

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4 In the Matter of the Real Estate License of

5
6 KATHLEEN LEPPERT

7 } STIPULATED FINAL ORDER
8
9

10 The Oregon Real Estate Agency (Agency) and Kathleen Leppert (Leppert) do hereby
11 agree and stipulate to the following:

12 FINDINGS OF FACT
13 &
14 CONCLUSIONS OF LAW

15 1.

16 1.1 Leppert held a principal broker license working under the registered business
17 name Mountain Oasis Properties, Inc.

18 1.2 On February 11, 2019, property owners Anne Norment and Lawson Schaller filed
19 a complaint against Leppert with the Agency. The complaint alleged Leppert delayed
20 transferring rental proceeds, failed to respond to them and did not complete a final accounting.
21 On April 8, 2019, property owner Jeffery Bennet filed a complaint against Leppert with the
22 Agency. The complaint alleged Leppert failed to keep records, delayed transfer of rent
23 proceeds and failed to transfer rents collected for the previous three months.

24 1.3 The Agency opened an investigation.

25 1.4 On April 23 and April 24, 2019, Agency Financial Investigator/Auditors Lindsey
26 Nunes (Nunes) and Meghan Lewis (Lewis) met with Leppert at her home office. On April 24,
27 2019, Leppert surrendered her principal broker license.

28 1.5 Leppert told Nunes and Lewis she had mismanaged her business for the past
29 two years and admitted using clients' funds for personal use for bills and basic necessities.
30 ///

1 1.6 Leppert said it started about two years prior when her mother was ill, and Leppert
2 was her primary care provider until she passed. Leppert said after her mother passed away,
3 her father became ill and she was his primary care provider until he was admitted into an
4 assisted living facility. Leppert claimed she became overwhelmed, depressed and basically
5 just gave up.

6 1.7 At the start of the investigation Leppert had the following trust accounts
7 registered with the Agency: Mountain Oasis Properties - Client Trust Account ending in #5360
8 (CTA), and Mountain Oasis Properties - Client Trust Account - Security Deposits ending in
9 #5394 (CTA-SD).

10 1.8 Leppert stated she had not reconciled her clients' trust accounts in over two
11 years.

12 **Violation:** By failing to reconcile the CTA ending in #5360 and CTA-SD ending in #5394
13 for over two years Leppert violated ORS 696.301(3) as it incorporates OAR 863-025-0025(20)
14 and (21) (11-15-16 Edition) and OAR 863-025-0028(2) and (3) (1-1-2018 Edition). OAR 863-
15 0025(20) and (21) (11-15-16 Edition) and OAR 863-025-0025(2) and (3) (1-1-2018 Edition)
16 requires a property manager to reconcile each clients' trust account and security deposit
17 account within 30 calendar days of the date of the bank statement. The reconciliation must
18 contain the required three components and be equal each other.

19 1.9 According to Leppert she had been audited by the Agency in 2015 (passed the
20 audit) and then sometime after that everything, "went to hell." She failed to account for funds,
21 and stopped tracking receipts and disbursements.

22 1.10 Property owner Jeff Bennet's owner ledger showed an invoice from Severson's
23 Plumbing dated December 27, 2018 and showed it was paid on February 20, 2019. However,
24 the property owner stated the bill was never paid and provided the invoice and supporting
25 documentation showing the bill was paid by Bennet May 15, 2019.

26 **Violation:** By failing to properly account for all receipts and disbursements Leppert
27 violated ORS 696.301(3) as it incorporates OAR 863-025-0040 (11-15-16 and 1-1-2018
28 Editions), which requires a property manager to prepare and maintain a chronological record
29 of receipts and disbursements or a check register for each clients' trust account and security
30 deposits account in which the property manager must record each receipt of funds and

1 disbursements of funds and have the required detail for each transaction noted. Leppert also
2 violated ORS 696.890(4)(d),(e) (2015 Edition). Leppert's conduct prior to January 1, 2018 is
3 grounds for discipline under ORS 696.301(12) and (15). For conduct on or after January 1,
4 2018, Leppert violated ORS 696.301(3) as it incorporates ORS 696.890(4)(d),(e) (2017
5 Edition). According to ORS 696.890(4) a property manager owes the property owner the
6 following affirmative duties: (d) to account in a timely manner for all funds received from or on
7 behalf of the owner; (e) to act in a fiduciary manner in all matters relating to trust funds.

8 1.11 At some point Leppert failed to maintain security deposits in the CTA-SD, these
9 funds were held with owner funds in Leppert's CTA. In an email dated April 30, 2019, Leppert
10 stated she didn't know exactly when she stopped placing security deposits in the CTA-SD and
11 hadn't kept track. Additionally, she wrote in part, "I'd just take the money and place it in the
12 account and then pay people and when the properties transferred or a tenant moved out,
13 would pay their deposits often out of the CTA." Leppert also noted she transferred the
14 remaining security deposits into the CTA at some point in the last several months to get an
15 idea of how much money was left and what was owed.

16 **Violation:** By failing to keep security deposits in the CTA-SD Leppert violated ORS
17 696.301(3) as it incorporates OAR 863-025-0025(5) (11-15-16 Edition), and OAR 863-025-
18 0025(6) (1-1-2018) which requires a property manager who receives a security deposits on
19 behalf of an owner must open and maintain a security deposits account, as defined in OAR
20 863-0125-0010, that is separate from the property manager's clients' trust account.

21 1.12 In an email dated April 29, 2019 Leppert wrote, "The funds I used personally
22 went toward food, water/sewer, rent and gas for vehicles." "So as for [sic] where any money
23 went that was paid out of the CTA, it went to survival."

24 1.13 Records for the CTA ending in #5360 for the months of January 2019 through
25 April 2019 show transfers of funds out of the CTA to Mountain Oasis Business Checking. The
26 amounts transferred out appear to be inconsistent with what Leppert's management fee of
27 collected rents would have been. Leppert said she didn't take management fees, but just took
28 what she needed.

29 ///

30 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

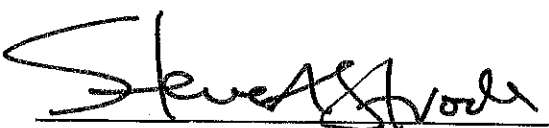
ORDER

IT IS HEREBY ORDERED that Leppert's principal broker license is revoked.

IT IS SO STIPULATED:

IT IS SO ORDERED:


KATHLEEN LEPPERT


STEVEN STRODE

Date 12/27/19

Real Estate Commissioner
Date 1/6/2020

1/6/2020
Date of Service