OREGON REAL ESTATE AGENCY
BEFORE THE REAL ESTATE COMMISSIONER

In the Matter of the Real Estate License of

TERESA BRADLEY

STIPULATED FINAL ORDER

The Real Estate Agency (OREA) and Teresa Bradley (Bradley) do hereby agree and stipulate to the following:

FINDINGS OF FACT

1.
1.1 At all times mentioned herein, Bradley was licensed as a principal broker with Signature Real Estate, Inc.
1.2 On May 18, 2010, OREA received a complaint against Bradley from Bonnie Giles (Giles), who was an owner of property Bradley managed between April 2006 and February 2010. Giles alleged multiple issues of Bradley commingling funds while Bradley was managing Giles' properties. Giles identified four clients' trust accounts maintained by Bradley which held funds for Giles and her tenants: Creekside security deposits (Creekside security), Creekside operating, San River security deposits (San River security) and San River operating.
1.3 On June 14, 2010, OREA opened a second investigation due to non-response by Bradley to a request for the March 2010 reconciliation documents for her multiple owner “Clients Trust Account-pooled property management account” (pooled CTA). OREA had mailed a letter on April 1, 2010, requesting the reconciliation documents be submitted by May 17, 2010.
1.4 During the course of the subsequent investigation, multiple violations were found.

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FINDINGS OF FACT

AND

CONCLUSIONS OF LAW

2.1 For the pooled CTA Bradley maintained, the following violations were found:

2.2 Bradley failed to record a banking transfer from March 4, 2010, on her check register for the pooled CTA for the February 2010 management fees.

2.3 Bradley failed to record an analysis service charge from March 12, 2010, on her pooled CTA check register.

Violations: OAR 863-025-0040(2) (2009 Edition, 1/1/09), which requires that a check register document all funds received and disbursed by a property manager, and OAR 863-025-0040(5) (2009 Edition, 1/1/09), which requires that, upon any activity, the property manager must record each receipt, deposit or disbursement on their check register and on the corresponding owner's ledger and/or tenant's ledger. (2 counts)

2.4 Bradley failed to disburse, at least once each month and when sufficient funds existed, earned management fees from the San River operating account in January, February, November and December of 2009.

Violation: OAR 863-025-0025(15) (2009 Edition, 1/1/09), which requires that a property manager disburse earned management fees from clients' trust accounts at least once each month if sufficient funds are available. (4 counts)

2.5 Bradley delayed disbursement of earned management fees from the pooled CTA for March 2010 and June 2011, keeping funds in the account to cover bank charges and other charges not agreed to in the property management agreement, and offsetting those expenses against her income, yet failed to document the traceability of her entries.

Violation: ORS 696.241(9) (2009 Edition and 2011 Edition) and OAR 863-025-0065(3) and 863-025-0025(3)(a) (2009 Edition and 4/15/11 Edition), which prohibits a principal real estate broker from knowingly keeping any funds in a clients' trust account that belongs to their clients except actual trust funds, and prohibits any funds received on behalf of a property owner to be comingled with personal funds of the property manager. (2 counts)
2.6 Bradley failed to timely reconcile the pooled CTA for March 2010 and June 2011, and was unable to identify and explain the difference between the reconciled bank balance, check register balance, and owners’ ledger balance totals, including corrective action taken.  

**Violation:** OAR 863-025-0025(20) (2009 Edition and 4/15/11 Edition), which requires that a property manager reconcile each clients’ trust account within 30 calendar days of the date of the bank statement. (2 counts)

2.7 Bradley disbursed funds from the pooled CTA for an owner with two properties, which resulted in a balance of -$1,051.27 at the end of the February 2010.  

**Violation:** OAR 863-025-0025(12) (2009 Edition, 1/1/09), which prohibits a property manager from disbursing funds from a clients’ trust account unless there are sufficient funds in the account.

2.8 Bradley failed to establish a sufficient audit trail by making an electronic withdrawal on March 1, 2010, to NW Natural for $189.95 as recorded on the pooled CTA bank statement and instead posted check number #5788 to the check register payable to NW Natural for $189.95.  

**Violation:** OAR 863-025-0040(9) (2009 Edition, 1/1/09), which requires that a property manager engaging in electronic banking transactions must record those transactions sufficient to establish an audit trail.

2.9 Bradley issued computer-generated checks from the pooled CTA that were not consecutively numbered.  

**Violation:** OAR 863-025-0025(11)(b) (2009 Edition, 1/1/09), which requires that if a property manager uses computer generated checks, they must be numbered consecutively.

2.10 Bradley had two deposits in the pooled CTA that were outstanding longer than 30 days on her “uncleared” deposits and credits from her June 2011 reconciliation detail ledger.  

**Violation:** OAR 863-025-0065(1) (2011 Edition, 4/15/11), which requires that all funds belonging to others and accepted by a property manager be deposited prior to the close of business on the fifth banking day following the date of receipt of the funds. (2 counts)

2.11 Bradley disbursed funds four times in June 2011 from the pooled CTA, resulting in negative balances on four owners’ ledgers.
Violation: OAR 863-025-0025(12) (2011 Edition, 4/15/11), which prohibits a property manager from disbursing funds from a clients' trust account unless there are sufficient funds in the account. (4 counts)

2.12 In maintaining clients' trust accounts for owner funds for Creekside, Bradley did not meet the requirement of having open accounts labeled as "Clients' Trust Account" on all bank records and checks.

Violation: ORS 696.241(1) (2009 Edition) and OAR 863-025-0025(11)(c) (2009 Edition, 1/1/09), which requires that each principal real estate broker shall maintain one or more separate bank accounts that shall be designated clients' trust account in which all trust funds received or handled by the broker shall be deposited. Clients' trust account is defined as a federally insured bank account labeled as "Clients' Trust Account" on all bank records and checks that is established and maintained by a property manager acting on behalf of an owner under a property management agreement for depositing, holding and disbursing funds received by the property manager on behalf of an owner.

2.13 In maintaining clients' trust accounts for security deposits held for Creekside, Bradley did not meet the requirement of having open accounts labeled as “Clients' Trust Account- Security Deposits” on all bank records and checks.

Violation: ORS 696.241(1) and OAR 863-025-0025(11)(d) (2009 Edition, 1/1/09), which requires that each principal real estate broker shall maintain one or more separate bank accounts that shall be designated clients' trust account in which all trust funds received or handled by the broker shall be deposited. Security deposit account is defined as a federally insured bank account labeled as “Clients' Trust Account-Security Deposits” on all bank records and checks that is established and maintained by a property manager acting on behalf of an owner under a property management agreement for depositing, holding and disbursing security deposit funds on behalf of an owner.

2.14 Bradley demonstrated non-compliance with the Creekside security account requirements as follows: a) On November 17, 2009, posted the check register of the Creekside operating CTA for the deposit of security deposit funds in the amount of $100.00; b) On November 30, 2009, posted the check register of the Creekside operating CTA for the transfer of the security deposit funds; c) On November 30, 2009, posted the check register of the
Creekside security deposits CTA for deposit of security deposit funds of $100.00; d) On December 10, 2009, presented the deposit at the bank and completed transfer to the Creekside security deposits CTA in the amount of $100.00.

Violation: OAR 863-025-0030(1) and (2), 863-025-0040(5), and 863-025-0050 (2009 Edition, 1/1/09), which requires that all tenants' security deposits received by a property manager must be deposited and maintained in a security deposits account; that if the security deposit is received as part of a larger deposit, the security deposit must be deposited in the security deposits account within three banking days.

2.15 Bradley demonstrated non-compliance with Creekside security CTA funds requirements as follows: a) On January 19, 2010, deposited into the Creekside operating CTA security deposit funds from Castro of $100.00; b) On February 1, 2010, deposited into the Creekside operating CTA security deposit funds from Castro of $30.00; c) On February 20, 2010, posted the check register of the Creekside security deposits CTA for deposit of security deposit funds of $130.00 with reference to check 1530; d) On February 20, 2010, posted on the Creekside operating CTA for the $130.00 transfer; and, e) On March 2, 2010, presented check 1530 at the bank and completed transfer to the Creekside security deposits CTA in the amount of $130.00.

Violation: OAR 863-025-0030(1) and (2), 863-025-0040(5), and 863-025-0050 (2009 Edition, 1/1/09), which requires that all tenants' security deposits received by a property manager must be deposited and maintained in a security deposits account; that if the security deposit is received as part of a larger deposit, the security deposit must be deposited in the security deposits account within three banking days; that upon any activity, the property manager must record each receipt, deposit or disbursement on the corresponding owner's ledger and/or tenant's ledger; and that a property manager must maintain at least one tenant's ledger for each tenant, as defined in 863-025-0050(4) and must maintain a separate record of the receipt of funds from prospective tenants.

2.16 On January 29, 2010, Bradley earned and disbursed interest in the Creekside security deposits CTA and the San River security deposits CTA, but did not post these items to the check registers.
Violation: OAR 863-025-0040(5) (2009 Edition, 1/1/09), which requires that upon any activity, the property manager must record each receipt, deposit or disbursement on the corresponding owner’s ledger and/or tenant’s ledger.

2.17 Bradley failed to reconcile the Creekside security deposits CTA for the July 2009 to March 2010 time period, and did not identify and explain the difference between the reconciled bank balance, check register balance, and the sum of all positive balances of individual security deposits held, including corrective action taken.

Violation: OAR 863-025-0025(21) (2009 Edition, 1/1/09), which requires that a property manager reconcile each security deposits account with 30 calendar days of the bank statement date. (9 counts)

2.18 Bradley failed to disburse, at least once each month and when sufficient funds existed, earned management fees from the Creekside operating CTA for December of 2009 and January of 2010.

Violation: OAR 863-025-0025(15) (2009 Edition, 1/1/09), which requires that a property manager disburse earned management fees from the clients’ trust account at least once each month, unless a different schedule of disbursement is specified in the property management agreement. (2 counts)

2.19 In maintaining clients’ trust accounts for owner funds for San River, Bradley did not meet the requirement of having open accounts labeled as “Clients’ Trust Account” on all bank records and checks.

Violation: ORS 696.241(1) (2009 Edition) and OAR 863-025-0025(11)(c) (2009 Edition, 1/1/09), which requires that each principal real estate broker shall maintain one or more separate bank accounts that shall be designated clients’ trust account in which all trust funds received or handled by the broker shall be deposited. Clients’ trust account is defined as a federally insured bank account labeled as “Clients’ Trust Account” on all bank records and checks that is established and maintained by a property manager acting on behalf of an owner under a property management agreement for depositing, holding and disbursing funds received by the property manager on behalf of an owner.
2.20 In maintaining clients' trust accounts for security deposits held for San River, Bradley did not meet the requirement of having open accounts labeled as “Clients’ Trust Account- Security Deposits” on all bank records and checks.

Violation: ORS 696.241(1) and OAR 863-025-0025(11)(d) (2009 Edition, 1/1/09), which requires that each principal real estate broker shall maintain one or more separate bank accounts that shall be designated clients’ trust account in which all trust funds received or handled by the broker shall be deposited. Security deposit account is defined as a federally insured bank account labeled as “Clients’ Trust Account-Security Deposits” on all bank records and checks that is established and maintained by a property manager acting on behalf of an owner under a property management agreement for depositing, holding and disbursing security deposit funds on behalf of an owner.

2.21 Bradley demonstrated non-compliance with San River security CTA fund requirements as follows: a) On November 6, 2009, deposited into the San River operating CTA security deposit funds from Esparza of $20.00; b) On November 17, 2009, deposited into the San River operating CTA security deposit funds from Boland of $215.00; c) On November 30, 2009, posted the check register of the San River security deposits CTA for deposit of security deposit funds of $235.00 with reference to check 1533; d) On November 30, 2009, posted the check register for the San River operating CTA for the transfer; and e) On December 7, 2009, presented check 1533 at the bank and completed transfer to the San River security deposits CTA, in the amount of $235.00.

Violation: OAR 863-025-0030(1) and (2), 863-025-0040(5) (2009 Edition), and 863-025-0050 (2009 Edition, 1/1/09), which requires that all tenants’ security deposits received by a property manager be deposited and maintained in a security deposits account; that if the security deposit is received as part of a larger deposit, the security deposit must be deposited in the security deposits account within three banking days; that upon any activity, the property manager must record each receipt, deposit or disbursement on the corresponding owner’s ledger and/or tenant’s ledger; and that a property manager must maintain at least one tenant’s ledger for each tenant, as defined in 863-025-0050(4), and must maintain a separate record of the receipt of funds from prospective tenants.
2.22 Despite no change in security deposits received in December 2009, Bradley posted a journal entry of $226.00 on December 30, 2009, on the check register for the San River security deposits CTA.

Violation: ORS 696.301(12) (2009 Edition), which states that a licensee may be disciplined if they demonstrate incompetence in performing any act for which the licensee is required to hold a license.

2.23 Bradley failed to reconcile the San River security deposits CTA for the July 2009 to March 2010 time period, and did not identify and explain the difference between the reconciled bank balance, check register balance, and the sum of all positive balances of individual security deposits held, including corrective action taken.

Violation: OAR 863-025-0025(21) (2009 Edition, 1/1/09), which requires that a property manager reconcile each security deposits account within 30 calendar days of the bank statement date. (9 counts)

2.24 Bradley kept forfeited security deposits, detailed in the letter dated April 20, 2009 to tenant Dassance, in the San River security deposits CTA until March 15, 2010, and failed to disburse a balance of $337.00 in the account after forwarding all security deposit funds to the new property management company, Mid-Valley.

Violation: OAR 863-025-0025(6) and 863-025-0070(2) (2009 Edition, 1/1/09), which mandates that the only funds that may be held in a security deposits account are security deposits and interest earned on the security deposits account, and requires that all obligated funds be disbursed to the owner within 60 days of the termination of a property management agreement, unless otherwise instructed in writing by the owner to transfer the funds to another property manager.

2.25 Bradley verbally agreed to amend the property management agreements with Giles to authorize use of petty cash funds instead of obtaining a written amendment to the agreement.

Violation: OAR 863-025-0020(4) (2009 Edition. 1/1/09), which requires that any amendment or addendum to a property management agreement must be in writing.

2.26 Bradley kept Giles' funds in the petty cash account, gave Giles a month-end balance of petty cash, but failed to maintain records of the use of petty cash in a format that
readily enabled tracing and reconciliation, including whether the check register of the
Creekside operating CTA and San River operating CTA reflected activity in the petty cash
account.

Violation: OAR 863-025-0035(3)(b) and 863-025-0040(5) and (6) (2009 Edition,
1/1/09), which requires that posting of owner and tenant ledgers must be maintained in a
format that will readily enable tracing and reconciliation; requires that upon any activity, the
property manager must record each receipt, deposit or disbursement on the corresponding
owner’s ledger and/or tenant’s ledger; and allows a property manager to aggregate individual
deposits or disbursements only if they are aggregated on a daily basis and a separate report is
maintained detailing each aggregated deposits and disbursements.

2.27 Bradley maintained the San River operating CTA and Signature petty cash
account, and held non-trust funds in a trust account.

Violation: ORS 696.241(9)(2009 Edition), which states that a principal real estate
broker may not knowingly keep any funds or money in any clients’ trust account, except actual
trust funds received by the broker.

2.28 Between at least September 13, 2011 and October 18, 2011, Bradley kept
records stored offsite, but did not notify OREA of the removal of the documents, including the
location of the files and authorization to examine the files.

Violation: ORS 696.280 (2009 Edition) and OAR 863-015-0260(1)(a) and (b)(A) and
(B) (2011 Edition, 9/1/11), which requires that a real estate broker maintain in this state
complete and adequate records of all professional real estate activity, that the records must at
all times be open for inspection by OREA, and that the principal real estate broker must notify
OREA in writing of the address where the records will be stored and if the address where the
records are stored changes.

2.29 Bradley failed to disburse $100 from the Creekside security deposits CTA after
transfer of security deposit funds to the new property management company, Mid-Valley
Management (Mid-Valley).

Violation: OAR 863-025-0070(2)(a) (2009 Edition, 1/1/09), which requires that all
obligated funds be disbursed to the owner within 60 days of the termination of a property

management agreement, unless otherwise instructed in writing by the owner to transfer the
funds to another property manager.

3.

3.1 The foregoing violations are grounds for discipline pursuant to ORS 696.301. Based on these violations, OREA proposes to suspend Bradley’s real estate license. A suspension is appropriate under ORS 696.396(2)(c)(B), which states that a license may be suspended if the material facts show that the licensee exhibited incompetence in the performance of professional real estate activity.

3.2 OREA reserves the right to investigate and pursue additional complaints that may be received in the future regarding this licensee.

STIPULATION & WAIVER

I have read and reviewed the above findings of fact and conclusions of law which have been submitted to me by OREA and further, the order which follows hereafter. I understand that the findings of fact, conclusions of law and this stipulation and waiver embody the full and complete agreement and stipulation between OREA 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 represented by legal counsel at such a hearing. Hearings are conducted in accordance with the procedures set forth in ORS Chapter 183 and in accordance with the Rules of Practice and Procedure adopted by the Attorney General of the State of Oregon. I freely and voluntarily waive my rights to a hearing, to representation by legal counsel at such a hearing, and to judicial review of this matter.

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

ORDER

IT IS HEREBY ORDERED that Bradley’s license be suspended for 60 days beginning October 1, 2012. In addition, Bradley must complete the 60 hour property manager pre-
licensing course before her license can be activated following the suspension, and she must provide documentation to OREA when she has done so.

IT IS SO STIPULATED:

TERESA BRADLEY

Date August 28, 2012

IT IS SO ORDERED:

GENE BENTLEY
Real Estate Commissioner
Date 9-7-12

DATE of service: 9-7-12