

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4 In the Matter of the Real Estate of)
5)
6 RANDAL TY REINHART) ORDER ON DEFAULT
7)
8)

9 1.

10 1.1 On February 21, 2012, the Real Estate Commissioner issued, by certified mail, a
11 notice of intent to revoke the real estate broker's license of Randal Ty Reinhart (Reinhart). The
12 Real Estate Agency (OREA) sent the notice of intent to Reinhart's last known address of record
13 with the OREA. The notice of intent was also mailed to Reinhart by regular first class mail in a
14 handwritten envelope.

15 1.2 On March 19, 2012, the notice of intent sent by certified mail was returned to
16 OREA "unclaimed."

17 1.3 As of March 19, 2012, the notice of intent mailed by regular first class mail has not
18 been returned to OREA.

19 1.4 Over twenty (20) days have elapsed since the mailing of the notice issued in this
20 matter and no written request for hearing has been received.

21 1.5 Copies of the entire investigation file are designated as the record for purposes of
22 default, including any submission from respondent and all information in the administrative file
23 relating to the mailing of notices and any responses received.

24 2.

25 Based upon the foregoing and upon a review of the above described investigation
26 reports, documents and files, the Real Estate Commissioner finds:

27 2.1 Oregon Administrative Rule 863-001-0006 states, in part, that a notice of intent is
28 properly served when deposited in the United States mail, registered or certified mail, addressed
29 to the real estate licensee or to any other person having an interest in a proceeding before the
30 Commissioner at the licensee's or other person's last known address of record with OREA.

1 3.6 During the course of the investigation, OREA corresponded by email with
2 Reinhart's attorney, Balyeat back and forth 10 times between February 3, 2011 and May 23,
3 2011, attempting to get the names on the clients' trust accounts into compliance, repeatedly
4 citing the rules defining the requirements of these accounts.

5 3.7 On June 24, 2011, OREA mailed a letter to Reinhart defining 14 statute and rule
6 violations found in the investigation and offering to settle the matter by entering into a stipulated
7 order resulting in a suspension of his license.

8 3.8 A settlement conference was held on September 12, 2011, with Reinhart, Betker
9 and their attorney Jeff Eager (Eager.) On that date, several of the violations had been
10 corrected; they provided a revised property management agreement and written
11 policies/procedures outlining Betker's duties for OREA "approval," they had opened a clients'
12 trust account and their bank accounts were no longer accruing interest.

13 3.9 Even though many of the violations outlined in the June 24, 2011 letter were not
14 addressed during the 10 weeks before the settlement conference, OREA was willing to stipulate
15 to a reprimand on the conditions that Reinhart took the 60 hour property manager pre-licensing
16 course and he was able to provide documentation to OREA that he had corrected the remaining
17 violations by 5:00 pm, September 16, 2011. Those documents were proof they had properly
18 opened a clients' trust account-security deposits, established an owner's ledger for each
19 property management agreement, established a tenant's ledger for each tenant, established a
20 record of all deposits for each clients' trust account, and submitted copies of the Inventory of
21 and Authorization to Examine Clients' Trust Accounts form and the Notice of Clients' Trust
22 Account form.

23 3.10 OREA was not contacted by Reinhart, Betker or either of their attorneys and no
24 additional documents were submitted on or before September 16, 2011.

25 3.11 OREA contacted Eager by email on September 21, 2011, asking when the above-
26 referenced documentation would be submitted. That same day, OREA received from Eager's
27 office an Inventory of and Authorization to Examine Clients' Trust Accounts form and Notice of
28 Clients' Trust Account form (both dated September 13, 2011), three pages showing
29 "Homeowner" names, months in 2011, "check #" and "4 Rents %", and four pages showing
30 "Tenant" names, months in 2011, "Amount", "Date in", and "Security IN."

1 3.12 On September 30, 2011, OREA contacted Reinhart by email, explaining that the
2 owner and tenant ledgers were still out of compliance, that we still needed a corrected Inventory
3 and Authorization to Examine Clients' Trust Accounts form and requesting that a telephone
4 conference call be scheduled for October 14, 2011.

5 3.13 On October 3, 2011, OREA received an email from Balyeat stating that Eager was
6 out of the office until October 17, 2011, and that either Reinhart or Betker would be contacting
7 OREA regarding the issues described in the September 30, 2011 email to Reinhart.

8 3.14 Between October 3 and 5, 2011, multiple emails were exchanged between OREA
9 and Betker in an effort to bring 4 Rent's owner and tenant ledgers into compliance.

10 3.15 A conference call was held on October 21, 2011 with Reinhart, Betker and Eager.
11 As of this date, the owner and tenant ledgers had been corrected and brought into compliance,
12 but OREA had still not received a corrected Inventory and Authorization to Examine Clients'
13 Trust Accounts form. At this time, OREA was willing to stipulate to a 60 day suspension with the
14 conditions that Reinhart complete the 60 hour property manager pre-licensing course and that
15 the corrected Inventory and Authorization to Examine Client's Trust Account form be submitted
16 to the Agency by 8:00 am, October 24, 2011.

17 3.16 On October 24, 2011, OREA received an email from Eager stating that 4 Rent was
18 "in the process of selling its book of business to another licensed realtor" and expected to have
19 ceased all property management activity by October 28, 2011, and that either he or "4 Rent"
20 would contact OREA following "cessation of all property management activities to confirm this."
21 The email also stated that "4 Rent will not be providing you with the authority to examine client
22 trust account document today as we discussed last week, as it will soon no longer have client
23 trust accounts and has no interest in continuing to provide property management services."

24 3.17 OREA was not notified about the closure of 4 Rent until Reinhart submitted an
25 Inactivate License form on January 11, 2012.

26 3.18 It is important to note that during the course of the investigation and subsequent
27 attempts to settle this matter, Reinhart had little to no involvement in responses to OREA.
28 Answers and actions came from Balyeat, Betker and/or Eager.

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1 CONCLUSIONS OF LAW

2 4.

3 4.1 Reinhart failed to establish written policies outlining Betker's duties.

4 **Violation:** OAR 863-025-0015, which states that each property manager must maintain
5 written policies that specify the duties of an employee of the property manager.

6 4.2 Reinhart failed to establish a clients' trust account.

7 **Violation:** ORS 696.241(1) and OAR 863-025-0025(2), which require that at least one
8 clients' trust account be opened and maintained for all trust funds handled by the licensee.

9 4.3 Reinhart failed to establish a clients' trust account – security deposits.

10 **Violation:** ORS 696.241(1) and OAR 863-025-0025(4), which require that a property
11 manager who receives security deposits on behalf of an owner must open and maintain a
12 security deposits clients' trust account that is separate from the property manager's clients' trust
13 account.

14 4.4 Reinhart deposited tenant rent checks into the property management's operating
15 account.

16 **Violation:** OAR 863-025-0065(3), which requires that all funds accepted by a property
17 manager while engaged in property management activity must be deposited into a clients' trust
18 account or security deposits account.

19 4.5 Reinhart failed to establish an owner's ledger for each property management
20 agreement.

21 **Violation:** OAR 863-025-0035(1)(c) and OAR 863-025-0055(1), which requires that a
22 property manager's records must include an owner's ledger for each property management
23 agreement for all monies received and disbursed.

24 4.6 Reinhart failed to establish a tenant's ledger for each tenant.

25 **Violation:** OAR 863-025-0035(1)(f) and OAR 863-025-0050(1), which require that a
26 property manager must prepare and maintain a tenant's ledger for each tenant from whom
27 funds are received.

28 4.7 Reinhart failed to establish a record of all deposits for each clients' trust account
29 and security deposits account.

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1 **Violation:** OAR 863-025-0065(4), which requires that a property manager must obtain a
2 deposit slip and make a written notation for each deposit made.

3 4.8 Reinhart failed to complete or submit to OREA the Inventory of and Authorization
4 to Examine Clients' Trust Accounts form.

5 **Violation:** ORS 696.241(2)(3), which require that a principal real estate broker must file
6 approved forms with OREA defining each individual clients' trust account and giving the OREA
7 authority to examine any clients' trust account.

8 4.9 Reinhart failed to complete the Notice of Clients' Trust Account form.

9 **Violation:** ORS 696.245, which requires that a principal real estate broker, at the time a
10 clients' trust account is opened, must provide the bank written notice that the account is a
11 clients' trust account.

12 4.10 Reinhart failed to indicate in the tenant rental agreement that any interest earned
13 on the security deposit shall be the property of the property management company.

14 **Violation:** OAR 863-025-0020(3)(b), which requires that interest earned on security
15 deposits and paid to the property manager must be stated in the property management
16 agreement.

17 4.11 Reinhart failed to include language in the property management agreement
18 relating to disposition of records upon termination of the agreement.

19 **Violation:** OAR 863-025-0020(2)(h), which requires that the property management
20 agreement include the disposition of the property manager's records upon termination of the
21 agreement .

22 4.12 Reinhart failed to disclose in the property management agreement the use of
23 employees or a business in which the property manager has a pecuniary interest at the time of
24 the execution of the property management agreement that will provide services for the owner's
25 property.

26 **Violation:** OAR 863-025-0020(2)(i), which requires that the property management
27 agreement include the disclosure of the use of employees or a business in which the property
28 manager has a pecuniary interest that will provide services for the owner's property.

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1 4.13 Reinhart failed to include in the property management agreement an identifying
2 code, which would include a unique series of letters and/or numbers assigned by a property
3 manager to a property management agreement.

4 **Violation:** of OAR 863-025-0020(2)(k), which requires that the property management
5 agreement include an identifying code.

6 4.14 Reinhart put the disclosure that the interest earnings inure to the benefit of the
7 property manager in the rental agreement and not in the property management agreement.

8 **Violation:** OAR 863-025-0020(3)(b)(B), which requires that, if a property manager and
9 owner agree that the interest earned on clients' trust accounts be paid to the property manager,
10 those terms must be included in the property management agreement.

11 4.15 Given the number of non-compliance issues, Reinhart was not sufficiently
12 supervising Betker.


13 **Violation:** ORS 696.026(6), which requires that a real estate licensee must supervise
14 and control the professional real estate activity conducted under their registered business name.

15 ORDER

16 IT IS HEREBY ORDERED that the real estate broker's license of Randal Ty Reinhart be
17 revoked, with said revocation to be effective the date of this order.

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19 Dated this 21st day of March, 2012.

20
21 OREGON REAL ESTATE AGENCY

22 

23 _____
24 GENE BENTLEY

25 Real Estate Commissioner

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27 DATE of service: 3/28/12

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29 **NOTICE:** You are entitled to judicial review of this order. Judicial review may be obtained by filing a petition for
30 review within 60 days from the date of service of this order and is pursuant to the provisions of ORS 183.482.