

REAL ESTATE AGENCY
BEFORE THE REAL ESTATE COMMISSIONER

In the Matter of the Real Estate License of)
SCOTT CHRISTOPHER DAVIS) STIPULATED FINAL ORDER

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

FINDINGS OF FACT
AND
CONCLUSIONS OF LAW

1.

1.1 At all times mentioned herein, Davis was licensed as a property manager acting in the capacity of a sole practitioner and doing business under the registered business name of Property Management Group of Oregon, LLC (PMG).

1.2 On June 22, 2023, PMG was notified that clients' trust account ending in 0046 (CTA-SD #0046), which holds security deposits, had been selected for reconciliation review. Documents for April 2023 were provided to the Agency. An investigation was opened due to the outstanding issues found in the review.

1.3 A review of the April 2023 Trust Account Reconciliation form for CTA-SD #0046 showed the following totals:

Part I - \$215,658.56

Part II - \$215,972.63

Part III - \$215,972.63

Part IV – The difference reported was \$314.07

1.4 The Trust Account Reconciliation form for the April 2023 reconciliation, was signed and dated July 5, 2023.

1 1.5 A review of the check register provided by Davis showed an end balance of
2 \$214,472.63, a difference of \$1,186.00, as was reported on Part II of the reconciliation form.

3 1.6 Agency Compliance Specialist Jenifer Wetherbee (Wetherbee) requested Davis
4 provide the total of all tenant deposits being held as of April 30, 2023. Wetherbee also noted
5 that CTA-SD #0046 was an interest-bearing account.

6 1.7 Davis explained, "My internal report in my Rentec software shows that I still have
7 some old deposits that I had not closed out so it shows I have too much money in that system."
8 Davis further explained, "On the interest bearing:.I am not seeing where it shows on either of
9 my agreements that is says what I am doing with it as I just donate to causes, but I am not
10 specific with that. It looks like I am in violation there. My plan, once this is done is to close
11 savings account and open a regular Client Trust Deposits Account that is not interest bearing
12 so I am no longer in violation."

13 1.8 Clients' Trust Account ending in 0739 (CTA-SD #0739) was opened as a non-
14 interest-bearing account.

15 1.9 A review of the security deposit list provided by Davis showed the date range for
16 the report was 01/01/2011-04/30/2023, not the date of the bank statement, as required. The
17 net total amount was listed as \$214,128.35.

18 **(1) Conclusion of Law:** By failing to obtain written approval from owners for CTA -SD
19 #0046 to be an interest-bearing account, Davis, violated ORS 696.301(3) as it incorporates
20 ORS 696.241(7) 2017, 2019, and 2023 Editions. In addition, Davis violated ORS 696.301(3)
21 and its implementing rule OAR 863-025-0020(3)(B) 1/1/2018 through 1/1/2024 Editions.

22 1.10 Agency Investigator Cidia Nañez (Nañez) requested Davis provide the Rentec
23 Reconciliation Report for March 2024, for CTA-SD #0739, along with the March 2024 bank
24 statement, and the 'Tenant Deposit All Properties' report from March 31, 2024.

25 1.11 A review of the Rentec Reconciliation Report showed it did not meet the
26 requirements of a single dated and signed reconciliation document.

27 1.12 In response to Nañez's request for the 'Tenant Deposit All Properties' report,
28 Davis wrote, "I can send it over it is not balancing. That is what we have been chunking away
29 it. It shows that we have not correctly been allocating funds to the right accounts in Rentec."
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1 1.13 A review of the March 2024 bank statement of CTA-SD #0739 showed an ending
2 balance of \$374,630.62. The check register for CTA-SD #0739 showed an ending balance of
3 \$373,137.40.

4 1.14 Nañez emailed Davis to inform him that PMG's March 2024 ending bank
5 balance, when compared to the security deposit list, was significantly different, showing a
6 shortage of -\$58,755.36.

7 1.15 In response, Davis wrote, "I think knowing that I have not 'done anything' with
8 other people's money (I bought a small PM that did spend tenants deposit funds so I get why
9 this is all needed.) did not make it the priority that I should have to get things all the accounts
10 lined up."

11 1.16 In response to a request from Nañez, Davis provided the three-part reconciliation
12 for CTA-SD #0739, along with a security deposit list, and bank statements, for the months of
13 March, April, and May 2024.

14 1.17 A review of the Trust Account Reconciliation form for March 2024, showed a
15 difference in Part IV of \$60,651.48. Schedule C on the Trust Account Reconciliation form for
16 March 2024, identified outstanding checks written for the month of May 2024.

17 1.18 A review of the Trust Account Reconciliation form for April 2024, showed a
18 difference in Part IV of \$75,415.60.

19 1.19 A review of the Trust Account Reconciliation form for May 2024, showed a
20 difference in Part IV of \$78,965.60.

21 1.20 The explanation for the difference and details of corrective action taken on all
22 three documents showed, "Funds not transferred from CTA."

23 1.21 The Trust Account Reconciliation forms for March, April, and May 2024, were
24 signed and dated as completed on July 24, 2024. Davis did not submit a record of receipts and
25 disbursements.

26 1.22 On September 6, 2024, Davis provided the June 2024 reconciliation records for
27 CTA-SD #0739, along with the following explanation, "We did the comparison of what we were
28 off it was consistent with what we were off the last few months. I transferred \$73,233.78..."

29 1.23 The transfer receipt provided by Davis showed \$73,233.78 had been transferred
30 from CTA ending in 3132 (CTA #3132) to CTA-SD #0739 on September 6, 2024.

1.24 On October 23, 2024, Davis provided September 2024 reconciliation records for CTA-SD #0739. Part I of the Trust Account Reconciliation form showed the bank balance as of August 21, 2024, instead of September 30, 2024. In addition, page 2 was not provided.

1.25 Davis did not provide a September 2024 security deposit list.

(2) Conclusion of Law: By failing to provide reconciliation records for the months of April and March 2023, as well as March, April, May, and September 2024 that met Oregon Administrative Rule requirements, Davis violated ORS 696.301(3) and its implementing rule OAR 863-025-0028(3)(a)(B)(b)(d)(A)(B)(4) 1/1/2023 and 1/1/2024 Editions.

1.26 In response to Nañez's asking how Davis knew money that was transferred to CTA-SD #0739 didn't belong to owners without first reconciling CTA #3132, Davis wrote, "We have had an overage in that account for a long time so until we this all fixed it won't show exactly but it would be the funds that belonged in the Dep account and not be CTA funds."

(3) Conclusion of Law: By failing to deposit tenant security deposit funds in CTA-SD #0739 within five banking days of their receipt, Davis violated ORS 696.301(3) and its implementing rule OAR 863-025-0025(7) 1/1/2024 Edition.

1.27 On October 21, 2024, Davis provided the September 2024 reconciliation records for CTA #3132.

1.28 A review of the September 2024 bank statement for CTA #3132 showed a transfer of \$73,233.78 to CTA-SD #0739, however the check register provided did not have an entry showing the transfer.

1.29 The bank statement also showed a transfer of \$1,000.00, that was not reflected in the check register.

(4) Conclusion of Law: By failing to account for disbursement of funds on his record of receipts and disbursements in the amount of \$1,000.00 and \$73,233.78 from CTA #3132 for the month of September 2024, Davis violated ORS 696.301(3) and its implementing rule OAR 863-025-0040(2)(b)(A)(B)(C)(D) 1/1/2024 Edition.

1.30 The bank statement showed CTA #3132 went negative on September 25, 2024, and incurred a \$30.00 overdraft fee. The bank statement reflected a positive balance the next day.

1.31 A deposit in the amount of \$10,000.00 was recorded on September 26, 2024, as a disbursement from CTA-SD #0739.

1.32 The September 2024 record of receipts and disbursements for CTA #3132 does not include the \$10,000.00 transfer entry.

(5) Conclusion of Law: By failing to ensure CTA #3132 maintained a sufficient balance to allow disbursement of funds, resulting in a negative balance, Davis violated ORS 696.301(3) and its implementing rule OAR 863-025-0027(3) 1/1/2024 Edition.

(6) Conclusion of Law: By failing to account for a receipt of funds dated September 26, 2024, in the amount of \$10,000.00 on his record of receipts and disbursements for CTA #3132, Davis violated ORS 696.301(3) and its implementing rule OAR 863-025-0040(2)(a)(A)(B)(C)(D) 1/1/2024 Edition.

1.33 Davis provided reconciliation records for CTA #3132 for the months of April, May, and June 2024. The ending bank statement balances for each month were significantly lower than the ending balances for the check registers for those same months.

1.34 In the interview with Nañez, Davis explained that he takes property management fees out of CTA #3132 but doesn't take them out of Rentec. Davis said he started the company by himself in 2008, and he has kept track of the property management fees on a spreadsheet since the beginning.

1.35 Davis provided 'Rent Schedule Spreadsheets' that included Davis's property management fee calculations from September 2023 through September 2024.

1.36 Davis confirmed to Nañez that ACH transfers to PMG's operating account in 5137 were his property management payments.

1.37 A comparison of Davis's property management fees from his Rent Schedule spreadsheets, with his payments through ACH transfers to PMG #5137 for the months of April, May, and June 2024, showed that Davis was paid more than the property management fee calculations he had recorded in his spreadsheets.

1.38 Davis provided the check registers for CTA #3132 for the months of September 2022, September 2023, and September 2024. A review of the check registers for both September 2022 and September 2023 included management fee entries.

1 1.39 Nañez asked Davis to provide an explanation to support his claim that CTA
2 #3132 reconciliations were off, because property management fees had never been accounted
3 for. In response, Davis wrote "They are showing taken from the owners so their ledgers are
4 correct, but the Banking area of Rentec has never been 'told' that PMG was paid. So the
5 accounting for owners and the properties is fine, but Rentec 'believes' the money is still there."

6 **(7) Conclusion of Law:** By failing to identify all property management fees on the record of
7 receipts and disbursements, Davis violated ORS 696.301(3) and its implementing rule OAR
8 863-025-0040(2)(b)(A)(B)(C)(D) 1/1/2019 through 1/1/2024 Editions.

9 **(8) Conclusion of Law:** By failing to meet the requirements of 'complete and adequate'
10 records for posting changes to his records of receipts and disbursements, Davis violated ORS
11 696.301(3) and its implementing rule OAR 863-025-0035(3)(b) 1/1/2024 Edition. In addition,
12 Davis violated ORS 696.301(3) as it incorporates ORS 696.280 2023 Edition.

13 **(9) Conclusion of Law:** Davis failed to maintain transparency and clearly identify in his
14 records of property management the management fees he collected from owners and
15 disbursed from CTA #3132 to the operating account of PMG ending in #5137. This is Grounds
16 for Discipline under ORS 696.301(3) it incorporates ORS 696.301(12)(14) 2023 Edition.

17 1.40 A review of the September 2022 check register for CTA #3132 'Account Ledger
18 A All Properties' showed that there were over 50 'Reconciliation Adjustment' entries between
19 September 25, 2022, through September 28, 2022.

20 1.41 Included in the check register was a reconciliation adjustment of 'David Jackson.'
21 The entries attached to David Jackson were for 'Madrone Villas HOA.' Neither David Jackson
22 nor Madrone Villas HOA are included in any of the owner Account Balance reports dated
23 September 30, 2022, provided by Davis.

24 **(10) Conclusion of Law:** By failing to identify all property owner's ledger balances that he
25 used to reconcile ledger and record of receipts and disbursement balances in the record of
26 receipts and disbursements, Davis violated ORS 696.301(3) and its implementing rule OAR
27 863-025-0065(8) 1/1/2022 Edition.

28 1.42 Upon request, Davis provided Nañez the ledgers for property owner Nathan
29 Miller (Miller).
30

1.43 A review of the ledger reports for Miller showed entries in both ledgers were identical, except for the beginning balances. The 'Owner' ledger had a negative beginning balance of -\$6,743.67, while the 'Property' ledger had a beginning balance of \$670.10.

1.44 A review of the Miller ledger showed the account first went negative in August 2019. The last time the account showed a positive balance was on May 10, 2023.

1.45 Disbursements for management fees for PMG beginning May 27, 2014, through October 2024, caused the ledger to show an insufficient balance on many occasions.

(11) Conclusion of Law: By failing to maintain sufficient funds in owner ledgers for distributions made against that ledger, including property management fees, Davis violated ORS 696.301(3) and its implementing rule OAR 863-025-0027(3)(6) 1/1/2018 through 1/1/2024 Editions.

1.46 All of the above demonstrates incompetence or untrustworthiness in performing acts for which the real estate licensee is required to hold a license.

(12) Conclusion of Law: Based on the foregoing, Licensee is subject to discipline under ORS 696.301(12) 2017, 2019, 2021, and 2023 Editions.

2.

2.1 The foregoing violations are grounds for discipline pursuant to ORS 696.301.

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

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

3.

STIPULATION AND WAIVER

I, Scott Davis, have read and reviewed this Stipulated Final Order and its Findings of Fact, Statements of Law and Conclusions of Law. I understand that the Findings of Fact, Conclusions of Law and this Stipulation and Waiver of Hearing rights embody the full and complete agreement and stipulation between the Agency and me. I further understand that if I do not agree with this stipulation, I have the right to request a Hearing on this matter and to be

1 represented by legal counsel at such a Hearing. I also understand that any Hearing would be
2 conducted in accordance with the procedures set forth in ORS Chapter 183 and in accordance
3 with the Rules of Practice and Procedure adopted by the Attorney General of the State of
4 Oregon. By signing this Stipulated Final Order, I freely and voluntarily waive my rights to a
5 Hearing, to representation by legal counsel at such a Hearing, and to judicial review of this
6 matter.

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

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

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ORDER

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

IT IS FURTHER ORDERED that due to the violations addressed above, Scott Davis will be subject to a future client's trust account reconciliation within 3 months of the issuance of this order.

IT IS SO STIPULATED:

IT IS SO ORDERED:

Signed by:

Scott Davis

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SCOTT CHRISTOPHER DAVIS

Date 5/2/2025 | 9:18 AM PDT

Signed by:

Steve Strobe

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STEVEN STRODE

Real Estate Commissioner

Date 5/2/2025 | 10:07 AM PDT

Date of Service: 5/2/2025

