

REAL ESTATE AGENCY  
BEFORE THE REAL ESTATE COMMISSIONER

In the Matter of the Real Estate License of )  
ABRAHAM WALSH ) STIPULATED FINAL ORDER

The Oregon Real Estate Agency (Agency) and Abraham Walsh (Walsh) do hereby agree and stipulate to the following:

FINDINGS OF FACT  
&  
CONCLUSIONS OF LAW

1.

1.1 At all times mentioned herein, Walsh was licensed as a property manager with Legacy Property Management.

1.2 On October 28, 2019, the Agency received a complaint from David George (George) against Walsh. The Agency opened an investigation.

1.3 George owned three properties in Portland, 42B located at 830-848 SE 42<sup>nd</sup> Ave (42B), Walnut Grove Apartments located at 3835 NE 152<sup>nd</sup> Ave (Walnut Grove), and Stark Street Townhomes located at 15847 SE Stark St (Stark Street).

1.4 The property management agreement for Stark Street was signed by Walsh and George on February 26, 2019. The property management agreement for 42B was signed on March 1, 2019, and the property management agreement for Walnut Grove was signed on March 12, 2019.

1.5 Walsh is the owner and sole property manager for Legacy Property Management. Sandy Carr (Carr) is the Accounting Manager at Legacy and has worked there for four years. Carr is responsible for the completion of the monthly clients' trust account reconciliations.

1           1.6    On December 15, 2020, Agency Investigator/Financial Auditor Cidia Nanez  
2           emailed Walsh and Carr requesting a copy of the Delegation of Authority for Carr. As of  
3           December 22, 2020, Nanez had not received a response to that request. Walsh did later  
4           provide a copy of the document to the Agency.

5           **(1)    Violation:** Walsh was asked to provide a Delegation of Authority for Carr and he failed  
6           to produce the document timely, violating ORS 696.301(3) as it incorporates OAR 863-0025-  
7           0035(2)(a) (1/1/2020 Edition) which states: (2) a property manager must produce records  
8           required under section (1) of this rule for inspection by the Agency as follows: (a) When the  
9           Agency makes a request for production of property management records, the property  
10          manager must provide such records within no less than five banking days.

11          1.7    Per the terms of the property management agreement for all three of George's  
12          properties, the agent's compensation was based on "a monthly management fee of 4% of the  
13          gross collected monthly income." A review of the owner statements for the three properties  
14          show the management fee, when calculated, included utility payments (payments made by the  
15          tenant to the property manager to cover utilities) as income when the 4% management fee  
16          was charged in the following instances, which was not explicitly stated in the property  
17          management agreement:  
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- 19           • July 2019 owner statement for 42 B shows management fees paid to Legacy of  
20           \$47.80, which is 4% of the rental income plus the utility payment from Phillip  
21           Stressman.
- 22           • July 2019 owner statement for Walnut Grove shows all the rent income plus the  
23           utility payment recorded on July 8, 2019, equals \$3,748.52 and 4% of that is the  
24           management fee of \$149.94 collected by Legacy on July 8, 2019.
- 25           • August 2019 owner statement for Stark Street shows the management fee of  
26           \$2.60 collected by Legacy on August 6, 2019, which was 4% of the utility  
27           payment from Cynthia Sykes.

28          **(2)    Violation:** By charging management fees against utility payments (which were counted  
29          as income), which was not explicitly stated in the property management agreement, Walsh  
30          violated ORS 696.301(3) as it incorporates ORS 696.890(3),(4)(a),(c),(e),(f) (2019 Edition),

1 which states: (3) a real estate property manager may engage in the management of rental real  
2 estate for an owner of rental real estate only pursuant to a property management agreement.  
3 (4) A real estate property manager owes the property owner the following affirmative duties: (a)  
4 to deal honestly and in good faith; (c) to exercise reasonable care and diligence; (e) to act in a  
5 fiduciary matter in all matters relating to trust funds; (f) and to be loyal to the owner by not  
6 taking action that is adverse or detrimental to the owner's interest.

7 1.8 On July 26, 2019, George sent Legacy a termination notice via email. The  
8 effective date of the termination was August 25, 2019. The final accounting and final payment  
9 was made to George on November 27, 2019. The date of the final payment was 94 days after  
10 the effective date of termination.

11 **(3) Violation:** Walsh submitted the final accounting and final payment to George 94 days  
12 after the effective date of termination, in violation of ORS 696.301(3) as it incorporates OAR  
13 863-025-0070(2)(a),(b)(A),(B) (1/1/2019 Edition) and ORS 696.890(4)(c),(e) (2019 Edition).  
14 OAR 863-025-0070(2)(a),(b)(A),(B) states: (2) not later than 60 days after the effective date of  
15 the termination, the property manager must: (a) disburse all obligated funds to the party or  
16 parties entitled to the funds; (b) Provide the owner with the following: (A) a final accounting of  
17 the owner's ledger account; (B) all funds belonging to the owner as shown on the owner's  
18 ledger, unless the owner directs the property manager, in writing, to transfer the funds to  
19 another property manager, escrow agent or person. Per ORS 696.890(4)(c),(e): (4) a real  
20 estate property owner owes the property owner the following affirmative duties: (c) to exercise  
21 reasonable care and diligence; and (e) to act in a fiduciary manner in all matters relating to  
22 trust funds.

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24 1.9 According to Carr, they had set up 50 new bank accounts for all their property  
25 owners. On November 25, 2020, Nanez emailed Walsh informing him of the requirement to  
26 register the accounts with the Agency within 10 business days from the date the accounts  
27 were opened, which had not been done. Nanez requested Walsh register the new accounts  
28 by December 10, 2020 with the Agency. As of December 18, 2020, the 50 clients' trust  
29 account had not been registered with the Agency.  
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1 **(4) Violation:** Walsh opened 50 new clients' trust accounts and failed to have them  
2 registered with the Agency within 10 business days from the date the client's trust accounts  
3 were opened. On November 25, 2020, Walsh was asked to register his clients' trust accounts  
4 with the Agency within 10 business days and failed to do so, violating ORS 696.301(3) as it  
5 incorporates OAR 863-025-0025(3) 1/1/2020 Edition) and 696.245(2)(a),(b),(c),(d),(e) (2019  
6 Edition). OAR 863-025-0025(3) states: within 10 business days from the date a clients' trust  
7 account is opened, the property manager must notify the Agency using an online process  
8 established by the Agency. The notification will include the information required in ORS  
9 696.245, including a copy of the completed and signed "Notice of Clients' Trust Account and  
10 Authorization to Examine." ORS 696.245(2)(a),(b),(c),(d),(e) states: (2) within 10 business  
11 days from the date a clients' trust account is opened, a licensed real estate property manager  
12 or principal real estate broker shall notify the Real Estate Agency that the account has been  
13 opened. The notice must include information about the clients' trust account, including but not  
14 limited to: (a) the name of the bank where the account is located; (b) the account number; (c)  
15 the name of the account;(d) the date the account was opened; (e) and an acknowledged copy  
16 of the notice.

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18 1.10 Per the Stark Street property management agreement, "All utility charges, as  
19 appropriate, shall be paid by the tenant during the tenant's occupancy."

20 1.11 A comparison of the utilities collected against the utilities that were paid for two  
21 months for Stark Street showed utilities were under collected. In April 2019, funds received for  
22 utilities is \$347.00 less than what was disbursed from George's owner ledger. In May 2019,  
23 the funds received for utilities is \$3,324.82 less than what was disbursed from George's owner  
24 ledger.

25 1.12 Per the 42B property management agreement, "All utility charges, as  
26 appropriate, shall be paid by the tenant during the tenant's occupancy."

27 1.13 A review of utilities collected vs paid for 43B shows utilities were under collected.  
28 In April 2019, funds received for utilities was \$808.57 less than what was disbursed. In May  
29 2019, funds received for utilities was \$177.80 more than was disbursed, leaving a combined  
30 net shortage of \$630.77 for the two months.

1 1.14 Per the Walnut Grove property management agreement, "All utility charges, as  
2 appropriate, shall be paid by the tenant during the tenant's occupancy."

3 1.15 A review of utilities collected vs paid, showed utilities were under-collected. In  
4 April 2019, the funds received for utilities was \$33.09 more than what was disbursed. In May  
5 2019, the funds received for utilities was \$231.57 less than what was disbursed, leaving a  
6 combined net shortage of \$198.48 for the two months.

7 1.16 In his interview with Nanez, Wash said George did not want Legacy paying all  
8 the utilities that George wanted to pay with his credit card so he could get the miles. When  
9 asked if they had ever talked through the utilities issue to try to figure it out, Carr indicted they  
10 had, but never seemed to get it correct.

11 **(5) Violation:** Walsh failed to ensure a procedure to manage the receipts and  
12 disbursements of utility billings, which caused income loss for George, violating ORS  
13 696.301(3) as it incorporates ORS 696.890(3),(4)(a),(c),(e),(f) (2019 Edition) which states: (3)  
14 a real estate property manager may engage in the management of rental real estate for an  
15 owner of rental real estate only pursuant to a property management agreement. (4) a real  
16 estate property manager owes the property owner the following affirmative duties: (a) to deal  
17 honestly and in good faith; (c) to exercise reasonable care and diligence; (e) to act in a  
18 fiduciary manner in all matters relating to trust funds; (f) and to be loyal to the owner by not  
19 taking action that is adverse or detrimental to the owner's interest.

20 1.17 On October 14, 2020, Nanez sent an email requesting a 3 way reconciliation for  
21 clients' trust account ending in #8232 for April, May and June 2019.

22 1.18 On October 22, 2020 Nanez requested 3 way reconciliations for clients' trust  
23 account ending in #8244 for April, May and June 2019. Nanez compared the reconciliations  
24 received for 2019 against the reconciliations received in Walsh's prior investigation with the  
25 Agency and found many of the reconciliations were not in balance and many of the  
26 outstanding deposits and checks remained unresolved.

27 1.19 For clients' trust account ending in #8244, the following was noted:

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- 29 • Trust account reconciliation for September 2017 showed Part IV (the difference  
30 between the three parts) was \$1,431.68.

- 1 • Trust account reconciliation for October 2017, Part IV was \$2,604.73
- 2 • Trust account reconciliation for April 2019, Part IV was \$30,576.38 and remained
- 3 the same for May and June 2019.

4 **(6) Violation:** Records indicate Walsh's clients' trust account ending in #8224 was out of  
5 balance by \$30,576.38 in April, May and June 2019, violating ORS 696.301(3) as it  
6 incorporates OAR 863-0025-0028(4) (1/1/2019 Edition) and ORS 696.890(4)(c)(d)(e) (2019  
7 Edition). OAR 863-025-0028(4) states: a property manager must take corrective action to  
8 resolve all adjustments made in a reconciliation prior to the next reconciliation or document the  
9 good faith efforts the property manager has taken to resolve the adjustment.  
10 696.890(4)(c),(d),(e) states, (4) a real estate property manager owes the property owner the  
11 following affirmative duties: (c) to exercise reasonable care and diligence; (d) to account in a  
12 timely manner for all funds received from or on behalf of the owner; (e) and to act in a fiduciary  
13 manner in all matters relating to trust funds.

14 1.20 For clients' trust account ending in #8244, the following was noted:

- 15 • Trust account reconciliation for September 2017, showed Part IV (the difference
- 16 between the three parts) was \$27,340.14.
- 17 • Trust account reconciliation for October 2017, showed Part IV was \$60,261.97.
- 18 • Trust Account Reconciliations for April 2019 showed the amount of difference
- 19 between Part I and Part III was \$30,286.36.
- 20 • Trust Account Reconciliations for May 2019 showed the amount of difference
- 21 between Part I and Part II was \$27,487.36.
- 22 • Trust Account Reconciliations for June 2019 showed the amount of difference
- 23 between Part I and Part III was \$27,619.36.
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25 **(7) Violation:** Records indicate Walsh's clients trust account ending in #8232 was out of  
26 balance by \$30,286.36 in April, \$27,487.36 in May and \$27,619.36 in June 2019, violating  
27 ORS 696.301(3) as it incorporates OAR 863-0025-0028(4) (1/1/2019 Edition) and ORS  
28 696.890(4)(c),(d),(e) (2019 Edition). OAR 863-0025-0028(4) states: a property manager must  
29 take corrective action to resolve all adjustments made in a reconciliation prior to the next  
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1 reconciliation or document the good faith efforts the property manager has taken to resolve the  
2 adjustment. ORS 696.890(4)(c),(d),(e) states: (4) a real estate property manager owes the  
3 property owner the following affirmative duties: (c) to exercise reasonable care and diligence;  
4 (d) to account in a timely manner for all funds received from or on behalf of the owner; and (f)  
5 to act in a fiduciary manner in all matters relating to trust funds.

6 1.21 The above violations demonstrate incompetence, or untrustworthiness in  
7 performing any act for which Walsh is required to hold a license.

8 **(8) Violation:** ORS 696.301(12) (2019 Edition) which states a licensee's real estate  
9 license may be disciplined if they have demonstrated incompetence or untrustworthiness in  
10 performing any act for which the real estate licensee is required to hold a license.

11 1.22 Walsh's license was disciplined before. In August 2018, Walsh's signed a  
12 stipulated final order and his property manager license was reprimanded and he was ordered  
13 to complete the 27-hour Property Manager Advanced Practices course.

14 1.23 For the current case, Walsh was able to provide mitigating information and  
15 supporting documentation that demonstrated reconciled clients' trust accounts and addressed  
16 other non-compliance issues.

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19 2.

20 2.1 The foregoing violations are grounds for discipline pursuant to ORS 696.301.  
21 Based on these violations a reprimand is appropriate for violations of ORS 696.301(3) and  
22 (12).

23 2.2 The Agency reserves the right to investigate and pursue additional complaints  
24 that may be received in the future regarding this licensee.

25 2.3 In establishing the violations alleged above, the Agency may rely on one or more  
26 of the definitions contained in ORS 696.010.

27 2.4 According to ORS 696.775, the lapsing, expiration, revocation or suspension of a  
28 real estate license, whether by operation of law, order of the Real Estate Commissioner or  
29 decision of a court of law, or the inactive status of the license, or voluntary surrender of the  
30 license by the real estate licensee does not deprive the commissioner of jurisdiction to: (1)

1 proceed with an investigation of the licensee; (2) conduct disciplinary proceedings relating to  
2 the licensee; (3) Take action against a licensee, including assessment of a civil penalty against  
3 the licensee for a violation of ORS 696.020(2); or (4) revise or render null and void an order  
4 suspending or revoking a license.

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6 **STIPULATION & WAIVER**

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

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

22 I agree once the Commissioner executes this stipulated order, I will accept service of  
23 the final order by email, and hereby waive the right to challenge the validity of service.

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ORDER

IT IS HEREBY ORDERED that Abraham Walsh’s property manager license be, and hereby is reprimanded.

IT IS SO STIPULATED:

IT IS SO ORDERED:



DocuSigned by:  
*Abraham Walsh*  
8E5F825CC615400...  
ABRAHAM WALSH

DocuSigned by:  
*Steven Strode*  
D141D267DDE14A0...  
STEVEN STRODE

Date 6/14/2021 | 12:17 PM PDT

Date 6/15/2021 | 7:55 AM PDT

Date of Service: 06/15/2021