

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4 In the Matter of the Real Estate License of)

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6
7 ANTHONY MARK FORHAN)

STIPULATED FINAL ORDER

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10 The Oregon Real Estate Agency (OREA) and Anthony Mark Forhan (Forhan) do hereby
11 agree and stipulate to the following:

12 FINDINGS OF FACT
13 &
14 CONCLUSIONS OF LAW

15 1.

16 1.1 At all times mentioned herein, Forhan was licensed as a property manager doing
17 business under the registered business name of Bridge City Properties, LLC.

18 1.2 OREA received several complaints regarding Forhan, two of which were opened
19 into investigations. The first complaint was received on May 10, 2014, from Loel Laughlin
20 (Laughlin), the second was received on July 10, 2015, from Edwin Paul Newcomb (Newcomb).

21 **Details from Complaint/Investigation from Laughlin 2014 Complaint:**

22 1.3 Laughlin's complaint centered around Forhan's handling of security deposit
23 funds.

24 1.4 The investigation from the complaint from Laughlin revealed that Forhan allowed
25 his license to expire on two different occasions, while he continued to do property
26 management activity. The first incident was from February 1, 2012 to March 12, 2012. Forhan
27 stated he became aware of his expired license when he was contacted by OREA by email
28 about Bridge City Properties, LLC's lack of an associated licensee. During his interview with
29 OREA Investigator/Auditor Frances Hlawatsch (Hlawatsch) on October 3, 2014, Forhan readily
30 admitted to conducting professional real estate activity while his license was expired.

1 1.5 The second incident that Forhan's license expired was on February 1, 2014. His
2 license was not renewed until April 10, 2014. An online search of Bridge City Properties
3 resulted in rental advertisements which were posted during the unlicensed period. In his
4 interview, Forhan said it was, "business as usual," during this period.

5 **Violation:** By continuing to conduct management of rental real estate activity from
6 February 1, 2012 to March 14, 2012 (43 days), while his license was expired, Forhan violated
7 ORS 696.020(2011 Edition), which states an individual may not engage in, carry on, advertise
8 or purport to engage in or carry on professional real estate activity, or act in the capacity of a
9 real estate licensee, within this state unless the individual holds an active license.

10 **Violation:** By continuing to conduct management of rental real estate activity from
11 February 1, 2014 to April 9, 2014 (68) days, while his license was expired, Forhan violated
12 ORS 696.020(2013 Edition), which states an individual may not engage in, carry on, advertise
13 or purport to engage in or carry on professional real estate activity, or act in the capacity of a
14 real estate licensee, within this state unless the individual holds an active license.

15 1.6 A review of Forhan's April 10, 2014, renewal application showed Forhan
16 answered, "No" to question 14, which asks if the licensee had conducted professional property
17 management activity at any time while the license was expired.

18 **Violation:** By providing a false answer on the renewal application, Forhan violated ORS
19 696.301(12) (2013 Edition) which states a licensee's real estate license may be disciplined if
20 they have demonstrated incompetence or untrustworthiness in performing any act for which
21 the licensee is required to hold a license.

22 1.7 On October 3, 2014, Hlawatsch interviewed Forhan. Forhan's main office
23 address in OREA licensing records was 14 NE 17th Street, Portland Oregon, which was
24 Forhan's previous home address. During the interview, Forhan explained that he was
25 unaware there was an issue with the business address of record, since he had updated his
26 address for his license. He stated he would correct the problem immediately. Forhan followed
27 up with an email dated October 14, 2014, in which he stated the main office address had been
28 corrected.

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1 **Violation:** By failing to update the main office address, Forhan violated ORS 696.301(3)
2 as it incorporates ORS 696.200(1)(d)(2) (5-15-14 Edition), which requires a property manager
3 to notify the Agency prior to changing a main office location. Change of a business location
4 without notification to the agency as required is grounds for revocation of a real estate license.

5 1.8 Forhan told Hlawatsch that Zack Hagar, who was the Client Services and Tenant
6 Relations Manager for Bridge Cities Properties, LLC completed the three way reconciliations
7 for the clients' trust accounts. All accounting transactions were prepared by Hagar and were
8 finalized by Forhan.

9 1.9 Forhan did not have a written delegation of authority on file for Zack Hagar.
10 Forhan described Hagar's main duties as tenant relations such as applicant screening,
11 maintenance request processing, and account processing.

12 **Violation:** By failing to have a written delegation of authority on file for Zack Hager,
13 Forhan violated ORS 696.301(3) as it incorporates OAR 863-025-0015(1)(3)(c)(D)(6)(b) (5-15-
14 14 Edition), which states each property manager must develop, maintain, and follow written
15 policies for persons and activities under this rule. Policies must specify the duties,
16 responsibilities, supervision and authority, including any authority to handle funds in a clients'
17 trust account or security deposit account for the following persons: (a) an employee of the
18 property manager, including any authority to: (D) conduct tenant relations. The following
19 delegations of the property manager's authority must be in writing, dated and signed by the
20 property manager, and kept with written policies: (b) review and approve reconciliations and
21 receive and disburse funds under OAR 863-025-0025(23).

22 1.10 On October 3, 2014, Hlawatsch requested copies of the clients' trust accounts
23 reconciliations at close of the interview. Multiple requests were made to Forhan requesting
24 him to provide the reconciliation documents. On January 15, 2015, Forhan emailed
25 Hlawatsch, "We will be putting together a current reconciliation for you at the end of this month.
26 This'll be the month we start doing monthly reconciliations moving forward. I'll be in touch
27 beginning of Feb when we have the one ready for you."

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1 1.11 Hlawatsch continued to make multiple requests to Forhan for reconciliation
2 documents. On February 25, 2015, a formal request for documents was mailed to Forhan and
3 also emailed. Forhan was directed to produce completed three way reconciliations for both
4 clients' trust accounts and security deposits accounts by March 4, 2015. Forhan missed the
5 March 4, 2016 deadline. On March 9, 2015, Forhan submitted a reconciliation form for the
6 security deposits account. There was no bank statement, check register or tenant ledger
7 information provided.

8 **Violation:** By failing to properly reconcile the clients' trust account and security deposits
9 account, Forhan violated ORS 696.301(3) as it incorporates OAR 863-025-0025(20) and (21)
10 (5-15-14 Editions) which require a property manager to reconcile each clients' trust account
11 and security deposits account within 30 calendar days of the date of the bank statement.
12 Additionally, by failing to properly reconcile the clients' trust account and security deposits
13 account, Forhan demonstrated incompetence or untrustworthiness in violation of ORS
14 696.301(12) (2013 and 2015 Edition), which states a licensee's real estate license may be
15 disciplined if they have demonstrated incompetence or untrustworthiness in performing any act
16 for which the licensee is required to hold a license.

17 1.12 Additional reconciliation documents were submitted by Forhan. Multiple
18 deficiencies were found in the documents. The account registers submitted lacked detail. The
19 record of receipts did not include the date funds were deposited, and the disbursement records
20 did not contain a running balance, check numbers or the purpose of all payments.

21 **Violation:** By failing to maintain a proper check register Forhan violated ORS
22 696.301(3) as it incorporates OAR 863-025-0040(2)(a)(C)(c)(e) (5-15-14 Edition), which states
23 a record of receipts and disbursements or check register must contain at least the following
24 information for each receipt and disbursement: (C) the purpose of the funds and the identity of
25 the person who tendered the funds, (c) if there is more than one property in a clients' trust
26 account, each entry for a receipt, deposit or disbursement must be identified with the
27 applicable identifying code; (e) the account balance after each entry.

28 1.13 Aside from multiple issues discovered surrounding the clients' trust accounts,
29 Forhan's reconciliation documents showed the clients' trust account and security deposit
30 account did not balance.

1 **Violation:** Forhan's inability to account for all clients' trust account funds demonstrated
2 incompetence in violation of ORS 696.301(12) (2013 and 2015 Editions), which states a
3 licensee's real estate license may be subject to discipline if they have demonstrated
4 incompetence or untrustworthiness in performing any act for which the licensee is required to
5 hold a license.

6 1.14 As of August 25, 2014, licensing records for Bridge City's, LLC included clients'
7 trust account information for three accounts with West Coast Bank ending in #1223, #2155,
8 and #3187, which all appeared to be open. During Hlawatsch' s October 2014 interview with
9 Forhan, he stated all of the clients' trust accounts are held with Bank of America and the West
10 Coast Bank accounts were closed a couple of years prior.

11 1.15 During the October 2014 interview, Forhan also acknowledged that he never
12 reported the clients' trust accounts he had opened with Bank of America in August 2011 to
13 OREA ending in #8861, #8687 and #8674 as required. On October 8, 2014, Forhan updated
14 the clients' trust account information in the OREA's licensing database.

15 **Violation:** By failing to update the bank account information in eLicense, Forhan
16 violated ORS 696.301(3) as it incorporates ORS 696.241(5) (2011 and 2013 Editions), which
17 states a licensed property manager who closes a clients' trust account shall notify the agency
18 within 10 business days after the account is closed or transferred on a form approved by the
19 agency.

20 **Violation:** By failing to notify OREA after opening the new clients' trust accounts with
21 Bank of America, Forhan violated ORS 696.301(3) as it incorporates ORS
22 696.241(4)(a)(b)(c)(d) and (e) (2013 Edition), which states within 10 business days after the
23 date a clients' trust account is opened a licensed property manager shall file with the agency,
24 on forms approved by the agency, the following information about the clients trust account: a)
25 the name of the bank, b) the account number, c) the name of the account, d) the date the
26 account was opened; and e) a statement by the licensed property manager authorizing the
27 Real Estate Commissioner or the commissioner's representative to examine the clients' trust
28 accounts at such time as the commissioner may direct.

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1 1.16 Per the OREA licensing database on January 8, 2015, the clients' trust accounts
2 held with Bank of America ending in #8661 and #8687 were titled "Client Trust Acct- Rental,"
3 and "Client Trust Account- Reserve."

4 **Violation:** By failing to have the clients' trust accounts properly named, Forhan violated
5 ORS 696.301(3) as it incorporates OAR 863-025-0025(2) (2015 Edition), which requires a
6 property manager to open and maintain at least one clients' trust account as defined in OAR
7 863-025-0010. Per OAR 863-025-0010(5): "Clients' Trust Account," means a federally insured
8 bank account labeled as "Clients' Trust Account," on all bank records and checks that is
9 established and maintained by a property manager.

10 1.17 Per OREA licensing database on January 8, 2015, the security deposit account
11 held with Bank of America ending in #8674 was named Client Trust Account- Security
12 Deposit."

13 **Violation:** By failing to have the security deposits account named properly Forhan
14 violated ORS 696.301(3) as it incorporates OAR 863-025-0025(4) (5-15-2014 Edition), which
15 requires a property manager who receives a security deposits on behalf of an owner must
16 open and maintain a security deposit account, as defined in OAR 863-025-0010. Per OAR
17 863-025-0010(15) "Security Deposits Account," means a federally insured clients' trust account
18 labeled as "Clients' Trust Account- Security Deposits," on all bank records and checks that is
19 established and maintained by a property manager, activity in fiduciary capacity on behalf of
20 an owner under a property management agreement for depositing, holding and disbursing
21 security deposit funds.

22 1.18 On March 26, 2015, OREA Auditors/ Financial Investigators Peter Bale and
23 Hlawatsch visited Bridge Cities Properties to address disparities in the account reconciliations.
24 The investigators noted there was no exterior sign indicating that Bridge Cities Properties, LLC
25 was operating out of Forhan's home. There was a sign present inside the building which was
26 visible only when the garage door was opened (this sign did not contain the entire registered
27 business name, see paragraph 1.19 below). Forhan stated that a sign had been ordered and
28 would be up soon.

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1 **Violation:** By not having an exterior sign at the main office, Forhan violated ORS
2 696.301(3) as it incorporates ORS 696.200(1)(c) (2015 Edition), which states a licensed
3 property manager shall designate the main office by a sign that contains the name under which
4 the licensee conducts professional real estate activity.

5 1.19 During the investigation, it was discovered that some of Forhan's advertising for
6 Bridge City Properties LLC, such as the sign at the office (in Forhan's garage), email signature
7 and Bridge City Properties Facebook account did not include the full registered business
8 name.

9 **Violation:** By not using the full registered business name in the advertising, Forhan
10 violated ORS 696.301(3) as it incorporates ORS 696.026(6)(b) (2013 and 2015 Edition), which
11 states all professional real estate activity conducted by the property manager must be
12 conducted under the registered business name.

13 1.20 On June 21, 2016, Forhan was directed to present the most recently completed
14 clients' trust account reconciliations for both trust accounts. Forhan timely submitted the
15 requested documents. Both the clients' trust account and security deposits account appeared
16 to be in balance. All three components were reconciled and in balance.

17 **Details from Complaint/Investigation from Newcomb 2015 Complaint:**

18 1.21 Newcomb's complaint alleged that Forhan failed to release all funds due to
19 Newcomb upon termination of the property management agreement. Newcomb's complaint
20 also alleged that Forhan delayed in making the utility payments causing the accounts to
21 become delinquent and additional fees to be added.

22 1.22 Forhan was hired by Newcomb to manage one of his two rental units located at
23 1545 SE Henry Street, Portland Oregon (subject property). Per the property management
24 agreement Forhan was responsible for utility payments, including water and gas bills.

25 1.23 Forhan procured tenants for the lower level rental unit and they entered into a
26 lease, effective March 1, 2015. There was already a tenant in the upper level of the unit,
27 placed by Newcomb and managed by Newcomb.

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1 1.24 Portland Water Bureau assessed charges and sent out a bill for \$317.90 on
2 February 19, 2015. A late fee of \$3.19 was added on March 19, 2015. Forhan paid \$317.90
3 on March 23, 2015. The late fee was left outstanding. A bill for \$321.71 was sent on May 18,
4 2015. This bill became past due on June 18, 2015, and a \$3.21 fee was added to the account.
5 On July 6, 2015, an additional \$5.00 late fee was accessed.

6 1.25 The water bill was brought current on July 10, 2015, when Newcomb remitted a
7 payment of \$333.10. Newcomb had expected Forhan to pay this bill as he had agreed to in
8 the property management agreement.

9 **Violation:** By failing to timely pay the water bill on multiple occasions, and failing to pay
10 the July 6, 2015 water bill, Forhan violated ORS 696.890(4)(c)(2015 Edition), which states a
11 property manager owes the property owner the following affirmative duties: (c) to exercise
12 reasonable care and diligence. Forhan's conduct is grounds for discipline under ORS
13 696.301(15).

14 1.26 On March 25, 2015, Northwest Natural added a \$73.94 charge to Newcomb's
15 gas bill. This bill was not paid on time. On April 23, 2015, a \$72.43 charge was added to the
16 account. On May 21, 2015, Forhan paid \$146.37, which included the March and April charges
17 and brought the account current. On May 22, 2015, a charge of \$52.49 was added. This bill
18 was not paid until June 25, 2015.

19 **Violation:** By failing to timely pay the utility bill on multiple occasions Forhan violated
20 ORS 696.890(4)(c)(2015 Edition), which states a property manager owes the property owner
21 the following affirmative duties: (c) to exercise reasonable care and diligence. Forhan's
22 conduct is grounds for discipline under ORS 696.301(15).

23 1.27 Forhan explained to Hlawatsch, that the reason the utilities had been paid late
24 was that the bills had most likely not made it to him in a timely manner and there were not
25 sufficient funds in the account when the bills did arrive.

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1 1.28 On June 26, 2015, Newcomb prepared a termination letter. On July 13, 2015,
2 Bridge City Properties, LLC issued a final disbursement of \$1,825.00 to Newcomb. Forhan
3 sent an accompanying owner ledger which incorrectly indicated that \$324.89 had been paid to
4 the Portland Water Bureau on June 23, 2015. Newcomb emailed Forhan on July 13, 2015, to
5 address the shortage in the refund payment. Newcomb informed Forhan that he had paid
6 \$324.89 directly to Portland Water Bureau on July 10, 2015, as the bill was still unpaid at the
7 time. Forhan initially indicated to Hlawatsch that he had paid \$324.89 to Portland Water
8 Bureau on June 25, 2015. In his response to the complaint, he included documentation of this
9 payment being scheduled through Bank of America's online system. Per the Portland Water
10 Bureau account history, there was no record of this payment being applied.

11 1.29 When Forhan researched the issue further at the time of the investigation, he
12 determined that one of the payments to Portland Water Bureau had been remitted on behalf of
13 another client. He said that when he learned of this error he immediately cut a refund check
14 for \$350.00 to Newcomb. Forhan submitted a copy of the check, dated October 26, 2015,
15 along with a copy of a letter for explanation, which he had sent to Newcomb.

16 **Violation:** By failing to pay the water and utility bills on time, failing to pay the \$324.89
17 bill to Portland Water Bureau, and failing to properly account for the \$324.89 to Newcomb,
18 Forhan demonstrated incompetence in violation of ORS 696.301(12) (2015 Edition) which
19 states a licensee may be subject to discipline if they have demonstrated incompetence or
20 untrustworthiness in performing any act for which the licensee is required to hold a license.

21 **Violation:** By failing to properly account for the \$324.90 Portland Water Bureau bill by
22 failing to provide Newcomb with the funds and correct final accounting of the owner's ledger
23 account within 60 days of the termination of the property management agreement Forhan
24 violated ORS 696.301(3) as it incorporates OAR 863-025-0070(2)(b)(A)(B) (5-15-14 Edition)
25 which states, not later than 60 days after the effective date of the termination, the property
26 manager must provide the owner with the following: (A) a final accounting of the owner's
27 ledger account; and (B) All funds belonging to the owner as shown on the owner's ledger,
28 unless the owner directs the property manager, in writing, to transfer the funds to another
29 property manager, escrow agent, or person.

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1 1.30 In May 2015, (prior to the property management agreement being terminated)
2 the dishwasher in the subject property's lower unit became inoperative. Multiple emails
3 between Forhan and Newcomb were sent regarding the purchase of the unit. Forhan indicated
4 he was waiting for rent funds to purchase the unit. On June 8, 2015, Forhan emailed
5 Newcomb stating that he, "fronted the money" for the dishwasher, and that only a portion of the
6 rent had been paid, and there was a "lag in deposits" due to the tenant making online rent
7 payments.

8 1.31 On June 10, 2015, Forhan emailed Newcomb stating the dishwasher would,
9 "cost under \$300, installation will be \$134."

10 1.32 The investigation showed that the unit Forhan had ordered on June 13, 2015,
11 was \$399.00 instead of, "under \$300.00," as Forhan had represented previously to Newcomb.
12 The total invoice amount was \$553.99, which included the machine, hose and installation fee.

13 1.33 On June 22, 2015, Forhan emailed Newcomb a copy of the owner statement.
14 The dishwasher was not accounted for on the statement. Forhan explained that this was due
15 to Bridge Cities Properties, LLC not having been billed for it yet.

16 1.34 On June 23, 2015, further disagreement arose regarding the dishwasher unit
17 Forhan ordered, and Newcomb asked Forhan to cancel the order. Forhan indicated to
18 Newcomb that the unit he had ordered cost \$279 and told Newcomb he had cancelled the
19 order.

20 **Violation:** By mishandling the payment arrangement for the dishwasher Forhan violated
21 ORS 696.890(4)(a) (2015 Edition) which states a property manager owes the property owner
22 the following affirmative duties: (a) to deal honestly and in good faith. Forhan's conduct is
23 grounds for discipline under ORS 696.301(15).

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ORDER

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

IT IS FURTHER ORDERED that Forhan complete the 27-hour Property Manager Advanced Practices Course, (detailed in OAR 863-022-0022) no later than four (4) months from the effective date of this order. Forhan must submit documentation, such as a 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 FURTHER ORDERED that pursuant to ORES 696.990(1) to (9) and based upon the violations of conducting management of rental real estate activity when his license was expired, Forhan pay a civil penalty in the sum of \$ 1,600.00, said penalty to be paid to the General Fund of the State Treasury by paying the same to OREA. The civil penalty is computed in accordance with ORS 696.990(4) and (9), in that each 30 day period of unlicensed activity is considered one violation. In this instance, there was: a) one 30 day period (February 1, 2012-March 14, 2012), for which the civil penalty assessed is \$100.00, b) two 30-day periods of unlicensed activity (February 1, 2014 to April 9, 2014), for which the civil penalty assessed is \$1,500.00.

IT IS SO STIPULATED:

IT IS SO ORDERED:


ANTHONY MARK FORHAN


GENE BENTLEY
Real Estate Commissioner

Date 11-16-16

Date 11-29-16

Date of Service: 11/29/2016