

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2778**

60th Legislature  
2008 Regular Session

Passed by the House February 14, 2008  
Yeas 94 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate March 4, 2008  
Yeas 45 Nays 1

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2778** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2778**

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Passed Legislature - 2008 Regular Session

**State of Washington                      60th Legislature                      2008 Regular Session**

**By House Commerce & Labor (originally sponsored by Representatives Conway, Wood, Condotta, Chandler, and Williams)**

READ FIRST TIME 02/01/08.

1            AN ACT Relating to real estate licensure law; amending RCW  
2 18.85.010, 18.85.030, 18.85.040, 18.85.050, 18.85.055, 18.85.060,  
3 18.85.071, 18.85.080, 18.85.085, 18.85.090, 18.85.097, 18.85.100,  
4 18.85.110, 18.85.120, 18.85.130, 18.85.140, 18.85.155, 18.85.165,  
5 18.85.170, 18.85.180, 18.85.190, 18.85.200, 18.85.210, 18.85.215,  
6 18.85.220, 18.85.225, 18.85.227, 18.85.230, 18.85.240, 18.85.261,  
7 18.85.271, 18.85.281, 18.85.310, 18.85.315, 18.85.317, 18.85.320,  
8 18.85.330, 18.85.340, 18.85.345, 18.85.350, 18.85.520, 18.85.530, and  
9 18.85.560; adding new sections to chapter 18.85 RCW; recodifying RCW  
10 18.85.010, 18.85.071, 18.85.080, 18.85.085, 18.85.040, 18.85.060,  
11 18.85.210, 18.85.220, 18.85.030, 18.85.050, 18.85.055, 18.85.090,  
12 18.85.560, 18.85.097, 18.85.110, 18.85.120, 18.85.130, 18.85.140,  
13 18.85.155, 18.85.165, 18.85.170, 18.85.180, 18.85.190, 18.85.200,  
14 18.85.215, 18.85.310, 18.85.320, 18.85.330, 18.85.315, 18.85.317,  
15 18.85.100, 18.85.225, 18.85.227, 18.85.230, 18.85.240, 18.85.261,  
16 18.85.271, 18.85.281, 18.85.340, 18.85.345, 18.85.350, 18.85.550,  
17 18.85.520, 18.85.530, and 18.85.540; repealing RCW 18.85.095,  
18 18.85.150, 18.85.400, 18.85.450, 18.85.460, 18.85.470, and 18.85.480;  
19 prescribing penalties; and providing an effective date.

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

1           **Sec. 1.** RCW 18.85.010 and 2003 c 201 s 1 are each amended to read  
2 as follows:

3           ~~((In this chapter words and phrases have the following meanings  
4 unless otherwise apparent from the context:~~

5           ~~(1) "Real estate broker," or "broker," means a person, while acting  
6 for another for commissions or other compensation or the promise  
7 thereof, or a licensee under this chapter while acting in his or her  
8 own behalf, who:~~

9           ~~(a) Sells or offers for sale, lists or offers to list, buys or  
10 offers to buy real estate or business opportunities, or any interest  
11 therein, for others;~~

12           ~~(b) Negotiates or offers to negotiate, either directly or  
13 indirectly, the purchase, sale, exchange, lease, or rental of real  
14 estate or business opportunities, or any interest therein, for others;~~

15           ~~(c) Negotiates or offers to negotiate, either directly or  
16 indirectly, the purchase, sale, lease, or exchange of a manufactured or  
17 mobile home in conjunction with the purchase, sale, exchange, rental,  
18 or lease of the land upon which the manufactured or mobile home is, or  
19 will be, located;~~

20           ~~(d) Advertises or holds himself or herself out to the public by any  
21 oral or printed solicitation or representation that he or she is so  
22 engaged; or~~

23           ~~(e) Engages, directs, or assists in procuring prospects or in  
24 negotiating or closing any transaction which results or is calculated  
25 to result in any of these acts;~~

26           ~~(2) "Real estate salesperson" or "salesperson" means any natural  
27 person employed, either directly or indirectly, by a real estate  
28 broker, or any person who represents a real estate broker in the  
29 performance of any of the acts specified in subsection (1) of this  
30 section;~~

31           ~~(3) An "associate real estate broker" is a person who has qualified  
32 as a "real estate broker" who works with a broker and whose license  
33 states that he or she is associated with a broker;~~

34           ~~(4) The word "person" as used in this chapter shall be construed to  
35 mean and include a corporation, limited liability company, limited  
36 liability partnership, or partnership, except where otherwise  
37 restricted;~~

1       ~~(5))~~ The definitions in this section apply throughout this chapter  
2 unless the context clearly requires otherwise.

3       (1) "Advertising" means any attempt by publication or broadcast,  
4 whether oral, written, or otherwise, to induce a person to use the  
5 services of a real estate firm, broker, managing broker, or designated  
6 broker.

7       (2) "Broker" means a natural person acting on behalf of a real  
8 estate firm to perform real estate brokerage services under the  
9 supervision of a designated broker or managing broker.

10       (3) "Business opportunity" ((shall)) means and includes business,  
11 business ((opportunity)) entity, and good will of an existing business  
12 or any one or combination thereof((;

13       ~~(6) "Commission" means the real estate commission of the state of~~  
14 ~~Washington;~~

15       ~~(7) "Director" means the director of licensing;~~

16       ~~(8) "Real estate multiple listing association" means any~~  
17 ~~association of real estate brokers;~~

18       ~~(a) Whose members circulate listings of the members among~~  
19 ~~themselves so that the properties described in the listings may be sold~~  
20 ~~by any member for an agreed portion of the commission to be paid; and~~

21       ~~(b) Which require in a real estate listing agreement between the~~  
22 ~~seller and the broker, that the members of the real estate multiple~~  
23 ~~listing association shall have the same rights as if each had executed~~  
24 ~~a separate agreement with the seller;~~

25       ~~(9))~~ when the transaction or business includes an interest in real  
26 property.

27       (4) "Clear and conspicuous" in an advertising statement means the  
28 representation or term being used is of such a color, contrast, size,  
29 or audibility, and presented in a manner so as to be readily noticed  
30 and understood.

31       (5) "Clock hours of instruction" means actual hours spent in  
32 classroom instruction in any tax supported, public technical college,  
33 community college, or any other institution of higher learning or a  
34 correspondence course from any of the aforementioned institutions  
35 certified by such institution as the equivalent of the required number  
36 of clock hours, and the real estate commission may certify courses of  
37 instruction other than in the aforementioned institutions((;)).

1       ~~((10) "Incapacitated" means the physical or mental inability to~~  
2 ~~perform the duties of broker prescribed by this chapter; and~~

3       ~~(11))~~ (6) "Commercial real estate" means any parcel of real estate  
4 in this state other than real estate containing one to four residential  
5 units. "Commercial real estate" does not include a single-family  
6 residential lot or single-family residential units such as  
7 condominiums, townhouses, manufactured homes, or homes in a subdivision  
8 when sold, leased, or otherwise conveyed on a unit-by-unit basis, even  
9 when those units are part of a larger building or parcel of real  
10 estate, unless the property is sold or leased for a commercial purpose.

11       (7) "Commission" means the real estate commission of the state of  
12 Washington.

13       (8) "Controlling interest" means the ability to control either the  
14 operational or financial, or both, decisions of a firm.

15       (9) "Department" means the Washington department of licensing.

16       (10) "Designated broker" means:

17       (a) A natural person who owns a sole proprietorship real estate  
18 firm; or

19       (b) A natural person with a controlling interest in the firm who is  
20 designated by a legally recognized business entity such as a  
21 corporation, limited liability company, limited liability partnership,  
22 or partnership real estate firm, to act as a designated broker on  
23 behalf of the real estate firm, and whose managing broker's license  
24 receives an endorsement from the department of "designated broker."

25       (11) "Director" means the director of the department of licensing.

26       (12) "Inactive license" means the status of a license that is not  
27 expired and is not affiliated with a firm.

28       (13) "Licensee" means a person holding a license as a real estate  
29 firm, managing broker, or broker.

30       (14) "Managing broker" means a natural person acting on behalf of  
31 a real estate firm to perform real estate brokerage services under the  
32 supervision of the designated broker, and who may supervise other  
33 brokers or managing brokers licensed to the firm.

34       (15) "Person" includes a natural person, corporation, limited  
35 liability company, limited liability partnership, partnership, or  
36 public or private organization or entity of any character, except where  
37 otherwise restricted.

1       (16) "Real estate brokerage services" means any of the following  
2 services offered or rendered directly or indirectly to another, or on  
3 behalf of another for compensation or the promise or expectation of  
4 compensation, or by a licensee on the licensee's own behalf:

5       (a) Listing, selling, purchasing, exchanging, optioning, leasing,  
6 renting of real estate, or any real property interest therein; or any  
7 interest in a cooperative;

8       (b) Negotiating or offering to negotiate, either directly or  
9 indirectly, the purchase, sale, exchange, lease, or rental of real  
10 estate, or any real property interest therein; or any interest in a  
11 cooperative;

12       (c) Listing, selling, purchasing, exchanging, optioning, leasing,  
13 renting, or negotiating the purchase, sale, lease, or exchange of a  
14 manufactured or mobile home in conjunction with the purchase, sale,  
15 lease, exchange, or rental of the land upon which the manufactured or  
16 mobile home is or will be located;

17       (d) Advertising or holding oneself out to the public by any  
18 solicitation or representation that one is engaged in real estate  
19 brokerage services;

20       (e) Advising, counseling, or consulting buyers, sellers, landlords,  
21 or tenants in connection with a real estate transaction;

22       (f) Issuing a broker's price opinion. For the purposes of this  
23 chapter, "broker's price opinion" means an oral or written report of  
24 property value that is prepared by a licensee under this chapter and is  
25 not an appraisal as defined in RCW 18.140.010 unless it complies with  
26 the requirements established under chapter 18.140 RCW;

27       (g) Collecting, holding, or disbursing funds in connection with the  
28 negotiating, listing, selling, purchasing, exchanging, optioning,  
29 leasing, or renting of real estate or any real property interest; and

30       (h) Performing property management services, which includes with no  
31 limitation: Marketing; leasing; renting; the physical, administrative,  
32 or financial maintenance of real property; or the supervision of such  
33 actions.

34       (17) "Real estate firm" or "firm" means a sole proprietorship,  
35 partnership, limited liability partnership, corporation, limited  
36 liability company, or other legally recognized business entity  
37 conducting real estate brokerage services in this state and licensed by  
38 the department as a real estate firm.

1       **Sec. 2.** RCW 18.85.030 and 1997 c 322 s 2 are each amended to read  
2 as follows:

3       The director shall appoint ~~((an))~~ adequate staff to assist him or  
4 her.

5       **Sec. 3.** RCW 18.85.040 and 2002 c 86 s 229 are each amended to read  
6 as follows:

7       (1) The director, with the advice and approval of the commission,  
8 may issue rules ~~((and regulations))~~ to govern the activities of real  
9 estate brokers, ~~((associate real estate))~~ managing brokers, designated  
10 brokers, and ~~((salespersons))~~ real estate firms, consistent with this  
11 chapter and chapters 18.86 and 18.235 RCW, fix the times and places for  
12 holding examinations of applicants for licenses, and prescribe the  
13 method of conducting them.

14       (2)(a) The director shall enforce all laws~~((r))~~ and rules~~((, and~~  
15 ~~regulations))~~ relating to the licensing of real estate firms, brokers,  
16 ~~((associate real estate))~~ managing brokers, and ~~((salespersons))~~  
17 designated brokers, grant or deny licenses including temporary licenses  
18 to real estate firms, brokers, ~~((associate real estate))~~ and managing  
19 brokers, ~~((and salespersons,))~~ and hold hearings.

20       (b) The director shall enforce all laws and rules relating to the  
21 issuance of certificates of approval to real estate schools, real  
22 estate school administrators and instructors, and approval of real  
23 estate education courses.

24       (3) The director shall establish by rule standards for licensure of  
25 applicants licensed in other jurisdictions and for reciprocity  
26 including the use of written recognition agreements.

27       (4) The director may issue rules requiring all applicants to submit  
28 to a criminal background check, and the applicant is responsible for  
29 the payment of any fees incurred.

30       (5) The director shall adopt rules and establish standards relating  
31 to permissible forms of clear and conspicuous advertising by licensees.

32       (6) The director shall institute a program of real estate education  
33 ~~((including, but not limited to, instituting a)).~~ The program ~~((of~~  
34 ~~education))~~ may include courses at institutions of higher education in  
35 Washington, trade schools, private real estate schools, and preapproved  
36 forums and conferences. The ~~((overall))~~ program shall include  
37 establishing minimum levels of ongoing education for licensees relating

1 to the practice of real estate (~~by real estate brokers and~~  
2 ~~salespersons~~) under this chapter. The program may also include the  
3 development or implementation of curricula courses, educational  
4 materials, or approaches to education relating to real estate when  
5 required(~~(7)~~) or approved(~~(7 or certified)~~) for continuing education  
6 credit. The director may develop and provide educational programs and  
7 materials for members of the public. The director may enter into  
8 contracts with other persons or entities, whether publicly or privately  
9 owned or operated, to assist in developing or implementing the real  
10 estate education program.

11 ~~((5))~~ (7) The director shall charge a fee(~~(, as prescribed by the~~  
12 ~~director by rule,~~) for the certification of courses of instruction,  
13 instructors, and schools.

14 (8) The director may take disciplinary action against real estate  
15 schools and real estate school administrators and instructors based  
16 upon conduct, acts, or conditions prescribed by rule, and may impose  
17 any or all of the following sanctions and fines:

18 (a) Withdrawal of the certificate of approval;

19 (b) Suspension of the certificate of approval for a fixed or  
20 indefinite term;

21 (c) Stayed suspension for a designated period of time;

22 (d) Censure or reprimand;

23 (e) Payment of a fine for each violation not to exceed one thousand  
24 dollars per day per violation. Each day a violation continues or  
25 occurs is a separate violation for purposes of imposing a penalty;

26 (f) Denial of an initial or renewal application for a certificate  
27 of approval; and

28 (g) Other corrective action.

29 **Sec. 4.** RCW 18.85.050 and 1972 ex.s. c 139 s 4 are each amended to  
30 read as follows:

31 ~~((Neither))~~ While employed with the department, the director (~~(nor~~  
32 ~~any))~~ and employees(~~(, shall be interested in any real estate business~~  
33 regulated by chapter 139, Laws of 1972 ex. sess.: PROVIDED, That)) who  
34 administer, regulate, or enforce real estate laws and rules must  
35 relinquish interest in any real estate business regulated by this  
36 chapter. If any real estate (~~(broker, associate real estate broker, or~~  
37 salesman)) licensee is employed by the director (~~(or by the~~



1 ~~commission))~~ as an employee, the license of ~~((such))~~ the broker,  
2 ~~((associate))~~ real estate ~~((broker))~~ firm, or ~~((salesman shall not be~~  
3 ~~revoked, suspended, or canceled by reason thereof))~~ managing broker is  
4 placed on inactive status and remains inactive until the cessation of  
5 employment with the director.

6 **Sec. 5.** RCW 18.85.055 and 1987 c 514 s 2 are each amended to read  
7 as follows:

8 ~~((No))~~ Persons licensed under this chapter who ~~((is employed by the~~  
9 ~~state and who is conducting real estate transactions on behalf of the~~  
10 ~~state may hold an active license under this chapter))~~ are employed by  
11 a town, city, or county, and who are conducting real estate  
12 transactions on behalf of the town, city, or county, may hold active  
13 licenses under this chapter, and their designated and managing brokers  
14 are not responsible for their real estate transactions on behalf of  
15 their town, city, or county employer.

16 **Sec. 6.** RCW 18.85.060 and 1997 c 322 s 3 are each amended to read  
17 as follows:

18 The director shall adopt a seal with the words "real estate  
19 director, state of Washington," and such other device as the director  
20 may approve engraved thereon, by which ~~((he or she))~~ the director shall  
21 authenticate the proceedings of the office. Copies of all records and  
22 papers in the office of the director certified to be ~~((a))~~ true  
23 ~~((copy))~~ copies under the hand and seal of the director shall be  
24 received in evidence in all cases equally and with like effect as the  
25 originals. The director may ~~((deputize))~~ authorize one or more  
26 assistants to certify records and papers.

27 **Sec. 7.** RCW 18.85.071 and 1972 ex.s. c 139 s 6 are each amended to  
28 read as follows:

29 There is established the real estate commission of the state of  
30 Washington, consisting of the director who is the chair of the  
31 commission and six commission members who shall act in an advisory  
32 capacity to the director. The commission shall annually elect a vice-  
33 chair to conduct the commission meetings in the absence of the  
34 director.

1        The governor must appoint six commission members (~~((shall be~~  
2 ~~appointed by the governor in the following manner:))~~ for a term of six  
3 years each(~~(, with the exception of the first appointees, who shall be~~  
4 ~~appointed one for a term of one year, one for a term of two years, one~~  
5 ~~for a term of three years, one for a term of four years, one for a term~~  
6 ~~of five years, and one for a term of six years, with all other~~  
7 ~~subsequent appointees to be appointed for a six year term)).~~ At least  
8 two of the commission members shall be selected from the area in the  
9 state west of the Cascade mountain range and at least two shall be  
10 selected from that area of the state east of the Cascade mountain  
11 range. No commission member shall be appointed who has had less than  
12 five years' experience in (~~(the sale, operation, or management of))~~  
13 performing real estate brokerage services in this state, or has had at  
14 least three years' experience in investigative work of a similar  
15 nature, preferably in connection with the administration of real estate  
16 license law of this state or elsewhere. The governor must fill by  
17 appointment any vacancies on the commission (~~((shall be filled by~~  
18 ~~appointment by the governor))~~) for the unexpired term.

19        **Sec. 8.** RCW 18.85.080 and 1984 c 287 s 49 are each amended to read  
20 as follows:

21        The six board members of the commission shall be compensated in  
22 accordance with RCW 43.03.240, plus travel expenses in accordance with  
23 RCW 43.03.050 and 43.03.060 when they (~~((shall be))~~) are called into  
24 session by the director (~~((or when presiding at examinations for~~  
25 ~~applicants for licenses))~~) or when otherwise engaged in the business of  
26 the commission. The commission shall meet four times a year or at the  
27 call of the director.

28        **Sec. 9.** RCW 18.85.085 and 1997 c 322 s 4 are each amended to read  
29 as follows:

30        The commission shall have authority to hold educational conferences  
31 for the benefit of the industry, and shall conduct examinations of  
32 applicants for licenses under this chapter. The commission shall  
33 ensure that examinations are prepared and administered at examination  
34 centers throughout the state and may approve examination locations in  
35 foreign jurisdictions.

1        NEW SECTION.    **Sec. 10.**    (1) The minimum requirements for a firm to  
2 receive a license are that the firm:

3        (a) Designates a managing broker as the "designated broker" who has  
4 authority to act for the firm, and provides the director with the name  
5 of the owner or owners or any others with a controlling interest in the  
6 firm;

7        (b) Assures that no person with controlling interest in the firm is  
8 the subject of a final departmental order, as provided in chapter 34.05  
9 RCW, suspending or revoking any type of real estate license; and

10       (c) Does not adopt a name that is the same or similar to currently  
11 issued licenses or that implies the real estate firm is a nonprofit or  
12 research organization, or is a public bureau or group.

13       (2) An applicant for a real estate firm's license shall provide the  
14 director with:

15       (a) The firm name and unified business identifier number;

16       (b) Washington business mailing and street address, contact  
17 telephone number, if any, and a mailing and physical address for either  
18 the firm's trust account or business records location, or both;

19       (c) Internet home page site and business e-mail address, if any;

20       (d) Application fee prescribed by the director; and

21       (e) Any other information the director may require.

22       (3) The firm must provide the following to the department for  
23 renewal of the firm's license:

24       (a) Renewal fee;

25       (b) Notice of any change in controlling interest for the firm; and

26       (c) Notice of any change in the firm's registration or certificate  
27 of authority filed with the secretary of state.

28       **Sec. 11.**    RCW 18.85.090 and 1994 c 291 s 1 are each amended to read  
29 as follows:

30       (1) The minimum requirements for an individual to receive a  
31 broker's license are that the individual:

32       (a) Is eighteen years of age or older;

33       (b) Has a high school diploma or its equivalent;

34       (c) ~~((Has had a minimum of two years of actual experience as a~~  
35 ~~full-time real estate salesperson in this state or in another state~~  
36 ~~having comparable requirements within the five years previous to~~  
37 ~~applying for the broker's license examination or is, in the opinion of~~

1 ~~the director, otherwise and similarly qualified, or is otherwise~~  
2 ~~qualified by reason of practical experience in a business allied with~~  
3 ~~or related to real estate;~~

4 ~~(d))~~ Except as provided in RCW 18.85.097 (as recodified by this  
5 act), has furnished proof, as the director may require, that the  
6 applicant has successfully completed ~~((one hundred twenty))~~ ninety  
7 hours of instruction in real estate. Instruction must include ~~((one~~  
8 ~~course in brokerage management, one course in real estate law, one~~  
9 ~~course in business management, and one elective course))~~ courses as  
10 prescribed by the director including fundamentals and practices. Each  
11 course must be completed within ~~((five))~~ two years ~~((prior to))~~ before  
12 applying for the broker's license examination ~~(, be at least thirty~~  
13 ~~clock hours,))~~ and be approved by the director. The applicant must  
14 pass a course examination, approved by the director for each course  
15 used to satisfy the broker's license requirement; and

16 ~~((e))~~ (d) Has passed the broker's license examination.

17 (2) ~~((Nothing in this section applies to persons who are licensed~~  
18 ~~as brokers under any real estate law in Washington that exists prior to~~  
19 ~~this law's enactment, but only if their license has not been~~  
20 ~~subsequently canceled or revoked.))~~ The broker's license may be renewed  
21 upon completion of continuing education courses and payment of the  
22 renewal fee as prescribed by the director. The education requirements  
23 for the first renewal of the broker's license must include ninety hours  
24 of courses as prescribed by the director, including real estate law,  
25 advance practices, and continuing education.

26 (3) The broker is licensed to one firm at a time and is supervised  
27 by a designated or managing broker.

28 NEW SECTION. Sec. 12. (1) The minimum requirements for an  
29 individual to receive a managing broker's license are that the  
30 individual:

31 (a) Is eighteen years of age or older;

32 (b) Has a high school diploma or its equivalent;

33 (c) Has had a minimum of three years of licensed experience as a  
34 full-time real estate broker in this state or in another jurisdiction  
35 having comparable requirements within the five years previous to  
36 applying for the managing broker's license examination or is otherwise

1 qualified by reason of practical experience in a business allied with  
2 or related to real estate as prescribed by rule;

3 (d) Except as provided in RCW 18.85.097 (as recodified by this  
4 act), has furnished proof, as the director may require, that the  
5 applicant has successfully completed ninety hours of instruction in  
6 real estate. Instruction must include courses as prescribed by the  
7 director including real estate brokerage management, business  
8 management, and advanced real estate law. The director may approve and  
9 accept other related education. Each course must be completed within  
10 three years before applying for the managing broker's license  
11 examination, be at least thirty clock hours, and be approved by the  
12 director. The applicant must pass a course examination, approved by  
13 the director for each course that is used to satisfy the managing  
14 broker's license requirement; and

15 (e) Has passed the managing broker's license examination.

16 (2) A managing broker's license may be renewed upon completion of  
17 continuing education courses and payment of the renewal fee as  
18 prescribed by the director.

19 (3) A managing broker can be licensed to one firm only at any one  
20 time.

21 NEW SECTION. **Sec. 13.** (1) A designated broker must hold a license  
22 as a managing broker in accordance with section 12 of this act, and may  
23 act as a designated broker for more than one firm. The department  
24 shall register designated brokers.

25 (2) A managing broker for a firm must be registered to that firm as  
26 its designated broker if that managing broker accepts endorsements from  
27 other firms as their designated broker.

28 (3) Registered designated brokers must immediately notify the  
29 department of additional firms for which they serve as designated  
30 broker, and shall receive a printed endorsement on their managing  
31 broker's licenses indicating the names of all firms for which they  
32 serve as designated broker.

33 **Sec. 14.** RCW 18.85.097 and 1994 c 291 s 4 are each amended to read  
34 as follows:

35 The director may allow for substitution of the clock-hour  
36 requirements in RCW 18.85.090(1)(~~(d)~~ and ~~18.85.095(1)(b)~~) (c) (as

1 recodified by this act) and section 12(1)(d) of this act, if the  
2 director makes a determination that the individual is otherwise and  
3 similarly qualified by reason of completion of equivalent educational  
4 coursework in any institution of higher education as defined in RCW  
5 28B.10.016 or any degree-granting institution as defined in RCW  
6 28B.85.010 approved by the director. The director shall establish, by  
7 rule, guidelines for determining equivalent educational coursework.

8 **Sec. 15.** RCW 18.85.100 and 1997 c 322 s 6 are each amended to read  
9 as follows:

10 It (~~shall be~~) is unlawful for any person to act as a real estate  
11 broker, (~~associate real estate~~) managing broker, or real estate  
12 (~~salesperson~~) firm without first obtaining a license therefor, and  
13 otherwise complying with the provisions of this chapter.

14 No suit or action shall be brought for the collection of  
15 compensation as a real estate broker, (~~associate~~) real estate firm,  
16 managing broker, or (~~real estate salesperson~~) designated broker,  
17 without alleging and proving that the plaintiff was a duly licensed  
18 real estate broker, (~~associate real estate~~) managing broker, or real  
19 estate (~~salesperson prior to~~) firm before the time of offering to  
20 perform any (~~such act or service~~) real estate transaction or  
21 procuring any promise or contract for the payment of compensation for  
22 any (~~such~~) contemplated (~~act or service~~) real estate transaction.

23 **Sec. 16.** RCW 18.85.110 and 1997 c 322 s 7 are each amended to read  
24 as follows:

25 This chapter shall not apply to:

26 (1) Any person who purchases or disposes of property and/or a  
27 business opportunity for ((his or her)) that individual's own account,  
28 or that of a group of which ((he or she)) the person is a member((, or  
29 who, as the owner or part owner of property, and/or a business  
30 opportunity, in any way disposes of the same; nor,)), and their  
31 employees;

32 (2) Any duly authorized attorney-in-fact acting under a power of  
33 attorney without compensation((, or));

34 (3) An attorney-at-law in the performance of ((his or her duties;  
35 nor, (3)) the practice of law;

1       (4) Any receiver, trustee in bankruptcy, executor, administrator,  
2 guardian, personal representative, or any person acting under the order  
3 of any court, ((or)) selling under a deed of trust, or acting as  
4 trustee under a trust; ((nor, (4)))

5       (5) Any secretary, bookkeeper, accountant, or other office  
6 personnel who does not engage in any conduct or activity specified in  
7 any of the definitions under RCW 18.85.010 (as recodified by this act);  
8 ((nor, (5) any owner of rental or lease property, members of the  
9 owner's family whether or not residing on such property, or a resident  
10 manager of a complex of residential dwelling units wherein such manager  
11 resides; nor, (6) any person who manages residential dwelling units on  
12 an incidental basis and not as his or her principal source of income so  
13 long as that person does not advertise or hold out to the public by any  
14 oral or printed solicitation or representation that he or she is so  
15 engaged; nor, (7))

16       (6) Employees of towns, cities, counties, or governmental entities  
17 involved in an acquisition of property for right-of-way, eminent  
18 domain, or threat of eminent domain;

19       (7) Only with respect to the rental or lease of individual storage  
20 space, any person who owns or manages a self-service storage facility  
21 as defined under chapter 19.150 RCW;

22       (8) Any person providing referrals to licensees who is not involved  
23 in the negotiation, execution of documents, or related real estate  
24 brokerage services, and compensation is not contingent upon receipt of  
25 compensation by the licensee or the real estate firm;

26       (9) Certified public accountants if they do not promote the  
27 purchase, listing, sale, exchange, optioning, leasing, or renting of a  
28 specific real property interest;

29       (10) Any natural persons or entities including title or escrow  
30 companies, escrow agents, attorneys, or financial institutions acting  
31 as escrow agents if they do not promote the purchase, listing, sale,  
32 exchange, optioning, leasing, or renting of a specific real property  
33 interest;

34       (11) Investment counselors if they do not promote the purchase,  
35 listing, sale, exchange, optioning, leasing, or renting of a specific  
36 real property interest; and

37       (12) Any person employed or retained by, for, or on behalf of the

1 owner or on behalf of a designated or managing broker if the person is  
2 limited in property management to any of the following activities:

3 (a) Delivering a lease application, a lease, or any amendment  
4 thereof to any person;

5 (b) Receiving a lease application, lease, or amendment thereof, a  
6 security deposit, rental payment, or any related payment for delivery  
7 to and made payable to the real estate firm or owner;

8 (c) Showing a rental unit to any person, or executing leases or  
9 rental agreements, and the employee or retaine is acting under the  
10 direct instruction of the owner or designated or managing broker;

11 (d) Providing information about a rental unit, a lease, an  
12 application for lease, or a security deposit and rental amounts to any  
13 prospective tenant; or

14 (e) Assisting in the performance of property management functions  
15 by carrying out administrative, clerical, financial, or maintenance  
16 tasks.

17 **Sec. 17.** RCW 18.85.120 and 1997 c 322 s 8 are each amended to read  
18 as follows:

19 ~~((Any))~~ (1) A person desiring a license as a real estate firm shall  
20 apply on a form prescribed by the director. A person desiring ~~((to~~  
21 ~~be))~~ a license as a real estate broker ~~((, associate real estate~~  
22 ~~broker,))~~ or ~~((real estate salesperson,))~~ managing broker must pay an  
23 examination fee and pass an examination ~~((as provided in this~~  
24 ~~chapter)).~~ ~~((Such))~~ The person shall ~~((make application))~~ apply for an  
25 examination and for a license on a form prescribed by the director.  
26 Concurrently, the applicant shall:

27 ~~((1) Pay an examination fee as prescribed by the director by~~  
28 ~~rule-))~~ (a) Furnish other proof as the director may require concerning  
29 the honesty, truthfulness, and good reputation, as well as the  
30 identity, which may include fingerprints and criminal background  
31 checks, of any applicants for a license, or of the officers of a  
32 corporation, limited liability company, other legally recognized  
33 business entity, or the partners of a limited liability partnership or  
34 partnership, making the application;

35 ~~((2))~~ (b) If the applicant is a corporation, furnish a certified  
36 copy of its articles of incorporation, and a list of its officers and  
37 directors and their addresses. If the applicant is a foreign



1 corporation, the applicant shall furnish a certified copy of  
2 certificate of authority to conduct business in the state of  
3 Washington, a list of its officers and directors and their addresses,  
4 and evidence of current registration with the secretary of state. If  
5 the applicant is a limited liability company or other legally  
6 recognized business entity, the applicant shall furnish a list of the  
7 members and managers of the company and their addresses. If the  
8 applicant is a limited liability partnership or partnership, the  
9 applicant shall furnish a list of the partners thereof and their  
10 addresses(~~(-)~~);

11 ~~((3) Furnish such other proof as the director may require~~  
12 ~~concerning the honesty, truthfulness, and good reputation, as well as~~  
13 ~~the identity, which may include fingerprints, of any applicants for a~~  
14 ~~license, or of the officers of a corporation, or limited liability~~  
15 ~~company, or the partners of a limited liability partnership or~~  
16 ~~partnership, making the application.)) (c) Unless the applicant is a  
17 corporation or limited liability company, complete a fingerprint-based  
18 background check through the Washington state patrol criminal  
19 identification system and through the federal bureau of investigation.  
20 The applicant must submit the fingerprints and required fee for the  
21 background check to the director for submission to the Washington state  
22 patrol. The director may consider the recent issuance of a license  
23 that required a fingerprint-based national criminal information  
24 background check, or recent employment in a position that required a  
25 fingerprint-based national criminal information background check, in  
26 addition to fingerprints to accelerate the licensing and endorsement  
27 process. The director may adopt rules to establish a procedure to  
28 allow a person covered by this section to have the person's background  
29 rechecked under this subsection upon application for a renewal license.~~

30 (2) The director must develop by rule a procedure and schedule to  
31 ensure all applicants for licensure have a fingerprint and background  
32 check done on a regular basis.

33 **Sec. 18.** RCW 18.85.130 and 1997 c 322 s 9 are each amended to read  
34 as follows:

35 The director shall provide each original applicant for an  
36 examination (~~with a manual containing~~) a sample list of questions and  
37 answers pertaining to real estate law and the operation of the business

1 and may provide the same at cost to any licensee or to other members of  
2 the public. The director shall ascertain by written examination, that  
3 each applicant(~~(, and in case of a corporation, limited liability~~  
4 ~~company, limited liability partnership, or partnership, that each~~  
5 ~~officer, agent, or partner thereof whom it proposes to act as~~  
6 ~~licensee,~~) has:

7 (1) An appropriate knowledge of the English language, including  
8 reading, writing, (~~(spelling,~~) and (~~(arithmetic)~~) mathematics;

9 (2) An understanding of the principles of conveying real estate  
10 (~~(conveyancing,~~) and the general purposes and legal effect of deeds,  
11 (~~(mortgages, land contracts of sale, exchanges, rental and option~~  
12 ~~agreements)~~) finance contracts, and leases;

13 (3) An understanding of the principles of (~~(land economics)~~) real  
14 estate investment, property valuation, and appraisals;

15 (4) An understanding of (~~(the obligations between principal and~~  
16 ~~agent)~~) real estate broker agency relationships;

17 (5) An understanding of the principles of real estate practice and  
18 the canons of business ethics pertaining thereto; and(~~(,~~)

19 (6) An understanding of the provisions of chapters 18.86 and 18.235  
20 RCW and this chapter.

21 The examination for real estate managing brokers shall be more  
22 exacting than that for real estate (~~(salespersons)~~) brokers.

23 All moneys received for the sale of (~~(the manual)~~) educational  
24 literature to licensees and members of the public shall be placed in  
25 the real estate commission fund (~~(to be returned to the current~~  
26 ~~biennium operating budget)~~).

27 **Sec. 19.** RCW 18.85.140 and 1997 c 322 s 10 are each amended to  
28 read as follows:

29 Before receiving (~~(his or her)~~) a license, every real estate  
30 broker, (~~(every associate real estate)~~) managing broker, and (~~(every~~  
31 ~~real estate salesperson)~~) firm must pay a license fee as prescribed by  
32 the director by rule. (~~(Every)~~) A license issued under the provisions  
33 of this chapter expires (~~(on the applicant's second birthday following~~  
34 ~~issuance of the license)~~) two years from the issuance date. Licenses  
35 issued to real estate firms that are partnerships, limited liability  
36 partnerships, limited liability companies, (~~(and)~~) corporations, and  
37 other legally recognized business entities expire on (~~(a)~~) the date

1 (~~prescribed by the director by rule, except that if~~) when the  
2 registration or certificate of authority filed with the secretary of  
3 state expires(~~, the real estate broker's license issued shall expire~~  
4 ~~on that date~~). Licenses must be renewed every two years on or before  
5 the date established under this section and a biennial renewal license  
6 fee as prescribed by the director by rule must be paid. A license is  
7 considered expired when the licensee fails to meet the renewal  
8 requirements as of the date of renewal for that license.

9 If the (~~application for a renewal license is not received by the~~)  
10 director does not receive the application for a renewal license on or  
11 before the renewal date, a penalty fee as prescribed by the director by  
12 rule shall be paid. Acceptance by the director of an application for  
13 renewal after the renewal date shall not be a waiver of the  
14 delinquency.

15 The license of (~~any~~) a person whose license renewal fee is not  
16 received within one year from the date of expiration (~~shall be~~) is  
17 canceled. This person may obtain a new license by satisfying the  
18 procedures and requirements as prescribed by the director by rule.

19 The director (~~shall~~) may issue to each active licensee a license  
20 and a pocket identification card in (~~such~~) the form and size as (~~he~~  
21 ~~or she shall prescribe~~) prescribed by rule.

22 The director must develop by rule a procedure and a schedule to  
23 ensure all active licensees and licensees applying for active status,  
24 renewal, or reinstatement have a fingerprint and background check done  
25 on a regular basis.

26 **Sec. 20.** RCW 18.85.155 and 1997 c 322 s 12 are each amended to  
27 read as follows:

28 Responsibility for any (~~salesperson, associate~~) real estate  
29 broker, managing broker, or branch manager in conduct covered by this  
30 chapter shall rest with the designated broker to which such licensees  
31 shall be licensed.

32 In addition to the designated broker, a branch manager shall bear  
33 responsibility for (~~salespersons and associate~~) brokers and managing  
34 brokers operating under the branch manager at a branch office.

35 NEW SECTION. **Sec. 21.** (1) The designated broker or managing

1 broker shall supervise the conduct of brokers and managing brokers for  
2 compliance with this chapter, chapter 18.235 RCW, and RCW 18.86.030.

3 (2) Listings, transactions, management agreements, and other  
4 contracts relating to providing brokerage services are property of the  
5 real estate firm. Brokers shall timely deliver to their appointed  
6 managing broker all funds and records required to be held or maintained  
7 by the real estate firm. A managing broker is responsible for such  
8 funds and records only after they are received from the broker. A  
9 managing broker shall timely deliver to the designated broker all funds  
10 and records required to be held or maintained by the real estate firm.  
11 The designated broker is responsible for such funds and records only  
12 after they are received from the managing broker or broker.

13 (3) The designated broker may delegate by written agreement the  
14 duties of safe handling of client funds, maintenance of trust accounts,  
15 and transaction and trust account records, along with supervision of  
16 brokers, to a managing broker licensed to the firm. The designated  
17 broker shall maintain a record of the firm's managing brokers and  
18 delegations to managing brokers.

19 (4) The designated broker or the designated broker's delegate has  
20 the authority to amend, modify, bind, create, rescind, terminate, or  
21 release real estate brokerage service contracts on behalf of the real  
22 estate firm. The designated broker has the authority to accept new or  
23 transferred licensees to represent the real estate firm.

24 (5) A broker who supervises or exercises right of control over  
25 other brokers in the performance of real estate brokerage services must  
26 be licensed as a managing broker.

27 (6) During the first two years of a broker's licensure, a managing  
28 broker must provide a heightened level of supervision as provided by  
29 rule of the director.

30 **Sec. 22.** RCW 18.85.165 and 1997 c 322 s 13 are each amended to  
31 read as follows:

32 All real estate brokers(~~(, associate brokers,)~~) and  
33 (~~salespersons~~) managing brokers shall furnish proof as prescribed by  
34 rule of the director (~~(may require)~~) that they have successfully  
35 completed (~~(a total of thirty)~~) at least the required minimum number of  
36 thirty clock hours of instruction every two years in real estate  
37 courses approved by the director (~~(in order)~~) to renew their licenses.

1 The director may adopt rules to limit the number of hours of distance  
2 education courses that may be used for license renewal. Up to fifteen  
3 clock hours of instruction (~~((beyond the thirty hours in two years))~~) in  
4 excess of the required thirty clock hours acquired within the  
5 immediately preceding two-year period may be carried forward for credit  
6 in a subsequent two-year period. (~~((To count towards this requirement,~~  
7 ~~a course shall be commenced within thirty six months before the proof~~  
8 ~~date for renewal.))~~) Examinations shall not be required to fulfill any  
9 part of the education requirement in this section. (~~((This section~~  
10 ~~shall apply to renewal dates after January 1, 1991.))~~)

11 **Sec. 23.** RCW 18.85.170 and 1997 c 322 s 14 are each amended to  
12 read as follows:

13 No license issued under the provisions of this chapter shall  
14 authorize any person other than the person (~~((to whom it is issued))~~)  
15 named on the license to do any act by virtue thereof nor to operate in  
16 any other manner than under (~~((his or her own))~~) the name (~~((except:~~

17 ~~(1) When a license is issued to a corporation it shall entitle one~~  
18 ~~officer thereof, to be named by the corporation in its application, who~~  
19 ~~shall qualify the same as any other broker, to act as a real estate~~  
20 ~~broker on behalf of said corporation, without the payment of additional~~  
21 ~~fees;~~

22 ~~(2) When a license is issued to a limited liability company it~~  
23 ~~shall entitle one manager or member of the company, to be named by the~~  
24 ~~limited liability company in its application, who shall qualify the~~  
25 ~~same as any broker, to act as a real estate broker on behalf of the~~  
26 ~~limited liability company, without the payment of additional fees;~~

27 ~~(3) When a license is issued to a limited liability partnership or~~  
28 ~~partnership it shall entitle one partner thereof to be named in the~~  
29 ~~application, who shall qualify to act as a real estate broker on behalf~~  
30 ~~of the limited liability partnership or partnership, without the~~  
31 ~~payment of additional license fees;~~

32 ~~(4) A licensed broker, associate broker, or salesperson may operate~~  
33 ~~and/or advertise under a name other than the one under which the~~  
34 ~~license is issued by obtaining the written consent of the director to~~  
35 ~~do so;~~

36 ~~(5) A broker may establish one or more branch offices under a name~~  
37 ~~or names different from that of the main office if the name or names~~

1 are approved by the director, so long as each branch office is clearly  
2 identified as a branch or division of the main office. No broker may  
3 establish branch offices under more than three names. Both the name of  
4 the branch office and of the main office must clearly appear on the  
5 sign identifying the office, if any, and in any advertisement or on any  
6 letterhead of any stationery or any forms, or signs used by the real  
7 estate firm on which either the name of the main or branch offices  
8 appears)) appearing on the license. A real estate firm has the option  
9 to utilize one or more assumed names in the conduct and operation of  
10 the firm's real estate business. However, before using a name other  
11 than that appearing on the license, the firm must obtain a separate  
12 license for each and every additional assumed name. All real estate  
13 brokerage services shall be conducted in the name of the real estate  
14 firm or its licensed assumed name or names.

15 **Sec. 24.** RCW 18.85.180 and 1997 c 322 s 15 are each amended to  
16 read as follows:

17 Every licensed real estate ((broker)) firm must have and maintain  
18 an office or records depositories accessible in this state  
19 ((accessible)) to ((the public which shall serve as the office for the  
20 transaction of business. Any office so established must comply with  
21 the zoning requirements of city or county ordinances and the broker's  
22 license must be prominently displayed therein)) representatives of the  
23 director. The firm must maintain and produce a complete set of records  
24 as required by this chapter. The director may prescribe rules for  
25 alternative and electronic record storage.

26 **Sec. 25.** RCW 18.85.190 and 1989 c 161 s 3 are each amended to read  
27 as follows:

28 A ((real estate)) designated broker may apply to the director for  
29 authority to establish one or more branch offices under the same name  
30 as the ((main office)) real estate firm upon the payment of a fee as  
31 prescribed by the director by rule. The director shall issue a  
32 duplicate license for each of the branch offices showing the location  
33 of the ((main office)) real estate firm and the particular branch.  
34 Each duplicate license shall be prominently displayed in the office for  
35 which it is issued. Each branch office shall be required to have a

1 branch manager who shall be (~~(an associate)~~) a managing broker  
2 authorized by the designated broker to perform the duties of a branch  
3 manager.

4 A branch office license shall not be required where real estate  
5 sales activity is conducted on and, limited to a particular subdivision  
6 or tract, if a licensed office or branch office is located within  
7 thirty-five miles of the subdivision or tract.

8 **Sec. 26.** RCW 18.85.200 and 1987 c 332 s 7 are each amended to read  
9 as follows:

10 A designated broker, managing broker, or firm shall give notice in  
11 writing (~~(shall be given)~~) to the director of any change (~~(by a real~~  
12 estate broker, associate broker, or salesperson)) of (~~(his or her)~~  
13 that licensee's business or records depository location (~~(or of any~~  
14 branch office)). Upon the surrender of the original license for the  
15 business (~~(or the duplicate license applicable to a branch office,)~~)  
16 and a payment of a fee as prescribed by the director by rule, the  
17 director shall issue a new license (~~(or duplicate license, as the case~~  
18 ~~may be,)~~) covering the new location.

19 **Sec. 27.** RCW 18.85.210 and 1997 c 322 s 16 are each amended to  
20 read as follows:

21 The director may publish a copy of this chapter and (~~(such)~~)  
22 information relative to the enforcement of this chapter and may mail a  
23 copy of this chapter and the information to each licensed broker,  
24 managing broker, and firm.

25 **Sec. 28.** RCW 18.85.215 and 1994 c 291 s 3 are each amended to read  
26 as follows:

27 (1) Any license issued under this chapter and not otherwise revoked  
28 (~~(shall be)~~) is deemed "inactive" at any time it is delivered to the  
29 director. Until reissued under this chapter, the holder of an inactive  
30 license (~~(shall be deemed to be unlicensed)~~) is prohibited from  
31 conducting real estate brokerage services.

32 (2) An inactive license may be renewed on the same terms and  
33 conditions as an active license, except that a person with an inactive  
34 license need not comply with the education requirements of RCW

1 ((~~18.85.095(2)(a)~~)) 18.85.090(1)(c) or 18.85.165 (as recodified by this  
2 act). Failure to renew shall result in cancellation in the same manner  
3 as an active license.

4 (3) An inactive license may be placed in an active status upon  
5 completion of an application as provided by the director and upon  
6 compliance with this chapter and the rules adopted pursuant thereto.  
7 If a holder has an inactive license for more than three years, the  
8 holder must show proof of successfully completing a thirty clock hour  
9 course in real estate within one year (~~(prior to)~~) before the  
10 application for active status. Holders employed by the state and  
11 conducting real estate transactions on behalf of the state are exempt  
12 from this course requirement.

13 (4) The provisions of this chapter relating to the denial,  
14 suspension, and revocation of a license (~~(shall be)~~) are applicable to  
15 an inactive license as well as an active license, except that when  
16 proceedings to suspend or revoke an inactive license have been  
17 initiated, the license shall remain inactive until the proceedings have  
18 been completed.

19 **Sec. 29.** RCW 18.85.220 and 1993 c 50 s 1 are each amended to read  
20 as follows:

21 All fees required under this chapter shall be set by the director  
22 in accordance with RCW 43.24.086 and shall be paid to the state  
23 treasurer. All fees paid under the provisions of this chapter shall be  
24 placed in the real estate commission account in the state treasury.  
25 All money derived from fines imposed under this chapter shall be  
26 deposited in the real estate education program account created (~~(by)~~)  
27 in RCW 18.85.317 (as recodified by this act).

28 **Sec. 30.** RCW 18.85.225 and 1996 c 293 s 14 are each amended to  
29 read as follows:

30 The director shall suspend the license of any natural person who  
31 has been certified by a lending agency and reported to the director for  
32 nonpayment or default on a federally or state-guaranteed educational  
33 loan or service-conditional scholarship. (~~(Prior to)~~) Before the  
34 suspension, the agency must provide the (~~(person)~~) individual an  
35 opportunity for a brief adjudicative proceeding under RCW 34.05.485  
36 through 34.05.494 and issue a finding of nonpayment or default on a



1 federally or state-guaranteed educational loan or service-conditional  
2 scholarship. The ~~((person's))~~ individual's license shall not be  
3 reissued until the ~~((person))~~ individual provides the director a  
4 written release issued by the lending agency stating that the  
5 ~~((person))~~ individual is making payments on the loan in accordance with  
6 a repayment agreement approved by the lending agency. If the  
7 ~~((person))~~ individual has continued to meet all other requirements for  
8 licensure during the suspension, reinstatement ~~((shall—be))~~ is  
9 automatic upon receipt of the notice and payment of any reinstatement  
10 fee the director may impose.

11 **Sec. 31.** RCW 18.85.227 and 1997 c 58 s 826 are each amended to  
12 read as follows:

13 The director shall immediately suspend the license of ~~((a))~~ any  
14 broker or ~~((salesperson))~~ managing broker who has been certified  
15 pursuant to RCW 74.20A.320 by the department of social and health  
16 services as ~~((a person))~~ an individual who is not in compliance with a  
17 support order or a ~~((residential—or))~~ visitation order. If the  
18 ~~((person))~~ individual has continued to meet all other requirements for  
19 reinstatement during the suspension, reissuance of the license ~~((shall~~  
20 ~~be))~~ is automatic upon the director's receipt of a release issued by  
21 the department of social and health services stating that the  
22 ~~((person))~~ individual is in compliance with the order.

23 **Sec. 32.** RCW 18.85.230 and 2002 c 86 s 230 are each amended to  
24 read as follows:

25 In addition to the unprofessional conduct described in RCW  
26 18.235.130, the director may take disciplinary action against any  
27 person engaged in the business or acting in the capacity of a real  
28 estate broker, ~~((associate real estate))~~ managing broker, designated  
29 broker, or real estate ~~((salesperson))~~ firm, regardless of whether the  
30 transaction was for ~~((his or her))~~ the person's own account or in ~~((his~~  
31 ~~or her))~~ a capacity as broker, ~~((associate real estate))~~ managing  
32 broker, designated broker, or real estate ~~((salesperson))~~ firm, and may  
33 impose any of the sanctions and fines specified in RCW 18.235.110 for  
34 any holder or applicant who is guilty of:

35 (1) Violating any of the provisions of this chapter or any lawful

1 rules (~~or regulations~~) made by the director pursuant thereto or  
2 violating a provision of chapter 64.36, 19.105, or (~~58.19~~) 18.235 RCW  
3 or RCW 18.86.030 or the rules adopted under those chapters or section;

4 (2) Making, printing, publishing, distributing, or causing,  
5 authorizing, or knowingly permitting the making, printing, publication  
6 or distribution of false statements, descriptions or promises of such  
7 character as to reasonably induce any person to act thereon, if the  
8 statements, descriptions, or promises purport to be made or to be  
9 performed by either the licensee or his or her principal and the  
10 licensee then knew or, by the exercise of reasonable care and inquiry,  
11 could have known, of the falsity of the statements, descriptions or  
12 promises;

13 (3) Knowingly committing, or being a party to, any material fraud,  
14 misrepresentation, concealment, conspiracy, collusion, trick, scheme,  
15 or device whereby any other person lawfully relies upon the word,  
16 representation or conduct of the licensee;

17 (4) Accepting the services of, or continuing in a representative  
18 capacity, any (~~associate~~) broker or (~~salesperson~~) managing broker  
19 who has not been granted a license, or after his or her license has  
20 been revoked or during a suspension thereof;

21 (5) Conversion of any money, contract, deed, note, mortgage, or  
22 abstract or other evidence of title, to (~~his or her~~) the person's own  
23 use or to the use of (~~his or her~~) that person's principal or of any  
24 other person, when delivered (~~to him or her~~) in trust or on  
25 condition, in violation of the trust or before the happening of the  
26 condition; and failure to return any money or contract, deed, note,  
27 mortgage, abstract, or other evidence of title within thirty days after  
28 the owner thereof is entitled thereto, and makes demand therefor,  
29 (~~shall be~~) is prima facie evidence of such conversion;

30 (6) Failing, upon demand, to disclose any information within (~~his~~  
31 ~~or her~~) the person's knowledge (~~to~~), or to produce any document,  
32 book, or record in (~~his or her~~) the person's possession for  
33 inspection (~~of~~) by the director or (~~his or her~~) the director's  
34 authorized representatives acting by authority of law;

35 (7) Continuing to sell any real estate, or operating according to  
36 a plan of selling, whereby the interests of the public are endangered,  
37 after the director has, by order in writing, stated objections thereto;

1 (8) Advertising in any manner without (~~affixing~~) including the  
2 (~~broker's~~) real estate firm's name or assumed name as licensed (~~, and~~  
3 ~~in the case of a salesperson or associate broker, without affixing the~~  
4 ~~name of the broker as licensed for whom or under whom the salesperson~~  
5 ~~or associate broker operates, to~~) in a clear and conspicuous manner in  
6 the advertisement; except, that ((a)) real estate brokers, (~~associate~~  
7 ~~real estate~~) managing brokers, or (~~real estate salesperson~~) firms  
8 advertising their personally owned real property must only disclose  
9 that they hold a real estate license;

10 (9) Accepting other than cash or its equivalent as earnest money  
11 unless that fact is communicated to the owner (~~prior to his or her~~)  
12 before the owner's acceptance of the offer to purchase, and such fact  
13 is shown in the (~~earnest money receipt~~) purchase and sale agreement;

14 (10) Charging or accepting compensation from more than one party in  
15 any one transaction without first making full disclosure in writing of  
16 all the facts to all the parties interested in the transaction;

17 (11) Accepting, taking, or charging any undisclosed commission,  
18 rebate, or direct profit on expenditures made for the principal;

19 (12) Accepting employment or compensation for appraisal of real  
20 property contingent upon reporting a predetermined value;

21 (13) Issuing (~~an appraisal~~) a report on any real property in  
22 which the broker, (~~associate~~) managing broker, or (~~salesperson~~)  
23 real estate firm has an interest unless (~~his or her~~) that interest is  
24 clearly stated in the (~~appraisal~~) report;

25 (14) Misrepresentation of (~~his or her~~) membership in any state or  
26 national real estate association;

27 (15) Discrimination against any person in hiring or in (~~sales~~)  
28 real estate brokerage service activity, on the basis of any of the  
29 provisions of any local, county, state, or federal antidiscrimination  
30 law;

31 (16) Failing to keep an escrow or trustee account of funds  
32 deposited (~~with him or her~~) relating to a real estate transaction,  
33 for a period of three years, showing to whom paid, and (~~such~~) other  
34 pertinent information as the director may require, such records to be  
35 available to the director, or (~~his or her~~) the director's  
36 representatives, on demand, or upon written notice given to the bank;

37 (17) In the case of a firm and its designated broker, failing to

1 preserve (~~for three years following its consummation~~) records  
2 relating to any real estate transaction for three years following the  
3 submission of the records to the firm;

4 (18) Failing to furnish a copy of any listing, sale, lease, or  
5 other contract relevant to a real estate transaction to all signatories  
6 thereof (~~at the time of~~) within a reasonable time following  
7 execution;

8 (19) In the case of a broker or managing broker, acceptance (~~by a~~  
9 ~~branch manager, associate broker, or salesperson~~) of a commission or  
10 any valuable consideration for the performance of any acts specified in  
11 this chapter, from any person, except the licensed real estate  
12 (~~broker~~) firm with whom (~~he or she~~) the broker or managing broker  
13 is licensed;

14 (20) To direct any transaction involving his or her principal, to  
15 any lending institution for financing or to any escrow company, in  
16 expectation of receiving a kickback or rebate therefrom, without first  
17 disclosing (~~such~~) the expectation to his or her principal;

18 (21) Buying, selling, or leasing directly, or through a third  
19 party, any interest in real property without disclosing in writing that  
20 (~~he or she holds~~) the person is a real estate licensee;

21 (22) In the case of (~~a broker licensee~~) real estate firms, and  
22 managing and designated brokers, failing to exercise adequate  
23 supervision over the activities of (~~his or her licensed associate~~)  
24 their brokers and (~~salespersons~~) managing brokers within the scope of  
25 this chapter;

26 (23) Any conduct in a real estate transaction which demonstrates  
27 bad faith, dishonesty, untrustworthiness, or (~~incompetency~~)  
28 incompetence;

29 (24) Acting as a vehicle dealer, as defined in RCW 46.70.011,  
30 without having a license to do so; or

31 (25) Failing to ensure that the title is transferred under chapter  
32 46.12 RCW when engaging in a transaction involving a mobile or  
33 manufactured home as a broker, (~~associate~~) managing or designated  
34 broker, or (~~salesperson~~) firm.

35 **Sec. 33.** RCW 18.85.240 and 1988 c 205 s 6 are each amended to read  
36 as follows:

1       The director may (~~deputize~~) authorize one or more assistants to  
2 perform (~~his or her~~) the director's duties with reference to  
3 disciplinary action.

4       **Sec. 34.** RCW 18.85.261 and 2002 c 86 s 231 are each amended to  
5 read as follows:

6       The hearing officer shall cause a transcript of all (~~such~~)  
7 adjudicative proceedings to be kept by a reporter and shall upon  
8 request after completion thereof, furnish a copy of (~~such~~) the  
9 transcript to the licensed person or applicant accused in (~~such~~) the  
10 proceedings at the expense of the licensee or applicant. The hearing  
11 officer shall certify the transcript of proceedings to be true and  
12 correct. If the director finds that the statement or accusation is not  
13 proved by a fair preponderance of evidence, the director shall notify  
14 the licensee or applicant and the person making the accusation and  
15 shall dismiss the case.

16       **Sec. 35.** RCW 18.85.271 and 2002 c 86 s 232 are each amended to  
17 read as follows:

18       If the director decides, after (~~such~~) an adjudicative hearing,  
19 that the evidence supports the accusation by a preponderance of  
20 evidence, the director may impose sanctions authorized under RCW  
21 18.85.040 (as recodified by this act). In such event the director  
22 shall enter an order to that effect and shall file the same in (~~his or~~  
23 ~~her~~) the director's office and immediately mail a copy to the affected  
24 party at the address of record with the department. Upon instituting  
25 appeal in the superior court, the appellant shall give a cash bond to  
26 the state of Washington, which bond shall be filed with the clerk of  
27 the court, in the sum of (~~five hundred~~) one thousand dollars to be  
28 approved by the judge of said court, conditioned to pay all costs that  
29 may be awarded against (~~such~~) an appellant in the event of an adverse  
30 decision, (~~such~~) the bond and notice to be filed within thirty days  
31 from the date of the director's decision.

32       **Sec. 36.** RCW 18.85.281 and 1997 c 322 s 18 are each amended to  
33 read as follows:

34       The director shall prepare at appellant's expense and shall certify  
35 a transcript of the whole record of all matters involved in the appeal,

1 which (~~shall be thereupon delivered by~~) the director shall deliver to  
2 the court in which the appeal is pending. The appellant (~~shall be~~)  
3 is notified of the filing of the transcript and the cost thereof and  
4 shall within fifteen days thereafter pay the cost of said transcript.  
5 If the cost is not paid in full within fifteen days the appeal (~~shall~~  
6 ~~be~~) is dismissed.

7 **Sec. 37.** RCW 18.85.310 and 1999 c 48 s 1 are each amended to read  
8 as follows:

9 (1) (~~Every licensed real estate broker~~) Brokers and managing  
10 brokers must submit complete copies of their transactions to their  
11 firm. The designated broker shall keep adequate records of all real  
12 estate transactions handled by or through the (~~broker~~) firm or firms  
13 to which the designated broker is registered. The records shall  
14 include, but are not limited to, a copy of the purchase and sale  
15 agreement, earnest money receipt, and an itemization of the  
16 (~~broker's~~) receipts and disbursements with each transaction. These  
17 records and all other records (~~hereinafter~~) specified (~~shall be~~) by  
18 the director by rule are open to inspection by the director or the  
19 director's authorized representatives.

20 (2) If any licensee exercises control over real estate transaction  
21 funds, those funds are considered trust funds.

22 (3) Every real estate (~~broker~~) licensee shall (~~also~~) deliver or  
23 cause to be delivered to all parties signing the same, (~~at the time~~  
24 ~~of~~) within a reasonable time after signing, (~~conformed copies of all~~  
25 ~~earnest money receipts~~) purchase and sale agreements, listing  
26 agreements, and all other like or similar instruments signed by the  
27 parties(~~, including the closing statement.~~

28 (~~3) Every real estate broker shall also keep separate real estate~~  
29 ~~fund accounts in a recognized Washington state depository authorized to~~  
30 ~~receive funds in which shall be kept separate and apart and physically~~  
31 ~~segregated from licensee broker's own funds, all funds or moneys of~~  
32 ~~clients which are being held by such licensee broker pending the~~  
33 ~~closing of a real estate sale or transaction, or which have been~~  
34 ~~collected for said client and are being held for disbursement for or to~~  
35 ~~said client and such funds shall be deposited not later than the first~~  
36 ~~banking day following receipt thereof).~~

1 (4) ~~((Separate accounts comprised of clients' funds required to be~~  
2 ~~maintained under this section, with the exception of property~~  
3 ~~management trust accounts, shall be interest bearing accounts from~~  
4 ~~which withdrawals or transfers can be made without delay, subject only~~  
5 ~~to the notice period which the depository institution is required to~~  
6 ~~reserve by law or regulation.~~

7 ~~(5))~~ Every real estate firm that keeps separate real estate trust  
8 fund accounts must keep the accounts in a recognized Washington state  
9 depository. A real estate firm must maintain an adequate amount of  
10 funds in the trust fund accounts to facilitate the opening of the trust  
11 fund accounts or to prevent the closing of the trust fund accounts.

12 (5) All licensees shall keep separate and apart and physically  
13 segregated from the licensees' own funds, all funds or moneys including  
14 advance fees of clients that are being held by the licensees pending  
15 the closing of a real estate sale or transaction, or that have been  
16 collected for the clients and are being held for disbursement for or to  
17 the clients.

18 (6) A firm is not required to maintain a trust fund account for  
19 transactions concerning a purchase and sale agreement that instructs  
20 the broker to deliver the earnest money check directly to a named  
21 closing agent or to the seller.

22 (7) Brokers must deposit all funds into their firm's trust bank  
23 account the next banking day following receipt of the funds unless the  
24 purchase and sale agreement provides for deferred deposit or delivery.  
25 In that event, the broker must promptly deposit or deliver funds in  
26 accordance with the terms of the purchase and sale agreement.

27 (8)(a) If a real estate broker (~~shall~~) receives or maintains  
28 earnest money or client funds for deposit, the real estate firm shall  
29 maintain a pooled interest-bearing (~~escrow~~) trust account for deposit  
30 of client funds, with the exception of property management trust  
31 accounts(~~, which are nominal. As used in this section, a "nominal"~~  
32 deposit is a deposit of not more than ten thousand dollars)).

33 (b) The interest accruing on this account, net of any reasonable  
34 and 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 program  
37 account created in RCW 18.85.317 (as recodified by this act).  
38 Appropriate service charges or fees are those charges made by financial

1 institutions on other demand deposit or "now" accounts. (~~An agent~~  
2 ~~may, but shall~~) The firm or designated broker is not (~~be~~) required  
3 to(~~r~~) notify the client of the intended use of (~~such~~) the funds.

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

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

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

12 (c) The department (of licensing) shall (promulgate regulations  
13 which) adopt rules that will serve as guidelines in the choice of an  
14 account specified (~~in subsection (5) of this section or an account~~  
15 ~~specified)) in this subsection.~~

16 (~~(7)~~) (9) If trust funds are claimed by more than one party, the  
17 designated broker or designated broker's delegate must promptly provide  
18 written notification to all contracting parties to a real estate  
19 transaction of the intent of the designated broker or designated  
20 broker's delegate to disburse client funds. The notification must  
21 include the names and addresses of all parties to the contract, the  
22 amount of money held and to whom it will be disbursed, and the date of  
23 disbursement that must occur no later than thirty consecutive days  
24 after the notification date.

25 (10) For an account created under subsection ((5)) (8) of this  
26 section, (an agent) the designated or managing broker shall direct  
27 the depository institution to:

28 (a) Remit interest or dividends, net of any reasonable and  
29 appropriate service charges or fees, on the average monthly balance in  
30 the account, or as otherwise computed in accordance with an  
31 institution's standard accounting practice, at least quarterly, to the  
32 state treasurer for deposit in the housing trust fund created by RCW  
33 43.185.030 and the real estate education program account created in RCW  
34 18.85.317 (as recodified by this act); and

35 (b) Transmit to the director of community, trade, and economic  
36 development a statement showing the name of the person or entity for  
37 whom the remittance is spent, the rate of interest applied, and the



1 amount of service charges deducted, if any, and the account balance(s)  
2 of the period in which the report is made, with a copy of (~~such~~) the  
3 statement to be transmitted to the depositing person or firm.

4 (~~(8)~~) (11) The director of community, trade, and economic  
5 development shall forward a copy of the reports required by subsection  
6 (~~(7)~~) (10) of this section to the department (~~of licensing~~) to aid  
7 in the enforcement of the requirements of this section consistent with  
8 the normal enforcement and auditing practices of the department (~~of~~  
9 ~~licensing~~)).

10 (~~(9)~~) (12)(a) This section does not relieve any real estate  
11 broker (~~from~~), managing broker, or firm of any obligation with  
12 respect to the safekeeping of clients' funds.

13 (~~(10)~~) (b) Any violation by (~~(a)~~) real estate brokers, managing  
14 brokers, or firms of any of the provisions of this section, (~~(e)~~) RCW  
15 18.85.230 (as recodified by this act), (~~shall be~~) or chapter 18.235  
16 RCW is grounds for (~~revocation of~~) disciplinary action against the  
17 licenses issued to the brokers, managing brokers, or firms.

18 **Sec. 38.** RCW 18.85.315 and 1993 c 50 s 3 are each amended to read  
19 as follows:

20 Remittances received by the state treasurer pursuant to RCW  
21 18.85.310 (as recodified by this act) shall be divided between the  
22 housing trust fund created by RCW 43.185.030, which shall receive  
23 seventy-five percent and the real estate education program account  
24 created by RCW 18.85.317 (as recodified by this act), which shall  
25 receive twenty-five percent.

26 **Sec. 39.** RCW 18.85.317 and 1997 c 322 s 19 are each amended to  
27 read as follows:

28 The real estate education program account is created in the custody  
29 of the state treasurer. All moneys received for credit to this account  
30 pursuant to RCW 18.85.315 (as recodified by this act) and all moneys  
31 derived from fines imposed under this chapter shall be deposited into  
32 the account. Expenditures from the account may be made only upon the  
33 authorization of the director or a duly authorized representative of  
34 the director, and may be used only for the purposes of carrying out the  
35 director's programs for education of real estate licensees (~~and~~),  
36 others in the real estate industry, and members of the public as

1 described in RCW 18.85.040(~~(+4)~~) (6) (as recodified by this act). All  
2 expenses and costs relating to the implementation or administration of,  
3 or payment of contract fees or charges for, the director's real estate  
4 education programs may be paid from this account. The account is  
5 subject to appropriation under chapter 43.88 RCW.

6 **Sec. 40.** RCW 18.85.320 and 1987 c 332 s 14 are each amended to  
7 read as follows:

8 The licenses of a real estate (~~(salesperson or associate real~~  
9 ~~estate)) broker and managing broker shall be (~~(retained)~~) kept at all  
10 times by (~~(his or her designated broker)~~) their firm and when (~~(any)~~)  
11 real estate (~~(salesperson or associate real estate broker ceases)~~)  
12 brokers or managing brokers cease to represent (~~(his or her broker his~~  
13 ~~or her)~~) the firm, their licenses shall cease to be in force. (~~(Notice~~  
14 ~~of such termination shall be given by the broker)~~) Brokers and managing  
15 brokers must submit written notification to the designated broker for  
16 their firm when they terminate affiliation with their firm. The firm,  
17 through the designated broker, shall give notice to the director and  
18 such notice shall be accompanied by and include the surrender of the  
19 (~~(salesperson's or associate real estate)~~) broker's or managing  
20 broker's license. Failure of any designated broker for the firm to  
21 promptly notify the director of (~~(such salesperson's or associate real~~  
22 ~~estate)) a broker's or managing broker's termination after demand by  
23 the affected (~~(salesperson or associate real estate))~~ broker or  
24 managing broker shall (~~(work a forfeiture of the broker's license)~~) be  
25 grounds for disciplinary action against the firm and designated broker.  
26 Upon application of the (~~(salesperson or associate real estate))~~ broker  
27 or managing broker, and the payment of a fee as prescribed by the  
28 director by rule, the director shall issue a new license for the  
29 unexpired term, if (~~(such salesperson or associate real estate))~~ the  
30 broker or managing broker is otherwise entitled thereto. When (~~(a real~~  
31 ~~estate salesperson's or associate real estate))~~ the firm terminates a  
32 broker's or managing broker's services (~~(shall be terminated by his or~~  
33 ~~her broker)~~) for a violation of (~~(any of the provisions of RCW~~  
34 ~~18.85.230,)~~) this chapter, or chapter 18.86 or 18.235 RCW, the firm  
35 shall immediately file a written statement of the facts in reference  
36 thereto (~~(shall be filed forthwith)~~) with the director (~~(by the~~  
37 ~~broker)~~).~~~~

1       **Sec. 41.** RCW 18.85.330 and 1998 c 46 s 3 are each amended to read  
2 as follows:

3       (1) Except under subsection (4) of this section, it (~~shall be~~) is  
4 unlawful for any licensed firm, broker, or managing broker to pay any  
5 part of (~~his or her~~) the licensee's commission or other compensation  
6 to any person who performs real estate brokerage services and who is  
7 not a licensed firm, real estate broker, or managing broker in any  
8 state of the United States or its possessions (~~or any province of the~~  
9 ~~Dominion of Canada~~) or any foreign jurisdiction with a real estate  
10 regulatory program.

11       (2) Except under subsection (4) of this section, it (~~shall be~~) is  
12 unlawful for any licensed (~~broker~~) real estate firm to pay any part  
13 of (~~his or her~~) the firm's commission from brokerage services or  
14 other compensation to a real estate (~~salesperson~~) broker or managing  
15 broker not licensed to do business for (~~such broker~~) the firm.

16       (3) Except under subsection (4) of this section, it (~~shall be~~) is  
17 unlawful for (~~any~~) licensed (~~salesperson~~) brokers or managing  
18 brokers to pay any part of (~~his or her~~) their commission from  
19 brokerage services or other compensation to any person, whether  
20 licensed or not, except through (~~his or her~~) the firm's designated  
21 broker.

22       (4) A commission may be shared with a manufactured housing  
23 retailer, licensed under chapter 46.70 RCW, on the sale of personal  
24 property manufactured housing sold in conjunction with the sale or  
25 lease of land.

26       **Sec. 42.** RCW 18.85.340 and 1997 c 322 s 21 are each amended to  
27 read as follows:

28       Any person acting as a real estate broker, (~~associate real~~  
29 ~~estate~~) managing broker, or real estate (~~salesperson~~) firm, without  
30 a license, or violating any of the provisions of this chapter, (~~shall~~  
31 ~~be~~) is guilty of a gross misdemeanor.

32       **Sec. 43.** RCW 18.85.345 and 1997 c 322 s 23 are each amended to  
33 read as follows:

34       The attorney general shall (~~render to~~) give the director opinions  
35 upon all questions of law relating to the construction or  
36 interpretation of this chapter, or arising in the administration

1 thereof, that may be submitted to the director, and shall act as  
2 attorney for the director in all actions and proceedings brought by or  
3 against ~~((him or her))~~ the director under or pursuant to any provisions  
4 of this chapter.

5 **Sec. 44.** RCW 18.85.350 and 1997 c 322 s 24 are each amended to  
6 read as follows:

7 The director may ~~((prefer))~~ refer a complaint for violation of any  
8 section of this chapter before any court of competent jurisdiction.

9 The prosecuting attorney of each county shall prosecute any  
10 violation of the provisions of this chapter ~~((which))~~ that occurs in  
11 ~~((his or her))~~ the prosecuting attorney's county, and if the  
12 prosecuting attorney fails to act, the director may request the  
13 attorney general to take action in lieu of the prosecuting attorney.

14 Process issued by the director shall extend to all parts of the  
15 state, and may be served by any person authorized to serve process of  
16 courts of record, or may be mailed by ~~((registered))~~ certified mail,  
17 return receipt requested, to the licensee's last business address of  
18 record in the office of the director.

19 Whenever the director believes from evidence satisfactory to ~~((him~~  
20 ~~or her))~~ the director that ~~((any))~~ a person has violated any of the  
21 provisions of this chapter, or any order, license, decision, demand or  
22 requirement, or any part or provision thereof, ~~((he or she))~~ the  
23 director may bring an action, in the superior court in the county  
24 wherein ~~((such))~~ the person resides, ~~((against such person))~~ to enjoin  
25 ~~((any such))~~ that person from continuing ~~((such))~~ the violation or  
26 engaging therein or doing any act or acts in furtherance thereof. In  
27 this action an order or judgment may be entered awarding ~~((such))~~ a  
28 preliminary or final injunction as may be proper.

29 The director may petition the superior court in any county in this  
30 state for the immediate appointment of a receiver to take over, operate  
31 or close any real estate office in this state which is found, upon  
32 inspection of its books and records to be operating in violation of the  
33 provisions of this chapter, pending a hearing ~~((as herein provided))~~.

34 **Sec. 45.** RCW 18.85.520 and 2005 c 185 s 1 are each amended to read  
35 as follows:

36 (1) A fee of ten dollars is created and shall be assessed on each

1 real estate broker(~~(,—associate))~~ and managing broker(~~(,—and~~  
2 ~~salesperson))~~ originally licensed after October 1, 1999, and upon each  
3 renewal of a license with an expiration date after October 1, 1999,  
4 including renewals of inactive licenses.

5 (2) This section expires September 30, 2010.

6 **Sec. 46.** RCW 18.85.530 and 2005 c 185 s 2 are each amended to read  
7 as follows:

8 (1) The Washington real estate research account is created in the  
9 state treasury. All receipts from the fee under RCW 18.85.520 (as  
10 recodified by this act) shall be deposited into the account. Moneys in  
11 the account may be spent only after appropriation. Expenditures from  
12 the account may be used only for the purposes of RCW 18.85.540 (as  
13 recodified by this act).

14 (2) This section expires September 30, 2010.

15 **Sec. 47.** RCW 18.85.560 and 2003 c 201 s 2 are each amended to read  
16 as follows:

17 (1) (~~(An out-of-state broker,)~~) Persons with licenses deemed  
18 equivalent to licenses held by Washington licensees, as determined by  
19 the director, for a fee, commission, or other valuable consideration,  
20 or in the expectation, or upon the promise of receiving or collecting  
21 a fee, commission, or other valuable consideration, may perform those  
22 acts that require a license under this chapter, with respect to  
23 commercial real estate, provided that the out-of-state (~~broker~~)  
24 licensee, as approved by the director, does all of the following:

25 (a) Works in cooperation with a Washington real estate designated  
26 broker who holds a valid, active managing broker license issued under  
27 this chapter;

28 (b) Enters into a written agreement with the Washington firm,  
29 through its designated broker, that includes the terms of cooperation,  
30 oversight by the Washington designated broker, compensation, and a  
31 statement that the approved out-of-state (~~broker~~) licensee and its  
32 agents will agree to adhere to the laws of Washington;

33 (c) Furnishes the Washington designated broker with a copy of the  
34 out-of-state (~~broker's~~) approved licensee's current license in good  
35 standing from any jurisdiction where the out-of-state (~~broker~~)  
36 approved licensee maintains an active real estate license;

1 (d) Consents to jurisdiction that legal actions arising out of the  
2 conduct of the approved out-of-state (~~broker~~) licensee or its agents  
3 may be commenced against the (~~out-of-state broker~~) approved licensee  
4 in the court of proper jurisdiction of any county in Washington where  
5 the cause of action arises or where the plaintiff resides;

6 (e) Includes the name of the Washington broker, managing broker, or  
7 firm on all advertising in accordance with RCW 18.85.230(8) (as  
8 recodified by this act); and

9 (f) Deposits all documentation required by this section and records  
10 and documents related to the transaction with the Washington broker,  
11 managing broker, or firm for a period of three years after the date the  
12 documentation is provided, or the transaction occurred, as appropriate.

13 ~~(2) ((An out-of-state salesperson or associate broker may perform~~  
14 ~~those acts that require a real estate salesperson or associate broker~~  
15 ~~license under this chapter with respect to commercial real estate,~~  
16 ~~provided that the out-of-state salesperson or associate broker meets~~  
17 ~~all of the following requirements:~~

18 ~~(a) Is licensed with and works under the direct supervision of an~~  
19 ~~out-of-state broker who meets all of the requirements under subsection~~  
20 ~~(1) of this section; and~~

21 ~~(b) Provides the Washington broker who is working in cooperation~~  
22 ~~with the out-of-state broker with whom the salesperson or associate~~  
23 ~~broker is associated with a copy of the salesperson's or associate~~  
24 ~~broker's current license in good standing from the jurisdiction where~~  
25 ~~the out-of-state salesperson or associate broker maintains an active~~  
26 ~~real estate license in connection with the out-of-state broker.~~

27 ~~(3))~~ A person licensed in a jurisdiction where there is no legal  
28 distinction between a real estate broker license and a real estate  
29 salesperson license must meet the requirements of subsection (1) of  
30 this section before engaging in any activity described in this section  
31 that requires a real estate broker license in this state.

32 NEW SECTION. Sec. 48. (1) The changes made by this act regarding  
33 the licensing categories do not affect the status of a complaint,  
34 investigation, or other proceeding. A rule or form adopted by the  
35 director before the effective date of this section remains in effect as  
36 a rule or form of the department until amended or changed.

1 (2) After the effective date of this section, a salesperson's  
2 license is continued in effect but is recognized by the department as  
3 a broker's license; and associate broker's, branch manager's, and  
4 designated broker's licenses are continued in effect but are recognized  
5 by the department as managing broker's licenses. All licensees are  
6 required to take a transition course by the licensee's first renewal  
7 date after the effective date of this section. The department shall  
8 approve the transition course for continuing education credit. All  
9 licenses retain their renewal dates established prior to the effective  
10 date of this section. New licenses may be issued after completion of  
11 the transition course and at the time of the licensee's first renewal  
12 date after the effective date of this section.

13 NEW SECTION. **Sec. 49.** The following sections are codified or  
14 recodified in chapter 18.85 RCW in the following order:

15 RCW 18.85.010;

16 RCW 18.85.071;

17 RCW 18.85.080;

18 RCW 18.85.085;

19 RCW 18.85.040;

20 RCW 18.85.060;

21 RCW 18.85.210;

22 RCW 18.85.220;

23 RCW 18.85.030;

24 RCW 18.85.050;

25 RCW 18.85.055;

26 Section 10 of this act;

27 RCW 18.85.090;

28 Section 12 of this act;

29 Section 13 of this act;

30 RCW 18.85.560;

31 RCW 18.85.097;

32 RCW 18.85.110;

33 RCW 18.85.120;

34 RCW 18.85.130;

35 RCW 18.85.140;

36 RCW 18.85.155;

37 RCW 18.85.165;

1 RCW 18.85.170;  
2 RCW 18.85.180;  
3 RCW 18.85.190;  
4 RCW 18.85.200;  
5 RCW 18.85.215;  
6 Section 21 of this act;  
7 RCW 18.85.310;  
8 RCW 18.85.320;  
9 RCW 18.85.330;  
10 RCW 18.85.315;  
11 RCW 18.85.317;  
12 RCW 18.85.100;  
13 RCW 18.85.225;  
14 RCW 18.85.227;  
15 RCW 18.85.230;  
16 RCW 18.85.240;  
17 RCW 18.85.261;  
18 RCW 18.85.271;  
19 RCW 18.85.281;  
20 RCW 18.85.340;  
21 RCW 18.85.345;  
22 RCW 18.85.350;  
23 RCW 18.85.550;  
24 RCW 18.85.520;  
25 RCW 18.85.530;  
26 RCW 18.85.540;  
27 Section 48 of this act.

28 NEW SECTION. **Sec. 50.** The following acts or parts of acts are  
29 each repealed:

30 (1) RCW 18.85.095 (Salespersons--Requirements--Renewal--Exception)  
31 and 1997 c 322 s 5, 1994 c 291 s 2, 1988 c 205 s 3, 1987 c 332 s 3,  
32 1985 c 162 s 2, 1977 ex.s. c 370 s 2, & 1972 ex.s. c 139 s 7;

33 (2) RCW 18.85.150 (Temporary permits) and 1997 c 322 s 11 & 1979 c  
34 25 s 3;

35 (3) RCW 18.85.400 (Multiple listing associations--Entrance  
36 requirements) and 1969 c 78 s 2;



1 (4) RCW 18.85.450 (Land development representative--Registration--  
2 Minimum requirements) and 1987 c 332 s 15 & 1977 ex.s. c 24 s 6;

3 (5) RCW 18.85.460 (Land development representative--Registration  
4 issued to employing broker--Display--Fee--Transferability--Period of  
5 validity) and 1987 c 332 s 16 & 1977 ex.s. c 24 s 7;

6 (6) RCW 18.85.470 (Land development representative--Authorized  
7 activities--"Land development" defined) and 1977 ex.s. c 24 s 8; and

8 (7) RCW 18.85.480 (Land development representative--Responsibility  
9 of employing broker--Violations) and 1977 ex.s. c 24 s 9.

10 NEW SECTION. **Sec. 51.** This act takes effect July 1, 2010.

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