

BEFORE THE IOWA REAL ESTATE COMMISSION  
200 EAST GRAND, SUITE 350  
DES MOINES, IOWA 50309

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IN RE:	)	
	)	CASE NUMBER: 20-045
Brad Sanderson	)	
Broker (B41901000)	)	COMBINED STATEMENT OF
	)	CHARGES, INFORMAL
Carlson-Sanderson Real Estate, Inc.	)	SETTLEMENT AGREEMENT,
1306 18 <sup>th</sup> Street, Suite C	)	AND CONSENT ORDER IN A
Spirit Lake, IA 51360	)	DISCIPLINARY CASE
	)	
RESPONDENT	)	

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The Iowa Real Estate Commission (Commission) and **Brad Sanderson** (Respondent) enter into this Combined Statement of Charges, Informal Settlement Agreement, and Consent Order in a Disciplinary Case (Order) pursuant to Iowa Code Sections 17A.10(1) and 272C.3(4).

1. The Commission issued the Respondent real estate broker license number B41901000 on January 1, 2004. Respondent's license is in full force and effect until December 31, 2024. At all times relevant to this matter, the Respondent served both as the designated broker in charge and a licensed real estate broker officer of Carlson-Sanderson Real Estate, Inc., license number F04731000, located in Spirit Lake, Iowa.

2. The Commission has jurisdiction of this disciplinary matter pursuant to Iowa Code chapters 17A, 272C, and 543B (2020). Licenses issued by the Commission are subject to the laws of the State of Iowa and to the administrative rules of the Commission.

### STATEMENT OF CHARGES

#### COUNT I (Real Estate Trust Account)

3. Respondent is charged with engaging in practices harmful or detrimental to the public in violation of Iowa Code sections 543B.29(1)(d), 543B.29(1)(k), 543B.34(1), 543B.46 (2020) by:

- (a) Failing to accurately maintain a general ledger to record in chronological order all receipts and disbursements for the Respondent's trust account. See 193E Iowa Administrative Code §§ 13.1(6)(a), 18.14(5)(e)(1).

- (b) Failing to provide a means for a monthly reconciliation of the Respondent's trust account containing earnest money to ensure agreement of the general ledger balance, reconciled bank balance and individual ledger accounts. See 193E Iowa Administrative Code §§ 13.1(6)(a)(3), 15.1(7)(f), 18.14(5)(e), 18.14(5)(f).
- (c) Failing to deposit trust funds into the broker's trust account by no later than five banking days after the date indicated on the document that the last signature of acceptance of the offer to purchase, rent, lease exchange, or option is obtained. See 193E Iowa Administrative Code §§ 13.1(1)(a), 15.1(4).

COUNT II  
(Property Management Trust Account I)

4. Respondent is charged with engaging in practices harmful or detrimental to the public in violation of Iowa Code sections 543B.29(1)(d), 543B.29(1)(k), 543B.34(1), 543B.46 (2020) by:

- (a) Failing to maintain at all times a record of the Respondent's trust account and improper trust account procedures. See 193E Iowa Administrative Code §§ 13.1(6), 18.14(5)(e), 18.14(5)(f).
- (b) Failing to accurately maintain a general ledger to record in chronological order all receipts and disbursements for the Respondent's trust account. See 193E Iowa Administrative Code §§ 13.1(6)(a), 18.14(5)(e)(1).
- (c) Failing to accurately maintain the running balance of all individual ledger accounts for the Respondent's trust account. See 193E Iowa Administrative Code §§ 13.1(6)(b), 18.14(5)(e)(2).
- (d) Failing to provide a means for a monthly reconciliation of the Respondent's trust account to ensure agreement of the general ledger balance, reconciled bank balance and individual ledger accounts. See 193E Iowa Administrative Code §§ 13.1(6)(a)(3), 15.1(7)(f), 18.14(5)(e), 18.14(5)(f).

COUNT III  
(Property Management Trust Account II)

5. Respondent is charged with engaging in practices harmful or detrimental to the public in violation of Iowa Code sections 543B.29(1)(d), 543B.29(1)(k), 543B.34(1), 543B.46 (2020) by:

- (a) Failing to maintain at all times a record of the Respondent's trust account and improper trust account procedures. *See* 193E Iowa Administrative Code §§ 13.1(6), 18.14(5)(e), 18.14(5)(f).
- (b) Failing to accurately maintain a general ledger to record in chronological order all receipts and disbursements for the Respondent's trust account. *See* 193E Iowa Administrative Code §§ 13.1(6)(a), 18.14(5)(e)(1).
- (c) Failing to accurately maintain the running balance of all individual ledger accounts for the Respondent's trust account. *See* 193E Iowa Administrative Code §§ 13.1(6)(b), 18.14(5)(e)(2).
- (d) Failing to provide a means for a monthly reconciliation of the Respondent's trust account to ensure agreement of the general ledger balance, reconciled bank balance and individual ledger accounts. *See* 193E Iowa Administrative Code §§ 13.1(6)(a)(3), 15.1(7)(f), 18.14(5)(e), 18.14(5)(f).

CIRCUMSTANCES

6. Respondent was assigned as the designated broker in charge of real estate brokerage firm Carlson-Sanderson Real Estate, Inc. at all times relevant to this matter. As the designated broker in charge of the real estate brokerage firm, the Respondent is responsible for ensuring compliance with all applicable rules and regulations governing the firm's operations in the state of Iowa, including maintenance of all trust accounts used by the firm.

7. Between February 19, 2020 and February 28, 2020, an onsite examination of the Respondent's Iowa real estate trust accounts and transaction records was conducted by the Commission auditor (auditor). The auditor examined both the Respondent's trust account containing earnest money and two trust accounts relating to property management activity.

(Real Estate Trust Account)

8. The auditor found that for the Respondent's Iowa real estate trust account containing earnest money, there was not an accurate monthly reconciliation being performed to ensure agreement of the general ledger balance, reconciled bank balance and sum of the individual ledgers.

9. The auditor found that for May 2019 through November 19, 2019, the Respondent had a shortage in the Iowa real estate trust account containing earnest money ranging in the amount of \$1.71 to \$62.31.

10. The Respondent rectified the deficiency by depositing \$400.00 on November 19, 2019.

11. The auditor found two (2) files where the earnest money deposits were not deposited within the five (5) day banking rule. A real estate purchase agreement for a property in Spencer, Iowa was signed on December 15, 2018 and the earnest money was deposited on December 28, 2018. A real estate purchase agreement for a property in Lemars, Iowa was signed on May 3, 2019 and the earnest money was deposited on May 14, 2019.

(Property Management Trust Account I)

12. The auditor found that the Respondent is failing to properly maintain accurate accounting of the general ledger balance for the Respondent's Iowa real estate trust account relating to property management activity.

13. The auditor found that the written reconciliations on the three-way tie had a different date than the quick books reconciliation. The auditor was unable to tell when the reconciliations were completed.

14. The auditor found that for the Respondent's Iowa real estate trust account relating to property management activity, there was not an accurate monthly reconciliation being performed to ensure agreement of the general ledger balance, reconciled bank balance and sum of the individual ledgers.

15. The auditor found that the Respondent was not accurately maintaining an updated individual ledger for the broker's equity balance held in the Iowa real estate trust account relating to property management activity.

16. The auditor found that there was a shortage of -\$9.88 from February 28, 2019 – January 31, 2020 due to not enough broker's equity in the property management trust account. The account was made whole on January 31, 2020.

(Property Management Trust Account II)

17. The auditor found that for the Respondent's Iowa real estate trust account relating to property management activity, there was not an accurate and timely monthly reconciliation being performed to ensure agreement of the general ledger balance, reconciled bank balance and sum of the individual ledgers.

18. For the time period of March 31, 2019 to February 25, 2020, there was a \$100.00 shortage in the trust account.

19. For the December reconciliation, there was a shortage of \$297.34 in the trust account.

### **SETTLEMENT AGREEMENT**

20. Respondent admits each and every allegation in the above-stated Statement of Charges. This case shall constitute one violation for purposes of Iowa Code section 543B.29(4) (2020).

21. Respondent acknowledges that he has a right to receive notice of the above-stated charges and to request a hearing before the Commission on the merits of the charges. By freely and voluntarily entering into this Order, the Respondent waives his right to notice and a hearing and all attendant rights, including the right to seek judicial review. This Order constitutes discipline against the Respondent, and is the final agency order in this contested case pursuant to Iowa Code section 17A.10 and 193 Iowa Administrative Code 7.4.

22. Respondent agrees that the State's attorney and/or Commission staff may present this Order to the Commission and may have *ex parte* communications with the Commission while presenting it. Respondent waives any right of notice of this meeting or any right that the Respondent might have to participate in the discussion of this Order among the Commission, the Commission staff and the State's attorney.

23. This Order shall be part of the permanent record of Respondent and shall be considered by the Commission in determining the nature and severity of any future disciplinary action to be imposed in the event of any future violations of the laws and rules governing the practice of real estate by the Respondent.

24. Failure to comply with the terms of this Order shall be prima facie evidence of a violation of Iowa Code sections 543B.29(1)(d), 543B.34(1) and 272C.3(2)(a) (2020) and shall be grounds for further disciplinary action. However, no action may be taken against the Respondent for violations of this Order without a hearing, or waiver of hearing.

25. This Order is not binding on the Iowa Real Estate Commission until it has been formally approved by a majority of the Commission members.

- (a) In the event that this Order is rejected by the Commission it shall be of no force or effect to either party, and it shall not be admissible for any purpose in further proceedings in this matter.

(b) If the Commission approves this Order, it shall fully dispose of all issues in this case.

26. Upon acceptance by both the Commission and Respondent, this Combined Statement of Charges, Informal Settlement and Consent Order shall be a public record available for inspection and copying in its entirety in accordance with the requirements of Iowa Code chapter 22 (2020).

**CONSENT ORDER**

**IT IS THEREFORE ORDERED:**

27. REPRIMAND. Pursuant to 193E Iowa Administrative Code section 18.14(1)(j), the Respondent is reprimanded.

28. CIVIL PENALTY. Respondent shall pay a civil penalty to the Commission in the amount of two thousand dollars (\$2,000.00). The civil penalty must come under a cover letter addressed to the Commission’s Executive Officer, referencing Case Number 20-045.

29. FUTURE COMPLIANCE. The Respondent also shall at all future times fully and promptly comply with all pertinent Orders of the Commission and the statutes and Commission rules regulating the practice of real estate.

**WHEREFORE**, the terms of this Combined Statement of Charges, Informal Settlement Agreement and Consent Order are agreed to and accepted by the Iowa Real Estate Commission and the Respondent.

**FOR THE RESPONDENT:**

Voluntarily agreed to and accepted by **Brad Sanderson** on this 24<sup>th</sup> day of January, 2023.

*Brad Sanderson*  
By: **BRAD SANDERSON**, Respondent

State of Iowa

County of Dickinson

Signed and sworn to before me on this 24<sup>th</sup> day of January, 2023, by:



*Chelsea Cranston*  
Notary Public, State of Iowa  
Printed Name: Chelsea Cranston  
My Commission Expires: 7/1/2025

**FOR THE COMMISSION:**

Voluntarily agreed to and accepted by the **IOWA REAL ESTATE COMMISSION** on this  
\_\_\_\_\_ day of \_\_\_\_\_, 2023.



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**JAMES M.H. CLINGMAN**, Chair  
Iowa Real Estate Commission