

# Oregon Real Estate News-Journal

Official Publication of the Oregon Real Estate Agency

Volume 70, Number 2, April 2016



Commissioner  
Gene Bentley

## Reconciling Clients' Trust Accounts

Gene Bentley, Real Estate Commissioner

If you are a principal broker or property manager required to have clients' trust accounts, you must reconcile your clients' trust accounts, and any security deposit accounts you may have, once a month.

The process you must use is called a "three-way reconciliation." The three parts of the reconciliation include:

- a. **The bank statement** ending balance, adjusted for outstanding checks and deposits made after the bank statement closing date.
- b. **The balance of receipts and disbursements**, or a "check register," as of the bank statement closing date.
- c. **The total of the owners' ledger balances**, the tenants' ledgers, or the individual

trust account ledgers as of the bank statement closing date.

Each of the above balances must be equal to each other. In other words:

$$a = b = c$$

Any adjustments must be clearly identified and explained.

If all of your clients' ledgers are "zeroed out" each month, the reconciliation process is relatively simple. However, if you collect prepaid rent, or you have a reserve to pay for repairs or property tax on the owner's behalf, the task becomes more complex.

The Agency recommends using the [Clients' Trust Account Reconciliation form](#) to help you in the process. For more detailed information on the reconciliation of clients' trust accounts, see [OAR 863-015-0255](#) and [863-025-0025](#). ■

**All property managers must have at least one clients' trust account.**

**Principal brokers must have one if they handle funds for a real estate transaction that are not deposited in escrow or if they manage rental properties.**



Oregon Real Estate Agency  
530 Center St. NE  
Suite 100  
Salem, OR 97301  
(503) 378-4170  
(503) 378-2491 Fax  
[www.oregon.gov/rea](http://www.oregon.gov/rea)

### IN THIS ISSUE

Reconciling Clients' Trust Accounts .....	1	Legislative Wrap Up .....	3
Agency Receives Fiscal Excellence Award .....	2	Agency Adopts New Condo Fees .....	3
Oregon Real Estate Board Meeting in Bend .....	2	Real Estate Scam Update .....	4
		Agency Donates to Food Bank .....	5
		Administrative Actions .....	6

# Agency Receives Fiscal Excellence Award

The Oregon Real Estate Agency was awarded the Gold Star Certificate for the 2015 fiscal year.

The Gold Star Certificate is given by the state's Chief Financial Office to state agencies that provide accurate and complete fiscal year end information in a timely manner. The Agency's participation is important in the timely preparation of Oregon's Comprehensive Annual Financial Report and the statewide Schedule of

Expenditures of Federal Awards.

The Gold Star Certificate is Oregon's equivalent to the nationally recognized Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. Oregon has received the GFOA award every year since 1992.

Caty Karayel, the Agency's accountant, received the certificate on behalf of the Agency. ■

## Public Meeting

# Oregon Real Estate Board Meeting in Bend

**Monday, June 6, 2016, 10:00 a.m.**

**[Central Oregon Association of Realtors®](#)  
2112 NE 4th Street**

EARN 3 HOURS OF CONTINUING EDUCATION if you pre-register with the Oregon Association of Realtors (OAR). *The Board meeting is open to the public, but you must pre-register with [OAR](#) to receive continuing education hours.*

ADDITIONAL CONTINUING EDUCATION OPPORTUNITY: Following the Board Meeting, [OAR](#) will sponsor **Tips for Staying Out of Trouble with the Agency**, a 3-hour class featuring Selina Barnes, the Agency's Regulation Division Manager. *Pre-registration is required to attend.*

# Legislative Wrap Up

Oregon Real Estate Agency staff monitored the state's busy and exciting 2016 legislative session. In the end, Governor Kate Brown signed several bills into law that may affect you or your clients.

The summaries and links to the bills are provided for information only. The Agency does not regulate these new laws and cannot provide guidance on their implementation. If you or your client have questions, an attorney should be consulted.

## [House Bill 4079](#)

Directs Land Conservation and Development Commission to establish pilot program in which local governments may site and develop affordable housing. Appropriates moneys to Department of Land Conservation and Development to establish pilot program.

## [House Bill 4143](#)

Prohibits rent increases during first year of month-to-month tenancies. Lengthens required notice periods for rent increases of certain periodic tenancies. Limits fee charged to tenants for second or subsequent noncompliance with written nonsmoking rules and policies to \$250. Modifies provisions requiring landlord to provide emergency exits from bedrooms.

## [Senate Bill 1529](#)

Prohibits enforcement of residential irrigation requirements by homeowners associa-

tion while finding or declaration of existing or likely drought conditions is in effect

## [Senate Bill 1533](#)

Permits certain cities and counties to adopt land use regulations or functional plan provisions, or impose conditions for approval of permits, that effectively establish sales or rental price, or require designation for sale or rent as affordable housing, for up to 20 percent of multifamily structure in exchange for one or more developer incentives.

## [Senate Bill 1563](#)

Requires Department of Environmental Quality to award grants for purpose of developing and administering loan programs to provide low-interest loans for purposes related to on-site septic system repairs, replacements, upgrades and evaluations.

## [Senate Bill 1573](#)

Requires city whose laws require petition proposing annexation of territory to be submitted to electors to annex territory without vote upon receipt of petition for annexation submitted by all owners of land in territory provided territory is included within urban growth boundary of city or Metro and is, or will be, subject to acknowledged comprehensive plan of city, at least one parcel in territory is contiguous to city limits and proposal conforms to all other requirements of city's ordinances. ■

---

## Agency Adopts New Condo Fees

Condominium developers required to file materials and information with the Oregon Real Estate Agency will now pay \$200 per hour to cover the cost associated with the Agency's review, approval, and revisions of filings under Oregon Revised Statutes 100.005 to 100.990.

The new fee was approved by the leg-

islature as part of Senate Bill 5702 and signed into law on April 4th. It was vetted by interested parties in the condominium development industry.

The Agency then established a new administrative rule that sets the new fee. Oregon Administrative Rule 863-060-0011 became effective April 25, 2016. ■

# Real Estate Scam Update

© ARELLO®. Reprinted courtesy of ARELLO's Boundaries Magazine

Despite widespread news coverage, industry and consumer alerts, and regulatory warnings, real estate scams continue to plague the real estate industry. Some are familiar or have new twists, while others have emerged more recently. Here's a quick overview:

## The Wiring Instruction Scam

Transaction participants are still falling victim to hackers who obtain access to the email accounts of real estate licensees, mortgage brokers, and closing attorneys and agents; especially those who use free web-based email accounts.

Perpetrators monitor the accounts to identify when, from and to whom, and in what amount real estate transaction fund transfers are expected. Perpetrators then send an often last-minute, authentic-looking email with instructions to wire transaction funds to a disguised, usually overseas, account.

In a recent *Interested Party Update*, the **Colorado Division of Real Estate** noted that it continues to receive information about such scams perpetrated against real estate brokers, which have been used to divert earnest money deposit releases, buyers' closing funds and sellers' proceeds.

A **North Carolina Real Estate Commission** (NREC) blog post reports that the North Carolina State Bar recently learned that hackers accessed a broker's computer database and, immediately before a closing, sent an email that appeared to be from the broker, but with a single changed character in the email address, instructing the closing attorney to wire the seller's proceeds to a bank account other than originally identified in the transaction. The lawyer wired the seller's proceeds of more than \$272,000.00, which was transferred to a foreign bank before the crime was discovered.

The NREC "...urges brokers to instruct the closing lawyer in each transaction not to disburse the seller's proceeds other than as specifically authorized in a document signed by the seller."

## Timeshare Purchase/Resale Scams, With a Twist

The **Ohio Department of Commerce Division of Real Estate and Professional Licensing** warned in a July [News Release](#) of a recent scam in which perpetrators claiming to be a licensed Ohio real estate company have been soliciting owners with promises to purchase their timeshare properties.

The individual or group has assumed the name of a licensed real estate company, Property Pro Realty, LLC, and created a website, [http:// propertyprorealtyllc.com/index.html](http://propertyprorealtyllc.com/index.html), which is not the website of the legitimate company.

The timeshares in question have been located in Mexico, but their owners have been located in a number of states across the country.

Anne Petit, Superintendent of the Division of Real Estate, also reports that in the latest twist, someone assuming the name of an Ohio-licensed attorney was making these calls in order to further legitimize the scam.

The **Colorado Division of Real Estate** is warning licensees and consumers about a similar scam in which "...timeshare owners are mailed and emailed solicitations from an unlicensed business entity purporting to be a full service property management company that lists and sells timeshares. The timeshare company claims to be a Colorado company but cites a fictitious address in downtown Denver. When consumers respond to the solicitation, they are directed to forward various up-front transaction fees (sometimes in excess of \$5000.00) to an out-of-state title company."

---

## “We Buy Homes” Signs

The **North Carolina Department of Justice** (NCDOJ) recently [issued a warning](#) to struggling homeowners about responding to “We Buy Homes” signs and postcards.

Instead of buying houses as advertised, most of these companies will try to convince home owners to sign over control of the home, then lease the property to a new tenant. Owners lose their rights to the homes but remain “on the hook” for mortgage payments.

The warning advises homeowners that the companies aren’t likely to pay cash or help secure a fast mortgage payoff, and to beware of requests to transfer title to a property based only on promises to sell it. Also, prospective tenants and buyers should never pay money upfront before signing a lease or purchase contract, always confirm that the seller is actually the owner, and always work with a trusted leasing or real estate agent.

The release also advises struggling homeowners to speak to lenders directly, how to contact the [State Home Foreclosure Prevention Project](#) for help, and how to report a “We Buy Homes” scam to the NCDOJ.

## “Section 8” Scam Websites

According to the Federal Trade Commission (FTC), phony websites are popping up that cheat persons who seek “Section 8” housing.

The U.S. Department of Housing and Urban Development (HUD) Section 8 program funds vouchers that enable very low-income households to rent privately owned homes.

Applicants are supposed to contact their local housing authority to sign up for voucher waiting list lotteries, for which there is no fee. But an FTC [Consumer Information Blog](#) reports that scammers are creating official-looking websites that collect lottery registration fees, which the applicant will never see again, as well as personal information that may lead to identity theft. And, victimized applicants are not actually registered on the legitimate waiting lists.

In another twist, some of the sites falsely list Section 8 properties for rent upon payment of the first month’s rent via wire transfer or a prepaid card. While the properties might actually exist, the ads are fakes and the money is stolen.

The FTC warns Section 8 applicants to directly contact local housing authorities through HUD’s website to register for legitimate voucher lotteries. ■

---

## Agency Donates to Food Bank

The staff of the Oregon Real Estate Agency participated in the 2016 Governor’s State Employees Food Drive.

We raised the equivalent of 6,876 pounds of food through fundraisers, direct donations of nutritious canned and packaged food, and generous cash contributions from individual members of the staff and the Oregon Real Estate Board.

Donations went to regional food banks of the [Oregon Food Bank Network](#). ■



# Administrative Actions

January 22, 2016 through March 9, 2016

## OREGON REAL ESTATE NEWS-JOURNAL

Official Publication

Oregon Real Estate Agency  
530 Center St. NE Ste. 100  
Salem, Oregon 97301  
Telephone: (503) 378-4170

Facsimile:  
(503) 378-2491  
(503) 373-7153 Regulation

Web Page:  
<http://www.oregon.gov/rea>

## OREGON REAL ESTATE AGENCY

Kate Brown, Governor  
Gene Bentley, Commissioner

## REAL ESTATE BOARD

Christopher Hermanski, Chair-  
person, Tualatin

Coni Rathbone, Vice Chairper-  
son, Lake Oswego

Marcia Edwards, Eugene

James E. "Jef" Farley,  
Pendleton

Joann Hansen, Coos Bay

Lawnae Hunter, Bend

Patricia Ihnat, Portland

David Koch, Canby

Alex MacLean, Lake Oswego

The Oregon Real Estate News-  
Journal is published by the  
Oregon Real Estate Agency as  
an educational service to all  
real estate licensees in the state  
under the provisions of Section  
696.445 of the Oregon Revised  
Statutes.

Mesheal Heyman, Editor  
Vol. 70, No. 2  
April 2016



The Oregon Real Estate Agency is required by law to publish disciplinary actions. The final order for each action can be viewed by clicking on the individual names listed below.

Please note that there are individuals with real estate licenses that may have similar or the same names as those listed below, even in the same market area. If you are in doubt if an individual listed here is someone you know or with whom you are working, please contact the Agency for verification.

Stipulated settlements do not necessarily reflect all the factual violations initially alleged by the Agency. Sanctions may have been adjusted as part of the negotiation process. Such settlements may not, therefore, directly compare in severity/sanction with other cases.

## REVOCATIONS

[Pearson, William](#) (Portland) Property Manager 201209159. Stipulated final order dated February 5, 2016.

## CIVIL PENALTIES

### Expired - Late Renewals

Civil penalties for late renewals are computed using each 30-day period as a single offense. The civil penalty for the first period can range from \$100 - \$500, with each subsequent 30-day period ranging from \$500 - \$1000.

[Kraskoff, Anna A.](#) (Woodburn) Broker

200109050. Stipulated final order dated January 25, 2016 issuing a \$100 civil penalty.

[Heiney, Susan M.](#) (Springfield) Property Manager 8510000941. Stipulated final order dated February 2, 2016 issuing a \$3,100 civil penalty.

[Goche, Lauren J.](#) (Portland) Broker 201207959. Stipulated final order dated February 18, 2016 issuing a civil penalty of \$100.

[Reed, Patricia A.](#) (Central Point) Property Manager. Default order dated March 9, 2016 issuing a civil penalty of \$11,500. ■