

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4 In the Matter of the Real Estate License of

5
6 GORDON L. KING

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STIPULATED FINAL ORDER

10 The Oregon Real Estate Agency (OREA) and Gordon L. King (King) 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, King was licensed as a principal broker with
17 Associated Properties, Inc.

18 1.2 On October 2, 2015, Sheri Terjeson (Terjeson) filed a complaint with OREA
19 against King.

20 1.3 Terjeson hired King to manage her properties in 2008. King was recommended
21 to Terjeson by her brother, Paul Terjeson, who was a broker working in King's office.

22 1.4 King ended up managing the following properties on behalf of Terjeson, 915 18th
23 Street NE (18th Street Property), a 10 unit complex located at 1205 Oakhill SE, (Oakhill
24 property), a 10 unit complex located at 420 Flying Squirrel Way (Flying Squirrel property), and
25 an 11 unit complex at 127-177 Sunset Avenue (Sunset Avenue Property).

26 1.5 During the investigation Pierce asked King to provide a copy of the property
27 management agreement for the 18th Street and Oakhill properties. At the time, King told
28 Pierce there was no written property management agreements for the two properties. Later,
29 during the settlement conference on April 1, 2016, King clarified he didn't remember that he
30 had property management agreements for the two properties when Pierce asked him, but

1 later he recalled that he did indeed have the documents and was able to provide them to
2 OREA.

3 **Violation:** By failing to produce the property management agreement for the 18th Street
4 and Oakhill property during the investigation, King violated ORS 696.301(3) (2015 Edition) as it
5 incorporates ORS 696.280(3) (2015 Edition), which states records maintained under this
6 section must at all times be open for inspection by the Real Estate Commissioner or the
7 commissioner's authorized representatives.

8 1.6 In her complaint, Terjeson alleged King mishandled the security deposits.

9 1.7 King told Pierce when he took over management of Terjeson's properties he
10 never received any of the security deposits for the existing tenants from the previous property
11 manager or from Terjeson. King said he had several conversations with Terjeson in regards to
12 the security deposits and had requested them several times. King said he told Terjeson about
13 setting up a liability account for the security deposits. King said his accountant had suggested
14 setting up a liability account to list existing tenants' security deposits. When a tenant moved
15 out and a refund of their security deposit was required, the check would be written out of the
16 clients' trust account. King said the plan was for the liability account to be gradually offset by
17 the profits generated by Terjeson's properties, but this never happened. King said he
18 suggested to Terjeson that she sell one of the properties to replace the security deposits he
19 never received. King said whenever Terjeson did sell a property she would use the proceeds
20 to buy another, instead of using the money to offset the missing security deposits.

21 1.8 Terjeson was asked if she recalled any conversations with King regarding the
22 need to set up a liability account on the owner's ledger to handle the owner liability for the
23 security deposits being held. Terjeson replied she did not know anything about a liability
24 account until Spencer Taylor (Taylor), her new property manager, questioned why no security
25 deposits had been turned over by King. Terjeson said she had assumed King was holding the
26 security deposits in a separate client trust account, but had recently learned otherwise from
27 Taylor. Terjeson said Taylor explained to her the need to set up a liability account to keep
28 track of the security deposits that needed to be funded by Terjeson.

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1 1.9 Pierce asked King how he handled security deposits received from new tenants
2 that moved in after he began managing Terjeson's properties. King said as new tenants
3 moved in, their deposits were put into the clients' trust account designated for the property.

4 1.10 When Pierce reviewed King's clients' trust account records, the check registers
5 showed that King was depositing tenant security deposits received from the tenants into the
6 clients' trust account. The security deposits were not transferred out to a security deposits
7 account, and were not disbursed to Terjeson directly.

8 1.11 In an email dated, March 24, 2015, King wrote Taylor, informing Taylor that King
9 did not keep a separate bank account for security deposits.

10 **Violation:** By receiving security deposits and failing to deposit and maintain them in a
11 security deposit trust account King violated: OAR 863-025-0030(1) (11-15-07), which states
12 except as provided in OAR 863-025-0025, all tenants' security deposits received by a property
13 manager shall be deposited and maintained in a security deposits account, and OAR 863-025-
14 0030(1) (11-14-08, 1-1-09, 6-15-10, 4-15-11, 9-1-11, 9-14-11, 9-14-12, 4-1-13, 5-15-14
15 Editions), which states, except as provided in section (3) of this rule, all tenants' security
16 deposits received by a property manager must be deposited and maintained in a security
17 deposits account.

18 **Violation:** By receiving security deposits on behalf of Sheri Terjeson, and failing to
19 open and maintain a security deposits account, separate from the clients' trust account, King
20 violated OAR 863-025-0025(3) (11-15-07 Edition), which states except as provided in section
21 (6) of this rule a property manager who receives a security deposits on behalf of an owner
22 shall open and maintain a security deposits account, that is separate from the property
23 manager's clients' trust account and OAR 863-025-0025(4) (11-14-08, 1-1-09, 6-15-10, 4-15-
24 11, 9-1-11, 9-14-11, 9-14-12, 4-1-13, 5-15-14 Editions), which states except as provided in
25 section (7) of this rule, a property manager who receives a security deposits on behalf of an
26 owner must open and maintain a security deposits account, that is separate from the property
27 manager's clients' trust account. King also violated OAR 863-025-0025(4) (11-15-07 Edition),
28 which states except as provided in section (6) of this rule and OAR 863-025-0030, a property
29 manager who receives a security deposit on behalf of an owner shall deposit a security deposit
30 into the property manager's security deposits account within five banking days after receipt,

1 and OAR 863-025-0025(5) (11-14-08, 1-1-09, 6-15-10, 4-15-11, 9-1-11, 9-14-11, 9-14-12, 4-1-
2 13, 5-15-14 Editions), which states that except as provided in section (7) of this rule and OAR
3 863-025-0030, a property manager who receives a security deposit on behalf of an owner
4 must deposit the security deposit into the property manager's security deposits account within
5 five banking days after receipt. King also violated ORS 696.890(3)(e) (2011 Edition) and ORS
6 696.890(4)(e) (2013 and 2015 Editions), which states the property manager owes the property
7 owner the following affirmative duties: (e) To act in a fiduciary manner in all matters relating to
8 trust funds.

9 2.

10 2.1 OREA reserves the right to investigate and pursue additional complaints that
11 may be received in the future regarding this licensee.

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13 **STIPULATION & WAIVER**

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

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

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ORDER

IT IS HEREBY ORDERED that King's principal broker license be, and hereby is, reprimanded.

IT IS FURTHER ORDERED that King complete the 27-hour Property Manager Advanced Practices course, (detailed in OAR 863-022-0022) within six months from the effective date of this order. King 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 a month after the education has been completed.

IT IS SO STIPULATED:

IT IS SO ORDERED:



GORDON L. KING



GENE BENTLEY

Real Estate Commissioner

Date 5-23-16

Date 6-13-16

Date of service: 6-13-2010