

REAL ESTATE AGENCY
BEFORE THE REAL ESTATE COMMISSIONER

In the Matter of the Real Estate License of

DEANNA M. WALLS

STIPULATED FINAL ORDER

The Oregon Real Estate Agency (Agency) and Deanna M. Walls (Walls) do hereby agree and stipulate to the following:

FINDINGS OF FACT
&
CONCLUSIONS OF LAW

1.

1.1 At all times mentioned herein, Walls was licensed as a principal broker with High Country Real Estate.

1.2 On February 4, 2019, the Agency emailed a Mandatory Mail-In Audit Review to High Country Real Estate (High Country), for the month of October 2018 for account ending in #8752. The reconciliation and supporting documents were due no later than 30 days from the date of the letter.

1.3 On March 8, 2019, Virginia Vernon (Vernon) contacted the Agency claiming there were issues reconciling and she appeared to be short \$200.00.

1.4 Walls called the Agency on March 15, 2019, and explained she had purchased High Country from Vernon in February 2019.

1.5 Walls emailed the requested October 2018 reconciliation documents for account ending in #8752 past the 30 day deadline to the Agency. In the same email Walls wrote Vernon had been the Principal Broker/Owner of High Country in October 2018, and Walls had not been in charge of the reconciliations at the time. Vernon was preparing to retire as soon as she could get the accounts reconciled and transfer the accounts to Walls with the correct

1 balance.

2 1.6 On May 3, 2019, Walls emailed the Agency, stating she had opened three new
3 clients' trust accounts. Agency staff informed Walls the clients' trust accounts were not in the
4 licensing system and Walls was required to enter them into the system within 10 business
5 days of opening the accounts. Walls responded she would enter them immediately, however,
6 Agency records show Walls did not enter the following clients' trust accounts: Real Estate
7 Trust Acct-Property Management Monthly Rents ending in #1279, Real Estate Trust Account-
8 RE Earnest Money Trust Account ending in #1885, Security Deposit Trust Account- Rental
9 Security Deposits ending in #1395, into the licensing system until June 29, 2019, nor did she
10 use the required naming conventions for the trust accounts.

11 1.7 Bank statement dated February 1-28, 2019, showed the account name as
12 "Deanna M Walls Real Estate Inc., Real Estate Trust Account," for account ending in #1395.
13 Walls stated this account was a tenant security deposit account, however, the account name
14 on the bank statement does not identify the account as a Clients' Trust Account- Security
15 Deposits or similar language as required.

16 **(1) Violation:** Walls failed to report following accounts: Real Estate Trust Account- RE
17 Earnest Money Trust Account ending in #1885, Real Estate Trust Acct-Property Management
18 Monthly Rents ending in #1279 and Security Deposit Trust Account- Rental Security Deposits
19 ending in #1395, to the Agency within 10 days of opening the accounts in violation of ORS
20 696.301(3) as it incorporates OAR 863-025-0025(3) (1-01-2018 Edition) which states (3)
21 Within 10 business days from the date a clients' trust account is opened, the property manager
22 must notify the Agency using an online process established by the Agency. Walls also violated
23 ORS 696.301(3) as it incorporates ORS 696.245(2)(a)(b)(c)(d)(e) (2019 Edition), which states,
24 (2) Within 10 business days from the date a clients' trust account is opened, a licensed real
25 estate property manager or principal real estate broker shall notify the Real Estate Agency that
26 the account has been opened. The notice must include information about the clients' trust
27 account, including but not limited to (a) The name of the bank where the account is locate; (b)
28 The account number; (c) The name of the account; (d) The date the account was opened; and
29 (e) An acknowledged copy of the notice described in subsection (1) of this section.

30 **(2) Violation:** Walls failed to properly name the clients' trust accounts, a violation ORS

1 696.301(3) as it incorporates OAR 863-025-0025(1)(a)(b) (1-1-2018 Edition) which states: All
2 clients' trust accounts and security deposits trust accounts must be labeled on all bank records
3 and checks as: (a) "Clients' Trust Account" or "Client Trust Account"; or (b) "Clients' Trust
4 Account – Security Deposits" or "Client Trust Account SD".

5 1.8 On May 8, 2019, Agency staff emailed Walls and Vernon asking for an
6 explanation of the discrepancy noted on the October 2018 reconciliation documents. Walls
7 was also asked if the account was reconciled in November of 2018, since the review was for
8 October 2018. Walls was asked to provide reconciliation documents for November 2018 to
9 show corrective active taken and issued a due date of May 13, 2019.

10 1.9 On May 28, 2019, Walls emailed Agency staff regarding the Mandatory Mail-In
11 Audit Review and asked for an extension until May 31, 2019, which was granted. Walls failed
12 to produce the records as promised by the May 31, 2019, due date.

13 **(3) Violation:** By failing to produce the records by the deadline of May 31, 2019, Walls
14 violated ORS 696.301(3) as it incorporates OAR 863-025-0035(2)(a)(c) (1-1-18 Edition), which
15 states (2) A property manager must produce records required under section (1) of this rule for
16 inspection by the Agency as follows: (a) When the Agency makes a request for production of
17 property management records, the property manager must provide such records within no less
18 than five banking days; and (c) Failure to produce such records within the timelines stated in
19 subsection (a) or (b) of this section is a violation of ORS 696.301.

20 1.10 On August 6, 2019, the Agency opened an investigation.

21 1.11 On August 15, 2019, Agency Financial Investigator/Auditor Lindsey Nunes
22 (Nunes) interviewed Walls and Vernon. Walls purchased the company in February 2019 and
23 as part of the purchase agreement she assumed all responsibility for the clients' trust
24 accounts, but she was unaware the accounts were out of balance. When she opened new
25 clients' trust accounts in February 2019, after purchasing the business, is when she found out
26 the accounts were not balanced.

27 1.12 Nunes asked Walls to provide reconciliation information from when she bought
28 the company (February 2019) up to date. Walls said she had not reconciled the accounts
29 since she bought the business in February 2019.

30 **(4) Violation:** Walls purchased High Country in February 2019, but when an Agency

1 representative contacted her in August 2019, Walls admitted she had not yet reconciled her
2 clients' trust accounts a violation of ORS 696.301(3) as it incorporates OAR 863-025-
3 0028(2)(a)(A)(B)(C)(b)(c)(d)(A)(B)(e) and (3)(a)(A)(B)(C)(b)(c)(d)(A)(B)(e) (1-1-2018 Edition)
4 which states: (2) a property manager must reconcile each clients' trust account within 30
5 calendar days of the date of the bank statement pursuant to the requirements contained in this
6 section. (a) The reconciliation must have three components that are contained in a single
7 reconciliation document: (A) The bank statement balance, adjusted for outstanding checks and
8 other reconciling bank items; (B) The balance of the record of receipts and disbursements or
9 the check register as of the date of the bank statement; and (C) The sum of all positive owners'
10 ledgers as of the date of the bank statement. (b) The balances of each component in section
11 (2)(a) of this rule must be equal to and reconciled with each other. If any adjustment is needed,
12 the adjustment must be clearly identified and explained on the reconciliation document. (c)
13 Outstanding checks must be listed by check number, issue date, payee and amount; (d) Within
14 30 calendar days from the date of the bank statement, the property manager must: (A)
15 Complete the reconciliation document; and (B) Sign and date the reconciliation document,
16 attesting to the accuracy and completeness of the reconciliation; and (e) The property
17 manager must preserve and file in logical sequence the reconciliation document, bank
18 statement, and all supporting documentation including, but not limited to, copies of the record
19 of receipts and disbursements or check register and a listing of each owner's ledger balance
20 as of the date of the bank statement; and (3) A property manager must reconcile each security
21 deposits account within 30 calendar days of the bank statement date pursuant to the
22 requirements contained in this section. (a) the reconciliation must have three components that
23 are contained in a single reconciliation document: (A) the bank statement balance, adjusted for
24 outstanding checks and other reconciling bank items; (B) the balance in the records of receipts
25 and disbursements or the check register as of the date of the bank statement; (C) the sum of
26 all positive balances of individual security deposits and fees held in the security deposits
27 account. (b) the balances of each component in section (3)(a) of this rule must be equal to and
28 reconciled with each other. If any adjustment is needed, the adjustment must be clearly
29 identified and explained on the reconciliation document; (c) outstanding checks must be listed
30 by check number, issue date, payee and amount; (d) within 30 calendar days of the date of

1 the bank statement, the property manager must: (A) Complete the reconciliation document;
2 and (B) Sign and date the reconciliation document, attesting to the accuracy and completeness
3 of the reconciliation; and (e) The property manager must preserve and file in logical sequence
4 the reconciliation document, bank statement, and all supporting documentation including, but
5 not limited to, copies of the record of receipts and disbursements or check register and a listing
6 of all balances of individual security deposits and fees as of the date of the bank statement.

7 1.13 On the same day as the interview, August 15, 2019, Nunes issued Walls a
8 demand letter for all bank statements, check registers, and tenant/owner ledger records for
9 accounts ending in #1279, #1885, and 1395. The records were to be submitted immediately.

10 1.14 On August 29, 2019, Walls emailed the Agency an explanation of her
11 circumstances for failing to reconcile her clients' trust accounts. She stated she would not have
12 the records completed by August 30, 2019, however, she would have them completed by
13 September 13, 2019. Walls did not produce all of the requested records by September 13,
14 2019, as she promised.

15 **(5) Violation:** By failing to produce the requested records by September 13, 2019, Walls
16 violated ORS 696.301(3) as it incorporates OAR 863-025-0035(2)(a)(c) (1-1-18 Edition), which
17 states: (2) A property manager must produce records required under section (1) of this rule for
18 inspection by the Agency as follows: (a) When the Agency makes a request for production of
19 property management records, the property manager must provide such records within no less
20 than five banking days; and (c) Failure to produce such records within the timelines stated in
21 subsection (a) or (b) of this section is a violation of ORS 696.301.

22 1.15 Check register for security deposits account ending in #1395 dated February 1-
23 July 31, 2019 shows entries from February 1-April 23, 2019, which do not include all required
24 information for the payee, or the purpose of the funds and identity of the person who tendered
25 the funds or the identifying code.

26 1.16 Check register dated February 1-July 31, 2019 for clients' trust account ending in
27 #1379 fails to show for receipt of funds, the purpose and identity of the person who tendered
28 the funds, and for each disbursement, the purpose of the disbursement.

29 **(6) Violation:** By failing to provide a check register for the clients' trust account and
30 security deposits account which met all requirements, Walls violated ORS 696.301(3) as it

1 incorporates OAR 863-025-0040(2)(a)(C)(b)(C)(D)(c) (1-1-18 Edition) which states: (2) A
2 record of receipts and disbursements or a check register must contain at least the following
3 information: (a) For each receipt of funds: (C) The purpose of the funds and identity of the
4 person who tendered the funds, and (b) For each disbursement of funds, (C) The check
5 number and payee of the disbursement; and (D) The purpose of the disbursement; (c) If there
6 is more than one property in a clients' trust account, each entry for a receipt, deposit or
7 disbursement must be identified with the applicable identifying code.

8 1.17 Bank Statement for security deposits account ending in #1395 dated March 1-31,
9 2019, shows a deposit on March 11, 2019 for \$10,130.00. Walls stated these were rent funds
10 that were deposited into the account in error. Walls provided a check register showing the
11 error, and a deposit slip correcting the error.

12 1.18 Review of the February 1-July 31, 2019, check register for security deposits
13 account ending in #1395 shows in addition to the \$10,130.00 rents deposited in error, rental
14 income was deposited in April 2019 into the security deposits account.

15 **(7) Violation:** By repeatedly depositing rental income into security deposits account ending
16 in #1395, Walls violated ORS 696.301(3) as it incorporates OAR 863-025-0025(8)(a) (1-1-18
17 Edition), which states, (8) Only the following funds may be held in a security deposits account:
18 (a) Security deposits as defined in OAR 863-025-0010.

19 1.19 On November 29, 2019, the Agency received five months of reconciliations
20 including February, April, May, June and July of 2019 for security deposits account ending in
21 #1395.

22 1.20 These reconciliations show on the single trust account reconciliation document, a
23 completed date within the required 30-days of the bank statement, yet the supporting
24 documentation for these reconciliations shows they were generated in the month of October
25 2019.

26 **(8) Violation:** By backdating her professional real estate records Wells violated ORS
27 696.301(12) (2019 Edition), which states a licensee's real estate license may be disciplined if
28 they have (12) Demonstrated incompetence or untrustworthiness in performing any act for
29 which the real estate licensee is required to hold a license.

30 1.21 On May 19, 2020, the Agency requested Walls submit supporting documentation

1 for Part II (the check register) and Part III (owner ledgers) relating to clients' trust account
2 ending in #1379 and security deposits account ending in #1396. Walls was given the deadline
3 of the following business day at 5:00pm to submit the remaining documents. Walls did not
4 make the deadline, but replied to the email on May 21, 2020 stating she was out of the office,
5 but would have the documents printed out that morning. Walls exchanged several emails back
6 and forth with Agency staff clarifying what the Agency was asking for. On May 27, 2020, Walls
7 emailed the Agency asking for an extension to submit the remaining supporting documents for
8 the March 2020 monthly reconciliations. Commissioner Steve Strode granted Walls an
9 extension of June 15, 2020. Walls failed to submit the requested supporting documentation by
10 the June 15, 2020 deadline.

11 **(9) Violation:** By failing to provide complete records by June 15, 2020, Walls violated ORS
12 696.301(3) as it incorporates OAR 863-025-0035(2)(a)(c) (1-1-2018 Edition), which states, (2)
13 A property manager must produce records required under section (1) of this rule for inspection
14 by the Agency as follows: (a) When the Agency makes a request for production of property
15 management records, the property manager must provide such records within no less than five
16 banking days; and (c) Failure to produce such records within the timelines stated in subsection
17 (a) or (b) of this section is a violation of ORS 696.301.

18 1.22 All of the above violations demonstrate incompetence in performing any act for
19 which Walls is required to hold a license. Additionally, the above violations show Walls
20 engaged in conduct below the standard of care for the practice of professional real estate
21 activity in Oregon.

22 **(10) Violations:** ORS 696.301(12)(15) (2019 Edition) which states a licensee's real estate
23 license may be disciplined if they have: (12) demonstrated incompetence in performing any act
24 for which the real estate licensee is required to hold a license, and (15) engaged in conduct
25 below the standard of care for the practice of professional real estate activity in Oregon.

26 27 2.

28 2.1 The foregoing violations are grounds for discipline pursuant to ORS 696.301(3),
29 (12), and (15). Based on these violations a reprimand is appropriate for violations of ORS
30 696.301(3),(12), and (15).

1 the final order by email, and hereby waive the right to challenge the validity of service.

2 ORDER

3 IT IS HEREBY ORDERED that Deanna Wall's principal broker license be, and hereby is
4 reprimanded.

5 IT IS FURTHER ORDERED that Walls complete the 27-hour Property Manager
6 Advanced Practices Course, (detailed in OAR 863-022-0022, 1-1-2018 Edition) within six
7 months from the when the Commissioner signs this order. Walls must submit a certificate to
8 the Agency showing completion of the 27-hour Property Manager Advanced Practices Course.
9 This certificate must be submitted to the Agency no later than the 10 days after the education
10 has been completed.

11
12 IT IS SO STIPULATED:

IT IS SO ORDERED:



13
14 DocuSigned by:

15 *Deanna M Walls*

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16 DEANNA M. WALLS

DocuSigned by:

15 *Steven Strode*

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16 STEVEN STRODE

17 Real Estate Commissioner

18 Date 9/16/2020 | 4:29 PM CDT

18 Date 9/17/2020 | 7:57 AM PDT

19
20 Date of Service: 09/17/2020