



Oregon

Kate Brown, Governor

AGENDA ITEM NO.

I.C.

Real Estate Agency

Equitable Center

530 Center St. NE, Suite 100

Salem, Oregon 97301-2505

Phone: (503) 378-4170

Regulations Fax: (503) 373-7153

Admin. Fax: (503) 378-2491

www.oregon.gov/rea

Notice of Agenda

OREGON REAL ESTATE BOARD

Regular Meeting Agenda

Oregon State Bar

16037 SW Upper Boones Ferry Road

Tigard, OR 97281

Monday, October 3, 2016

NOTE: *The board plans to meet from 10 a.m. until 1:30 p.m., including a “working lunch” period.*

I. BOARD BUSINESS – Chair Hermanski

- A. Call to Order
- B. Chair Hermanski comments/Roll Call
- C. Approval of the Agenda and Order of Business
- D. Approval of 8.1.16, regular meeting minutes
- E. Date of the Next Meeting: 12.5.16 at the Oregon Real Estate Agency, Equitable Center, 530 Center St. NE, Suite 100, Salem, OR 97301 to begin at 10am.

II. PUBLIC COMMENT – Chair Hermanski

- This time is set aside for persons wishing to address the Board on matters not on the agenda. Speakers will be limited to five minutes.
- The Board Chair reserves the right to further limit or exclude repetitious or irrelevant presentations. If written material is included, 12 copies of all information to be distributed to board members should be given to the Board Liaison prior to the meeting.
- Action will not be taken at this meeting on citizen comments. The Board, however, after hearing from interested citizens, may place items on a future agenda so proper notice may be given to all interested parties.
- If no one wishes to comment, the next scheduled agenda item will be considered.

III. REQUESTS FOR WAIVERS – Chair Hermanski. None.

IV. PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER– Chair Hermanski.

- A. Michelle Moore, to appear in person.

V. BOARD ADVICE/ACTION – Commissioner Bentley

VI. COMMUNICATIONS – Administrative Actions Summary – Chair Hermanski

VII. REPORTS – Chair Hermanski

- A. Commissioner Gene Bentley
- B. Agency division reports-Deputy Commissioner Dean Owens
 1. Regulation Division – Selina Barnes
 2. Land Development Division – Dean Owens
 3. Education, Business and Technical Services Division – Dean Owens

VIII. ANNOUNCEMENTS – Chair Hermanski. Next board meeting: 12.5.16 at the Oregon Real Estate Agency, Equitable Center, 530 Center St. NE, Suite 100, Salem, OR 97301 to begin at 10am.

IX. ADJOURNMENT – Chair Hermanski

Interpreter services or auxiliary aids for persons with disabilities are available upon advance request.



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AGENDA NO.
I.D.

State of Oregon Real Estate Agency

REAL ESTATE BOARD

Regular Meeting Minutes

August 1, 2016

MEMBERS PRESENT:

Coni Rathbone, Vice-Chair
Jef Farley
Lawnae Hunter
Pat Ihnat
Dave Koch
Alex MacLean
Marcia Edwards

MEMBERS ABSENT:

Chris Hermanski, Chair, excused
Joann Hansen, excused

STAFF PRESENT:

Gene Bentley, Commissioner
Dean Owens, Deputy Commissioner
Selina Barnes, Regulations Division Manager

GUESTS PRESENT:

Dawn Blalack, Coldwell Banker Whitney & Assoc.
Deborah Brandt
Rita Britt
Leonard Calhoun
Bennett Christianson, Prudential Taylor & Taylor Inc.
Timothy Coe, Whitney Land Co.
Kathleen Coffey, Excel Real Estate
Marilyn Dale, Maridale Real Estate
Vicki Dick, Coldwell Banker Whitney & Asso.
Mary Earley, Whitney Land Co.
Thomas Eilerston, John L. Scott Bend
Anna Goodman, Century 21 Eagle Cap Realty
Cindy Griggs, Miller Realty Inc.
Judi Hammer, Berkshire Hathaway HomeService
Haley Hines, RE/MAX Real Estate Team
Gary Jellum, Whitney Land Co.
Sharron Langdon, RE/MAX Real Estate Team
Todd Longgood, Whitney Land Co.
Jeanna Mallory, Miller Realty Inc.
Milne McLaughlin, Clark and Jennings & Assoc., OR
Marsha Morgan, Coldwell Banker Whitney & Asso.
Carolyn Rovier, Ranch N Home Realty
Norman Stewart, Excel Real Estate
James Wilcox, Fadness Realty Inc.
Pamela Wilson, Hermiston Realty
Shelly Zeckman, Clark and Jennings & Assoc. OR

I. BOARD BUSINESS-Vice-Chair Rathbone

- A. **Call to Order.** Vice-Chair Rathbone called the meeting to order at 10am and asked for roll call.
- B. **Roll Call/Vice-Chair Rathbone comments.** Vice-Chair Rathbone explained the role of the board members and OREA staff and asked them to introduce themselves to the audience.
- C. **Approval of the Agenda and Order of Business.** The Agenda and Order of Business was approved as submitted.

**MOTION TO APPROVE AGENDA AND ORDER OF BUSINESS AS SUBMITTED BY PAT IHNAT
SECOND BY MARCIA EDWARDS
MOTION CARRIED BY UNANIMOUS VOTE**

- D. **Approval of the 6.6.16 regular meeting minutes.**

**MOTION TO APPROVE THE 6.6.16 REGUALR MEETING MINUTES DAVE KOCH
SECOND BY JEF FARLEY
MOTION CARRIED BY UANIMOUS VOTE**

- E. **Date of Next Meeting: October 3, 2016 to begin at 10am at the Oregon State Bar, 16037 SW Upper Boones Ferry Road, Tigard, OR 97281**

II. PUBLIC COMMENT-Vice-Chair Rathbone. None.

III. REQUESTS FOR WAIVER-Vice-Chair Rathbone. Waiver Request Log. None.

IV. PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER – Approval of petition log. None.

V. NEW BUSINESS-Vice-Chair Rathbone. Election of officers for 2017.

**MOTION TO NOMINATE MARICA EDWARDS AS BOARD CHAIR BY JEF FARLEY
SECOND BY ALEX MACLEAN
MOTION CARRIED BY UNANIMOUS VOTE**

**MOTION TO NOMINATE JEF FARLEY AS BOARD VICE-CHAIR BY MARCIA EDWARDS
SECOND BY ALEX MACLEAN
MOTION CARRIED BY UNANIMOUS VOTE**

VI. COMMUNICATIONS-Vice-Chair Rathbone-Administrative Actions Summary. No discussion.

VII. REPORTS

A. Commissioner Gene Bentley

- Legislative Concepts-Commissioner Bentley explained the Agency met with industry members to discuss ORS 696 and proposed legislative concepts were submitted to DAS Legislative Counsel for drafting process and assuming the legislation passes the housekeeping changes and licensing fee increase will go into effect July 1, 2017.
- Rule review-Commissioner Bentley explained that the Agency will be forming a work group/task force to review current rules based on any legislation that pass in the next year.
- Agency Website-Commissioner Bentley reported the launching of new website on June 28, 2016 and explained the new website is cleaner and more efficient.
- PSI-Commissioner Bentley reported that he met with the Agency's exam provider, PSI in Kansas last week at which time they discussed updating/improving the national portion of exam. He also explained that the changes to national portion of exam will hit the market sometime in 2018.
- Communications-Commissioner Bentley announced that the Agency will be making an educational video regarding CTA reconciliation available later this month.
- License counts-Commissioner Bentley summarized licensing statistics/counts.

B. Agency Division reports/Deputy Commissioner Dean Owens (reports included in packet)

1. **Regulation Division-Selina Barnes.** Ms. Barnes explained that the Regulations Division was currently staffed and summarized the statistics provided in her written report. She reported that a committee was formed to explore processes for the division going paperless and also that she would be presenting the Tips to Stay Out of Trouble with the Agency class at 1:30pm following the board meeting.
2. **Land Development Division-written report by Michael Hanifin.** Deputy Commissioner Owens explained that the division was responsible for statutory/rule coordination, condominium filings,

timeshares, membership campgrounds, and also works with homeowner associations. He also summarized the statistics provided in the written report.

3. **Education, Business and Licensing Services Division-Dean Owens.** Deputy Commissioner Owens explained the division is responsible for budget preparation, licensing, customer, and technical services. He also reported the Agency recently migrated to a new phone system which allow monitoring of all calls and continued excellent customer service. Mr. Owens summarized the statistics for the both the Business and Technical Services and Education Divisions provided the written handouts. He also announced that the Agency would be hosting a meeting with pre-license educators in Salem to discuss feedback regarding rule review.

VIII. ANNOUCMENTS. October 3, 2016 to begin at 10am at the Oregon State Bar, 16037 SW Upper Boones Ferry Road, Tigard, OR 97281.

IX. ADJOURNMENT

Respectfully submitted:

Respectfully submitted:

GENE BENTLEY, COMMISSIONER

CHRIS HERMANSKI, BOARD CHAIR

DRAFT

**AGENDA ITEM NO.
IV.**

**OREGON REAL ESTATE BOARD
CEP LOG - 2016**

| | | | |
|---------|----------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.4.16 | Brian Greer | APPROVED | <p>FACTS: Mr. Geer explained that he owned 3 service master companies and has been in the disaster industry for many years. He also explained that he provides education on the following topics: disaster restoration, water damage, risk management, business ethics, and property management, which are considered acceptable course topics.</p> <p>DISCUSSION: None</p> <p>MOTION TO APPROVE BRIAN GREER'S PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER BY DAVE KOCH</p> <p>SECOND BY CONI RATHBONE</p> <p>MOTION CARRIED BY UNANIMOUS VOTE</p> |
| 4.4.16 | John Estrem | APPROVED | <p>FACTS: Mr. Estrem appeared by phone and reviewed his qualifications which included providing education for approximately 15 years. He also explained he provides education on the topic of risk management, which is considered an acceptable course topic. Chair Hermanski asked Mr. Estrem if he was aware of the record keeping requirements for continuing education providers and he responded that he was aware of the record keeping requirements.</p> <p>DISCUSSION: None.</p> <p>MOTION TO APPROVE JOHN ESTREM'S PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER BY CONIE RATHBONE</p> <p>SECOND BY PAT IHNAT</p> <p>MOTION CARRIED BY UNANIMOUS VOTE</p> |
| 6.6.16 | Kenneth Holman | WITHDRAWN | Mr. Holman withdrew his petition and indicated his intention to re-petition the board as a trade association at a later date. |
| 6.6.16 | CMPS Institute (Gibran Nicholas) | APPROVED | <p>FACTS: Chair Hermanski asked CMPS to summarize the basis of their petition. Gibran Nicholas explained that CMPS Institute has provided education across the country and is approved in 10 states to provide CE to real estate agents. Mr. Nicholas also explained CMPS Institute offers the following acceptable course topics: advertising; regulation; consumer protection; real estate taxation; and finance. Chair Hermanski asked if they were familiar with the record keeping requirements and Ms. Nicholas responded that they are familiar with the record keeping requirements</p> <p>DISCUSSION: None.</p> <p>MOTION TO APPROVE CMPS INSTITUTE'S PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER BY MARCIA EDWARDS</p> <p>SECOND BY LAWNAE HUNTER</p> <p>MOTION CARRIED BY UNANIMOUS VOTE</p> |
| 10.3.16 | Michelle Moore | | |



PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER

Rev. 5/2016

AGENDA NO. IV. A.

Real Estate Agency
530 Center St NE Ste 100
Salem OR 97301
Phone: 503-378-4170

INSTRUCTIONS

To petition the Real Estate Board for approval of qualifications to become an applicant for certification as a continuing education provider, the petitioner must complete this form and submit it by e-mail to leandra.hagedorn@state.or.us a least 21 days before the next scheduled Board meeting at which the applicant wishes the Board to act.

IMPORTANT:

- ▶ If the petitioner is an entity, the information provided must pertain to that entity. If the petitioner is an individual, the information provided must pertain to that individual.
- ▶ All information and documents submitted as part of this petition become part of the Board Packet, and therefore, public record.
- ▶ Petitioners will need to appear before the Board. This may be done in person or by phone. Once the Agency receives this completed petition, a letter will be sent to the petitioner with the date of the Board meeting the petitioner will need to attend.

If the Board approves this petition, the Agency will mail a letter to the petitioner, at the mailing address provided, confirming the Board's approval. The petitioner may then apply for certification as a continuing education provider under OAR 863-020-0030.

PETITIONER

Name Michele Moore Phone Number 503-764-5013

Physical Address 1385 SE 65th Ave Address Cont. _____

City Hillsboro State OR Zip Code 97123 County Washington

E-mail empowered@empoweredfsd.com

Mailing Address (if different) PO box 219264 Address Cont. _____

City Portland State OR Zip Code 97225 County Multnomah

AUTHORIZED CONTACT PERSON

Prefix First Name Michele Last Name Moore

Phone Number 503-764-5013 E-mail empowered@empoweredfsd.com

Indicate who will appear before the board on behalf of the Petitioner: Michele Moore

| AGENCY USE ONLY | |
|-------------------|--------|
| Approved by Board | YES NO |
| Review Date | _____ |

PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER, Continued

QUALIFICATION INFORMATION

Provide below sufficient information about the petitioner to allow the Board to determine whether the petitioner qualifies for certification. **If the petitioner is an entity, the information provided must pertain to that entity. If the petitioner is an individual, the information provided must pertain to that individual.**

Information **MUST** include one or both of the following:

- ▶ Petitioner's demonstrated expertise and experience in providing educational courses to real estate licensees.
- ▶ Petitioner's demonstrated experience and expertise in two or more course topics eligible for continuing education credit under OAR 863-020-0035.

You may attach up to **three (3)** additional pages if necessary.

Qualifications:

- Bachelor's Degree (George Fox University)
- Over 9 years in business of providing educational courses
- Course topics may fall under:
 - REAL ESTATE CONSUMER PROTECTION
 - RISK MANAGEMENT
 - DISPUTE RESOLUTION
 - NEGOTIATION

AUTHORIZATION AND ATTESTATION

- ▶ I hereby certify that I am authorized to submit this form on behalf of the petitioner and that the information is true and accurate, to the best of my knowledge.
- ▶ I acknowledge that petitioner, or authorized individual on petitioner's behalf, has read, understands and is ready to comply with the statutory and administrative rule provisions applicable to certified continuing education providers.
- ▶ I attest that petitioner knows and understands the responsibilities of a certified continuing education provider under OAR 863-020-0050.
- ▶ I attest that petitioner knows and understands the requirements of an instructor under ORS 696.186 and the information required on a continuing education instructor qualification form under OAR 863-020-0060.

Michele Moore

Date 9/7/16

Printed Name of Authorized Individual



Signature of Authorized Individual

September 6, 2016

RE: Petition Seeking Board's Approval for Certification as a Continuing Education Provider

Good day,

Empowered Focused Self-Defense offers courses on industry-specific personal safety. We serve Realtors and have been getting requests to get our 4-Hour Real Estate Workshop certified to offer Continuing Education Credits under the heading of Risk Management, Negotiation, and possibly Dispute Resolution.

Qualifications/Experience:

Michelle Moore has been practicing martial arts since 2001, and teaching since 2003. She has trained in a variety of martial arts, and currently teaches Personal Safety to Realtors of all genders and ages.

Michelle holds a black belt in American Kenpo Karate, is CPR certified, is licensed by the Department of Public Safety Standards and Training as an Executive Manager & Private Security Officer with the State of Oregon, and has a bachelor's degree in Leadership from George Fox University.

This is a course that will increase Realtor safety, bolstering the industry as a whole. I look forward to meeting with you at the next board meeting!

All the best,

Michelle Moore, Owner/Instructor (Petitioner)

Empowered Focused Self-Defense

PO Box 219264, Portland, OR 97225

503-764-5013

www.EmpoweredFSD.com

ADMINISTRATIVE ACTIONS
Reported
July 15th, 2016 through September 14th, 2016

REVOCATIONS

Clemo, Melissa (Bend) Property Manager 200803226, Final Order dated July 29, 2016 issuing a revocation of her license.

SUSPENSIONS

REPRIMANDS

Straub, James (Springfield) Property Manager 200404083, Stipulated Order dated July 20, 2016, issuing a reprimand with education.

Tebbs, Debra (Bend) Broker 920300230, Stipulated Order dated August 30, 2016 issuing a reprimand.

White, Valerie (Keizer) Property Manager 200809166, Stipulated Order dated August 22, 2016, using a reprimand with education.

CIVIL PENALTIES

Expired — Late Renewal civil penalties are computed using each 30-day period as a single offense. The civil penalty for the first 30-day period can range from \$100-\$500, with each subsequent 30-day period ranging from \$500-\$1,000. ORS 696.990

Hardman, Shavelle (Junction City) Broker 201102121, Stipulated Order dated August 9, 2016 issuing a \$100 civil penalty for late renewal.

**BEFORE THE
REAL ESTATE AGENCY
STATE OF OREGON**

IN THE MATTER OF:) **FINAL ORDER**
)
MELISSA CLEMO) OAH Case No.: 1604488
) Agency Case No.: 2015-79

This matter came before the Real Estate Agency to consider the Proposed Order issued by Administrative Law Judge (ALJ) Joe L. Allen on June 22, 2016. No exceptions were filed to the Proposed Order.

After considering the records and the file herein, the Agency adopts the ALJ's Findings of Fact and Conclusions of Law and now issues this Final Order.

HISTORY OF THE CASE

On January 29, 2016, the Real Estate Agency (REA or Agency) issued a Notice of Intent to Revoke (Notice) to Melissa Marie Clemo (Licensee). On or about February 16, 2016, Licensee requested a hearing.

On March 3, 2016, the Agency referred the hearing request to the Office of Administrative Hearings (OAH). The OAH assigned Senior Administrative Law Judge (ALJ) Joe L. Allen to preside at hearing. Senior ALJ Allen convened a prehearing conference on April 22, 2016. The purpose of the prehearing conference was to establish the issues for hearing and set a schedule for all proceedings in this matter.

ALJ Allen presided over a hearing held on May 9, 2016, in Salem, Oregon. Licensee appeared without counsel and testified on her own behalf. Raul Ramirez, Senior Assistant Attorney General represented the Agency. Peter Bale testified on behalf of the Agency. The record closed at the conclusion of the hearing on May 9, 2016.

ISSUES

1. Whether Licensee failed to notify the REA of a change in her address in violation of ORS 696.200(b) and (d).
2. Whether Licensee failed to complete three-way reconciliations for a client trust accounts in violation of ORS 696.301(3) and OAR 863-025-0025(20).
3. Whether Licensee failed to exercise reasonable care and diligence, and account in a timely manner for all funds received from or on behalf of an owner in violation of ORS 696.301(3) and ORS 696.890(4)(c) and (d).

4. Whether Licensee has demonstrated incompetence or untrustworthiness in performing property management activities. ORS 696.301(12).

5. Whether the REA should revoke Licensee's property manager license. ORS 696.396(2)(c)(B).

EVIDENTIARY RULING

Exhibits A1 through A13, offered by the Agency, were admitted into the record without objection.

FINDINGS OF FACT

1. Since approximately 2008, Licensee has held a Property Manager License issued by the Agency. (Ex. A1; Test. of Licensee.)

2. Licensee and her husband operate Accounted For Homes, LLC (AFH). (Ex. A5.) Licensee has served as the licensed property manager for AFH since obtaining her license in 2008. (Test. of Licensee; Ex. A5.)

3. In her role as a licensed property manager for AFH, Licensee maintains client trust accounts (CTAs) for the homeowners she represents. Licensee does not pool owner funds in a single CTA. Instead, she maintains a separate CTA for each owner. (Test. of Clemo.)

4. On or about November 6, 2014, the REA sent a Mandatory Mail-in CTA Audit form to Licensee for the owner account ending in 1966. (Test. of Bale; Ex. A2.) Licensee failed to complete the audit and return it to the REA. (Test. of Clemo.)

5. On or about December 16, 2014, the REA sent a Mandatory Mail-In CTA Audit 2nd Notice to Licensee reminding her that she was required to provide certain documentation to the REA showing reconciliation of the CTA ending in 1966. This second notice gave Licensee five banking days to return the completed audit form to the REA. (Test. of Bales; Ex. A3.) Licensee again failed to comply with the REA's audit request. (Test. of Clemo.)

6. Licensee did not complete the audit form because she did not know how to perform three-way reconciliations for any of the CTAs she maintained. (Test. of Clemo.)

7. Because Licensee failed to respond to the mail-in audit requests, an REA investigator, Peter Bale, contacted Licensee via email to set up a meeting at the AFH office. At that time, the REA database showed three different addresses on file with for Licensee. The investigator indicated he would be willing to meet with Licensee at any of the addresses that was convenient for her. Licensee responded to the investigator's email and indicated AFH had moved to the Widgi Creek Golf Course in Bend, Oregon. Licensee provided the investigator with a mailing address that was not on file with the REA. (Test. of Bale; Ex. A6.)

8. AFH moved its office to the Widgi Creek Golf Course some time prior to February 2015. (Ex. A5.) Licensee did not inform the REA of the relocation of the business office. Instead, Licensee updated her license profile on the REA website with her home address. (Test. of Clemo.)

9. On March 3, 2015, Bale met with Licensee at the AFH office located at 18707 SW Century Dr., Bend Oregon 97702. (Test. of Bale; Ex. A7.) During this meeting, Bale inquired about the three-way reconciliations for each of the CTAs maintained by AFH. Licensee informed Bale that she did not know how to perform such reconciliations and was unfamiliar with the requirement that she reconcile CTAs on a monthly basis. (Test. of Clemo and Bale.)

10. During the March 3, 2015 meeting, Bale reviewed the account record for CTAs maintained by Licensee and discovered she was not keeping any accounting ledgers. Instead, Bale determined that Licensee was working strictly off the bank statements for each account. Bale also discovered that Licensee was paying owner draws that the accounts did not support. (Test. of Bale.) In addition, Bale discovered that Licensee had allowed one of the CTAs to become overdrawn on at least two occasions because she had written checks from the wrong checkbook. (Exs. A7 at 2 and A10 at 3.)

11. Also during this March 3, 2015 meeting, Licensee informed Bale that she was a “terrible bookkeeper” and admitted that she had not been keeping AFH’s books up-to-date. (A7 at 1; test. of Bale.)

CONCLUSIONS OF LAW

1. Licensee failed to notify the REA of a change in her address.
2. Licensee failed to complete three-way reconciliations for a client trust accounts.
3. Licensee failed to exercise reasonable care and diligence, and account in a timely manner for all funds received from or on behalf of an owner.
4. Licensee has demonstrated incompetence or untrustworthiness in performing property management activities.
5. The Agency may revoke Licensee’s property manager license.

OPINION

The Agency alleges Licensee’s Oregon Property Manager License should be revoked because she failed to notify the Agency of an address change, failed to complete three-way reconciliations of CTAs, failed to keep her bookkeeping up to date, and demonstrated incompetence or untrustworthiness in the conduct of property management. As the proponent of these positions, the Agency bears the burden of proof. ORS 183.450(2); *Harris v. SAIF*, 292 Or 683, 690 (1982). . ORS 183.450(2); *see also, Cook v. Employment Div.*, 47 Or App 437 (1980) (in the absence of legislation adopting a different standard, the standard of proof in

administrative hearings is a preponderance of the evidence). Proof by a preponderance of the evidence means the fact finder is persuaded that the facts asserted are more likely true than not true. *Riley Hill General Contractor v. Tandy Corp.*, 303 Or 390, 402 (1987).

ORS 696.301 provides the REA authority to impose discipline on a licensee, identifies the bases for such discipline, and provides in pertinent part:

Subject to ORS 696.396, the Real Estate Commissioner may suspend or revoke the real estate license of any real estate licensee, reprimand any licensee or deny the issuance or renewal of a license to an applicant who has done any of the following:

* * * * *

(3) Disregarded or violated any provision of ORS * * * 696.010 to 696.495, 696.600 to 696.785 and 696.800 to 696.870 or any rule of the Real Estate Agency.

* * * * *

(12) Demonstrated incompetence or untrustworthiness in performing any act for which the licensee is required to hold a license.

First, the Agency alleges Licensee violated ORS 696.200 by failing to inform the Agency of an address change for her property management business. ORS 696.200 identifies the requirements for real estate licensees to update the REA of any change in business location and provides, in relevant part:

(1) A licensed real estate property manager or principal real estate broker shall:

* * * * *

(b) Register the main office with the Real Estate Agency under a registered business name as provided in ORS 696.026 or under the real estate licensee's licensed name; [and]

* * * * *

(d) Before changing a main office location, notify the agency of the new location on a form approved by the agency.

In February 2015, after Licensee failed to respond to the REA's mail-in audit requests, investigator Peter Bale contacted Licensee via email to set up a meeting at the AFH office. At that time, Bale proposed meeting at any one of AFH's three addresses on file with the REA. Licensee responded to Mr. Bale and indicated AFH had moved to the Widgi Creek Golf Course in Bend, Oregon. Licensee provided Mr. Bale with a mailing address that was not on file with

the REA. At the hearing, Licensee argued that she did not notify the REA of the Widgi Creek Golf Course address because she had always used her home address, rather than the AFH business address, for her license with the REA. That justification demonstrates Licensee's lack of familiarity and understanding of the statutory requirements above. As identified above, ORS 696.200(1) requires a licensee to update the REA of any change in business location, not home address. Licensee failed to comply with the requirements of ORS 696.200. Therefore, the REA may impose disciplinary action pursuant to ORS 696.301(3).

Next, the Agency alleges Licensee failed to complete three-way reconciliations of CTAs. OAR 863-025-0025(20) requires a property manager to reconcile all open CTAs and provides:

A property manager must reconcile each client's trust account within 30 calendar days of the date of the bank statement pursuant to the requirements contained in this section.

(a) The reconciliation must have three components that are contained in a single reconciliation document:

(A) The bank statement balance, adjusted for outstanding checks and other reconciling bank items;

(B) The balance of the record of receipts and disbursements or the check register as of the date of the bank statement; and

(C) The sum of all positive owners' ledgers as of the date of the bank statement.

(b) The balances of each component in section (20)(a) of this rule must be equal to and reconciled with each other. If any adjustment is needed, the adjustment must be clearly identified and explained on the reconciliation document.

(c) Outstanding checks must be listed by check number, issue date, payee and amount;

(d) Within 30 calendar days from the date of the bank statement, the property manager must:

(A) Complete the reconciliation document; and

(B) Sign and date the reconciliation document, attesting to the accuracy and completeness of the reconciliation; and

(e) The property manager must preserve and file in logical sequence the reconciliation document, bank statement, and all supporting documentation including, but not limited to, copies of the record of receipts and disbursements or check register and a listing of each owner's ledger balance as of the date of the bank statement.

At hearing, Licensee admitted that she had not performed any reconciliation of the CTAs prior to being contacted by the REA regarding the mail-in audit. Licensee asserted that she was unaware of the obligation to reconcile CTAs on a monthly basis. Further, Licensee admitted that she did not provide the documents requested by the REA and stated that she failed to comply because she simply did not know how to perform account reconciliations.

As a licensee, Licensee is responsible for being familiar and maintaining compliance with the statutes and rules governing her obligations to the owners she serves, the public, and the Agency. Licensee's lack of familiarity with the reconciliation requirements is not an acceptable reason for failing to comply with the requirement. Likewise, Licensee's lack of knowledge as to an integral aspect of her duties as a property manager is not a valid excuse for her non-compliance. By applying for and maintaining a property manager license, Licensee implicitly asserted that she possesses the requisite knowledge and skills to perform all required functions of a property manager.

Additionally, the Agency asserts Licensee violated ORS 696.890 by failing to keep all book keeping duties up to date. ORS 696.890 identifies the duties of real estate property managers and provides, in relevant part:

(4) A real estate property manager owes the property owner the following affirmative duties:

* * * * *

(c) To exercise reasonable care and diligence;

(d) To account in a timely manner for all funds received from or on behalf of the owner[.]

The evidence in the record demonstrates Licensee did not maintain any books of accounts for the CTAs maintained by AFH. Instead, Licensee operated off the monthly bank statements for each account. During a meeting with the REA's investigator and at hearing, Licensee admitted that she had not been keeping the books for AFH clients because she was "a terrible bookkeeper." Evidence in the record showing that Licensee's practices resulted in a negative balance for one of the CTAs supports Licensee's self-assessment of her accounting skills. It also supports a finding by the REA that Licensee was not exercising reasonable care and diligence in accounting for owner funds. Lack of any structured bookkeeping practices demonstrates Licensee failed to account for all funds received from or on behalf of the owners in a timely manner. As such, Licensee violated the affirmative duties owed to the property owners and set forth in ORS 696.890(4)(c) and (d).

As identified above, the REA's authority to impose discipline against a licensee is subject to the provision of ORS, 696.396, which requires, *inter alia*, that the REA implement a system of progressive discipline and provides, in part:

(1) The Real Estate Commissioner shall provide by rule for the progressive discipline of real estate licensees and an objective method for investigation of complaints alleging grounds for discipline under ORS 696.301.

(2) The rules adopted by the commissioner under this section:

* * * * *

(c) May not authorize imposition of a suspension or a revocation of a real estate license unless the material facts establish a violation of a ground for discipline under ORS 696.301 that:

* * * * *

(B) Exhibits incompetence in the performance of professional real estate activity[.]

Licensee's violation of each of the provisions of statute and administrative rule identified above demonstrates a lack of basic competence and knowledge of the rules and regulations relating to professional real estate activity, specifically those applicable to licensed property management. The duties she breached are fundamental to fulfilling her role as a fiduciary to her clients. In addition, Licensee's failure to notify the Agency of her current address as required compromises the Agency's ability to inspect records licensee is required to maintain. Licensee's violation of the rules establishes grounds for discipline under ORS 696.301(3). Licensee's conduct during the period in issue demonstrates incompetence and untrustworthiness in performing acts for which Licensee was required to hold a real estate license and thus constitutes grounds for discipline under ORS 696.301(12). Further, because Licensee exhibited a lack of basic competence in performing property management activities, the Agency may revoke her license under ORS 696.396.

ORDER

Melissa Clemo's property manager license is hereby revoked.

IT IS SO ORDERED THIS 29th day of July, 2016



Gene Bentley
Real Estate Commissioner

Date of Service: 7/29/2016

NOTICE: You are entitled to judicial review of this order. Judicial review may be obtained by filing a petition for review within 60 days of the service of this order. Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of Appeals.

CERTIFICATE OF MAILING

On July 29, 2016, I mailed the foregoing Final Order issued on this date in OAH Case No. 1604488 and Agency Case No. 2015-79.

By: First Class Mail

MELISSA MARIE CLEMO
20888 Westview Dr
Bend, OR 97702-2804

Office of Administrative Hearings
ALJ Joe Allen
PO Box 14020
Salem OR 97309-4020

Raul Ramirez
Senior Assistant Attorney General
Department of Justice
1162 Court St NE
Salem OR 97301-4096

Carolyn Kalb
Compliance Specialist

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER

3
4 In the Matter of the Real Estate License of

5
6 JAMES MICHAEL STRAUB

STIPULATED FINAL ORDER

7
8
9
10 The Real Estate Agency (OREA) and James Michael Straub (Straub) do hereby agree
11 and stipulate to the following:

12 FINDINGS OF FACT
13 &
14 CONCLUSIONS OF LAW

15 1.

16 1.1 At all times mentioned herein, Straub was licensed as a property manager doing
17 business under the registered business name of Acorn Property Management, LLC (Acorn).

18 1.2 On August 16, 2013, OREA received a complaint from Mabel Armstrong
19 (Armstrong) against Acorn. Armstrong's complaint contained several allegations, one of which
20 was that her owner statements contained errors. OREA opened an investigation.

21 1.3 Armstrong signed a property management agreement with Straub on March 14,
22 2011, for two properties located in Eugene, one located at 339 W. Broadway, Eugene, OR (W.
23 Broadway), and a second located at 465-473 W. 10th, Eugene, OR (W. 10th).

24 1.4 In January 2012, Acorn changed their record keeping software. When Armstrong
25 reviewed her owner ledger for the two properties managed by Acorn, the balance for the two
26 properties showed a zero beginning balance. Armstrong alleged this was inaccurate and there
27 should have been a cash balance in the owner ledger forwarded from December 2011 into
28 January 2012.

29 ///

30 ///

1 1.5 OREA Investigator/Auditor Meghan Lewis (Lewis) reviewed accounting records
2 related to Armstrong's properties. A review of the owner's ledger for Armstrong's properties
3 showed several instances where there were negative balances in the owner's ledger during
4 time periods from January 27th through July 31st, 2012 caused by disbursements for mortgage
5 payments and other owner-related expenses when there were insufficient funds in the ledger
6 account.

7 The following instances identified are set out below:

- 8 • W. 10th:
 - 9 ○ On January 27, 2012, a disbursement of \$1,098.17 which caused the
10 resulting balance to be -\$1,098.17. The balance remained negative from
11 January 27, 2012 through January 31, 2012.
 - 12 ○ On June 18, 2012, two disbursements of \$1,500.00 and \$660.00 caused
13 the resulting balance to be -\$1,403.07 and the balance remained negative
14 until July 2, 2012.
 - 15 ○ On July 3, 2012, two mortgage payments of \$1,036.24 and \$861.96
16 caused the resulting balance to be -\$1,789.69, and the balance remained
17 negative until July 10, 2012.
- 18 • W. Broadway:
 - 19 ○ On January 27, 2012, a disbursement of \$1,361.78 caused the resulting
20 balance to be -\$1,361.78. The balance remained negative from January
21 27, 2012, through January 31, 2012.
 - 22 ○ On June 26, 2012, an invoice expense of \$873.00 caused the resulting
23 balance to be -\$851.33 and the balance remained negative until June 28,
24 2012.
 - 25 ○ On July 26, 2012, an invoice expense of \$319.00 caused the resulting
26 balance to be -\$175.05 and the balance remained negative until July 31,
27 2012.

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1 **Violation:** By making disbursements, or allowing disbursements to be made during the
2 time periods from January 27th through July 31st, 2012, without having a sufficient balance in
3 Armstrong's owner ledger to do so, Straub violated ORS 696.301(3) (2011 Edition) as it
4 incorporates OAR 863-025-0025(12) (9-1-11 Edition), which states a property manager may
5 not disburse funds from a clients' trust account or security deposit account unless there are
6 sufficient funds in the ledger account which the disbursement is made.

7 1.6 Further review of Armstrong's owner ledger for the W. 10th property showed:

- 8 • On July 12, 2012, management fees disbursed to Acorn of \$403.50, caused the
9 resulting balance to be -\$120.98 and the balance remained negative until July 31, 2012.

10 **Violation:** By disbursing or allowing management fees to be disbursed on July 12,
11 2012, when there were insufficient funds in the owners' ledger to do so, Straub violated ORS
12 696.301(3) (2011 Edition) as it incorporates OAR 863-025-0025(15) (9-1-11 Edition), which
13 states a property manager must disburse earned management fees from the clients' trust
14 account at least once each month unless a different schedule of disbursement is specified on
15 the property management agreement, and may only disburse fees if sufficient funds are
16 available.

17 1.7 In April 2012 Straub hired Mauren Queener (Queener), an unlicensed individual.
18 Queener's duties included the following: handle clients' trust funds, and negotiate, review and
19 approve tenant rental lease agreements. During the investigation, Straub acknowledged he
20 failed to have a proper written delegation of authority for Queener to perform certain duties.

21 **Violation:** By failing to sign and date a delegation of authority for his unlicensed
22 employee, Queener, to perform certain management of rental real estate functions, Straub
23 violated ORS 696.301(3) (2011 Edition) as it incorporates OAR 863-025-0015(6)(b)(c) (9-1-11
24 Edition) which states the following delegations of the property manager's authority must be in
25 writing, dated, and signed by the property manager, and kept with written policies: (b) receive
26 and disburse funds, and (c) review, approve and accept tenant rental and lease agreements.

27 1.8 In Lewis' interview with Straub, he explained he was not aware of Queener
28 allowing Armstrong's clients' trust funds to become insufficient.

29 ///

30

1 **Violation:** By failing to provide proper supervision to Queener during the time when
2 multiple disbursements were made when insufficient funds existed in the owner ledger, Straub
3 violated ORS 696.890(3)(c) and (e) (2011 Edition), which states a property manager owes the
4 property owner the following affirmative duties: (c) to exercise reasonable care and diligence,
5 and (e) to act in a fiduciary manner in all matters relating to trust funds.

6 1.9 Regarding clients' trust account reconciliations, during the investigation Straub's
7 bookkeeper Debbie Obert (Obert) acknowledged she first used a single reconciliation form as
8 required by rule in January 2014. Straub failed to have a written delegation of authority in
9 place for Obert. He explained to Lewis that he had only given verbal authority to Obert to
10 complete the reconciliations.

11 **Violation:** By failing to ensure the three components were properly contained in a
12 single reconciliation document Straub violated ORS 696.301(3) (2011 and 2013 Editions) as it
13 incorporates OAR 863-025-0025(20) and (21) (6-15-10, 4-15-11, 9-1-11, 9-14-12 and 4-1-13
14 Editions) which requires a property manager to complete a reconciliation with three
15 components contained in a single reconciliation document.

16 **Violation:** By failing to sign and date a written delegation of authority for Obert to review
17 and approve reconciliations and receive and disburse funds from the clients' trust account,
18 Straub violated ORS 696.301(3) (2011 and 2013 Editions) as it incorporates OAR 863-025-
19 0015(6)(b) (9-1-11, 9-14-12, 4-1-13 Editions), which state the following delegations of the
20 properties manager authority must be in writing, dated, and signed by the property manager
21 and kept with the written policies: (b) review and approve reconciliations and receive and
22 disburse funds.

23 1.10 Effective January 13, 2013, Armstrong terminated her property management
24 agreement with Acorn. In the written notice, Armstrong directed Acorn to send all relevant
25 paperwork, keys and deposits to Bell Real Estate (Bell). A review of property management
26 records transferred to Bell indicated four tenant agreements, executed by Acorn between the
27 dates of May 10, 2011 and September 12, 2012, were missing the agent and/or landlord
28 signature.

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1 **Violation:** By failing to sign tenant lease agreements, or failing to ensure that an
2 employee signed and dated tenant lease agreements, dated between May 10, 2011 and
3 September 12, 2012, Straub, per ORS 696.361(2011 Edition), which states a real estate
4 property manager is regulated and bound as a real estate broker and as a principal real estate
5 broker violated ORS 696.301(3) (2011 and 2013 Editions) as it incorporates OAR 863-015-
6 0250(1)(c) (9-1-11 Edition) which states complete and adequate records of professional real
7 estate activity include complete, legible and permanent copies of all documents required by
8 law or voluntarily generated during a real estate transaction, which includes but is not limited to
9 a copy of any written agreement for the listing, sale purchase, rental, lease, lease option, or
10 exchange of real property generated by a real estate broker or principal real estate broker
11 while engaging in professional real estate activity that must be signed by all parties to such an
12 agreement.

13 1.11 Throughout the investigation Lewis requested and reviewed multiple
14 reconciliation documents. On several occasions, reconciliations showed discrepancies that
15 were not resolved in a timely manner.

- 16 • A June 2012 reconciliation for clients' trust account (CTA) ending with #6261 contained
17 a difference of \$66,908.96 between Parts I and Parts II and III. Written as an
18 explanation of the difference was, "Originally off on date of recon 64,238.83 (2,670.13
19 diff). Clean up continued." The reconciliation form was dated September 7, 2014 and
20 signed by Obert.
- 21 • A December 2012 reconciliation for CTA ending with #6261, showed that Part I was
22 \$12,451.69 more than Parts II and III. Written as an explanation of the difference was,
23 "Originally off on date of recon 12,451.69 (3519.00). Clean up continued." The
24 reconciliation document was dated September 7, 2014.
- 25 • A January 2013 reconciliation for CTA ending with #6261, showed the \$12,451.69
26 difference continued from the December 2012 reconciliation. An attachment was
27 provided to explain the differences and corrective action taken. An explanation of
28 corrective action to resolve the difference in Part IV indicated a bank adjustment of the
29 January 2013 difference \$12,571.71 was made with the February 2013 reconciliation to
30 correlate the bank statement with the property management records. \$12,571.71 was

1 transferred from the CTA #6261 to Acorn's general account to resolve the difference.
2 Obert explained clean up continued of the records, with the adjustments made
3 February, March and April of 2013.

4 **Violation:** By failing or allowing employees to fail to take corrective action to resolve
5 adjustments prior to the next reconciliation, Straub violated ORS 696.301(3) (2011, 2013, and
6 2015 Editions) as it incorporates OAR 863-025-0025(22) (9-1-11, 9-14-12, 4-1-13, 5-15-14
7 Editions), which state a property manager must take corrective action to resolve all
8 adjustments made in a reconciliation prior to the next reconciliation or document the good faith
9 efforts the property manager has taken to resolve the adjustment.

10 1.12 During the investigation Straub and his staff worked cooperatively with Lewis to
11 fix the existing reconciliation problems. A reconciliation was submitted for December 2014, for
12 CTA #6261 which had contained a difference of \$263.95 between Parts I and Parts II and III.
13 Written as the explanation was, "\$263 Acorn deposited to CTA in error... Phillip to xfer to Acorn
14 1-30-15." The reconciliation was dated February 13, 2015 and signed by Obert.

15 1.13 The Agency did not find that Straub's actions were a result of dishonest or
16 fraudulent conduct.

17 1.14 Since the investigation, Straub has updated his office policies and now has
18 proper written delegations of authority in place for employees engaged in any management of
19 rental real estate activities.

20 2.

21 2.1 OREA reserves the right to investigate and pursue additional complaints that
22 may be received in the future regarding this licensee.

23 STIPULATION & WAIVER

24 I have read and reviewed the above findings of fact and conclusions of law which have
25 been submitted to me by OREA and further, the order which follows hereafter. I understand
26 that the findings of fact, conclusions of law and this stipulation and waiver embody the full and
27 complete agreement and stipulation between OREA and me. I further understand that if I do
28 not agree with this stipulation I have the right to request a hearing on this matter and to be
29 represented by legal counsel at such a hearing. Hearings are conducted in accordance with
30 the procedures set forth in ORS Chapter 183 and in accordance with the Rules of Practice and

1 Procedure adopted by the Attorney General of the State of Oregon. I freely and voluntarily
2 waive my rights to a hearing, to representation by legal counsel at such a hearing, and to
3 judicial review of this matter.

4 I hereby agree and stipulate to the above findings of fact and conclusions of law and
5 understand that the order which follows hereafter may be completed and signed by the Real
6 Estate Commissioner or may be rejected by the Real Estate Commissioner. I understand that,
7 in accordance with the provisions of ORS 696.445(3), notice of this order shall be published in
8 the Oregon Real Estate News Journal.

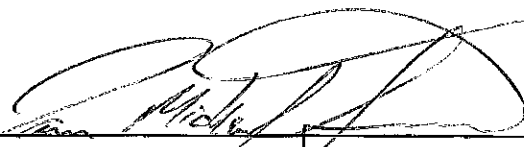
9 ORDER

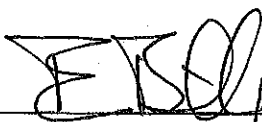
10 IT IS HEREBY ORDERED that Straub's property manager license be, and hereby is,
11 reprimanded.

12 IT IS FURTHER ORDERED that Straub complete the 27-hour Property Manager
13 Advanced Practices course, (detailed in OAR 863-022-0022) within four (4) months from the
14 effective date of this order. Straub must submit documentation, such as certificate to OREA
15 showing completion of the 27-hour Property Manager Advanced Practices course. This
16 documentation must be submitted to OREA no later than 10 days after the education has been
17 completed. (Straub has already complied with this requirement by submitting his course
18 completion certificate for the 27-hour Property Manager Advanced Practices course completed
19 on June 27, 2016.)

20
21
22 IT IS SO STIPULATED:

IT IS SO ORDERED:

23
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26 

26 JAMES MICHAEL STRAUB

GENE BENTLEY

Real Estate Commissioner

27
28 Date July 8th 2016

Date 7.20.16

29
30 Date of service: 7/20/2016

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4 In the Matter of the Real Estate License of

5
6 DEBRA TEBBS

7
8 } STIPULATED FINAL ORDER
9

10 The Real Estate Agency (OREA) and Debra Tebbs (Tebbs) do hereby agree and
11 stipulate to the following:

12 FINDINGS OF FACT
13 &
14 CONCLUSIONS OF LAW

15 1.

16 1.1 At all times mentioned herein, Tebbs was licensed as a real estate broker with
17 Cascade Sotheby's International Realty.

18 1.2 On November 17, 2014, OREA received a complaint from Valerie Britton (Britton)
19 against Tebbs alleging that Tebbs showed Britton's house to a potential buyer after the listing
20 had expired and after Britton specifically told Tebbs not to show the property.

21 1.3 OREA opened an investigation, which was assigned to OREA
22 Investigator/Auditor Peter Bale (Bale).

23 1.4 It appears that Britton and Brian Britton, owners of 17630 Little River Drive,
24 Bend, OR, 97707 (subject property), were in the middle of a contentious divorce at the time of
25 the alleged unauthorized showing of the subject property.

26 1.5 The Stipulated Limited Judgment Re: Exclusive Use of Family Residence,
27 notarized on September 25, 2014, (where Brian Britton was named as the Petitioner, and
28 Valerie Marie Britton was named as the Respondent) included the following language:

29 "1. Respondent shall have exclusive use and possession of the family residence at
30 17630 Little River Drive, Bend, Oregon 97797, pending sale of the home.

1 2. The family residence is currently listed for sale, and unless mutually agreed,
2 otherwise shall remain listed on a continual basis until sold. The parties shall cooperate and
3 use good faith efforts in effecting the provisions of the sale.

4 3. Petitioner shall have access to the family residence to inspect his personal
5 property. Petitioner shall provide 48 hours notice prior to accessing the house. Petitioner shall
6 have access to the marital residence one time per month. If Petitioner wishes to remove any
7 personal property from the family residence, then he shall submit a list of the property he
8 wishes to remove to Respondent. Petitioner shall not remove personal property without first
9 receiving Respondent's agreement."

10 1.6 On April 18, 2014, Britton and Brian Britton signed a listing contract with Tebbs
11 for the subject property subject property. The listing was originally written to expire on April 17,
12 2015, but was modified to expire on October 31, 2014.

13 1.7 On October 28, 2014, Debra Simonson (Simonson), a broker with Cascade
14 Sotheby's wrote to the Brittons, "Yes, you're right Brian – I don't see where the change was
15 made to the contract but it does expires [sic] on the 31st. We do have a possible showing
16 sometime in November but do not have a specific date yet. Bev Sherrer said she has buyers
17 coming into town and your home was on the list. We can either keep the property listed
18 through our office only which means it will be on our website but not in MLS or we can remove
19 it completely."

20 1.8 On October 28, 2014, Britton replied to the email from Simonson, "I appreciate
21 that there could be possible upcoming showings. I am motivated to sell and will cooperate with
22 any future requests as they come up. Please feel free to give the representing broker my
23 name and number should they contact your office. I am not interested in continuing the listing
24 any further past the October 31st contract expiration. Please be aware that I have been grated
25 [sic] by the court exclusive rights to our home. If you would like a copy of the document please
26 contact my attorney, Joel Kent. Under the present court order, you do NOT have my
27 authorization, under any circumstances to give the key to the house to Brian should he ask."

28 1.9 The day after the listing expired, Britton arranged for her sister and brother-in-law
29 to pick up the key from Tebbs, because Britton was out of town at the time.

30 ///

1 1.10 According to Britton, on Monday, November 3, 2014, she received a call from
2 Tebbs at 9:34 am requesting to show the house that day at 11:00 am. At the time Britton was
3 in California. According to Britton, she told Tebbs that she was not comfortable with a showing
4 that day, but that she was willing to show the property when she returned on Wednesday,
5 November 5, 2014.

6 1.11 Britton provided a copy of the telephone bill for her and her husband's cell
7 phones for the dates in question. The records showed that Britton called Tebbs on her phone
8 at 9:50am, and 9:55am on the morning of the showing. In an email to Bale, dated February
9 27, 2015, Britton wrote, "You can see that I called Deb back at 9:50 am and then again at 9:55
10 am as well. At that time I told her the showing would not work at 11:00am. I followed up our
11 conversation with an email later that same day."

12 1.12 Britton told Bale that she spoke with Tebbs at 9:55 am. In that call Tebbs
13 suggested that Britton contact her sister to arrange getting a house key for the showing.
14 Britton said she told Tebbs that she would not get her sister to provide the key.

15 1.13 A copy of the email from Britton to Tebbs, referred to by Britton was provided to
16 Bale. The email was sent at 1:13pm, November 3, 2014, in it Britton wrote, "Even though our
17 listing contract with you has expired, I am willing to show the house to any potential buyers you
18 may have Unfortunately, timing for today did not work. I am in California enjoying my family
19 and celebrating my birthday. I will be returning on Wednesday afternoon. I received your call
20 this morning at 9:34am requesting a showing today at 11:00am. That is not a lot of notice
21 even under the most ideal of circumstances."

22 1.14 On November 4, 2014, Britton received a call from the owner of Evergreen
23 Landscapes who called to tell her while an employee was at her house maintaining the plants,
24 Tebbs showed up with potential buyers and asked if the plant care women would let them in.
25 The "plant lady" opened the door and went inside to turn the alarm off. When this happened,
26 Tebbs and the potential buyers walked in and went upstairs.

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1 1.15 Included with Britton's complaint was a handwritten note dated November 3,
2 2014, signed by Melissa Adams-Casper (Adams-Casper), the plant care woman. The note
3 supported what Britton had stated, and included the following, "When arriving at 17630 Little
4 River Rd. (The Britton Residence) around 11:15 am 11/3/14 I was greeted by three people."
5 Adams-Casper went on to write that she told Tebbs "no" to entering the house. She confirmed
6 that Tebbs and the other two people entered the house and went upstairs.

7 1.16 In Tebb's written response to the complaint Tebbs stated she called Britton at
8 9:34 am on November 3, 2014. According to her, she left a voicemail requesting permission to
9 show the house at 11:00 am that same day. According to Tebbs, when she did not hear back
10 from Britton, she called Britton's husband, Brian. Tebbs said that Brian told her she could
11 show the house but didn't have a key. After receiving Brian's permission, Tebbs took her
12 clients to the house assuming they would only be able to see the exterior because Tebbs could
13 not obtain a key. According to her written response, Tebbs and her clients arrived at the
14 property at 11:00am. Tebbs was showing them the exterior when Adams-Casper, the plant
15 care woman, arrived and opened the door. Tebbs said she asked if she could show the house
16 to her clients and that she had permission from Brian, according to Tebbs, Adams-Casper
17 said, "yes."

18 1.17 In a letter to OREA dated November 13, 2014, and in a letter to Bale dated
19 March 24, 2015, Brian Britton confirmed that he gave Tebbs authorization to show the house
20 and yard on November 3, 2014. He also confirmed that Tebbs had called him when she was
21 outside the house, asking if she could show the couple around the exterior of the house. He
22 told her it was alright to do so. In his letter dated November 13, 2014, he wrote, "What
23 happened next was totally unforeseen. Our plant service lady showed up, and Deb took
24 advantage of the opportunity to try to show the prospects the inside of the house. I may not
25 agree totally with her approach, but I am not upset about her efforts in the least."

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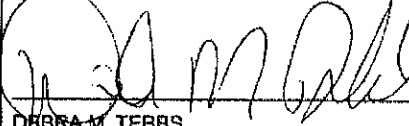
1 I hereby agree and stipulate to the above findings of fact and conclusions of law and
2 understand that the order which follows hereafter may be completed and signed by the Real
3 Estate Commissioner or may be rejected by the Real Estate Commissioner. I understand that,
4 In accordance with the provisions of ORS 896.445(3), notice of this order shall be published in
5 the Oregon Real Estate News Journal.

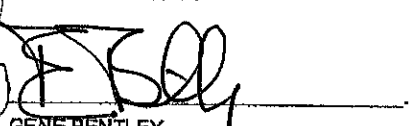
6 ORDER

7 IT IS HEREBY ORDERED that Tebbs' broker license be, and hereby is, reprimanded.

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9 IT IS SO STIPULATED:

IT IS SO ORDERED:

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12


13

14 DEBRA M. TEBBS

GENE BENTLEY

Real Estate Commissioner

15 Date 8-16-2016

Date 8-30-16

16
17 Date of service: 8/30/2016
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1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER

3
4 In the Matter of the Real Estate License of)

5
6 VALERIE LYNN WHITE)

STIPULATED FINAL ORDER

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9
10 The Real Estate Agency (OREA) and Valerie Lynn White (White) do hereby agree and
11 stipulate to the following:

12 FINDINGS OF FACT
13 &
14 CONCLUSIONS OF LAW
15 1.

16 1.1 White was licensed as a property manager doing business under the registered
17 business name Encompass Management & Consulting, LLC (EMC) from August 29, 2013,
18 onwards. Prior to August 29, 2013, White's license was associated with the registered
19 business name Rushing Real Estate, Inc. (Rushing RE).

20 1.2 On March 27, 2015, OREA received a complaint from David Parker (Parker)
21 against White.

22 1.3 On March 30, 2015, OREA opened an investigation.

23 1.4 On October 5, 2010, Parker and his wife, and Steve and Gloria Drake signed a
24 property management agreement with Rushing RE for a multifamily complex called Cypress
25 Gardens located at 1600 Chemeketa St NE, Salem (subject property). White signed on
26 behalf of Rushing RE.

27 1.5 On August 29, 2013, White transferred her license to EMC.

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1 1.6 White continued to manage the subject property after leaving Rushing RE
2 without having a new property management agreement executed. In an interview with OREA
3 Investigator/Auditor Peter Bale (Bale) White said there were owners who transferred to EMC
4 from Rushing RE that did sign a new property management agreement with EMC, however,
5 there was not a new property management signed for the subject property.

6 **Violation:** By managing the subject property without a property management
7 agreement in place between the owners and EMC, White violated ORS 696.301(3) (2013 and
8 2015 Editions) as it incorporates OAR 863-025-0020(1) (4-1-2013 and 5-15-2014 Editions),
9 which state a property manager must not engage in the management of rental real estate
10 without a written, unexpired property management agreement between the owner and the
11 property manager.

12 1.7 For the investigation Parker provided accounting records that he had received
13 from EMC. Included in these was a cash flow statement for the subject property or
14 September 2014, and a cash flow 12-month statement for 2014. In the "Cash Flow" section of
15 the reports were discrepancies where the closing balance for September 2014 was greater
16 than the opening balance for October 2014. Specifically, the ending cash balance for
17 September 2014 was \$13,155.65, and the beginning cash balance for October 2014 was
18 \$1,230.11.

19 **Violation:** By providing reports to Parker relating to the cash flow containing
20 discrepancies between the closing balance for September 2014 and the October 2014
21 opening balance, White violated ORS 696.301(3) (2013 Edition) as it incorporates OAR 863-
22 025-0035(3)(b) (5-15-2014 Edition), which states if a property manager uses a computerized
23 system for creating, maintaining and producing required records of reports: (b) posting of
24 owner ledgers, record of receipts and disbursements, tenant ledgers and manipulation of
25 information and documents must be maintained in a format that will readily enable tracing and
26 reconciliation. White also violated ORS 696.890(4)(a), (c), and (e) (2013 Edition), which state
27 a real estate property manager owes the property owner the following affirmative duties: (a)
28 To deal honestly and in good faith, (c) To exercise reasonable care and diligence, and (e) To
29 act in a fiduciary manner in all matters relating to trust funds. White's conduct is grounds for
30 discipline under ORS 696.301(15) (2013 Edition).

1 1.8 During the investigation, Bale searched the OREA licensing database on May 29,
2 2015, and there were no clients' trust accounts on file for EMC. In White's written response to
3 the initial complaint, she wrote, "You are correct we do not have Client Trust Accounts
4 registered on the OREA database because we do not use Client Trust Accounts. This is
5 because the Property Management Agreements and each tenant's Rental Agreements have
6 the option of having these funds held by the owners. So then these Owner Funds are put into
7 the Owner's Property's Operating Account so it could be used towards their property when
8 needed."

9 1.9 In her interview on July 14, 2015, White confirmed to Bale that none of the bank
10 accounts held by EMC were actually clients' trust accounts. The accounts used by EMC were
11 checking accounts. White said she had quite a few commercial owners as well as residential
12 owners, and none of them had CTAs. White said she would review the situation and open
13 CTAs for each.

14 1.10 A review of the eLicense database on August 5, 2015, and December 4, 2015, a
15 search showed two CTAs had been registered under EMC.

16 **Violation:** By failing to open and maintain a clients' trust account, White violated ORS
17 696.301(3) (2013 and 2015 Editions) as it incorporates OAR 863-025-0025(2) (4-1-13 and 5-
18 15-2014 Editions), and ORS 696.241(2) (2013 and 2015 Editions), which requires a property
19 manager to open and maintain at least one clients' trust account.

20 1.11 When Bale reviewed tenants security deposits for the subject property he found
21 the following. The property management agreement, signed by White when she was an
22 employee at Rushing RE, section 2.11, specified that tenants' security deposits "shall be held
23 in bank account designated to the property. Owner agrees that all leases executed by
24 tenants shall clearly state that Security Deposits shall be held by Manager."

25 1.12 Copies of three tenant agreements were reviewed, one was issued when
26 Rushing RE was the property manager, and the other two were issued when EMC was the
27 property manager. All three had the box checked, "if checked, deposits will be held by owner."

28 1.13 In her interview on April 10, 2015, White said that the tenants' security deposits
29 were paid into the owner's account and left there. So the "held by owner," actually meant held
30 by the manager (EMC) in the owner's account.

1 1.14 Parker supplied a copy of the "rent roll for the subject property as of September
2 30, 2013. The amount shown for tenants' security deposits was \$7,170.00.

3 1.15 Two bank accounts at EMC held owner and tenant funds for the subject property.
4 The first was "Encompass Management and Consulting LLC- Cypress Gardens Business
5 Checking" ending in #5232 and "EMC-Cypress Gardens Client Trust," ending in #5240.

6 1.16 A copy of the Bank of Cascades statement for bank account named "EMC-
7 Cypress Gardens Client Trust" ending in #5240 for October 2013, shows \$7,170.00,
8 transferred from account named "Encompass Management & Consulting LLC-Cypress
9 Gardens Business Checking" account ending in #5232. The effect of this was that tenants'
10 security deposits for the subject property were being held and maintained by White in accounts
11 not registered as a clients' trust security deposits account. Neither of these accounts above
12 were registered with OREA.

13 1.17 The account "EMC-Cypress Gardens Client Trust" ending in #5240, which initially
14 held the tenants' security deposits of \$7,170.00, had the following balances on the following
15 dates: 9/1/2014 \$1,589.60, 9/30/2014 \$2,489.60, 11/2/2014 \$2,378.67, and 11/30/2014
16 \$2,898.71.

17 1.18 In her written response dated June 24, 2015, White wrote, "#5240 is a checking
18 account which was used to save money for capital improvements, deposit returns, etc."

19 **Violation:** By failing to open and maintain a security deposit trust account to hold the
20 tenants' security deposits White was holding, she violated ORS 696.301(3) (2013 and 2015
21 Editions) as it incorporates OAR 863-025-0025(4) (4-1-2013 and 5-15-2014 Editions) which
22 states a property manager who receives a security deposit on behalf of an owner must open
23 and maintain a security deposits account.

24 1.19 On the bank statements for bank account "Encompass Management &
25 Consulting LLC- Cypress Gardens Business Checking" ending in #5232 for January 2014
26 there is an entry "1/29 Overdraft Fee 33.00." The bank statement for this account for
27 December 2013, indicated there had been year to date overdraft fees of \$171.00.

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1 1.20 In her written response dated June 24, 2015, White wrote, "It looks like they were
2 due to Tenant's checks that bounced after we paid the property's bills. We will be happy to
3 pay for these charges." In this written response, White referred to account ending in #5232 as
4 the subject property's operating account.

5 **Violation:** By allowing the subject property's bank account to be overdrawn during the
6 year 2013, White violated ORS 696.890(4)(c), and (e) (2013 Edition), which state a property
7 manager owes the property owner the following affirmative duties: (c) To exercise reasonable
8 care and diligence, (e) To act in a fiduciary manner in all matters relating to trust funds. White's
9 conduct is grounds for discipline under ORS 696.301(15) (2013 Edition).

10 1.21 On December 30, 2014, all four owners of Cypress Gardens signed a notice of
11 termination of the property management agreement, effective January 30, 2015. The
12 agreement specified the new property managers as Homestead Property Management starting
13 on February 1, 2015.

14 1.22 In an email to Bale dated May 14, 2015, Parker wrote, "Valerie White declared
15 the 1/3 property tax bill for Cypress Gardens was paid back in November 2014. It was not."

16 1.23 On December 10, 2014, Parker wrote an email to White, which included the
17 following, "Please pay the property taxes ASAP." On December 11, 2014, White sent an email
18 to Parker including the following, "Due to the painting of the complex the taxes will have to be
19 paid in thirds this year. The first third has already been paid."

20 1.24 The Real Property Tax Statement for account R95404 showed the due date for
21 the payment was November 17, 2014.

22 1.25 The reconciliation report for bank account ending in #5232 for January 2015 had
23 the following entry: "Check#1270 Marion County Tax Collector 1/10/2015 \$4,502.78." This
24 check was presented at the bank on January 21, 2015.

25 1.26 The Marion County Assessor's database on June 10, 2015, showed no receipt of
26 payment on the property tax account for 2014-15, for account R95404 Cypress Gardens until
27 January 15, 2014.

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1 **Violation:** By telling Mr. Parker that the first third of the property taxes had already been
2 paid, when it had not been, White engaged in dishonest conduct in violation of ORS
3 696.301(14) (2013 Edition). White also violated ORS 696.890(4)(a) (2013 Edition), which
4 states, a real property manager owes the property owner the following affirmative duties: (a)
5 To deal honestly and in good faith. White's conduct is grounds for discipline under ORS
6 696.301(15) (2013 Edition).

7 1.27 Parker supplied Bale with a copy of a quote from Central Valley Construction
8 Group, LLC. (Central) for painting the outside of the buildings. The quote, dated May 5, 2015,
9 totaled \$15,675.00, including options. A search of the Secretary of State website showed that
10 Geoff White (White's husband) was the member and agent of Central.

11 1.28 In an email to Bale on June 15, 2015, Parker wrote that Encompass had made
12 the following payments to Central:

- 13 • \$3,135.00 Sept 2014
- 14 • \$2,640.00 Oct 2014
- 15 • \$1,360.00 Oct 2014
- 16 • \$2,000.00 Nov 2014
- 17 • \$4,000.00 Dec 2014
- 18 • \$3,830.49 Jan 2015 "last payment"

19 Total= \$16,965.49

20 In the same email, Parker wrote, "They still have not completed the painting."

21 1.29 Included in another email received from Parker on June 15, 2015, was a report
22 from Gardner to Parker concerning an inspection done on the property on February 19, 2015.
23 Multiple emails were provided for the investigation between Parker and Geoff White, the
24 emails are primarily Parker pointing out the flaws in the work done and Geoff White suggesting
25 resolutions to the problems.

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1 1.30 During the investigation, Bale asked White why the final payment was made on
2 the painting before the job was completed. White wrote in her letter dated, June 24, 2015, "In
3 looking back at bills and notes it looks like the initial payment was made of [sic] to the
4 contractor on 9-4-14 for them to put this painting on the schedule and to get started. They
5 began work about 3 weeks later and they had to fight with a rainy season and bad weather.
6 They also had encountered a large amount [sic] of damage and dry rot that was not accounted
7 for in the initial estimate and had to be repaired to continue on with the job. We did in fact
8 provide them with a final payment in January of this year in error as it was found that the work
9 was not completed to the owner's satisfaction. I have been informed that they have been
10 working directly with the current manager and the work has been completed as of this week.
11 They warranted the work they had done as well as repaired additional [sic] rot that was not in
12 the original scope of the work to make it right with the owners."

13 1.31 In her interview on July 14, 2015, White said the main problems were caused by
14 Geoff White, her husband, employing a subcontractor to do the work. The subcontractor had
15 not done a good enough job. The subcontractor told Geoff White that the work was complete,
16 so EMC paid Central Valley the final amount due.

17 **Violation:** By making the final payment to her husband's company, Central Valley
18 Construction Group, for the building painting of Cypress Gardens, when the work had not been
19 completed to Mr. Parker's satisfaction and with visible defects, White violated ORS
20 696.890(4)(c) and (e) (2013 and 2015 Edition) which states a property manager owes the
21 property owner the following affirmative duties: (c) To exercise reasonable care and diligence
22 and (e) To act in a fiduciary manner in all matters relating to trust funds. White's conduct is
23 grounds for discipline under ORS 696.301(15) (2013 and 2015 Editions).

24 1.32 All of the above demonstrate incompetence in performing acts for which White is
25 required to hold a license.

26 **Violation:** ORS 696.301(12) (2013 and 2015 Editions), which states a licensee's real
27 estate license can be disciplined if they have demonstrated incompetence in performing any
28 act for which the licensee is required to hold a license.

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2.1 OREA reserves the right to investigate and pursue additional complaints that may be received in the future regarding this licensee.

STIPULATION & WAIVER

I have read and reviewed the above findings of fact and conclusions of law which have been submitted to me by OREA and further, the order which follows hereafter. I understand that the findings of fact, conclusions of law and this stipulation and waiver embody the full and complete agreement and stipulation between OREA and me. I further understand that if I do not agree with this stipulation I have the right to request a hearing on this matter and to be represented by legal counsel at such a hearing. Hearings are conducted in accordance with the procedures set forth in ORS Chapter 183 and in accordance with the Rules of Practice and Procedure adopted by the Attorney General of the State of Oregon. I freely and voluntarily waive my rights to a hearing, to representation by legal counsel at such a hearing, and to judicial review of this matter.

I hereby agree and stipulate to the above findings of fact and conclusions of law and understand that the order which follows hereafter may be completed and signed by the Real Estate Commissioner or may be rejected by the Real Estate Commissioner. I understand that, in accordance with the provisions of ORS 696.445(3), notice of this order shall be published in the Oregon Real Estate News Journal.

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ORDER

IT IS HEREBY ORDERED that White's property manager license be, and hereby is, reprimanded.

IT IS FURTHER ORDERED that White complete the 27-hour Property Manager Advanced Practices course, (detailed in OAR 863-022-0022) within four (4) months from the effective date of this order. White must submit documentation, such as certificate to OREA showing completion of the 27-hour Property Manager Advanced Practices course. This documentation must be submitted to OREA no later than 10 days after the education has been completed.

IT IS SO STIPULATED:



VALERIE LYNN WHITE

Date 8-2-16

IT IS SO ORDERED:



GENE BENTLEY
Real Estate Commissioner

Date 8.22.16

Date of service: 8/22/2016

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4
5 In the Matter of Shavelle Ranee Hardman's

6
7 Broker License
8

STIPULATED FINAL ORDER

9
10 The Oregon Real Estate Agency (OREA) and Shavelle Ranee Hardman (Hardman) do
11 hereby agree and stipulate to the following:

12 FINDINGS OF FACT

13 Hardman was licensed as a Broker with Cornerstone Real Estate of Oregon. Hardman's
14 license expired on December 1, 2015 and was not renewed until January 21, 2016.
15 Hardman's license was re-associated to Cornerstone Real Estate of Oregon on January 25,
16 2016. During the time Hardman's license was expired and inactive, December 1, 2015 to
17 January 24, 2016, 55 days, Hardman continued conducting professional real estate activity as
18 if actively licensed.

19 CONCLUSION OF LAW

20 By conducting professional real estate activity over the course of 55 days after
21 Hardman's license expired and before renewing and re-activating it, Hardman violated ORS
22 696.020(2) and is subject to discipline or civil penalty pursuant to ORS 696.990(4) and (9).

23 STIPULATION & WAIVER

24 I have read and reviewed the above findings of fact and conclusions of law which have
25 been submitted to me by OREA and further, the order which follows hereafter. I understand
26 that the findings of fact, conclusions of law and this stipulation and waiver embody the full and
27 complete agreement and stipulation between OREA and me. I further understand that if I do
28 not agree with this stipulation I have the right to request a hearing on this matter and to be
29 represented by legal counsel at such a hearing. Hearings are conducted in accordance with
30 the procedures set forth in ORS Chapter 183 and in accordance with the Rules of Practice and

1 Procedure adopted by the Attorney General of the State of Oregon. I freely and voluntarily
2 waive my rights to a hearing, to representation by legal counsel at such a hearing, and to
3 judicial review of this matter.

4 I hereby agree and stipulate to the above findings of fact and conclusions of law and
5 understand that the order which follows hereafter may be completed and signed by the Real
6 Estate Commissioner or may be rejected by the Real Estate Commissioner, in which case an
7 amended notice of intent may be issued in this matter. I understand that, in accordance with
8 the provisions of ORS 696.445(3), notice of this order shall be published in the Oregon Real
9 Estate News Journal.

10 ORDER

11 IT IS HEREBY ORDERED that pursuant to ORS 696.990(1) to (9) and based upon the
12 violation set forth above, Hardman pay a civil penalty in the sum of \$100.00, said penalty to be
13 paid to the General Fund of the State Treasury by paying the same to the OREA. The civil
14 penalty is computed in accordance with ORS 696.990(4) and (9) in that each 30-day period of
15 unlicensed activity is considered one violation. In this instance, there was one 30-day period
16 of unlicensed activity.

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18 IT IS SO STIPULATED:

IT IS SO ORDERED:

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22 SHAVELLE RANEE HARDMAN

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21 

22 GENE BENTLEY

23 Real Estate Commissioner

24 Date 8-3-16

24 Date 8-9-16

25
26 DATE of service: 8-9-2016

**REAL ESTATE BOARD
REGULATION DIVISION REPORT
October 3, 2016**

Regulation Division Manager: Selina Barnes
Compliance Specialist 3 (Compliance Coordinator): Deanna Hewitt, Rob Pierce
Financial Investigators (Investigator-Auditor): Jeremy Brooks, Aaron Grimes, Frances Hlawatsch, Philip Johnson, Meghan Lewis,
Compliance Specialist 2: Carolyn Kalb
Compliance Specialists 1: Denise Lewis, Lindsey Nunes, Danette Rozell
Administrative Specialist: Janae Beaver

Division Overview

The Regulation Division receives complaints and determines validity and assignment for investigation. Investigators gather facts (from interviews and documents), prepare a detailed written report and submit to the Manager for review. The Manager determines whether the evidence supports charging a person with a violation of Agency statutes or administrative rules, as well the appropriate resolution. The Manager conducts settlement conferences to resolve cases without a contested case hearing. If a hearing is requested, the investigator works with the Assistant Attorney General in preparing for and presenting the case at hearing.

The Compliance Specialists are responsible for conducting: mail-in audits of licensee's clients' trust accounts (CTA), continuing education (CE) audit investigations, expired activity investigations, background checks and self-administered compliance reviews. They also respond to inquiries regarding regulations and filing complaints from the public, licensees, and other governmental agencies.

Workload and Activity Indicators

| Current Cases In Below Status | Average 2015 | Average Q2 2016 | 9/8/16 |
|------------------------------------------------------|---------------------|------------------------|---------------|
| Mail-in CTA Audits | 65 | 26 | 92 |
| Renewal Investigation | 6 | 8 | 4 |
| Background Check Investigation | 7 | 9 | 5 |
| Complaint | 44 | 22 | 21 |
| Investigation (& Pending Assignment to Investigator) | 55 | 75 | 60 |
| Admin Review | 33 | 18 | 30 |
| Settlement Process | 19 | 38 | 42 |
| Pending Admin Action | 9 | 13 | 16 |
| Hearing | 12 | 6 | 3 |
| Appeal | 3 | 9 | 9 |

A tutorial for completing Clients' Trust Account reconciliations is almost completed and will be available for licensees on the agency website.

Rob Pierce has been assigned the duties of Compliance Specialist 3 (Compliance Coordinator) through 6/30/17. Besides being a lead worker for investigators, Rob will be assisting in the review of completed investigations.

A recruitment for two Financial Investigator (Investigator-Auditor) closed for the submission of applications on 9/27/16.

Lindsey Nunes and Denise Lewis attended the Oregon State Police CJIS Division Statewide Training Event in Sunriver, August 30th – September 1st.

Frances Hlawatsch and Jeremy Brooks attended the Financial Crimes Conference in Salem, September 20th – 22nd.

Aaron Grimes, Philip Johnson, and Lindsey Nunes will be attending the ARELLO Investigator Workshop in Salt Lake City, October 18th – 20th.

Selina Barnes will be presenting “Tips for Staying Out of Trouble with the Agency” following this board meeting. She also presented this class in McMinnville for the Yamhill County Association of Realtors on September 15th.

Selina will also be presenting a class on REA Disciplinary Actions at the 2016 Oregon Association of Realtors Convention in Sunriver on September 29th.

For information on investigations resulting in administrative actions, please review the “Administrative Actions Summary” section of the Board packet.

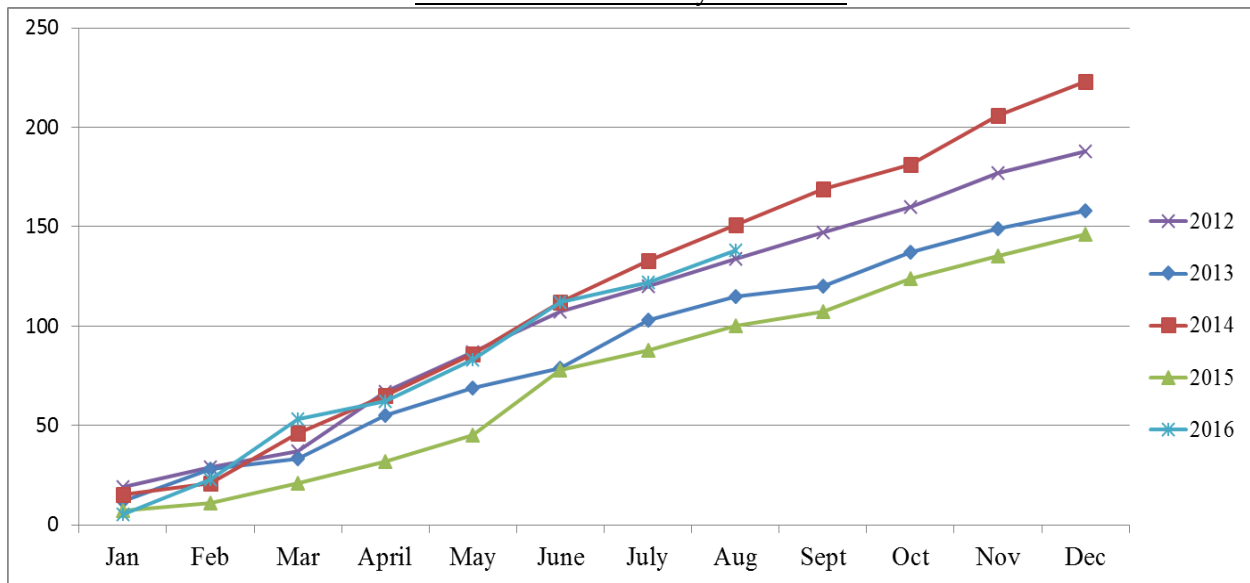
**REAL ESTATE BOARD
LAND DEVELOPMENT DIVISION
October 3rd, 2016**

Division Manager: Michael Hanifin

Section Overview:

The Land Development Division reviews and approves filings related to condominiums, timeshares, subdivisions, manufactured home subdivisions, and membership campgrounds. The section reviews and approves the foundational documents creating these types of properties, as well as later amendments to those documents, to verify compliance with statutory requirements. We also issue the Disclosure Statement (sometimes referred to as a Public Report) required for sales of these interests to Oregonians. The Disclosure Statement summarizes key information about the condominium for the consumer, much like reading the window sticker when car shopping.

Workload and Activity Indicators



Filing activity in 2016 is up. Filings in 2016 year-to-date almost equal the year-end filing total for 2015.

Current Projects

Ongoing effort to improve upon division-specific forms and additional instructional materials.

Completed Projects

None

**REAL ESTATE BOARD
ADMINISTRATIVE SERVICES DIVISION REPORT
October 3, 2016**

Business & Technical Services Manager: Anna Higley
Accountant: Caty Karayel
Systems Administrator: Tiffani Miller
Customer Service Manager: Madeline Alvarado
Licensing Specialists: Tami Schemmel and Ruslan Putintsev
Receptionist: Sue Davenhill

Section Overview

The Administrative Services Division acts as support to the Agency. This division manages budget/allotment preparation, accounting, purchasing and contracting, inventory control, facilities, payroll, special projects, Information Technology (IT), and licensing services.

Licensing services include assisting real estate brokers, principal brokers, property managers and escrow agencies as they manage their licenses using eLicense, assisting customers as they process registered business names and branch office registrations in eLicense, registering membership campground contract brokers, completing license applicant criminal background check investigations, processing escrow licensing and security/bonding files, maintaining all licensing history records, electronic processing of fees, and providing general reception services. Please see related statistics on the following page.

Budget Update

Revenue: The final revenue for the 13-15 biennium is **\$5.67 million**. The Agency began the 13-15 biennium with a balance of **\$1.9 million** (cash reserves). Five months of operating expenses total approximately \$1.1 million. The Agency ended the biennium with a \$1.06 million ending balance and has maintained the \$1.0 million cash balance through the last fiscal year. Projected revenue for the 15-17 biennium is **\$6.275 million**, with projected expenses of **\$6.91 million***. The Agency will resource cash reserves for the **\$631,997** revenue deficit and projects an ending cash balance of **\$430,003**. This equates to 1.4 months of operating expenditures; generally, fee supported agencies in Oregon are encouraged to have an ending balance of between 3-6 months of operating expenditures, depending on the timing of their expenditures and revenue generation cycles.

Budget Preparation 2017-19

Since the 2009-11 biennium operating costs have exceeded revenue. While the real estate market has experienced a recovery, licensure has not returned to pre-recession rates and is projected to remain flat over the next budget period. Though significant savings measures have been taken, the Agency has an average monthly revenue deficit of **\$26,333**. The Agency will seek the first licensing related fee increase since the 1997-99 budget.

*The 2015-17 Legislatively Approved Budget is \$7.16 million. The Agency expects a total of \$259,424 in remaining limitation at the end of the biennium (June 30, 2017), including: Personal Services limitation of \$204,187 and Services & Supplies limitation of \$55,237.

Licensing Statistics

Total Licensee Counts by Month:

| Individuals (Persons) | Jul | Aug |
|-------------------------------------------|---------------|---------------|
| Broker – Total | 13,751 | 13,821 |
| Active | 12,204 | 12,270 |
| Inactive | 1,547 | 1,551 |
| Principal Broker - Total | 6,358 | 6,377 |
| Active | 5,994 | 6,015 |
| Inactive | 364 | 362 |
| ALL BROKERS Total | 20,109 | 20,198 |
| Active | 18,198 | 18,285 |
| Inactive | 1,911 | 1,913 |
| Property Manager - Total | 880 | 890 |
| Active | 812 | 820 |
| Inactive | 68 | 70 |
| MCC Salesperson | 30 | 31 |
| MCC Broker | 2 | 2 |
| TOTAL INDIVIDUALS | 21,021 | 21,121 |
| Active | 19,042 | 0 |
| Inactive | 1,979 | 0 |
| Facilities (Companies) | | |
| REMO | 5 | 5 |
| Registered Business Name (RBN) | 3,315 | 3,320 |
| Registered Branch Office (RBO) | 717 | 715 |
| Escrow Organization | 47 | 47 |
| Escrow Branch | 145 | 145 |
| PBLN | 664 | 664 |
| PMLN | 159 | 160 |
| CEP | 319 | 320 |
| MCC Operator | 25 | 25 |
| TOTAL FACILITIES | 5,396 | 5,401 |
| TOTAL INDIVIDUALS & FACILITIES | 26,417 | 26,522 |

New Licenses by Month:

| Individuals (Persons) | July | August |
|-------------------------------------------|-------------|---------------|
| Broker | 205 | 153 |
| Principal Broker | 4 | 10 |
| TOTAL BROKERS | 209 | 163 |
| Property Manager | 6 | 13 |
| MCC Salesperson | 1 | 1 |
| MCC Broker | | |
| TOTAL INDIVIDUALS | 216 | 177 |
| Facilities (Companies) | | |
| REMO | | |
| Registered Business Name | 10 | 21 |
| Registered Branch Office | 5 | 5 |
| PBLN | 1 | 3 |
| PMLN | 2 | 2 |
| Escrow Organization | | 0 |
| Escrow Branch | | |
| MCC Operator | | |
| TOTAL FACILITIES | 18 | 31 |
| TOTAL INDIVIDUALS & FACILITIES | 1 | 1 |