



Delivering and Holding the Earnest Money Deposit

This case examines a scenario in which a real estate licensee completed the terms of a purchase contract in a manner that violated the Virginia Real Estate Board regulations concerning earnest money deposit (EMD). When a real estate licensee completes the terms of a purchase contract pertaining to the EMD, the licensee must ensure the contract has the complete terms and conditions to ensure that all parties to the transaction understand and agree as to the amount of the EMD and the party that will be holding the EMD. In this case, the licensee failed to specify the escrow agent in the purchase contract who would be holding the earnest money deposit.

The Situation:

On May 8, 2001, Barbara Cormier was issued a real estate salesperson license.

On August 2, 2021, the Board received a written complaint from Theodore Edmond regarding agent Barbara Cormier.

The Investigation:

In June 2021, Cormier began representing a buyer in a residential real estate transaction. The parties entered into a contract for a specified property. The contract used was a standard form provided by Cormier and the paragraph concerning the EMD was completed by Cormier. It specified the amount of the EMD but failed to specify the escrow agent who would be holding the EMD. Cormier attributed the omission to an oversight on her part.

The contract went on to specify that the EMD should be delivered to the escrow agent within three days after the ratification date of the contract. The contract was ratified on June 14, 2021.

According to Cormier, between June 14, 2021, and June 16, 2021, Cormier and her buyer client discussed the importance of the EMD delivery per the contract. According to Cormier, her client stated that he would deliver the EMD on June 17, 2021, but failed to do so. Cormier stated that she picked up the EMD from her client at approximately 9:30 p.m. on June 17, 2021. Cormier then took the EMD back

to her brokerage's office and filled out a carrier slip so it could be picked up and shipped out the following morning.

The EMD did not deliver to the escrow agent until June 23, 2021. When asked why she did not deliver the EMD directly to the office of the escrow agent on the night she picked it up from her client, knowing that the EMD was going to be late when she received it, Cormier said, "I thought it would get delivered the next day. What would the difference be in taking it there at night?"

The Results:

Cormier was found to have violated her duty to exercise ordinary care in violation of section 54.1-2132.A.4 of the Code of Virginia. She was also found to have violated Board Regulation 18 VAC 135-20-300.6 by failing to provide complete terms in the contract. Cormier was fined \$1,150.00, was put on probation for a period of six months, and was required to complete three classroom hours of Board-approved, post-license education regarding escrow requirements.

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