

EMD

This case again looks at an escrow violation, where the agent provided the check to the brokerage but not the ratified contract, and due to firm policies, the check was not deposited in a timely manner. Further, the agent failed to inform the parties that the earnest money deposit was not deposited.

THE SITUATION:

Mr. Ari Rasid was issued a Real Estate Salesperson License in Virginia in September 2015 and began working at South Realty, Inc.

On June 28, 2018, Richard and Christina Grey, as buyers, and Ryan and Isabelle Yang, as sellers, entered into a contract for the purchase of a property located in Blacksburg, Virginia. Mr. Rasid represented the buyers with his fellow associate, Erica Kaan.

The agreement was ratified on June 29, 2018. The contract required the purchaser to pay a \$5,000 earnest money deposit (EMD), which Mr. and Ms. Grey had provided to Mr. Rasid on June 28, 2018. On July 7, 2018, the buyers executed their right to terminate the contract, and on July 9, 2018, both parties signed the Release of Contract of Purchase.

On July 11, 2018, the Board received information from Hudson Laris, Broker for South Realty, Inc. regarding Mr. Rasid. Mr. Laris alleged that Mr. Rasid failed to submit an EMD and ratified contract in a timely manner.

THE INVESTIGATION:

Investigators learned that upon receiving the EMD, Mr. Rasid provided the EMD to Gloria Emit, the closing coordinator for South Realty, Inc. Mr. Rasid reported that he and Ms. Kaan did not turn in the ratified contract. He told investigators that neither he nor Ms. Kaan turned in the ratified Agreement because they immediately knew the agreement would be released, due to the buyers expressing concerns about the subject property.

Once the release was ratified, Mr. Rasid and Ms. Kaan requested Ms. Emit release the EMD on July 9, 2018, and at that point realized that the EMD was never deposited in escrow.

Pursuant to South Realty's office policies, Ms. Emit will not deposit an EMD without a ratified agreement. She stated that she does not keep a ledger or a log book when she receives an EMD check because it is not her responsibility to remind the selling agents to turn in the ratified agreement. Mr. Laris told investigators that it is office policy to keep an EMD check locked up until a ratified agreement is delivered to Ms. Emit and that checks cannot be deposited to escrow without a ratified agreement. He conceded that there is not a log or ledger in place to log the receipt of EMD checks or ratified agreements that Ms. Emit receives.

Mr. Rasid admitted that neither he nor Ms. Kaan notified any party in writing that the EMD was never deposited into the firm's escrow account. Ms. Kaan explained that she and Mr. Rasid were made aware that Ms. Emit did not deposit the EMD check when they turned in the Release to Ms. Emit. Mr.

Rasid stated that he did not believe the parties to the Agreement were active in the transaction once the Release was ratified and, therefore, he had no need to notify the parties.

THE RESULT:

The Board determined that Mr. Rasid failed to submit the ratified Agreement in a timely manner, per the firm's office policy, to ensure the EMD for the Agreement was deposited into escrow in accordance with the terms outlined in the agreement. He also failed to provide written notice in a timely manner to all parties of a material change to the transaction, specifically that the EMD was never deposited. The board issued a fine of \$200 and did not require any education.