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NVAR released an update to the Virginia Residential Sales Contract adding language to the Deposit Paragraph, (Paragraph 3), clarifying the deposit requirements of licensees in the Commonwealth of Virginia that are regulated by the Department of Occupations and Regulations ("DPOR") and the Virginia Real Estate Board ("VREB"). The updated language is the following:

If the Escrow Agent is a Virginia Real Estate Board ("VREB") licensee, the parties direct the Escrow Agent to place the Deposit in an escrow account by the end of the fifth business banking day following receipt or following the Date of Ratification whichever is later. If the Escrow Agent is not a VREB licensee, Deposit will be placed in an escrow account of Escrow Agent after Date of Ratification in conformance with the laws and regulations of Virginia and/or, if VA financing applies, as required by Title 38 of the U.S. Code. This account may be interest bearing and all parties waive any claim to interest resulting from Deposit. Deposit will be held in escrow until: (i) credited toward the Sales Price at Settlement; (ii) all parties have agreed in writing as to its disposition; (iii) a court of competent jurisdiction orders disbursement and all appeal periods have expired; or, (iv) disposed of in any other manner authorized by law. Seller and Purchaser agree that Escrow Agent will have no liability to any party on account of disbursement of Deposit or on account of failure to disburse Deposit, except in the event of Escrow Agent's gross negligence or willful misconduct.

The updated language clarifies and provides further guidance for all parties involved in the transaction of the regulations of DPOR and VREB that any VREB licensee that accepts funds for an Earnest Money Deposit for a transaction is directed to deposit the funds no later than the fifth business banking day following receipt of the Earnest Money Deposit or the Date of Ratification, whichever is later.

If the Escrow Agent is not a VREB licensee, for example, a Settlement Agent that is also acting as an Escrow Agent, must deposit the funds after Date of Ratification in compliance with Virginia laws and any other applicable regulations. Please don't hesitate to contact us at kclarke@hometowntitle.net (Alexandria) or skeegan@hometowntitle.net (Vienna), if you have any questions.