

REAL ESTATE AGENCY
BEFORE THE REAL ESTATE COMMISSIONER

In the Matter of the Real Estate License of
LINDA JOSEPHINE SANCHEZ) STIPULATED FINAL ORDER

The Oregon Real Estate Agency (Agency) and Linda Josephine Sanchez (Sanchez) do hereby agree and stipulate to all of the following:

FINDINGS OF FACT, STATEMENTS OF LAW
AND
CONCLUSIONS OF LAW

1.

In establishing the violations set forth herein, the Agency may rely on one or more of the definitions contained in ORS 696.010.

First Findings of Fact:

1.1 At all times mentioned herein, Sanchez was licensed as principal broker doing business under the registered business name of Realty Brokers.

1.2 Sanchez was selected for a trust account reconciliation review. On July 14, 2022, the Agency emailed Sanchez and requested records regarding security deposit account ending in #2237, for the month of May 2022. After a review of the submitted documents, the Agency opened an investigation.

1.3 Sanchez reported that security deposits account ending in #2237 was used to pay bills relating to garbage, landscaping and repairs. She transferred funds into the account and then paid the bills from the security deposits account. The bills were not related to the execution of tenant security deposit accounting, repairs or expenses on behalf of a tenant.

1.4 Sanchez reported when she opened the security deposits account the bank they told her to only use the account to pay the bills.

1 **First Statement of Law:** ORS 696.301(3) authorizes the Commissioner to discipline a
2 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,
3 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the
4 Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-025-
5 0025(8)(a) (1/1/2018, 1/1/2019, 1/1/2020 and 1/1/2021 Editions), which states in part, only the
6 following funds may be held in a security deposits account: (a) Security deposits as defined in
7 OAR 863-0025-0010.

8 **First Conclusion of Law:** Sanchez transferred funds (other than tenant security
9 deposits) into the security deposit account ending #3327 and then paid monthly bills including
10 garbage, landscaping, and repairs out of the security deposit account in violation of ORS
11 696.301(3) and its implementing rule OAR 863-025-0025(8)(a) (1/1/2018, 1/1/2019, 1/1/2020
12 and 1/1/2021 Editions).

13 **Second, Third, and Third Part A Findings of Fact:**

14 1.5 After the Agency requested the most recent reconciliation, Sanchez reported the
15 last reconciliation completed was in August 2015 for an audit with the Agency. This was the
16 last time she had reconciled a clients' trust account.

17 1.6 Agency records show three clients' trust accounts registered for Realty Brokers
18 ending in #3307, #2293, and #5650 and security deposits account ending in #3327.

19 **Second Statement of Law:** ORS 696.301(3) authorizes the Commissioner to discipline
20 a licensee's real estate license who has disregarded or violated any provision of ORS
21 659A.421, 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any
22 rule of the Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-
23 025-0025(20)(21) (11/15/16 Edition) and OAR 863-025-0028(2)(3) (1/1/2018, 1/1/2019,
24 1/1/2020 and 1/1/2021 Editions) which require a property manager to reconcile each clients'
25 trust account and security deposits account within 30 calendar days of the date of the bank
26 statement. ORS 696.301(12) authorizes the Commissioner to discipline a licensee's real
27 estate license who has demonstrated incompetence or untrustworthiness in performing any act
28 for which the real estate licensee is required to hold a license. ORS 696.301(15) authorizes the
29 Commissioner to discipline a licensee's real estate license who has engaged in any conduct
30 that is below the standard of care for the practice of professional real estate activity in Oregon

1 as established by the community of individuals engaged in the practice of professional real
2 estate activity in Oregon.

3 **Second Conclusion of Law:** Sanchez failed to perform monthly clients' trust account
4 and security deposit account reconciliations since 2015 in violation of ORS 696.301(12)(15)
5 (2015-2021 Editions), and ORS 696.301(3) and its implementing rules OAR 863-025-
6 0025(20)(21) (11/15/2016 Edition), and OAR 863-025-0028(2)(3) (1/1/2018, 1/1/2019,
7 1/1/2020 and 1/1/2021 Editions).

8 **Third Statement of Law** ORS 696.301(3) authorizes the Commissioner to discipline a
9 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,
10 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the
11 Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-025-0035
12 (1)(b)(j) (11/15/2016, 1/1/2018, 1/1/2019, 1/1/2020 and 1/1/2021 Editions), which state, in part
13 (1) the property manager's records of the management of rental real estate are "complete and
14 adequate" as required under ORS 696.280 if the records contain, at least, the following: (b)
15 clients' trust account and security deposit account records; and (j) records of the reconciliation
16 of each clients' trust account and security deposits account, including the reconciliation
17 document.

18 **Third Conclusion of Law:** By failing to perform the monthly clients' trust account
19 reconciliations as required, Sanchez's records of property management are not complete and
20 adequate in violation of ORS 696.301(3) and its implementing rule OAR 863-025-0035(1)(b)(j)
21 (11/15/2016, 1/1/2018, 1/1/2019, 1/1/2020 and 1/1/2021 Editions).

22 **Third Part A Statement of Law:** ORS 696.301(3) authorizes the Commissioner to
23 discipline a licensee's real estate license who has disregarded or violated any provision of
24 ORS 659A.421, 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or
25 any rule of the Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR
26 863-025-0035(4) (11/15/16, 1/1/2018, 1/1/2019, 1/1/2020, and 1/1/2021 Editions), which
27 states, a property manager must maintain all records required under section (1) of this rule for
28 a period of six years following the date on which such agreement or document is superseded,
29 terminated, has expired or otherwise ceased to be used in the management of rental real
30 estate.

1 **Third Part A Conclusion of Law:** By failing to complete the monthly reconciliations as
2 required, Sanchez's property management records do not meet the records retention
3 requirement in violation of ORS 696.301(3) and its implementing rule OAR 863-025-0035(4)
4 (11/15/16, 1/1/2018, 1/1/2019, 1/1/2020, and 1/1/2021 Editions).

5 **Fourth Findings of Fact**

6 1.7 At the time of the investigation, Sanchez was managing five properties for three
7 owners. She had three employees, Brad Sanchez (licensed Oregon broker), Debra Sanchez,
8 and Derrell Newman, who all act as independent contractors.

9 1.8 A review of the Independent Contractor Agreement with Brad Sanchez identifies
10 Sanchez as the principal real estate broker who has full supervisory control and responsibility
11 for the professional real estate activities of non-principal real estate brokers associated with
12 Realty Brokers.

13 1.9 Both Sanchez and Brad Sanchez were signers on the security deposits account
14 and they both manage the properties. There was no written policies or written delegation of
15 authority for broker Brad Sanchez to perform property management duties under Sanchez's
16 supervision.

17 **Fourth Statement of Law** ORS 696.301(3) authorizes the Commissioner to discipline a
18 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,
19 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the
20 Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-025-
21 0015(1)(3)(b) (11/15/2016, 1/1/2018, 1/1/2019, 1/1/2020, and 1/1/2021 Editions) which states
22 (1) each property manager must develop, maintain and follow written policies for persons and
23 activities under this rule. (3) Policies must specify the duties, responsibilities, supervision and
24 authority, including any authority to handle funds in a clients' trust account or security deposits
25 account, for the following persons: (b) an active real estate licensee engaged in the
26 management of rental real estate under the supervision and control of a principal broker,
27 including any authority to sign property management agreements under OAR 863-025-0020(6)
28 and tenant rental and lease agreements under 863-025-0045(2).

29 **Fourth Conclusion of Law:** As the supervising principal broker, Sanchez failed to
30 develop, maintain and follow written policies or execute a delegation of authority for broker
Brad Sanchez to perform property management duties under her supervision, a violation of

1 ORS 696.301(3) and its implementing rule of OAR 863-025-0015(1)(3)(b) (11/15/2016,
2 1/1/2018, 1/1/2019, 1/1/2020, and 1/1/2021 Editions).

3 **Fifth Findings of Fact:**

4 1.10 In response to the clients' trust account review, Sanchez submitted property
5 management agreements, a reconciliation, bank statement, account summary, monthly
6 property ledger and the notice of clients' trust account. Sanchez did not submit a record of
7 receipts and disbursements or check register with her records.

8 1.11 The reconciliation provided for May 2022 for security deposit account ending in
9 #2237 did not balance and showed the following totals: Part I \$27,948.89, Part II \$27,948.89,
10 and for Part III \$15,150.00.

11 1.12 On August 10, 2022, the Agency sent an email requesting a missing record of
12 receipts and disbursements for the month of May 2022. In response to this email Sanchez
13 provided a check register report dated May 1-19, 2022. The check register beginning balance
14 on May 1, 2022, matches the bank statement beginning balance of \$27,564.89. The check
15 register ending balance on May 19, 2022, showed \$27,564.89, which does not match the Part
16 II total of \$27,948.89 (as of May 31, 2022), showing on the reconciliation document. The
17 check register is lacking the following detail for each receipt of funds: the date funds were
18 deposited.

19 1.13 Regarding the incomplete check register, outstanding checks and account
20 reconciliation Sanchez reported her accountant was working on the reconciliation and it would
21 take more time to identify the discrepancy of funds.

22 **Fifth Statement of Law** ORS 696.301(3) authorizes the Commissioner to discipline a
23 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,
24 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the
25 Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-025-
26 0040(1)(2)(a)(D) (1/1/2021 Edition) which states: (1) except as provided in section (4) of this
27 rule, a property manager must prepare and maintain a chronological record of receipts and
28 disbursements or a check register for each clients' trust account and each security deposits
29 account in which the manager must record each receipt of funds and each disbursement of
30 funds. (2) a record of receipts and disbursements or a check register must contain at least the
following information: (a) for each receipt of funds: (D) the date the funds were deposited.

1 **Fifth Conclusion of Law:** Sanchez failed to maintain a check register as required in
2 violation of ORS 696.301(3) and its implementing rule OAR 863-025-0040(1)(2)(a)(D)
3 (1/1/2021 Edition).

4 **Sixth Findings of Fact:**

5 1.14 The tenant ledger for 5325 NE 74th submitted by Sanchez only showed entries
6 for May 2, 2022, which consisted of one deposit and 3 withdrawals.

7 1.15 The tenant ledger submitted by Sanchez does not include the check number,
8 cash receipt number or a unique series of letters and/or numbers that establishes an audit trail
9 for each deposit of funds,

10 **Six Statement of Law:** ORS 696.301(3) authorizes the Commissioner to discipline a
11 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,
12 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the
13 Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-025-
14 0050(4)(d)(C) (1/1/2021 Edition), which states in part (4) a tenant's ledger must contain at least
15 the following information: (d) for each deposit of funds: (C) the check number, cash receipt
16 number or a unique series of letters and/or numbers that established an audit trail to the
17 receipt of funds.

18 **Sixth Conclusion of Law:** Sanchez failed to maintain the tenant ledgers as required in
19 violation of ORS 696.301(3) and its implementing rule OAR 863-025-0050(4)(d)(C) (1/1/2021
20 Edition).

21 **Seventh Findings of Fact:**

22 1.16 On September 14, 2022, Compliance Coordinator Hani Ghamrawi (Ghamrawi)
23 emailed Sanchez requesting the following records: delegation of authority for all employees,
24 June and July 2022 reconciliations, and the complete check register ending balance for May
25 2022. The records were to be provided by September 20, 2022, by 5:00pm.

26 1.17 Sanchez responded on September 15, 2022 and wrote that her accountant was
27 unable to complete the reconciliations by the due date. Ghamrawi responded requesting the
28 most recent reconciliation that Sanchez had available.

29 1.18 As of September 28, 2022, Sanchez had not submitted the June and July 2022
30 clients' trust account reconciliations as requested by the September 14, 2022, email.

1 the real estate licensee does not deprive the commissioner of jurisdiction to: (1) proceed with
2 an investigation of the licensee; (2) conduct disciplinary proceedings relating to the licensee;
3 (3) Take action against a licensee, including assessment of a civil penalty against the licensee
4 for a violation of ORS 696.020(2); or (4) revise or render null and void an order suspending or
5 revoking a license.

6 3.

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

9 4.

10 STIPULATION AND WAIVER

11 I, Linda Josephine Sanchez, have read and reviewed this Stipulated Final Order and its
12 Findings of Fact, Statements of Law and Conclusions of Law. I understand that the Findings
13 of Fact, Conclusions of Law and this Stipulation and Waiver of Hearing rights embody the full
14 and complete agreement and stipulation between the Agency and me. I further understand
15 that if I do not agree with this stipulation I have the right to request a Hearing on this matter
16 and to be represented by legal counsel at such a Hearing. I also understand that any Hearing
17 would be conducted in accordance with the procedures set forth in ORS Chapter 183 and in
18 accordance with the Rules of Practice and Procedure adopted by the Attorney General of the
19 State of Oregon. By signing this Stipulated Final Order I freely and voluntarily waive my rights
20 to a Hearing, to representation by legal counsel at such a Hearing, and to judicial review of this
21 matter.

22 I hereby agree and stipulate to the above Findings of Fact and Conclusions of Law and
23 understand that the Order which follows hereafter, which I have also read and understand,
24 may be completed and signed by the Real Estate Commissioner or may be rejected by the
25 Real Estate Commissioner. I further understand that, in accordance with the provisions of
26 ORS 696.445(3), notice of this Order shall be published in the Oregon Real Estate News
27 Journal.

28 In addition to all of the above, I agree that once the Commissioner executes this
29 Stipulated Final Order, I will accept service of the Stipulated Final Order by email, and hereby
30 waive the right to challenge the validity of service.

ORDER

IT IS HEREBY ORDERED that Sanchez be issued a principal broker license with limitations as set forth below:

- (a) The limited license period shall be in effect for a minimum of three (3) years starting from the date the Commissioner signs the Stipulated Order.
- (b) Sanchez shall not conduct or engage in or supervise any employee engaged in professional real estate activity pertaining to property management activities as defined in ORS 696.010(14).
- (c) At the end of three years, Sanchez may request an unrestricted license, in

writing, provided that she has completed the 27-hour Property Manager Advanced Practices Course (detailed in OAR 863-022-0022, 1-1-21 Edition) and submits a certificate to the Agency showing completion of the course. The completion date noted on the certificate must be within the last two years from when Sanchez submits the certificate to the Agency to comply with this requirement. Once Sanchez requests an unrestricted license and has submitted the required course certificate to the Agency, the Agency will conduct an inquiry on Sanchez including but not limited to a check through the Law Enforcement Data System. If the Agency finds that there is no reason to continue the limited license, an unrestricted license will be issued.

IT IS FURTHER ORDERED that, should Sanchez violate any term or condition of this Order, it may be a basis on which to revoke Sanchez's license in accordance with ORS 696.301(13).

IT IS SO STIPULATED:

IT IS SO ORDERED:

DocuSigned by:
LINDA JOSEPHINE SANCHEZ
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LINDA JOSEPHINE SANCHEZ

Date 12/7/2022 | 2:07 PM PST

DocuSigned by:
Steven Strode
E2C2D0097AD8471...

Steven Strode

Real Estate Commissioner

Date 12/8/2022 | 9:31 AM PST

Date of Service: 12/08/2022

