contrary to Brody's stated wishes. Hooper allowed the contract to proceed on the belief that the buyer was a veteran, without independently verifying the claim or amending the addendum to reflect Brody's actual objectives.

On October 2, 2023, Brody informed Hooper that the buyer's lender had confirmed Vaughn was not a veteran. The transaction nonetheless closed on November 25, 2023, with Brody's VA entitlement remaining encumbered.

When asked about his handling of the transaction, Hooper stated that he had no reliable way to independently verify a buyer's veteran status, and that buyers would not be expected to release

personal information such as a Social Security number for that purpose. Hooper acknowledged, however, that he could have requested a DD-214 or obtained written confirmation of veteran status from the cooperating agent, and that he had since changed his practice to document all material representations in writing.

The Result

The Real Estate Board found that Hooper failed to exercise ordinary care by relaying unverified veteran status to his client and failing to ensure that the VA Financing Contingency Addendum accurately reflected the seller's intent to preserve his VA entitlement, in violation of Virginia Code § 54.1-2131.A.4 (exercising ordinary care).

The Penalty

Hooper was fined \$1,000 and placed on six months' probation, requiring completion of three hours of education on real estate agency law and six hours of education on contract writing within six months.

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