

1 REAL ESTATE AGENCY  
2 BEFORE THE REAL ESTATE COMMISSIONER  
3

4 In the Matter of the Real Estate License of

5  
6 GREGORY A. STEELE

7  
8 } STIPULATED FINAL ORDER  
9

10 The Real Estate Agency (OREA) and Gregory A. Steele (Steele) 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, Steele was licensed as a property manager doing  
17 business under the registered business name of Professional Property Management (PPM).

18 1.2 In June 2015 OREA opened an investigation.

19 1.3 As of July 17, 2014, the PPM main office address on file at OREA was 7234 SW  
20 Scholls Ferry Rd. #1, Beaverton, OR 97008.

21 1.4 It was later discovered in the investigation, that as of August 6, 2013, the main  
22 office address of PPM had changed to 16409 SW Spindler Court, Tigard, OR 97008, and  
23 OREA had not been notified of the new office location.

24 **Violation:** By failing to notify OREA of a change in address for PPM's main office  
25 location from 7234 SW Scholls Ferry Road #1, Beaverton, OR 97008 to 16409 SW Spindler  
26 Court, Tigard, OR 97008, Steele violated ORS 696.200(1)(d)(2) (2013 and 2015 Editions),  
27 which requires a property manager to notify the agency prior to changing a main office  
28 location. Per ORS 696.200(1)(d)(2), the changing of a business location without notification to  
29 the Agency as required is grounds for revocation of a real estate license.

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1           1.5     Steele held rental income and tenant security deposits combined in one bank  
2 account, rather than opening and maintaining a separate CTA for tenant security deposits. In  
3 May 2015, Steele opened a separate bank account for tenant security deposits.

4           **Violation:** By failing to open and maintain a "Clients' Trust Account- Security Deposits",  
5 separate from the Clients' Trust Account until May 1, 2015, Steele violated OAR 863-025-0025  
6 (2) (6-15-02, 11-15-02, 8-15-03, 7-15-05, (4-15-06 Editions), OAR 863-025-0025(3) (3-12-07,  
7 4-13-07, 8-15-07, and (8-15-07 Editions), and OAR 863-025-0025(4) (11-14-08, 1-01-09, 6-15-  
8 10, 4-15-11, 9-1-11, 9-14-12, 4-1-13 and 5-15-14 Editions), which requires a property manager  
9 who receives security deposits on behalf of an owner to open and maintain a security deposits  
10 account that is separate from the property manager's clients' trust account.

11           1.6     As of June 14, 2016, OREA records showed the following bank accounts  
12 associated with PPM:

- 13           • "Mallard Investments Co.," ending in #0085, account type identified as rents/owner  
14 funds, opened in October 11, 1996.
- 15           • "Mallard investments Co.," ending in #9163, account type identified as security  
16 deposits, opened in May 1, 2015.
- 17           • "Shasta Park Joint Venture," ending in #2366, account type identified as rents/owner  
18 funds, opened June 26, 2005.

19           **Violation:** By failing to use the required identifying language for clients' trust accounts  
20 ending in #2366 named "Shasta Park Joint Venture," account ending in #0085 named, "Mallard  
21 Investments Co.," and account ending in #9163 named, "Mallard Investments Co." for tenants  
22 security deposits, Steele violated OAR 863-025-0025(1) (3-12-07, 8-15-07, 11-15-07, 11-14-  
23 08, 11-14-08, 1-1-09, 6-15-10, 4-15-10, 9-1-11, 9-14-12, 4-1-13, 5-15-14, 6-16-16 Editions)  
24 and OAR 863-025-0025(4) (5-15-14 and 6-16-16 Editions). OAR 863-025-0025(1) requires a  
25 property manager to open and maintain at least one clients' trust account as defined in OAR  
26 863-025-0010. Per OAR 863-025-0010, a clients' trust account means a bank account labeled  
27 as "Clients' Trust Account," on all bank records and checks that is established and maintained  
28 by a property manager. OAR 863-025-0025(4) requires a property manager who receives  
29 security deposits on behalf of an owner to open and maintain a security deposits account as  
30 defined in OAR 863-025-0010. Per OAR 863-025-0010, security deposits accounts must be

1 labeled as "Clients' Trust Account- Security Deposits," on all bank records and checks that is  
2 established and maintained by a property manager.

3 1.7 As of July 14, 2016, OREA records showed the following bank accounts  
4 associated with PPM:

- 5 • "Mallard Investment Co." ending in #9163, account type identified as security  
6 deposits.
- 7 • "PPM," ending in #0376, account type identified as rents/owner funds (Steele  
8 later identified #0376 as his business operating account and removed it from the  
9 Agency records as a clients' trust account).
- 10 • "Beaver Investment" ending in #4945, account type identified as rents/owner  
11 funds.

12 1.8 On August 19, 2016, OREA Investigator/Auditor Meghan Lewis (Lewis) informed  
13 Steele of the required identifying language for clients' trust accounts and security deposits  
14 accounts.

15 1.9 Per Steele, "Beaver Investments" ending in #4945 and was opened in January 1,  
16 2016, without the correct identifying language.

17 **Violation:** By failing to include the proper identifying language on "Beaver Investments"  
18 ending in #4945 Steele violated OAR 863-025-0025(2)(5-16-14 Edition). OAR 863-025-  
19 0025(4) requires a property manager who receives security deposits on behalf of an owner to  
20 open and maintain a security deposits account as defined in OAR 863-025-0010. Per OAR  
21 863-025-0010, a security deposits account must be labeled as "Clients' Trust Account-  
22 Security Deposits," on all bank records and checks that is established and maintained by a  
23 property manager.

24 1.10 On June 30, 2015, Lewis requested tenant agreements and tenant ledgers for  
25 Shasta Park, a single and multi-family residential community located in Eugene, Oregon, that  
26 had been managed by Steele. Steele was unable to produce the tenant agreements or a  
27 property management agreement for this property.

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1           **Violation:** By being unable to produce a copy of the property management agreement  
2 for owner Shasta Park Joint Venture, and tenant agreements for Shasta Park, Steele violated  
3 OAR 863-025-0035(1)(a) (e) (5-15-14 Edition), which states the property manager's records of  
4 the management of rental real estate are "complete and adequate," as required under ORS  
5 696.280, if the records contain at least the following: (a) a legible copy of each executed  
6 property management agreement and any executed addenda or amendments to the  
7 agreement, and a legible copy of each tenant agreement.

8           1.11 Lori Richardson (Richardson), an unlicensed individual, was hired by PPM in  
9 2006 as an onsite property manager for Shasta Park. Richardson approved rental  
10 applications, negotiated tenant agreements, and accepted rent and tenant security deposits.  
11 When Richardson began employment with PPM, she signed a "Resident Manager  
12 Employment Agreement," dated January 11, 2006, and worked under Steele's supervision.  
13 Steele did not have a written, signed delegation of authority in place for Richardson to review,  
14 approve and accept tenant rental agreements.

15           **Violation:** By failing to sign and date a written delegation of authority for Shasta Park  
16 employee, Lori Richardson, Steel violated OAR 863-025-0015(6)(c) (3-12-07, 8-15-07, 11-15-  
17 07, 11-14-08, 1-01-09, 6-15-10, 4-15-11, 9-1-11, 9-14-12, 4-1-13 and 5-15-14 Editions).

18           1.12 Lewis was able to obtain copies of some tenant agreements, for Shasta Park,  
19 done by Steele, from the new property manager (who took over managing the property from  
20 Steele) Shannon Shaffer (Shaffer), with Bunting Management Group, Inc. (Bunting). Lewis  
21 reviewed the tenant agreements provided by Shaffer for Shasta Park. The box is checked  
22 indicating that tenant security deposits are "held by owner." Steele told Lewis that the owners  
23 never held the tenant security deposits and the tenant agreements were incorrect.

24           **Violations:** Tenant Agreements for Shasta Park, indicated the tenant security deposits  
25 were "held by the owner," which was incorrect, because the owners never held the tenant  
26 security deposits. By incorrectly completing the tenant agreements Steele demonstrated  
27 incompetence in violation of ORS 696.301(12) (2013 and 2015 Editions).

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1           1.13 Lewis reviewed tenant ledgers for Shasta Park and identified the following details  
2 were lacking:

3           For each receipt of funds:

- 4           • The purpose of the funds and identity of the person who tendered the funds
- 5           • The check number, cash receipt number or unique series of letters and/or
- 6           numbers that established an audit trail to the receipt of the funds and
- 7           • The date the funds were deposited.

8           **Violations:** Steele failed to ensure the tenant ledgers for Shasta Park contained the  
9 required detail, in violation of OAR 863-025-0050(4)(d)(B)(C)(D) (5-15-14 Edition), which  
10 states a tenant's ledger must contain at least the following information: (d) for each deposit of  
11 funds: (B) the purpose of the funds and identity of the person who tendered the funds; and (C)  
12 the check number, cash receipt number or a unique series of letters and/or numbers that  
13 establishes an audit trail to the receipt of funds and (D) the date the funds were deposited.

14           1.14 Tenant agreements and tenant ledgers for Shasta Park indicated numerous  
15 accounting inconsistencies in the collection of rental income and tenant security deposits,  
16 where the amount of the tenant security deposit on the tenant agreement did not correspond to  
17 the tenant ledger, the tenant security deposit was not shown on the tenant ledger, or the  
18 amount of the tenant security deposit or rental income received did not satisfy the amount  
19 charged, the latter resulting in multiple tenant rental income and security deposit balances due  
20 the owner, Shasta Park Joint Venture. Multiple tenant ledgers show uncollected rent remained  
21 in arrears for several consecutive months without corrective action. A sampling of five tenant  
22 ledgers for Shasta Park showed a combined outstanding balance due the owner of \$5,957.33.

23           **Violation:** By failing to properly record/account for rent and security deposits, Steele  
24 failed to exercise reasonable care and diligence, to account in a timely manner for all funds  
25 received from or on behalf of the owner, to act in a fiduciary manner in all matters relating to  
26 trust funds, and to be loyal to the owner by not taking action that is adverse or detrimental to  
27 the owner's interest, in violation of ORS 696.890(4)(c)(d)(e)(f) (2015 Edition). Additionally,  
28 Steele demonstrated incompetence in violation of ORS 696.301(12) (2015 Edition), which  
29 states a licensee's license may be disciplined if they have demonstrated incompetence or  
30 untrustworthiness in performing any act for which the licensee is required to hold a license.

1           1.15 A review of one of Steele's property management agreements stated the  
2 following relating to compensation, "The agent shall be compensated for hourly time and for  
3 expenses related to work performed outside the scope of property management, "with prior  
4 written consent from a representative of the Owner or Jeff Elder."

5           1.16 Jeff Elder (Elder) was identified as a designated agent for the owner or as having  
6 authority to provide written consent to Steele for hourly time and expenses related to work  
7 outside the scope of property management for in several property management agreements,  
8 including those for Trend Place and Rockwood Park.

9           1.17 Elder was never associated with PPM and was not aware of his authority, nor  
10 had he ever authorized Steele's hourly time or expenses.

11           1.18 Steele explained when he first started in property management one of the  
12 owners wanted Elder to be included in the property management agreement because Elder  
13 had professional real estate experience. Steel stated he never requested written or verbal  
14 authority for expenses from Elder.

15           1.19 Steele provided an Addendum which removed Elder from the PMA. The  
16 Addendum was signed by Steele and Jeff Elder. It did not include signatures of any of the  
17 owners who signed the original property management agreement.

18           **Violation:** By failing to have the owners sign the addendum for the property  
19 management agreement for Trend Place and Rockwood Park, Steele violated OAR 863-025-  
20 0020(4) (5-15-14 Edition), which states, any amendment or addendum to the property  
21 management agreement must be in writing and include the identifying code, the date of the  
22 amendment, signature of the property manager and the signatures of all owners who signed  
23 the initial property management agreement.

24           1.20 May 2015 reconciliations for clients' trust accounts ending in #2366, #0085 and  
25 #9163 (tenant security deposits account), had the following issues:

- 26           • The reconciliations did not balance,
- 27           • Supporting documentation was not generated to the date of the bank statement  
28           (reconciliation for account ending in #2366), and indicated seriously aged  
29           unreconciled entries dating back to 2005, and
- 30           • The single reconciliation form lacked an explanation of the difference and was  
            either not signed or dated by Steele.

1           **Violation:** By failing to properly reconcile clients' trust accounts ending in #2366,  
2 #0085, and #9163 (security deposits account), Steele violated OAR 863-025-0025(20) and  
3 (21) (5-15-14 Edition), which requires a property manager to reconcile each clients' trust  
4 account and security deposits account within 30 days of the bank statement, and the  
5 reconciliation must contain three components, and the three components must be equal and  
6 reconciled with each other. Within 30 days from the bank statement, the property manager  
7 must complete the reconciliation document and sign and date it. Additionally, by failing to take  
8 the necessary corrective action to resolve any adjustments, Steele violated OAR 863-025-  
9 0025(22) (5-15-14 Edition), which requires the property manager to take corrective action to  
10 resolve all adjustments made in a reconciliation prior to the next reconciliation or document the  
11 good faith efforts the property manager has taken to resolve the adjustment.

12           1.21 July 2015 reconciliation documents for account ending in #9163 had the following  
13 issues:

- 14           • The three required components did not balance, and
- 15           • Supporting documentation contained aged unreconciled entries and did not  
16           correlate to the written explanation of the difference.

17           **Violation:** By failing to properly reconcile the security deposits account ending in #9163  
18 for July 2015, Steele violated OAR 863-025-0025(21) (5-15-14 Edition) which requires a  
19 property manager to reconcile each security deposits account within 30 calendar days of the  
20 bank statement, the reconciliation requires three components. Per OAR 863-025-0025(21) the  
21 balances of each component must be equal. Any adjustment must be clearly identified and  
22 explained on the reconciliation document. Additionally, by failing to take the necessary  
23 corrective action to resolve any adjustments, Steele violated OAR 863-025-0025(22) (5-15-14  
24 Edition), which requires a property manager to take corrective action to resolve all  
25 adjustments made in a reconciliation prior to the next reconciliation or document the good faith  
26 efforts the property manager has taken to resolve the difference.

27           1.22 August 2015 reconciliation documents for accounts ending in #9163 (security  
28 deposits account) and #0085 (clients' trust account) had the following issues:

- 29           • Supporting documentation did not appear to correlate to the bank statement,  
30           check register, total of owner and security deposit ledger and reconciled balance  
            as indicated on the single three way reconciliation form.

1           **Violation:** By failing to properly reconcile the security deposits account ending in #9163  
2 for August 2015, and clients' trust account ending in #0085 Steele violated OAR 863-025-  
3 0025(20) and (21) (5-15-14 Edition), which requires a property manager to reconcile each  
4 clients' trust account and security deposits account within 30 calendar days of the bank  
5 statement, the reconciliation requires three components. Per OAR 863-025-0025(20) and  
6 (21), the balances of each component must be equal. Any adjustment must be clearly  
7 identified and explained on the reconciliation document. Additionally, by failing to take the  
8 necessary corrective action to resolve any adjustments, Steele violated OAR 863-025-  
9 0025(22) (5-15-14 Edition), which requires a property manager to take corrective action to  
10 resolve all adjustments made in a reconciliation prior to the next reconciliation or document the  
11 good faith efforts the property manager has taken to resolve the difference.

12           1.23 On clients' trust account ending in #4945, named "Beaver Investments," property  
13 owner Arthur Steele Jr., was a signer on the account.

14           **Violation:** By allowing property owner, Arthur Steele Jr., to be a signer on a clients'  
15 trust account ending in #4945, Steele violated OAR 863-025-0025(9) (5-15-14 Edition), which  
16 states a property manager may not allow an owner to be an authorized signor on a clients'  
17 trust account or security deposit account and may not allow an owner to deposit, hold, or  
18 disburse funds in a clients' trust account or security deposit account.

19           1.24 OREA records indicate for clients' trust accounts ending in #4945, #0085, #2366,  
20 and #9163, Steele did not notify OREA within 10 days of opening or closing a clients' trust  
21 account.

22           **Violation:** By failing to notify OREA within 10 days after the date of opening or closing  
23 clients' trust accounts ending in #0085, #2366, #9163 and #4945 Steele violated ORS  
24 696.241(4) and (6) (2015 Edition), which requires a property manager to notify the Agency  
25 within 10 business days after the date a clients' trust account is opened or closed.

26           1.25 All of the above demonstrate incompetence in performing acts for which Steele is  
27 required to hold a license.

28           **Violations:** ORS 696.301(28) (2001-2005 Editions) and ORS 696.301(12) (2007-  
29 2015), states a licensee's license can be disciplined if they have demonstrated incompetence  
30 or untrustworthiness in performing any act for which the licensee is required to hold a license.





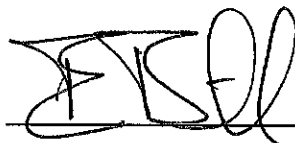
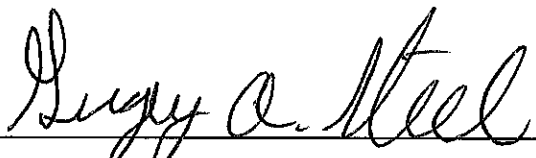
ORDER

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

IT IS FURTHER ORDERED that Steele 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. Steel must submit a certificate to OREA showing completion of the 27-hour Property Manager Advanced Practices Course. This certificate must be submitted to OREA no later than 10 days after the education has been completed.

IT IS SO STIPULATED:

IT IS SO ORDERED:



GREGORY A. STEELE

GENE BENTLEY

Real Estate Commissioner

Date 4/25/17

Date 5.1.17

Date of service: 5/1/2017