

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5358**

Chapter 50, Laws of 1993

53rd Legislature  
1993 Regular Session

REAL ESTATE EDUCATION ACCOUNT CREATED

EFFECTIVE DATE: 7/1/93

Passed by the Senate March 13, 1993  
YEAS 46 NAYS 0

JOEL PRITCHARD

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**President of the Senate**

Passed by the House April 8, 1993  
YEAS 97 NAYS 0

BRIAN EBERSOLE

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**Speaker of the  
House of Representatives**

Approved April 19, 1993

MIKE LOWRY

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**Governor of the State of Washington**

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5358** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

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**Secretary**

FILED

April 19, 1993 - 1:49 p.m.

**Secretary of State  
State of Washington**

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SENATE BILL 5358

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Passed Legislature - 1993 Regular Session

State of Washington

53rd Legislature

1993 Regular Session

By Senators Pelz, Fraser, Prince and Winsley; by request of Department of Licensing

Read first time 01/25/93. Referred to Committee on Ways & Means.

1 AN ACT Relating to the creation of an appropriated real estate  
2 education account; amending RCW 18.85.220, 18.85.310, and 18.85.315;  
3 adding a new section to chapter 18.85 RCW; providing an effective date;  
4 and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 18.85.220 and 1991 c 277 s 1 are each amended to read  
7 as follows:

8 All fees required under this chapter shall be set by the director  
9 in accordance with RCW 43.24.086 and shall be paid to the state  
10 treasurer. All fees paid under the provisions of this chapter shall be  
11 placed in the real estate commission account in the state treasury. All  
12 money derived from fines imposed under this chapter shall ~~((also))~~ be  
13 deposited in the real estate ~~((commission account, shall be used solely  
14 for education for the benefit of licensees and shall be subject to  
15 appropriation pursuant to chapter 43.88 RCW))~~ education account created  
16 by section 4 of this act.

17 **Sec. 2.** RCW 18.85.310 and 1988 c 286 s 2 are each amended to read  
18 as follows:

1 (1) Every licensed real estate broker shall keep adequate records  
2 of all real estate transactions handled by or through him. The records  
3 shall include, but are not limited to, a copy of the earnest money  
4 receipt, and an itemization of the broker's receipts and disbursements  
5 with each transaction. These records and all other records hereinafter  
6 specified shall be open to inspection by the director or his authorized  
7 representatives.

8 (2) Every real estate broker shall also deliver or cause to be  
9 delivered to all parties signing the same, at the time of signing,  
10 conformed copies of all earnest money receipts, listing agreements and  
11 all other like or similar instruments signed by the parties, including  
12 the closing statement.

13 (3) Every real estate broker shall also keep separate real estate  
14 fund accounts in a recognized Washington state depository authorized to  
15 receive funds in which shall be kept separate and apart and physically  
16 segregated from licensee broker's own funds, all funds or moneys of  
17 clients which are being held by such licensee broker pending the  
18 closing of a real estate sale or transaction, or which have been  
19 collected for said client and are being held for disbursement for or to  
20 said client and such funds shall be deposited not later than the first  
21 banking day following receipt thereof.

22 (4) Separate accounts comprised of clients' funds required to be  
23 maintained under this section, with the exception of property  
24 management trust accounts, shall be interest-bearing accounts from  
25 which withdrawals or transfers can be made without delay, subject only  
26 to the notice period which the depository institution is required to  
27 reserve by law or regulation.

28 (5) Every real estate broker shall maintain a pooled interest-  
29 bearing escrow account for deposit of client funds, with the exception  
30 of property management trust accounts, which are nominal. As used in  
31 this section, a "nominal" deposit is a deposit of not more than five  
32 thousand dollars.

33 The interest accruing on this account, net of any reasonable and  
34 appropriate financial institution service charges or fees, shall be  
35 paid to the state treasurer for deposit in the Washington housing trust  
36 fund created in RCW 43.185.030 and the real estate education account  
37 created in section 4 of this act. Appropriate service charges or fees  
38 are those charges made by financial institutions on other demand

1 deposit or "now" accounts. An agent may, but shall not be required to,  
2 notify the client of the intended use of such funds.

3 (6) All client funds not required to be deposited in the account  
4 specified in subsection (5) of this section shall be deposited in:

5 (a) A separate interest-bearing trust account for the particular  
6 client or client's matter on which the interest will be paid to the  
7 client; or

8 (b) The pooled interest-bearing trust account specified in  
9 subsection (5) of this section if the parties to the transaction agree.

10 The department of licensing shall promulgate regulations which will  
11 serve as guidelines in the choice of an account specified in subsection  
12 (5) of this section or an account specified in this subsection.

13 (7) For an account created under subsection (5) of this section, an  
14 agent shall direct the depository institution to:

15 (a) Remit interest or dividends, net of any reasonable and  
16 appropriate service charges or fees, on the average monthly balance in  
17 the account, or as otherwise computed in accordance with an  
18 institution's standard accounting practice, at least quarterly, to the  
19 state treasurer for deposit in the housing trust fund created by RCW  
20 43.185.030 and the real estate (~~commission account created by RCW~~  
21 ~~18.85.220 as directed by RCW 18.85.315~~) education account created in  
22 section 4 of this act; and

23 (b) Transmit to the director of community development a statement  
24 showing the name of the person or entity for whom the remittance is  
25 spent, the rate of interest applied, and the amount of service charges  
26 deducted, if any, and the account balance(s) of the period in which the  
27 report is made, with a copy of such statement to be transmitted to the  
28 depositing person or firm.

29 (8) The director shall forward a copy of the reports required by  
30 subsection (7) of this section to the department of licensing to aid in  
31 the enforcement of the requirements of this section consistent with the  
32 normal enforcement and auditing practices of the department of  
33 licensing.

34 (9) This section does not relieve any real estate broker from any  
35 obligation with respect to the safekeeping of clients' funds.

36 (10) Any violation by a real estate broker of any of the provisions  
37 of this section, or RCW 18.85.230, shall be grounds for revocation of  
38 the licenses issued to the broker.

1       **Sec. 3.** RCW 18.85.315 and 1987 c 513 s 9 are each amended to read  
2 as follows:

3       Remittances received by the treasurer pursuant to RCW 18.85.310  
4 shall be divided between the housing trust fund created by RCW  
5 43.185.030, which shall receive seventy-five percent and the real  
6 estate ((~~commission~~)) education account created by ((~~RCW 18.85.220~~))  
7 section 4 of this act, which shall receive twenty-five percent.

8       NEW SECTION. **Sec. 4.** A new section is added to chapter 18.85 RCW  
9 to read as follows:

10       The real estate education account is created in the custody of the  
11 state treasurer. All moneys received for credit to this account  
12 pursuant to RCW 18.85.315 and all moneys derived from fines imposed  
13 under this chapter shall be deposited into the account. Any fund  
14 balance remaining in the real estate commission account attributable to  
15 moneys received under RCW 18.85.315 and moneys derived from fines  
16 imposed under this chapter as of the effective date of this act shall  
17 be transferred to the real estate education account. Expenditures from  
18 the account may be made only upon the authorization of the director or  
19 a duly authorized representative of the director, and may be used only  
20 for the purposes of carrying out the director's programs for education  
21 of real estate licensees and others in the real estate industry as  
22 described in RCW 18.85.040(4). All expenses and costs relating to the  
23 implementation or administration of, or payment of contract fees or  
24 charges for, the director's real estate education programs may be paid  
25 from this account. The account is subject to appropriation under  
26 chapter 43.88 RCW.

27       NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
28 preservation of the public peace, health, or safety, or support of the  
29 state government and its existing public institutions, and shall take  
30 effect July 1, 1993.

Passed the Senate March 13, 1993.

Passed the House April 8, 1993.

Approved by the Governor April 19, 1993.

Filed in Office of Secretary of State April 19, 1993.