

Broker Management



ESCROW ACCOUNTS

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MAINTENANCE and MANAGEMENT

- **Maintenance of Escrow Accounts**
- **Must be in name of company and labeled Escrow. Should be a Trust Account.**
- **What goes in it? EMD, Down Payments, Rental Payments, Money advanced by Clients (Unless otherwise agreed in writing.) or money held of client.**
- **Balance must be sufficient to account for all funds that are designated to be held by the firm.**
- **Accounts, checks, & bank statements shall be labeled escrow & designated escrow accounts with the financial institution**

Maintenance of Escrow Accounts

- **Money may eventually belong to the licensee.**
- **Funds may not be paid directly to the licensee.**
- **Any funds which belong to the licensee must be withdrawn every six months and properly identified.**
- **Escrow funds may not be used to purchase a cd or pledge a certificate. It will be viewed as commingling.**

Disbursement of Funds – Purchase Transactions

- **1.a. At contract ratification, EMD and down payments must be deposited into an escrow account by the end of the 5th bus day, unless agreed otherwise in writing & must remain until the transaction is consummated or terminated.**
- **For a non-consummated transaction, the principal broker will hold all funds until all parties agree to their disposition or a court of competent jurisdiction orders disbursement, or the broker can pay the funds to the principal of the transaction who is entitled to receive them in accordance with the clear and explicit terms of the contract. Broker shall give written notice to the principal not receiving the funds by either hand**

Purchase Transactions con'td

- **delivered with receipt or certified mail return receipt requested with copy to the other party that payment will be made unless a protest is received in writing within 30 days. Notice can be sent to the last known address if no other is available.**
- **No broker is required to make a determination as to the party entitled to receive the EMD.**
- **The broker shall not be deemed to violate any obligation to any client by virtue of making such a determination.**

Disbursement of Funds – Lease Transactions

- **Security Deposits – Holding Firm must place in escrow account at end of 5th banking day.**
- **It must be in accordance with the Virginia Residential Landlord & Tenant Act . It cannot be removed without consent of Tenant.**
- **All rents and money paid to licensee in connection with the lease shall be placed in an escrow account by the end of the 5th business banking day. It must remain there in accordance with the terms of the lease and property management agreement.**

Disbursement of Funds –

- **2.a. Unless otherwise agreed to in writing by all principals, a licensee shall not be entitled to any part of the EMD or any other money until the transaction has been consummated.**
- **2.b. Unless otherwise agreed to in writing by the principals or property management agreement the licensee shall not be entitled to any part of the security deposit or other funds except in accordance with the terms of the lease or property management agreement. The security deposit shall not be removed unless the landlord has otherwise become entitled to receive all or a portion thereof.**

Disbursement of Funds

- Funds placed in an interest bearing account...Written disclosure will be made to the principals regarding the disbursement of the interest.
- A licensee shall not disburse or cause to be disbursed more money than is in the escrow account to the account of the client or property involved.
- Unless agreed in writing, expenses incidental to a closing may not be deducted from a deposit or down payment.

Improper Maintenance of Escrow Funds

- **Accepting non negotiable items without acknowledging its acceptance in the agreement**
- **Commingling the funds of any person by a principal, supervising broker, or his employees with his own funds, or the companies funds.**
- **Failure to deposit funds in an account designated to receive only such funds.**
- **Failure to have sufficient balances in an escrow account or accounts at all times.**
- **Failing as a principle broker to report in 3 business days any irregularities caused by non-compliance.**