

# HOUSE BILL ANALYSIS

## SB 5442

**Brief Description:** Increasing the defined amount of "nominal deposit" affecting real estate brokers.

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**Sponsors:** Senators Kline and Roach

**Hearing:** March 24, 1999

### Brief Summary of Bill

The maximum amount of client funds a real estate broker must deposit into a pooled interest-bearing account is raised from \$5,000 to \$10,000. The interest from that account goes to the Housing Trust Fund and the Real Estate Education Fund.

### BACKGROUND:

Real estate brokers sometimes receive funds from buyers or sellers to hold while a transaction is closing, such as earnest money. Brokers are required to deposit these funds in interest-bearing accounts at a financial institution. For client funds greater than \$5,000, brokers must place the funds in a separate account for the particular client, unless the parties to the transaction agree to place it in a pooled account. The interest from a separate account, less service fees, goes to the client who provided the funds to the broker.

For client funds less than \$5,000, brokers must deposit the funds in a pooled interest-bearing account. The interest from this account is paid to the Washington housing trust fund and the real estate education account. Seventy-five percent of the accrued interest goes to the housing trust fund, which finances loans or grants to provide housing for persons and families with special housing needs and low incomes. Twenty-five percent of the accrued interest goes to the real estate education account which funds programs for the education of real estate licensees and others in the real estate industry.

### SUMMARY OF BILL:

Real Estate brokers must deposit client funds up to \$10,000, rather than \$5,000, into a pooled account which accrues interest for the Housing Trust Fund and the Real Estate Education Fund.

**RULES AUTHORITY:** The bill does not contain provisions addressing the rule making powers of an agency.

**FISCAL NOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of a session in which bill is passed.