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United States • Washington Real Estate Broker License Exam

Washington

Study Guide

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CHAPTER 1

WAC 308-124-300 Definitions

1.1 Branch Manager Definition and Endorsement

A branch manager is a natural person who holds a managing broker's license and has been given delegated authority by the designated broker to manage a single physical location of a branch office. The department issues a specific endorsement for branch managers.

- ✓ A branch manager must hold a managing broker's license
- ✓ Authority to manage a branch is delegated by the designated broker
- ✓ A branch manager manages only a single physical branch location
- ✓ The department issues a 'branch manager' endorsement

1.2 Branch Office Definition

A branch office is a separate physical office of the real estate firm that has a different mailing address than the main firm office and uses the real estate firm's UBI (unified business identifier) number. All three conditions must be met.

- ✓ Must be a separate physical office of the real estate firm
- ✓ Must have a different mailing address than the main firm office
- ✓ Must use the real estate firm's UBI (unified business identifier) number
- ✓ All three criteria must be satisfied to qualify as a branch office

1.3 Affiliated Licensees Definition

Affiliated licensees are natural persons licensed as brokers or managing brokers who are employed by a firm and are licensed to represent that firm in performing any of the acts specified in chapter 18.85 RCW.

- ✓ Affiliated licensees must be brokers or managing brokers
- ✓ They must be employed by a firm
- ✓ They are licensed to represent the firm in acts specified under chapter 18.85 RCW

1.4 Brokerage Service Contracts Defined

Brokerage service contracts include, but are not limited to, purchase and sale agreements, lease or rental agreements, listings, options, agency agreements, and property management agreements. This is a non-exhaustive list.

- ✓ Includes purchase and sale agreements, leases/rental agreements, and listings
- ✓ Includes options, agency agreements, and property management agreements
- ✓ The list is illustrative and not exhaustive ('include, but are not limited to')

1.5 General Meaning of Terms in Chapter

Words and terms used in this chapter carry the same meaning as under chapter 18.85 RCW unless the chapter clearly provides otherwise or the context clearly indicates a different meaning.

- ✓ Terms default to their meaning under chapter 18.85 RCW
- ✓ A different meaning applies only if the chapter clearly provides one or the context clearly requires it

CHAPTER 2

WAC 308-124D-200 Checks—Payee requirements

2.1 Payee Requirements for Transaction Checks

All checks received in connection with real estate transactions—including earnest money, security or damage deposits, rent, lease payments, and contract or mortgage payments on real property or business opportunities owned by clients—must be made payable to the real estate firm as licensed. The only exception is when the principals mutually agree in writing that the deposit be paid to the seller or a named escrow agent, and the firm must retain a copy of that written agreement.

- ✓ Checks for earnest money, deposits, rent, lease, contract or mortgage payments must be payable to the real estate firm as licensed
- ✓ A written mutual agreement by the principals may direct payment to the seller or a named escrow agent instead
- ✓ The firm must retain a copy of the written agreement

CHAPTER 3

WAC 308-124B-200 Display of licenses

3.1 Availability and Display of Licenses

Real estate firms must keep individual broker and managing broker licenses available at the address on the license, and must publicly display all firm and branch office licenses. This ensures the public and regulators can verify licensure at the place of business.

- ✓ Licenses of real estate brokers and managing brokers must be available at the address appearing on the individual license
- ✓ All firm and branch office licenses must be displayed in an area visible to the public

CHAPTER 4

WAC 308-124I-010 Purpose

4.1 Director's Enforcement Methods for Real Estate Practice

The director regulates real estate brokerage for consumer safety because real estate transactions are often the largest financial transactions in a consumer's lifetime. A real estate license is a privilege granted by the state, conditioned on meeting licensing requirements, maintaining records, and complying with all laws—including cooperating with audits and investigations. The director uses two primary enforcement methods: audits and investigations.

- ✓ A real estate license is a privilege, not a right, granted to those who meet requirements, maintain records, and comply with all governing laws
- ✓ Cooperation with an audit/investigation of brokerage activities is a condition of licensure
- ✓ The two primary enforcement methods are audits and investigations
- ✓ The standard of practice for licensees is that of an attorney when completing real estate brokerage transaction documents for consumers

CHAPTER 5

Chapter 18.85 RCW Real Estate Brokers and Managing Brokers (18.85.011–18.85.930)

5.1 Key Definitions Under RCW 18.85.011

The chapter defines core roles. A 'designated broker' is a natural person who owns a sole proprietorship firm, or a person with a controlling interest designated by a business entity to act for the firm, whose managing broker license carries a 'designated broker' endorsement. A 'managing broker' acts on behalf of a firm under the designated broker's supervision and may supervise other brokers. A 'licensee' is anyone holding a firm, managing broker, or broker license. 'Controlling interest' means the ability to control operational or financial decisions of a firm.

- ✓ A designated broker must be a natural person who either owns a sole proprietorship or has a controlling interest and is designated by the business entity
- ✓ A managing broker works under the designated broker's supervision and may supervise other brokers/managing brokers
- ✓ A 'licensee' includes real estate firms, managing brokers, and brokers
- ✓ 'Commission' means the real estate commission of Washington; 'Department' means the Department of Licensing; 'Director' means the director of the Department of Licensing

5.2 Real Estate Brokerage Services Defined

'Real estate brokerage services' covers services offered directly or indirectly to another for compensation (or by a licensee on their own behalf), including: listing, selling, purchasing, exchanging, optioning, leasing, or renting real estate; negotiating such transactions; advertising or holding oneself out as engaged in brokerage; advising/counseling buyers, sellers, landlords, or tenants; issuing a broker's price opinion (BPO); collecting/holding/disbursing transaction funds; and performing property management services (marketing, leasing, renting, maintenance, or supervision thereof).

- ✓ A broker's price opinion (BPO) is an oral or written report of property value prepared by a licensee and is NOT an appraisal unless it complies with chapter 18.140 RCW
- ✓ Brokerage services include property management such as marketing, leasing, renting, and physical/administrative/financial maintenance
- ✓ Compensation, or the promise/expectation of compensation, triggers the brokerage services definition

5.3 Inactive License and Independent Contractor Definitions

An 'inactive license' is a license that is not expired but is not affiliated with a firm; the holder may not conduct real estate brokerage services. An 'independent contractor relationship' exists when no written agreement makes the broker an employee AND substantially all compensation is for real estate brokerage services provided by the firm. This status does not relieve the managing broker or firm of supervisory duties.

- ✓ An inactive license is not expired but is not affiliated with a firm
- ✓ Independent contractor status does not relieve the firm/managing broker of supervisory duties
- ✓ Independent contractor requires no employee written agreement plus substantially all compensation being for real estate services

5.4 Real Estate Firm Definition

A 'real estate firm' or 'firm' means a sole proprietorship, partnership, LLP, corporation, LLC, or other legally recognized business entity conducting real estate brokerage services in Washington and licensed by the department as a real estate firm.

- ✓ A firm must be licensed by the department as a real estate firm to conduct brokerage services
- ✓ A firm may be organized as a sole proprietorship, partnership, LLP, corporation, LLC, or other legal entity

5.5 Real Estate Commission Composition

The real estate commission consists of the director (who chairs it) plus six members serving in an advisory capacity to the director. The governor appoints the six members for six-year terms. At least two members must come from west of the Cascades and at least two from east of the Cascades. Members need at least five years' experience in brokerage services or at least three years in similar investigative work. The commission meets four times a year or at the director's call.

- ✓ The commission has the director as chair plus six governor-appointed advisory members serving six-year terms
- ✓ At least two members must be from west of the Cascades and at least two from east of the Cascades
- ✓ Members need 5 years' brokerage experience or 3 years' related investigative experience
- ✓ The commission meets four times per year or at the call of the director

5.6 Director's Powers and Real Estate Education

The director, with commission advice/approval, issues rules governing brokers, managing brokers, designated brokers, and firms. The director enforces licensing laws, grants/denies licenses, holds hearings, sets reciprocity standards, may require criminal background checks (applicant pays), adopts advertising standards, and runs a real estate education program including minimum continuing education levels. The director may discipline real estate schools/instructors with sanctions up to $1,000 per day per violation.

- ✓ The director may require all applicants to submit to a criminal background check at the applicant's expense
- ✓ The director sets standards for reciprocity/licensure of out-of-jurisdiction applicants including written recognition agreements
- ✓ Fines against real estate schools may not exceed $1,000 per day per violation, each day being a separate violation

5.7 Controlling Interest - Title Insurance Prohibited Practices

Real estate licensees or persons with a controlling interest in a real estate business may not give or receive kickbacks/fees to induce title insurance business where they have a financial interest, may not solicit or accept anything of value a title company is prohibited from giving, and may not require a consumer to obtain title insurance from a title agent in which the licensee has a financial interest as a condition of service. They also cannot bar delivery of appropriate title insurance promotional material meeting stated conditions.

- ✓ Licensees may not give or accept kickbacks/things of value related to title insurance business where they have a financial interest
- ✓ A licensee may not require a consumer to use a title agent in which the licensee has a financial interest as a condition of providing service

5.8 License Fees and Real Estate Commission Account

All fees under the chapter are set by the director per RCW 43.24.086, paid to the state treasurer, and placed in the real estate commission account. All money from fines is deposited in the real estate education program account (RCW 18.85.321).

- ✓ License fees are set by the director and deposited into the real estate commission account
- ✓ Money from fines goes to the real estate education program account

5.9 Director/Employee Business Interest and Government Employee Licensees

While employed with the department, the director and employees who regulate real estate must relinquish interest in any regulated real estate business; a licensee employed by the director has their license placed on inactive status until employment ends. Persons licensed under this chapter employed by a town, city, or county conducting transactions on behalf of that government may hold active licenses, and their designated/managing brokers are not responsible for those transactions.

- ✓ A licensee employed by the director is placed on inactive status until the employment ends
- ✓ City/county/town employee licensees conducting transactions for their government employer may hold active licenses, and their supervising brokers are not responsible for those transactions

5.10 Firm License Requirements

To be licensed, a firm must designate a managing broker as the 'designated broker' with authority to act for the firm and provide owner/controlling-interest names, assure no controlling-interest person is subject to a final order suspending/revoking a license, and not adopt a name that is the same/similar to existing licenses or implies it is a nonprofit, research, public bureau, or group. The application requires the firm name, UBI number, business addresses, contact info, application fee, and other required information. Renewal requires the renewal fee and notice of any change in controlling interest or secretary of state registration.

- ✓ A firm must designate a managing broker as 'designated broker' with authority to act for the firm
- ✓ A firm cannot adopt a name the same/similar to existing licenses or implying nonprofit/research/public status
- ✓ The firm must provide a unified business identifier (UBI) number and notify the department of controlling-interest changes at renewal

5.11 Broker's License Requirements and Renewal

To get a broker's license an individual must be 18+, have a high school diploma or equivalent, complete 90 hours of approved real estate instruction (fundamentals—including 3 hours of fair housing/consumer protection—and practices) with each course completed within two years and course exams passed, and pass the broker's license examination. First renewal requires 90 hours of courses including real estate law (with 3 hours fair housing/consumer protection), advanced practices, and continuing education. A broker is licensed to one firm at a time and supervised by a designated or managing broker.

- ✓ Broker applicants must be at least 18 with a high school diploma/equivalent, complete 90 hours of instruction, and pass the exam
- ✓ Pre-license instruction must include 3 hours on fair housing and consumer protection
- ✓ A broker is licensed to only one firm at a time and supervised by a designated or managing broker
- ✓ First renewal requires 90 hours of courses including real estate law and advanced practices

5.12 Managing Broker's License Requirements

A managing broker applicant must be 18+, have a high school diploma or equivalent, have at least three years of licensed experience as a full-time broker (in WA or a comparable jurisdiction) within the previous five years (or be otherwise qualified by allied practical experience), complete 90 hours of instruction including brokerage management, business management, and advanced real estate law (each course at least 30 clock hours, completed within three years, exams passed), and pass the managing broker exam. A managing broker can be licensed to only one firm at any one time.

- ✓ A managing broker needs at least 3 years of full-time licensed broker experience within the previous 5 years
- ✓ Managing broker education must include brokerage management, business management, and advanced real estate law
- ✓ A managing broker can be licensed to only one firm at any one time

5.13 Designated Broker Registration and Endorsements

A designated broker must hold a managing broker license and may act as designated broker for more than one firm; the department registers designated brokers. A managing broker who accepts endorsements from other firms as their designated broker must be registered to their own firm as its designated broker. Registered designated brokers must immediately notify the department of additional firms served and receive a printed endorsement listing all firms.

- ✓ A designated broker must hold a managing broker license and may serve as designated broker for more than one firm
- ✓ Designated brokers must immediately notify the department of additional firms they serve and receive a printed endorsement

5.14 Out-of-State Licensees - Commercial Real Estate

Out-of-state licensees with equivalent licenses may perform licensed acts regarding commercial real estate only if approved by the director and they: cooperate with a WA designated broker holding an active managing broker license; enter a written agreement covering cooperation, oversight, compensation, and adherence to WA law; furnish a copy of their current out-of-state license; consent to WA jurisdiction; include the WA broker's name on advertising; and deposit documentation/records with the WA firm for three years. Applies only to commercial real estate.

- ✓ Out-of-state licensees may only work on COMMERCIAL real estate and only in cooperation with a WA designated broker under a written agreement
- ✓ The out-of-state licensee must consent to Washington jurisdiction and include the WA broker's name on all advertising
- ✓ Related documentation and records must be deposited with the WA firm for three years

5.15 Exemptions From Licensing

The chapter does not apply to, among others: persons buying/selling property for their own account and their employees; attorneys-in-fact acting without compensation under a power of attorney; attorneys-at-law practicing law; receivers, trustees, executors, administrators, guardians, and persons acting under court order; office personnel (secretaries, bookkeepers, accountants) not engaging in defined activities; certain government employees in eminent-domain acquisitions; self-service storage facility operators (as to storage space); pure referral providers (compensation not contingent on the licensee's compensation); CPAs, escrow agents, and investment counselors who do not promote specific property interests; common interest community managers (advisory); and certain limited property-management support persons.

- ✓ A person buying/selling property for their own account is exempt from licensing
- ✓ A referral provider is exempt only if not involved in negotiation/documents AND compensation is not contingent on the licensee's or firm's compensation
- ✓ CPAs, escrow agents, and investment counselors are exempt only if they do not promote a specific real property interest
- ✓ Limited property-management support activities (delivering leases, collecting payments payable to the firm, showing units under direct instruction) are exempt

5.16 Applications, Background Checks, and Fees

Firm applicants apply on a prescribed form; broker/managing broker applicants must pay an exam fee and pass an exam. Applicants must furnish proof of honesty, truthfulness, good reputation, and identity (which may include fingerprints/background checks). Business entities (except general partnerships) must be registered with the secretary of state and furnish a list of governors. General partnerships must furnish the signed partnership agreement and partner list. Unless a corporation or LLC, applicants must complete a fingerprint-based background check through WSP and FBI. The director must ensure regular fingerprint/background checks.

- ✓ Applicants must furnish proof of honesty, truthfulness, good reputation, and identity
- ✓ Non-corporate/non-LLC applicants must complete a fingerprint-based background check through the WSP and FBI at their expense
- ✓ Business entities except general partnerships must be registered with the secretary of state

5.17 Examination Content and Scope

The director provides a sample question list and ascertains by written exam that each applicant has: knowledge of English including reading/writing/mathematics; understanding of conveying real estate and legal effect of deeds, finance contracts, and leases; understanding of real estate investment, valuation, and appraisals; understanding of real estate broker agency relationships; understanding of real estate practice and business ethics; and understanding of chapters 18.86, 18.235, and 18.85 RCW. The managing broker exam is more exacting than the broker exam.

- ✓ The exam covers agency relationships, conveyancing, valuation, ethics, and chapters 18.86, 18.235, and 18.85 RCW
- ✓ The managing broker examination is more exacting than the broker examination

5.18 License Expiration, Renewal, and Cancellation

A license expires two years from its issuance date; firm entity licenses expire when the secretary of state registration/certificate expires. Licenses renew every two years with the biennial fee. A license is expired when renewal requirements are not met by the renewal date; late renewal requires a penalty fee, and acceptance of late renewal is not a waiver of delinquency. A license whose renewal fee is not received within one year of expiration is canceled, requiring a new license to relicense. The director must ensure regular fingerprint/background checks for active licensees.

- ✓ A license expires two years from its issuance date and must be renewed every two years
- ✓ A late renewal requires a penalty fee and acceptance of late renewal does not waive the delinquency
- ✓ A license is canceled if the renewal fee is not received within one year of expiration

5.19 Responsibility for Conduct of Subordinates

Responsibility for the conduct of any broker, managing broker, or branch manager under the chapter rests with the designated broker to whom they are licensed. In addition, a branch manager bears responsibility for brokers and managing brokers operating under them at a branch office.

- ✓ The designated broker is responsible for the conduct of brokers, managing brokers, and branch managers licensed to the firm
- ✓ A branch manager also bears responsibility for brokers/managing brokers operating at their branch office

5.20 Continuing Education for Renewal

Brokers and managing brokers must complete at least 30 clock hours of approved instruction every two years to renew. Up to 15 excess clock hours from the immediately preceding two-year period may carry forward. Exams are not required for CE. For active renewals, 3 of the 30 hours must focus on fair housing education and prevention of unfair practices (RCW 49.60.222); applicants who did not complete fair housing training in pre-licensing must complete 6 such hours for the renewal cycle immediately following June 1, 2022.

- ✓ Renewal requires at least 30 clock hours of approved instruction every two years
- ✓ Up to 15 excess CE hours may be carried forward from the immediately preceding two-year period
- ✓ Active license renewals require 3 of the 30 hours focused on fair housing education

5.21 License Names and Assumed Names

No license authorizes anyone other than the named person to act, nor to operate under any name other than that on the license. A firm may use one or more assumed names but must obtain a separate license for each additional assumed name before use. All brokerage services must be conducted in the name of the firm or its licensed assumed name(s).

- ✓ A firm must obtain a separate license for each assumed name before using it
- ✓ All real estate brokerage services must be conducted in the firm's licensed name or assumed name

5.22 Office and Records Requirements

Every licensed firm must maintain an office or records depository accessible in Washington to the director's representatives, and must maintain and produce a complete set of records required by the chapter. The director may prescribe rules for alternative and electronic record storage.

- ✓ A firm must maintain an office or records depository accessible in Washington to the director's representatives
- ✓ A firm must maintain and produce a complete set of required records

5.23 Branch Offices

A designated broker may apply for authority to establish branch offices under the same name as the firm upon paying a fee; the director issues a duplicate license per branch, prominently displayed. Each branch office must have a branch manager who is a managing broker authorized by the designated broker. A branch office license is not required where sales activity is limited to a particular subdivision/tract if a licensed office or branch is within 35 miles.

- ✓ Each branch office must have a branch manager who is a managing broker authorized by the designated broker
- ✓ A branch office license is not required for a subdivision/tract if a licensed office is within 35 miles

5.24 Change of Location Notice

A designated broker, managing broker, or firm must give written notice to the director of any change in business or records depository location. Upon surrendering the original license and paying a fee, the director issues a new license for the new location.

- ✓ Written notice must be given to the director for any change of business or records depository location
- ✓ A new license is issued upon surrender of the original license and payment of a fee

5.25 Inactive Licenses

A license delivered to the director becomes 'inactive'; an inactive license holder may not conduct brokerage services. Inactive licenses renew on the same terms as active ones except CE requirements need not be met, and failure to renew results in cancellation. An inactive license may be reactivated by application and compliance; if inactive more than three years, the holder must show completion of a 30-clock-hour real estate course within one year before reactivation (state-employed holders are exempt). Denial/suspension/revocation provisions apply, and once such proceedings begin, the license stays inactive until they conclude.

- ✓ An inactive license holder is prohibited from conducting real estate brokerage services
- ✓ Inactive licenses need not meet CE requirements for renewal but failure to renew causes cancellation
- ✓ Reactivation after more than 3 years inactive requires a 30-clock-hour course within one year before reactivation

5.26 Designated/Managing Broker Authority and Duties

Designated or managing brokers must supervise brokers for compliance with chapters 18.85, 18.235, and RCW 18.86.030. Listings, transactions, and contracts for brokerage services are the property of the firm. Brokers must timely deliver funds and records up the chain (to managing broker, then designated broker). A designated broker may delegate—by written agreement—safe handling of client funds, trust accounts, records, and supervision to a managing broker, and must keep a record of delegations. The designated broker (or delegate) has authority to amend, bind, or terminate brokerage contracts and to accept new/transferred licensees. A broker who supervises others must be a managing broker. During a broker's first two years, a managing broker must provide heightened supervision.

- ✓ Listings, transactions, and brokerage service contracts are the property of the real estate firm
- ✓ A designated broker may delegate trust-account and supervision duties to a managing broker only by written agreement, keeping a record of delegations
- ✓ During a broker's first two years of licensure, the managing broker must provide heightened supervision
- ✓ A broker who supervises or controls other brokers must be licensed as a managing broker

5.27 Trust Accounts and Handling of Client Funds

Brokers/managing brokers must submit complete transaction copies to their firm; the designated broker keeps adequate records (purchase and sale agreements, earnest money receipts, itemized receipts/disbursements). Funds a licensee controls are trust funds. Trust accounts must be in a recognized WA depository and physically segregated from the licensee's own funds. A trust account is not required if the purchase and sale agreement directs earnest money to a named closing agent or the seller. Brokers must deposit funds by the next banking day after receipt unless the agreement allows deferred deposit. Firms holding earnest money must maintain a pooled interest-bearing trust account (except property management accounts), with interest paid to the state treasurer for the housing trust fund and real estate education program account. When funds are claimed by more than one party, written notice of intent to disburse must go to all parties and disbursement must occur no later than 30 days after the notice date.

- ✓ Client/trust funds must be kept physically segregated from the licensee's own funds
- ✓ Brokers must deposit funds into the firm's trust account by the next banking day unless the agreement provides for deferred deposit
- ✓ A pooled interest-bearing trust account is required for earnest money (except property management accounts), with interest going to the housing trust fund and real estate education account
- ✓ When funds are claimed by more than one party, disbursement must occur no later than 30 days after written notice to all parties

5.28 Delivery of Signed Instruments

Every licensee must deliver, or cause delivery, to all parties signing them—within a reasonable time after signing—purchase and sale agreements, listing agreements, and all like or similar instruments.

- ✓ Signed purchase and sale agreements, listings, and similar instruments must be delivered to all signing parties within a reasonable time
- ✓ This obligation applies to every real estate licensee

5.29 Termination of Affiliation With Firm

Broker and managing broker licenses are kept at all times by their firm; when they cease to represent the firm their licenses cease to be in force. They must give written notice to the designated broker upon termination, and the firm (through the designated broker) must notify the director. Failure to promptly notify after demand is grounds for discipline against the firm and designated broker. When the firm terminates a licensee for a violation, it must immediately file a written statement of facts with the director.

- ✓ When a broker/managing broker ceases to represent the firm, their license ceases to be in force
- ✓ The firm's failure to promptly notify the director of termination after demand is grounds for discipline against the firm and designated broker
- ✓ A termination for a violation requires the firm to immediately file a written statement of facts with the director

5.30 Sharing Commissions

It is unlawful for a licensed firm, broker, or managing broker to pay any commission/compensation to a person who performs brokerage services but is not licensed in any U.S. state/possession or foreign jurisdiction with a real estate regulatory program. A firm may not pay commission to a broker/managing broker not licensed to it. Brokers/managing brokers may not pay their commission to anyone except through the firm's designated broker. An exception allows sharing a commission with a licensed manufactured housing retailer (chapter 46.70 RCW) on the sale of personal property manufactured housing sold with land.

- ✓ Commissions may not be paid to unlicensed persons who perform brokerage services
- ✓ A broker/managing broker may only receive compensation through the firm's designated broker
- ✓ A commission may be shared with a licensed manufactured housing retailer on personal property manufactured housing sold in conjunction with land

5.31 License Required - Prerequisite to Suit for Commission

It is unlawful to act as a broker, managing broker, or real estate firm without first obtaining a license and complying with the chapter. No suit may be brought to collect compensation for brokerage services without alleging and proving the plaintiff was duly licensed before offering to perform the transaction or procuring the compensation contract.

- ✓ Acting as a broker, managing broker, or firm without a license is unlawful
- ✓ A person cannot sue to collect a real estate commission without proving they were duly licensed before performing the services

5.32 License Suspension for Support Order Noncompliance

The director must immediately suspend the license of any broker or managing broker certified by DSHS as not in compliance with a support order or visitation order. Reissuance is automatic upon the director receiving a release from DSHS stating compliance, if all other reinstatement requirements are met.

- ✓ The director must immediately suspend a license upon DSHS certification of noncompliance with a support/visitation order
- ✓ Reissuance is automatic upon a DSHS release showing compliance, if other requirements are met

5.33 Disciplinary Action - Grounds

In addition to unprofessional conduct in RCW 18.235.130, the director may discipline (with sanctions/fines under RCW 18.235.110) for grounds including: violating the chapter or related chapters; making/distributing false statements or promises the licensee knew or should have known were false; committing fraud, misrepresentation, concealment, conspiracy, or collusion; employing unlicensed persons; conversion of trust money/property (failure to return within 30 days after demand is prima facie evidence); failing to disclose information/records on demand; advertising without the firm's name in a clear/conspicuous manner; accepting non-cash earnest money without disclosure; charging compensation from more than one party without full written disclosure; undisclosed kickbacks/rebates; appraisal contingent on predetermined value; issuing reports on property the licensee has an interest in without disclosure; discrimination in hiring or brokerage activity; failing to keep escrow/trust records for three years; failing to preserve firm records for three years; failing to furnish contract copies; accepting compensation except through the firm; directing transactions for a kickback without disclosure; buying/selling/leasing without disclosing licensee status; failing to supervise; bad faith/dishonesty/incompetence; acting as a vehicle dealer without a license; and failing to transfer mobile/manufactured home titles.

- ✓ Failure to return trust money/property within 30 days after demand is prima facie evidence of conversion
- ✓ Charging or accepting compensation from more than one party requires full written disclosure to all parties
- ✓ Advertising must include the firm's name/assumed name in a clear and conspicuous manner
- ✓ Discrimination in brokerage activity, failure to supervise, and undisclosed kickbacks are all grounds for discipline

5.34 Record Retention - Three-Year Requirement

Two disciplinary grounds establish three-year record retention: failing to keep an escrow/trustee account of deposited funds for three years (showing to whom paid and other required information), and, for a firm and its designated broker, failing to preserve records relating to any real estate transaction for three years following their submission to the firm.

- ✓ Escrow/trust account records must be kept for three years showing to whom funds were paid
- ✓ A firm and its designated broker must preserve transaction records for three years after submission to the firm

5.35 Buying/Selling as Licensee - Disclosure

A licensee buying, selling, or leasing (directly or through a third party) any interest in real property must disclose in writing that they are a real estate licensee. When advertising personally owned property, brokers/firms must only disclose that they hold a real estate license.

- ✓ A licensee buying, selling, or leasing property must disclose in writing that they are a real estate licensee
- ✓ When advertising personally owned property, the licensee must disclose that they hold a real estate license

5.36 Disciplinary Hearings, Orders, and Appeals

The director may delegate disciplinary duties to assistants. The hearing officer keeps a transcript; if the accusation is not proven by a fair preponderance of evidence, the case is dismissed. If proven by a preponderance, the director may impose sanctions under RCW 18.85.041 and enters an order mailed to the affected party. To appeal to superior court, the appellant must file a $1,000 cash bond within 30 days of the director's decision, and must pay for the certified transcript within 15 days of notice or the appeal is dismissed.

- ✓ An appeal to superior court requires a $1,000 cash bond filed within 30 days of the director's decision
- ✓ Failure to pay the transcript cost within 15 days results in dismissal of the appeal

5.37 Violations Penalty and Enforcement

Any person acting as a broker, managing broker, or firm without a license, or violating any chapter provision, is guilty of a gross misdemeanor. The uniform regulation of business and professions act (chapter 18.235 RCW) governs unlicensed practice, license issuance/denial, and discipline. The director may seek injunctions and petition for receivership of offices operating in violation. Military training/experience may satisfy training/experience requirements unless the director finds it not substantially equivalent.

- ✓ Acting without a license or violating the chapter is a gross misdemeanor
- ✓ Chapter 18.235 RCW governs unlicensed practice, license issuance/denial, and discipline
- ✓ Military training/experience may satisfy training/experience requirements unless found not substantially equivalent

CHAPTER 6

WAC 308-124C-105 Required records

6.1 Designated Broker Trust Account Records

The designated broker must keep specific trust account records on behalf of the firm. These records document all money flowing through the firm's trust accounts and must be complete and organized to allow tracking of every transaction and property management account.

- ✓ Must keep a duplicate receipt book or cash receipts journal recording all receipts
- ✓ Must maintain sequentially numbered, nonduplicative checks with check register, cash disbursements journal or check stubs
- ✓ Must keep validated duplicate bank deposit slips or daily verified bank deposits
- ✓ Must maintain a client's accounting ledger summarizing all moneys received and disbursed for each transaction or property management/contract/mortgage collection account
- ✓ Must keep separate ledger sheets for each tenant (including security deposit), lessee, vendee or mortgagor
- ✓ Must retain reconciled bank statements and canceled checks for all trust bank accounts

6.2 Other Required Firm Records

Beyond trust account records, the designated broker must maintain transaction-related records including logs, copies of contracts, and complete transaction folders. All required records must be kept at a single licensed location.

- ✓ Must keep an accurate, up-to-date log of all agreements or contracts for brokerage services submitted by affiliated licensees
- ✓ A legible copy of the transaction or brokerage service contracts must be retained in each participating firm's files
- ✓ Must maintain a transaction folder containing all agreements, receipts, contracts, documents, leases, closing statements, broker price opinions, referral agreements, and material correspondence for each transaction
- ✓ All required records must be maintained at one location where the firm is licensed, which may be the main or any branch office

CHAPTER 7

WAC 308-124A-700 Application for a license—Fingerprinting

7.1 Fingerprint Background Check Requirements

New applicants for their first broker's license, and applicants for their first managing broker's license using alternative qualifications, must submit to a fingerprint background check with the department's authorized vendor. Background checks are required for every active renewal every six years, but if a check was done within the last six years no new check is needed to activate a license. An application without the required check is incomplete.

- ✓ First broker license applicants and alternative-qualification managing broker applicants must complete a fingerprint background check with the authorized vendor
- ✓ Fingerprint background checks are required for every active renewal every six years
- ✓ If a background check was completed within the last six years, no new check is required to activate a license
- ✓ An application submitted without the required fingerprint check is considered incomplete

7.2 Rejected Fingerprints—21-Day Rule

When fingerprints are rejected, the licensee or applicant must follow the vendor's resubmission procedures within 21 calendar days. Failure to do so results in suspension of the real estate license until the procedures are followed, and the licensee/applicant is responsible for any additional fees.

- ✓ Rejected fingerprints must be resubmitted per vendor procedures within 21 calendar days
- ✓ Failure to follow procedures within 21 days results in license suspension until compliance
- ✓ The licensee or applicant is responsible for any additional fees due

CHAPTER 8

WAC 308-124E-100 Delivery of client funds and negotiable instruments

8.1 Timely Delivery of Client Funds

Brokers and managing brokers must physically deliver all funds, moneys, negotiable instruments, or items of value to the appropriate managing broker, branch manager, or their designated broker within a set time limit. Delivery must occur within the shorter of two business days of the client's signature, or sooner if the contract terms require quicker delivery. Business days exclude Saturdays, Sundays, and legal holidays as defined in RCW 1.16.050.

- ✓ Funds must be delivered within two business days of the client's/customer's signature
- ✓ Delivery must be sooner if contract terms necessitate quicker delivery
- ✓ Business days do not include Saturday, Sunday, or legal holidays per RCW 1.16.050
- ✓ The 'shorter of' the two timeframes controls delivery deadline

CHAPTER 9

WAC 308-124D-205 Negotiating agreements and closing

9.1 Closing Statement Delivery and Retention

The real estate licensee is responsible for negotiating the agreement between seller and purchaser. At closing, the licensee must furnish (or cause to be furnished) a complete detailed closing statement to each buyer and each seller in every real estate or business opportunity transaction where brokerage services are provided. The firm must retain a copy of all buyer and seller closing statements even when funds are not handled by a licensee and closing occurs elsewhere.

- ✓ A complete detailed closing statement must be provided to each buyer and each seller at the time the transaction closes
- ✓ The firm must retain copies of all closing statements even if closing is done elsewhere and funds are not handled by a licensee
- ✓ Statements are required in every transaction where the licensee provides brokerage services

9.2 Net Proceeds and Custody of Funds

Net proceeds of sale on all real estate transactions closed by a licensee must be paid directly to the seller unless otherwise provided by written agreement. When more than one licensee is involved and funds are deposited by the purchaser before closing, the firm first receiving the funds retains custody and is accountable until the funds are distributed or delivered per written instructions signed by all parties.

- ✓ Net proceeds must be paid directly to the seller unless a written agreement provides otherwise
- ✓ The firm first receiving purchaser funds retains custody and accountability until distributed
- ✓ Funds may only be distributed per written instructions signed by all parties to the transaction

9.3 Required Contents of Closing Statements

Closing statements for all real estate or business opportunity transactions in which a firm participates must show the date of closing, the total purchase price, and an itemization of all adjustments, money, or things of value received or paid—identifying to whom each item is credited or debited. The dates of adjustments must be shown along with the names of the payees, makers, and assignees of all notes paid, made, or assumed.

- ✓ Closing statement must show date of closing and total purchase price
- ✓ Must itemize all adjustments, money, or things of value with credit/debit attribution
- ✓ Must show dates of adjustments and names of payees, makers, and assignees of all notes

9.4 Earnest Money Status and Receipts

All licensees must keep the party to whom they provided brokerage services informed of the earnest money deposit status. Licensees must also retain and provide copies of receipts to the principals and participating firms.

- ✓ Licensees must keep their client informed of the earnest money deposit status
- ✓ Licensees must retain and provide copies of receipts to principals and participating firms

CHAPTER 10

WAC 308-124B-205 Change of office location

10.1 Reporting a Change of Office Location

When a firm changes its office location, the designated broker must promptly notify the real estate program. This is done by submitting a completed change of address application, returning all licenses, submitting completed transfer applications, and paying the correct fees within the required timeframe.

- ✓ The designated broker must submit the change within ten days
- ✓ Must submit a completed change of address application, return all licenses, provide completed transfer applications, and pay the correct fees

CHAPTER 11

WAC 308-124I-020 Recordkeeping

11.1 Record Retention and Availability Requirements

Licensees must create and maintain records of their real estate brokerage activities for regulatory purposes. Records must be kept and made available to the director for three years from the conclusion of the related services or transaction. Licensees have no privacy interest in records they are required by statute or rule to maintain.

- ✓ Records must be maintained and made available to the director for three years from the conclusion of the related services or transaction
- ✓ Licensees have no privacy interest in records they are required by statute or rule to keep
- ✓ Licensees must create and maintain records of their brokerage activities

CHAPTER 12

WAC 308-124C-110 Accuracy and accessibility of records

12.1 Accuracy, Location and Retention of Records

All required real estate records must be accurate, current, and kept at the licensed office. Records must be retained and available for inspection for a minimum period. Closed transactions may be moved to a central Washington facility under certain conditions.

- ✓ All required records must be accurate, posted and kept up to date
- ✓ Records must be kept at an address where the firm is licensed to maintain a real estate office
- ✓ Transactions closed for at least one year may be maintained at one central facility located in Washington
- ✓ A listing of all transactions stored remotely must be maintained at the firm's licensed office and be readily retrievable upon department demand
- ✓ All records must be retained and available for inspection by the director for a minimum of three years

12.2 Electronic and Alternative Record Storage

Records may be stored electronically or on remote devices provided all documents can be immediately retrieved, viewed, and printed at the firm's licensed office. The designated broker must maintain functioning equipment and an indexed storage system.

- ✓ Records may be stored electronically or on remote devices only if retrieval of all documents is immediate
- ✓ Retrieval must be possible at the firm's licensed office and allow viewing and printing of all documents
- ✓ Stored documents include listing agreements, price reductions/status changes, offers and counteroffers, electronic communications, negotiations, trust account records, and final disposition
- ✓ The designated broker must maintain equipment in good repair and index document storage for immediate retrieval

CHAPTER 13

WAC 308-124E-105 Administration of funds held in trust—General procedures

13.1 Duty to Hold Client Funds in Trust

A real estate broker who receives funds from any principal or party to a real estate/business opportunity transaction, property management agreement, contract/mortgage collection agreement, or advance fees must hold those funds in trust and may not use them for the benefit of the broker, managing broker, firm, or anyone not entitled. Designated brokers are responsible for ensuring affiliated licensees safeguard client funds. Funds must be deposited in a federally insured (FDIC or NCUA) bank, savings association, or credit union that can accept service in Washington state.

- ✓ Trust funds may not be used for the benefit of the broker, firm, or unauthorized persons
- ✓ Designated brokers are responsible for ensuring affiliated licensees safeguard client funds
- ✓ Funds must be deposited in an FDIC- or NCUA-insured institution able to accept service in Washington state
- ✓ Designated broker is responsible for depositing, holding, disbursing, receipting, posting, recording, accounting, notifying, and reconciling

13.2 Deposit Timing for Trust Funds

All funds received pertaining to sale, renting, leasing, optioning of real estate/business opportunities, contract/mortgage collections, or advance fees must be deposited in the firm's real estate trust bank account no later than the next banking day following receipt, with exceptions. Cash must be deposited by the next banking day. Checks received as earnest money may be held when the earnest money agreement states the check is to be held for a specified time or until a specific event. Saturdays, Sundays, and legal holidays are not banking days.

- ✓ Trust funds must be deposited no later than the next banking day following receipt
- ✓ Cash must be deposited no later than the next banking day
- ✓ Earnest money checks may be held if the agreement states the check is held for a specified time or until a specific event
- ✓ Saturday, Sunday, and legal holidays (RCW 1.16.050) are not banking days

13.3 Reconciliation and Monthly Trial Balance

The reconciled trust bank account balance must at all times equal outstanding trust liability to clients plus the 'open account' ledger funds. The designated broker must prepare a monthly trial balance of the client's ledger, reconciling with both the trust bank statement and check register/bank control account. The checkbook balance, bank reconciliation, and client ledgers must always agree. A trial balance lists all client ledgers with owner name/control number, date of last entry, and ledger balance.

- ✓ Reconciled trust account balance must always equal outstanding client liability plus open account ledger
- ✓ Designated broker must prepare a monthly trial balance reconciling ledger, bank statement, and check register
- ✓ Checkbook balance, bank reconciliation, and client ledgers must be in agreement at all times

13.4 Prohibited Deposits and Disbursements

No deposits of funds belonging to the broker or firm may be made to the trust account, except a minimal amount to open or keep the account from being closed; and no funds unrelated to a client's transaction may be deposited. No disbursements may be made for items not pertaining to a specific transaction, in excess of amounts held for that transaction, for commissions to persons licensed to the firm, for firm business expenses, or for bank charges (with limited exceptions). Commissions and business expenses must be paid from the firm's regular business bank account. Bank charges are firm overhead and must be charged to the business account.

- ✓ Only minimal firm funds to open/maintain the account may be deposited
- ✓ No trust disbursements for items not pertaining to a specific transaction
- ✓ No disbursement in excess of the actual amount held for a transaction
- ✓ Commissions to firm licensees and firm business expenses must be paid from the regular business account, not the trust account
- ✓ Bank charges are firm overhead and generally may not be paid from the trust account

13.5 Trust Account Designation and Interest

Bank accounts must be designated as trust accounts in the firm name or assumed name as licensed. Interest credited to a client's account must be recorded as a liability on the client ledger. Interest assigned to the firm by written agreement may not remain in the trust account; the designated broker must arrange for the financial institution to credit it to the firm's general account.

- ✓ Bank accounts must be designated as trust accounts in the firm/assumed name as licensed
- ✓ Interest credited to a client must be recorded as a liability on the client ledger
- ✓ Interest assigned to the firm by written agreement may not be kept in the trust account

13.6 Recordkeeping and Client Ledgers

The designated broker must maintain a records system providing an audit trail of all funds received and disbursed, with all funds identified to each individual client. An individual client ledger sheet must be established for each client, showing all receipts and disbursements. Credit entries must show date, amount, and item covered (e.g., earnest money deposit, down payment, rent, damage deposit, interest, advance fee). Debit entries must show check date, check number, amount, payee, and item covered. An 'opening account' ledger is required for firm funds used to open or keep the account from being closed.

- ✓ Records must provide an audit trail with all funds identified to each individual client
- ✓ An individual client ledger must be established and maintained for each client
- ✓ Credit entries must show date of deposit, amount, and item covered
- ✓ Debit entries must show check date, number, amount, payee, and item covered
- ✓ An 'opening account' ledger is required for minimal firm funds

13.7 Disbursement Requirements and Wire Transfers

All disbursements of trust funds must be made by check or electronic transfer drawn on the trust bank account and identified to a specific transaction or agreement. Check number, amount, date, payee, items covered, and the specific client's ledger debited must be shown, and no check numbers may be duplicated. No disbursement based on wire transfer receipts may be made until the deposit is verified. A follow-up hard-copy debit memo must be provided for wire-transfer disbursements, and signed owner instructions identifying the receiving entity/account must be retained in the transaction file.

- ✓ All disbursements must be by check or electronic transfer drawn on the trust account and identified to a specific transaction
- ✓ No check numbers on a single trust account may be duplicated
- ✓ No disbursement based on wire transfer receipts until the deposit is verified
- ✓ A follow-up hard-copy debit memo is required for wire-transfer disbursements
- ✓ Signed owner wire instructions identifying receiving entity and account must be retained

13.8 Commissions to Other Firms

Commissions owed to another firm may be paid from the real estate trust bank account and must be paid promptly upon receipt of funds. Commissions shared with another firm are treated as a reduction of the gross commissions received.

- ✓ Commissions owed to another firm may be paid from the trust account and must be paid promptly
- ✓ Commissions shared with another firm are a reduction of gross commissions received

13.9 Voided Checks and Computerized Systems

Voided checks written on the trust account must be permanently defaced and retained. The rules apply to both manual and computerized accounting systems. Computerized systems must back up all data files, maintain registers/journals/reconciliations/trial balances available for immediate retrieval or printing on department demand, and the designated broker must keep a dated source document/index file to support changes to records.

- ✓ Voided trust account checks must be permanently defaced and retained
- ✓ Trust account rules apply to both manual and computerized systems
- ✓ Computerized systems must back up all data and allow immediate retrieval on department demand

CHAPTER 14

WAC 308-124-305 Application of Brief Adjudicative Proceedings

14.1 Adoption of Brief Adjudicative Proceedings

The director adopts RCW 34.05.482 through 34.05.494 to administer brief adjudicative proceedings. These proceedings are conducted by request and/or at the director's discretion under RCW 34.05.482 for the categories of matters set forth in WAC 308-09-525.

- ✓ Brief adjudicative proceedings are governed by RCW 34.05.482 through 34.05.494
- ✓ They may be conducted by request or at the director's discretion
- ✓ Applicable categories of matters are set forth in WAC 308-09-525

CHAPTER 15

WAC 308-124A-705 Application examination process

15.1 Scheduling the License Examination

A person desiring to take a broker or managing broker exam must contact the testing service at least one business day prior to the desired test date to schedule and pay, and only after receiving written notice that requirements have been met. Candidates who received clock hours in another jurisdiction must first submit proof of education to be substituted under WAC 308-124A-755.

- ✓ Candidates must contact the testing service at least one business day prior to the desired test date to schedule and pay
- ✓ Exam scheduling is only allowed after written notice that requirements have been met
- ✓ Out-of-jurisdiction clock hours require proof of education submitted for substitution under WAC 308-124A-755

CHAPTER 16

WAC 308-124C-115 Suit or complaint notification

16.1 Duty to Notify of Legal Actions

Every licensee must notify the real estate program within a set timeframe of certain criminal, civil, and professional licensing actions involving them. This applies regardless of any pending appeal.

- ✓ Notification must be made within twenty days after service or knowledge
- ✓ Must report any criminal complaint, information, indictment, or conviction (including guilty or nolo contendere pleas) naming the licensee as a defendant
- ✓ Must report entry of a civil court order, verdict, or judgment against the licensee involving real estate or business-related activity, regardless of pending appeal
- ✓ Must report any professional license, certification, or permit that was fined, suspended, revoked, or refused by any governmental agency

CHAPTER 17

WAC 308-124E-110 Administration of funds held in trust—Real estate and business opportunity transactions

17.1 Interest-Bearing Trust Accounts and Housing Trust Fund

Trust bank accounts, deposit slips, checks, and signature cards must be designated as trust accounts in the firm/assumed name. Trust accounts for real estate sales or business opportunity transactions must be interest-bearing demand deposit accounts per RCW 18.85.285. The firm must maintain a pooled interest-bearing housing trust fund account for deposits of $10,000 or less, with interest paid to the department after reasonable bank charges (excluding check printing/bookkeeping fees). For deposits over $10,000, the licensee must disclose in writing that the depositor may choose a separate interest-bearing account (interest to the party) or the pooled account (if parties agree in writing).

- ✓ Real estate sales/business opportunity trust accounts must be interest-bearing demand deposit accounts
- ✓ Trust funds of $10,000 or less must go in the pooled interest-bearing housing trust fund account, with interest paid to the department
- ✓ For deposits over $10,000, licensee must disclose in writing the option between a separate account (interest to party) or the pooled account (if parties agree in writing)

17.2 Commission Disbursement After Closing

A separate check must be drawn on the trust bank account, payable to the firm as licensed, for each commission earned after the final closing of the real estate or business opportunity transaction. Each commission check must be identified to the transaction to which it applies.

- ✓ A separate check payable to the firm must be drawn for each commission earned
- ✓ Commission may only be drawn after final closing of the transaction
- ✓ Each commission check must be identified to its specific transaction

17.3 Disbursement Before Closing Requires Written Release

No disbursements from the trust account may be made before closing or before a condition in the purchase and sale agreement occurs, to any person for any reason, without a written release from both purchaser and seller—except: if the agreement terminates by its own terms before closing, funds are disbursed as the agreement provides without a written release; and funds may be disbursed to the designated escrow agent reasonably before closing to permit checks to clear.

- ✓ No disbursement before closing without a written release from both purchaser and seller
- ✓ Exception: if the agreement terminates by its own terms, funds are disbursed per the agreement without a written release
- ✓ Exception: funds may be disbursed to the designated escrow agent reasonably prior to closing to let checks clear

17.4 Bank Charges Exceeding Interest Earned

When bank charges/fees exceed interest earned, causing the balance to fall below trust account liability, the designated broker must deposit firm/nontrust funds within one banking day of receiving notice to bring the account into balance. For separate accounts (over $10,000), the broker may be reimbursed by the depositor if authorized in writing. For the pooled housing trust fund account, the designated broker must absorb the excess charges as a business expense.

- ✓ Designated broker must deposit funds within one banking day of notice if charges exceed interest and cause a shortage
- ✓ For separate accounts, the broker may be reimbursed by the depositor only if authorized in writing
- ✓ For the pooled housing trust fund account, the broker absorbs the excess charges as a business expense

17.5 Earnest Money Held by Another Party

When a transaction provides for the earnest money deposit/note/instrument to be held by a party other than the firm, the licensee must deliver the earnest money to the party designated in the purchase and sale agreement, obtain a dated receipt, and deliver the receipt to the designated/managing broker. The dated receipt must be placed and retained in all participating firms' transaction files. The designated broker has ultimate responsibility for delivery of the funds.

- ✓ Licensee must deliver earnest money to the party designated in the purchase and sale agreement
- ✓ Licensee must obtain a dated receipt and deliver it to the designated/responsible managing broker
- ✓ The dated receipt must be retained in all participating firms' transaction files
- ✓ The designated broker has ultimate responsibility for delivery of the funds

CHAPTER 18

WAC 308-124-310 Preliminary Record in Brief Adjudicative Proceedings

18.1 Preliminary Record for License/Cease and Desist Matters

For an application for an original or renewal license, approval of an education course/curriculum, or issuance of a cease and desist order, the preliminary record consists of the application (or cease and desist order) and associated documents, all documents relied upon by the program in proposing denial or in issuing the order, and all correspondence between the applicant/respondent and the program regarding the matter.

- ✓ Record includes the application or cease and desist order plus associated documents
- ✓ Record includes all documents the program relied upon to deny or to issue the order
- ✓ Record includes all correspondence between the applicant/respondent and the program

18.2 Preliminary Record for Compliance Determinations

For determining compliance with a previously issued final order or agreement, the preliminary record consists of the prior final order/agreement, all reports or documents submitted by or at the direction of the license holder toward fulfilling its terms, all correspondence regarding compliance, and all documents relied upon showing failure to comply.

- ✓ Record includes the previously issued final order or agreement
- ✓ Record includes reports/documents submitted toward fulfilling the terms
- ✓ Record includes correspondence about compliance and documents showing noncompliance

18.3 Preliminary Record for Other Disciplinary Issues

For all other issues subject to a brief adjudicative hearing, the preliminary record consists of all documents relied upon by the program in proposing disciplinary action under RCW 18.235.110 and all correspondence between the license holder and the program regarding alleged violations.

- ✓ Record includes documents relied upon in proposing discipline under RCW 18.235.110
- ✓ Record includes correspondence between the license holder and program about alleged violations

CHAPTER 19

WAC 308-124D-210 Expeditious performance

19.1 Duty of Expeditious Performance

A real estate licensee must perform all acts required by a real estate agreement as expeditiously as possible. Intentional or negligent delays in performance are considered detrimental to the public interest and constitute a violation of RCW 18.85.361(23).

- ✓ Licensees must perform all acts required by a real estate agreement as expeditiously as possible
- ✓ Intentional or negligent delays violate RCW 18.85.361(23) and are detrimental to the public interest

CHAPTER 20

WAC 308-124B-207 Real estate firm identification

20.1 Firm and Branch Office Identification

Every firm and branch office must be identified to the public by displaying the firm's licensed name or its licensed assumed name at the office address on the license.

- ✓ Any firm or branch office must display the name of the firm or assumed name as licensed
- ✓ The displayed name must be visible to the public at the address appearing on the license

CHAPTER 21

WAC 308-124I-030 Licensee statements and explanations

21.1 Written Statements and Explanations During Investigations

During an investigation or audit, licensees may be required to provide written statements and/or explanations. Such a request can only be issued by an authorized representative of the director—such as an investigator, auditor, program staff, or other designee.

- ✓ Licensees may be required to provide written statements and/or explanations during an investigation or audit
- ✓ A request for a written statement or explanation can only be issued by an authorized representative of the director (investigator, auditor, program staff, or designee)

CHAPTER 22

WAC 308-124A-707 Exam scheduling

22.1 Exam Cancellation and No-Show Fees

Candidates requesting a morning or afternoon exam are scheduled immediately and given a registration number. A candidate is assessed the full examination fee if they fail to give the testing service two days' notice to change the exam date, or fail to arrive and take the exam at the scheduled/rescheduled time.

- ✓ Two days' notice must be given to the testing service to change an examination date
- ✓ Failure to give two days' notice or to appear results in assessment of the full examination fee
- ✓ Candidates are provided a registration number confirming their reservation

CHAPTER 23

WAC 308-124D-215 Management agreements and disclosures

23.1 Written Property Management Agreement Requirements

All properties managed by a firm must be supported by a written management agreement signed by the owner and designated broker, and it must be retained. The agreement must state at a minimum: the firm's compensation; the type and number of units or square footage (if non-residential); whether the firm is authorized to collect and disburse funds and for what purposes; any authorization to hold security deposits and how they may be disbursed; and the frequency of furnishing summary statements to the owner.

- ✓ A written management agreement signed by the owner and designated broker is required and must be retained
- ✓ The agreement must state the firm's compensation, property type/units, fund collection/disbursement authority, security deposit handling, and summary statement frequency
- ✓ All rented or leased properties must be supported by a written rental or lease agreement

23.2 Owner Summary Statement Requirements

Each owner of managed property must be provided a summary statement (as provided in the management agreement) for each property managed. The statement must show: balance carried forward from the previous summary, total rent receipts, owner contributions, other itemized receipts, itemization of all expenses paid, ending balance, and the number of units rented or square footage if non-residential. The designated broker must retain a true copy of each summary statement.

- ✓ A summary statement must be provided to each owner for each managed property
- ✓ The statement must show carried-forward balance, rent receipts, owner contributions, other receipts, itemized expenses, ending balance, and units/square footage
- ✓ The designated broker must retain a true copy of each summary statement

23.3 Additional Services and Agreement Amendments

A firm may provide other services to owners of managed properties only if it makes full written disclosure of the broker's relationship with all persons providing such services, discloses fees charged in advance, and obtains the owner's permission. Any amendment or modification to the management agreement must be in writing, signed by the owner and designated broker, and retained.

- ✓ Additional services require full written disclosure of relationships, prior fee disclosure, and owner permission
- ✓ Any amendment or modification to a management agreement must be written, signed by owner and designated broker, and retained

CHAPTER 24

WAC 308-124B-210 Advertising

24.1 Advertising Under Licensed Firm Name

All firm advertising must operate under the firm's licensed name or a licensed assumed name. This applies to all advertising and solicitations for brokerage services across all media, including internet-based advertising, web pages, email, newspapers, and other visual media.

- ✓ A firm must operate under its firm name or an assumed name as licensed
- ✓ All advertising and solicitations for brokerage services, including internet, web pages, email, newspaper, and other visual media, must include the firm name or licensed assumed name

24.2 Broker Use of Names, Titles, or Brands

Brokers and managing brokers who advertise using an unlicensed name, title, or brand must always display the firm's licensed name or assumed name in a clear and conspicuous manner alongside it. The name, title, or brand cannot suggest a separate legal entity or another firm/office, and prior written approval from the designated broker is required.

- ✓ Must always use and display the firm's licensed name or assumed name clearly and conspicuously with any name, title, or brand
- ✓ Must not use a name suggesting a separate legal entity such as 'Inc.,' 'LLC,' 'LLP,' 'Corp.,' 'firm,' or 'company'
- ✓ Must not use terms commonly referencing a firm or office such as 'realty,' 'realtors,' 'firm,' or 'real estate'
- ✓ Must receive advance written approval from the firm's designated broker to use an unlicensed title or brand

CHAPTER 25

WAC 308-124C-125 Designated broker responsibilities

25.1 Core Designated Broker Supervisory Duties

The designated broker bears ultimate responsibility for compliance, cooperation with the department, record accessibility, and trust account oversight. These duties are non-exclusive.

- ✓ Must assure all real estate brokerage services comply with chapters 18.85, 18.86, 18.235 RCW and related rules
- ✓ Must cooperate with the department in investigations, audits or licensing matters
- ✓ Must ensure accessibility of the firm's offices and records and make copies of required records available upon demand
- ✓ Must ensure monthly reconciliation of trust bank accounts and monthly trial balances are completed, accurate and up-to-date
- ✓ Must ensure the trial balance and reconciliation show accounts are in balance
- ✓ Must ensure policies/procedures exist for safe handling of customer or client funds or property

25.2 Delegation of Duties to Managing Brokers

The designated broker may delegate duties to managing brokers through written, signed delegation agreements. Delegations must cover specific enumerated duties and can only be made to managing brokers licensed to the firm.

- ✓ Must maintain up-to-date written delegation assignments signed by all parties
- ✓ Delegations may only be made to managing brokers licensed to the firm
- ✓ Delegations must address record maintenance, advertising, trust accounting, safe handling of funds/property, authority to bind, contract review, modify/terminate contracts, supervision of brokers, and heightened supervision of brokers licensed less than two years
- ✓ Delegations must address hiring, transferring and releasing licensees to or from the firm

25.3 Written Policy and Contract Review Requirements

The designated broker must maintain and follow written policies covering home inspector referrals, supervision levels, and mandatory review of contracts involving inexperienced brokers.

- ✓ Must maintain a written policy on referring home inspectors that protects the consumer's right to freely choose and prevents collusion
- ✓ Home inspector referrals involving a business or familial relationship require full written disclosure prior to use of services
- ✓ Must have a written policy on levels of supervision of all brokers, managing brokers and branch managers
- ✓ Contracts involving any broker licensed less than two years must be reviewed by the designated broker or delegated managing broker within five business days of mutual acceptance, with documented proof retained

25.4 Licensing Oversight and Firm Closure Duties

The designated broker must ensure all persons and the firm are properly licensed, ensure timely submission of transaction documents, and follow specific procedures when closing the firm.

- ✓ Must ensure all persons performing brokerage services and the firm itself are appropriately licensed
- ✓ Must ensure affiliated licensees submit transaction documents within two business days of mutual acceptance
- ✓ When closing the firm, must provide the department a closing firm affidavit within five business days
- ✓ Within five business days must ensure all brokerage service contracts are terminated or transferred to another licensed firm with written authorization
- ✓ Within five business days must notify all parties to pending transactions that the firm is closing and either transfer documents or ensure completion without new licensable activity

CHAPTER 26

WAC 308-124A-710 Successful applicants must apply for a license

26.1 Exam Results Valid One Year

Examination results are valid for one year only. A person who passes the broker or managing broker exam must become licensed within one year from the exam date, or they must retake and pass another examination.

- ✓ Examination results are valid for one year only
- ✓ Applicants must become licensed within one year from the exam date
- ✓ Failure to become licensed within one year requires retaking and passing another exam

CHAPTER 27

WAC 308-124E-115 Administration of funds held in trust—Property management

27.1 Security Deposit Disbursement Rules

No disbursements of funds received as damage or security deposits on a lease/rental contract may be made to the owner or anyone else without the tenant's written agreement, until the end of the tenancy when funds are disbursed per the rental/lease agreement. When the management agreement terminates, owner funds are disbursed per the agreement; damage/security deposits go to the owner or successor property manager, and tenants are notified consistent with RCW 59.18.270.

- ✓ Security/damage deposits may not be disbursed to the owner or others without the tenant's written agreement until the end of tenancy
- ✓ On termination of the management agreement, security deposits go to the owner or successor property manager and tenants must be notified per RCW 59.18.270

27.2 Property Management Trust Account Interest Rules

Property management trust accounts are exempt from the interest-bearing requirement of RCW 18.85.285, but interest-bearing accounts may be established. Interest-bearing accounts or dividend-earning investment accounts holding only an individual owner's income-property funds may be established when directed by a written property management agreement/directive, with all interest accruing to the owner. Accounts holding only tenant damage/security deposits for a single owner's residential income property may be established with interest paid to the owner if the firm is designated in writing as 'representative of the landlord' under RCW 59.18.270. The broker need not create individual interest-bearing accounts when all owners assign interest to the firm. A common 'clearing account' may be established but must be a trust account.

- ✓ Property management trust accounts are exempt from the interest-bearing requirement of RCW 18.85.285
- ✓ Interest-bearing accounts require a written management agreement/directive with interest accruing to the owner
- ✓ Interest on tenant security deposit accounts may go to the owner only if the firm is designated 'representative of the landlord' under RCW 59.18.270
- ✓ A common 'clearing account' must be a trust account

27.3 Property Management Accounting on Cash Basis

Any property management accounting system must be an accounting of cash received and disbursed. Any other accounting method offered to owners must be supplementary to the firm's accounting of all cash received and disbursed through the trust account(s). All owners' summary statements must include this cash accounting.

- ✓ Property management accounting must be an accounting of cash received and disbursed
- ✓ Other accounting methods must be supplementary to the firm's cash accounting
- ✓ All owner summary statements must include the cash accounting

27.4 Restrictions on Preauthorized Disbursements

Preauthorization of disbursements or deductions by the financial institution for recurring expenses (such as mortgage payments) on behalf of the owner is not permitted if the account contains tenant security deposits or funds belonging to more than one client.

- ✓ Preauthorized recurring disbursements are prohibited if the account holds tenant security deposits
- ✓ Preauthorized recurring disbursements are prohibited if the account holds funds of more than one client

27.5 Property Management Fees and Commissions

A single check may be drawn on the trust account payable to the firm as licensed for all property management fees and commissions if supported by a schedule of commissions identified to each individual client. Property management commissions must be withdrawn at least once monthly.

- ✓ A single check for all PM fees/commissions is allowed if supported by a schedule identifying each client
- ✓ Property management commissions must be withdrawn at least once monthly

CHAPTER 28

WAC 308-124-315 Conduct of Brief Adjudicative Proceedings

28.1 Presiding Officer and Impartiality

Brief adjudicative proceedings are conducted by a presiding officer designated by the director. That officer must not have personally participated in the decision that led to the request for the brief adjudicative proceeding, ensuring impartiality.

- ✓ The presiding officer is designated by the director
- ✓ The presiding officer must not have personally participated in the underlying decision

28.2 Evidence, Testimony, and Order Requirements

Parties or their representatives may present written documentation by a date the presiding officer sets. The officer may, at discretion, allow oral argument, but no witnesses may testify. The officer may use agency expertise in addition to the record. The officer cannot issue an oral order and must enter a written initial order within ten days of the final date for submitting materials or oral argument.

- ✓ Parties may submit written documentation by the deadline set by the presiding officer
- ✓ Oral argument is discretionary; no witnesses may appear to testify
- ✓ The officer may employ agency expertise as a basis for the decision
- ✓ No oral orders allowed; an initial order must be entered within ten days of the final submission date

CHAPTER 29

WAC 308-124I-040 Review of complaints of unprofessional conduct

29.1 Complaint Review and Investigation Discretion

Complaints are reviewed to determine whether the allegations describe an apparent violation of laws the department administers. Staff may perform fact-finding to assess merit. Even a meritorious complaint may not be investigated based on the gravity of the alleged violation or department resources and priorities. If additional violations are discovered during an audit/investigation, the auditor or investigator may investigate them and request related records and explanations.

- ✓ Complaints are reviewed to determine if they describe an apparent violation of laws the department administers
- ✓ The department may decline to investigate even a meritorious complaint based on gravity of the violation or department resources and priorities
- ✓ If an auditor/investigator discovers evidence of additional violations beyond the complaint, they may investigate and request records and explanations regarding those additional violations

CHAPTER 30

WAC 308-124I-050 Audits

30.1 Routine Audits of Real Estate Firms

Real estate firms are subject to routine audits scheduled approximately every three years. Audits are conducted at the firm's licensed location or a department-chosen facility. An audit can be initiated at any time based on previous audit results or a complaint. Audits are unscheduled but normally occur between 8:00 a.m. and 5:30 p.m., Monday through Friday, excluding state holidays. An auditor may appear unannounced during these hours, and the licensee may be required to produce all records they are required to keep at that time.

- ✓ Routine audits are scheduled approximately every three years
- ✓ Audits are normally conducted between 8:00 a.m. and 5:30 p.m., Monday through Friday, excluding state holidays
- ✓ An auditor may appear unannounced during those hours and require production of all records the licensee must keep
- ✓ An auditor may not forcibly enter a licensed business location unless accompanied by law enforcement pursuant to a valid search warrant
- ✓ Refusal to permit access may result in disciplinary action under chapters 18.85 and 18.235 RCW
- ✓ An audit can be initiated at any time based on previous audit results or a complaint

30.2 Audit Cost Charges to Licensees

The department may not charge for the cost of routine audits. However, audit costs may be charged to the licensee under RCW 18.235.110(2) when the department audited pursuant to a complaint, violations were found, and the director issued an order imposing sanctions. An auditor and licensee may mutually agree to complete or continue an audit outside the normal time and date limitations.

- ✓ The department may not charge for the cost of routine audits
- ✓ Audit costs may be charged to the licensee only when the audit was pursuant to a complaint, violations were found, and the director issued a sanction order
- ✓ An auditor and licensee may mutually agree to conduct an audit outside the normal time/date limitations

CHAPTER 31

WAC 308-124D-220 Office requirement for brokers actively licensed in another jurisdiction

31.1 Office and Records for Out-of-State Firms

For a firm actively licensed in another jurisdiction where the broker's headquarters is located, 'office' under RCW 18.85.231 means the Washington location where trust account and transaction records are maintained. Records must be kept for three years, open and accessible to the department of licensing, and the transaction parties may access records prepared or retained for them.

- ✓ The 'office' is the Washington location where trust account and transaction records are maintained
- ✓ Records must be maintained for three years and be accessible to the department of licensing
- ✓ Transaction parties have access to the records prepared or retained for them

31.2 Licensure Requirements for Out-of-State Firms

A firm headquartered and actively licensed in another jurisdiction seeking Washington licensure must obtain a firm license and register a natural person who qualifies as a Washington managing broker and holds a controlling interest in the firm to serve as the Washington designated broker. The firm must notify the real estate program of the Washington records location and include that address with the headquarters address on the application. The Washington license must be posted at the Washington location where records are kept. Within 30 days after the notice of audit is mailed, the broker must appear at the department's Olympia office by appointment to sign the audit report.

- ✓ The firm must obtain a Washington firm license and designate a qualifying managing broker with controlling interest as Washington designated broker
- ✓ The Washington records location address must be reported and the license posted there
- ✓ Within 30 days of the mailed audit notice, the broker must sign the audit report at the department's Olympia office by appointment

CHAPTER 32

WAC 308-124C-130 Branch manager responsibilities

32.1 Branch Manager Core and Delegated Duties

The branch manager oversees the branch office including supervision and licensing of its personnel, and may perform delegated trust accounting and other duties if authorized by the designated broker.

- ✓ Must assure brokerage services comply with chapters 18.85, 18.86, 18.235 RCW and cooperate with department investigations/audits
- ✓ Must ensure all persons at the branch are appropriately licensed and oversee all branch activity including heightened supervision of brokers licensed less than two years
- ✓ Must ensure affiliated licensees submit transaction documents within two business days of mutual acceptance
- ✓ If delegated, must ensure monthly trust account reconciliation, monthly trial balances, that accounts are in balance, and safe handling of funds/property
- ✓ If delegated, may handle record maintenance, proper advertising, contract review, and following the designated broker's written policies including five-business-day contract review for inexperienced brokers

CHAPTER 33

WAC 308-124A-713 Application for managing broker license examination—Other qualification or related experience

33.1 Alternative Qualifications for Managing Broker Exam

Applicants who lack the three years of full-time broker experience required by RCW 18.85.111 may qualify via practical experience allied with real estate. The application must include a letter requesting approval, a detailed history/resume with documentation, and a certified license affidavit as applicable. Recognized alternatives include: postsecondary real estate study plus one year as an actively licensed broker; one year as a licensed attorney practicing real estate; five years as a licensed mortgage broker/loan originator; five years as a licensed limited practice officer/escrow agent; five years as a licensed/certified appraiser; or five years managing/leasing/selling/buying property for a third-party entity. All experience must have been completed within the six years immediately preceding application.

- ✓ Alternative qualification substitutes for the three years of full-time broker experience under RCW 18.85.111
- ✓ A letter, detailed history/resume with documentation, and certified license affidavit must accompany the application
- ✓ Most alternatives require five years' full-time experience (mortgage broker/loan originator, LPO/escrow agent, appraiser, third-party property management); attorney and real estate education routes require one year
- ✓ All qualifying experience must have been completed within the six years immediately preceding the application date

CHAPTER 34

WAC 308-124I-060 Investigations

34.1 Investigation Record Requests and Warrantless Inspection

All record requests must be issued by an authorized representative of the director. Requests for records, documents, or detailed explanations must be in writing—by regular mail, fax, email, or in person. Investigators will not request documents/explanations by telephone unless followed by a written request. A licensee cannot be charged with failure to cooperate unless the investigator made a written request describing the records with sufficient specificity. An investigator may inspect a licensee's licensed business location and records without a warrant during normal business hours or an agreed appointment.

- ✓ Requests for records, documents, or explanations must be in writing (regular mail, fax, email, or in person)
- ✓ Telephone requests are not valid unless followed by a written request
- ✓ A licensee will not be charged with failure to cooperate unless the written request describes the records with sufficient specificity
- ✓ An investigator may inspect a licensed business location and records without a warrant, between 8:00 a.m. and 5:30 p.m., Monday–Friday (excluding holidays), or during an agreed appointment
- ✓ An investigator may not forcibly enter a location unless accompanied by law enforcement pursuant to a valid search warrant
- ✓ Refusal to permit access may result in disciplinary action under chapters 18.85 and 18.235 RCW

CHAPTER 35

WAC 308-124D-225 Multiple business usage of office

35.1 Concurrent Business at Office Location

A firm may conduct real estate brokerage services at an office location where the firm or designated broker concurrently conducts a separate business activity. However, the real estate brokerage activities and business records must be carried out and maintained separate and apart from any other business activities of the firm or designated broker.

- ✓ A firm may share an office location with a separate concurrent business activity
- ✓ Real estate brokerage activities and records must be kept separate and apart from any other business activities

CHAPTER 36

WAC 308-124C-135 Managing broker responsibilities

36.1 Managing Broker General Responsibilities

Managing brokers must comply with licensing laws, cooperate with the department, keep contact information current, follow written policies, and timely deliver transaction documents and funds.

- ✓ Must assure brokerage services comply with chapters 18.85, 18.86, 18.235 RCW and cooperate with the department
- ✓ Must keep the real estate program informed of current mailing address and be appropriately licensed
- ✓ Must follow the designated broker's written policy on referral of home inspectors
- ✓ Must deliver transaction documents and brokerage service contracts to the designated broker or delegated managing broker within two business days of mutual acceptance
- ✓ Must follow rules on safe handling and timely delivery of customer/client funds, proper advertising, and modifying/terminating brokerage service contracts

CHAPTER 37

WAC 308-124A-715 Unsuccessful managing broker applicants—Alternate qualifications

37.1 No Retake Using Alternate Qualifications

A managing broker applicant approved to take the exam based on alternate qualifications under WAC 308-124A-713 who subsequently fails the exam is not permitted to repeat the exam using alternative qualifications or experience.

- ✓ Failing the exam after approval via alternate qualifications bars repeating the exam using those alternate qualifications
- ✓ The applicant cannot rely on alternative qualifications or experience for a retake

CHAPTER 38

WAC 308-124C-137 Managing broker delegated responsibilities

38.1 Delegated Managing Broker Responsibilities

When delegated by the designated broker, the managing broker assumes specific trust accounting, record, supervision, and policy-enforcement duties for those they supervise.

- ✓ Must ensure monthly trust account reconciliation, monthly trial balances, and that accounts are in balance
- ✓ Must ensure required records are maintained and up-to-date and advertising is proper and legal
- ✓ Must provide timely review of contracts and proper modification/termination of brokerage service contracts
- ✓ Must ensure proper and adequate supervision including heightened supervision of brokers licensed less than two years
- ✓ Must ensure affiliated licensees follow the designated broker's written policies, including five-business-day review of contracts involving brokers licensed less than two years with documented proof retained

CHAPTER 39

WAC 308-124A-720 Application for real estate examination, licensed in another jurisdiction

39.1 Reciprocity—Washington Law Portion Only

A person applying for a broker or managing broker exam who is actively licensed in the same or greater capacity in another jurisdiction in good standing (or was within the preceding six months) need only take the Washington law portion of the exam. Applicants must submit a license verification form completed by the other jurisdiction's licensing authority. The director may enter into written recognition agreements with similar jurisdictions.

- ✓ Out-of-jurisdiction licensees in good standing (or within preceding six months) in the same or greater capacity take only the Washington law portion
- ✓ A license verification form completed by the other jurisdiction's licensing authority must be submitted
- ✓ The director, on advice of the real estate commission, may enter reciprocal written recognition agreements

CHAPTER 40

WAC 308-124C-140 Broker responsibilities

40.1 General Broker Responsibilities

All brokers must comply with licensing laws, cooperate with the department, maintain current contact information, follow firm policies, and timely deliver documents and funds.

- ✓ Must assure brokerage services comply with chapters 18.85, 18.86, 18.235 RCW and cooperate with department investigations
- ✓ Must keep the real estate program informed of current mailing address and be appropriately licensed
- ✓ Must follow the designated broker's written policy on referral of home inspectors
- ✓ Must deliver transaction documents and brokerage service contracts to the designated broker or delegated managing broker within two business days of mutual acceptance
- ✓ Must follow rules on safe handling and timely delivery of customer/client funds, proper advertising, and modifying/terminating contracts

CHAPTER 41

WAC 308-124A-725 Application for license or endorsement

41.1 License and Endorsement Application Requirements

A person seeking to be licensed as a broker or managing broker, or endorsed as a branch manager or designated broker, must apply on a form approved by the director. Broker and managing broker applications must be signed by the designated broker to whom the license will be issued; a branch manager may sign for the designated broker for licenses issued to that branch office.

- ✓ Applications must be made on a form approved by the director
- ✓ Broker and managing broker applications must be signed by the designated broker to whom the license will be issued
- ✓ A branch manager may sign for the designated broker for licenses issued to that branch office

CHAPTER 42

WAC 308-124C-145 Broker responsibilities (with less than two years experience)

42.1 Heightened Supervision for New Brokers

Brokers with less than two years of experience carry all standard broker responsibilities plus a heightened degree of supervision during their initial two years of licensing.

- ✓ Must fulfill all responsibilities listed in WAC 308-124C-140
- ✓ Are subject to heightened supervision for the initial two years of licensing
- ✓ Must participate in all required reviews of brokerage agreements and services by the designated or appointed managing broker
- ✓ Must submit evidence of completing department-required clock hour education courses to the designated or managing broker
- ✓ Must secure advice/assistance when offering services beyond their expertise and timely submit contracts, documents, and funds per the designated broker's review policy

CHAPTER 43

WAC 308-124A-726 Reversion from managing broker to broker license

43.1 Reverting Managing Broker to Broker License

A managing broker may revert to a broker license by completing the department form and paying applicable fees. If in active status, the managing broker must secure the designated broker's signature acknowledging the reversion. The renewal date stays the same. To later revert back to managing broker, the broker must meet all RCW 18.85.111 requirements including taking the exam.

- ✓ Reversion requires completing the department form and paying applicable fees
- ✓ An active managing broker must obtain the designated broker's signature acknowledging the reversion
- ✓ The new broker license renewal date remains the same
- ✓ Returning to managing broker status requires meeting all RCW 18.85.111 requirements, including the exam

CHAPTER 44

WAC 308-124A-727 Application as broker license for interim period

44.1 Interim Broker License—45 Days

Broker applicants may begin working on or after the postmark date of delivery to the department of: notice of passing the exam; the license application form; verification the authorized vendor fingerprint process was followed; and license fees. The completed application form serves as an interim license for up to 45 days unless grounds exist for disciplinary action.

- ✓ An applicant may begin working upon delivery of exam notice, application form, fingerprint verification, and fees
- ✓ The completed license application form serves as an interim license for up to 45 days
- ✓ The interim license is void if grounds exist for disciplinary action under RCW 18.235.130 and 18.85.361

CHAPTER 45

WAC 308-124A-730 Broker, managing brokers—Termination of services

45.1 Termination of Broker Services

A broker or managing broker works only under the supervision of a managing broker, branch manager, or designated broker. The relationship may be terminated unilaterally by either party via written notice. Notices must go to the real estate program without delay accompanied by surrender of the license. The designated broker may not condition surrender of the license on any act by the broker. The termination date is the postmark, fax, or hand-delivery date. If the license is lost, a letter of release must be submitted; no transfers are permitted until the license is surrendered or a release is filed.

- ✓ The licensed relationship may be terminated unilaterally by written notice from either party
- ✓ Termination notice must be given to the real estate program without delay with the surrendered license
- ✓ A designated broker may not condition license surrender on performance of any act by the broker
- ✓ The termination date is the postmark, fax, or hand-delivery date to the real estate program
- ✓ If the license is lost, a letter of release is required before any transfer is permitted

CHAPTER 46

WAC 308-124A-735 & 740 Firm licenses and renewal

46.1 Firm License Term and Renewal Proof

Licenses issued to firms expire two years from the date of issuance. Applicants for renewal of a firm license must furnish proof of a current master business license renewed by authority of the secretary of state.

- ✓ Firm licenses expire two years from the date of issuance
- ✓ Firm license renewal requires proof of a current master business license renewed through the secretary of state

CHAPTER 47

WAC 308-124A-750 Application for managing broker license examination—Clock hour requirements

47.1 Managing Broker Exam Clock Hour Requirements

Managing broker exam applicants must complete 90 clock hours of approved real estate instruction beyond other required hours, including courses in advanced real estate law, real estate brokerage management, and business management. Each course must be approved subject matter (WAC 308-124H-820), at least 30 clock hours long, and include a comprehensive exam. Courses must be completed within three years prior to applying. These courses may double as continuing education only if a comprehensive exam was passed, but licensees must provide additional coursework if those classes were already used to satisfy other CE requirements.

- ✓ Managing broker applicants must complete 90 clock hours of approved instruction in addition to other required hours
- ✓ Required subjects are advanced real estate law, real estate brokerage management, and business management
- ✓ Each qualifying course must be at least 30 clock hours and include a comprehensive examination
- ✓ Courses must be completed within three years prior to applying for the managing broker exam

CHAPTER 48

WAC 308-124A-755 Substitution of clock hours

48.1 Substituting Higher Education for Clock Hours

The director may allow substitution of the clock hour requirements in RCW 18.85.141 and 18.85.111 if the individual completed equivalent coursework at an institution of higher education or degree-granting institution. Individuals must submit a transcript with the exam application; the department may require certification that the coursework satisfies prescribed content.

- ✓ Equivalent college-level coursework may substitute for clock hour requirements under RCW 18.85.141 and 18.85.111
- ✓ A transcript from the higher education institution must accompany the exam application
- ✓ The department may require institutional certification that the coursework meets prescribed content

CHAPTER 49

WAC 308-124A-760 Grading of examinations

49.1 Passing Scores and Exam Structure

To pass the broker exam, a minimum scaled score of 70 is required on each of two portions: a national portion (general real estate practices) and a state portion (Washington laws/regulations). To pass the managing broker exam, a minimum scaled score of 75 is required on each portion; the national portion uses simulation questions testing information gathering and decision-making aspects (75 required on each aspect), and the state portion covers Washington law and the closing/settlement process. A passing portion score is valid for six months.

- ✓ Broker exam requires a minimum scaled score of 70 on each of the national and state portions
- ✓ Managing broker exam requires a minimum scaled score of 75 on each portion (and each simulation aspect)
- ✓ The broker/managing broker exams each consist of a national portion and a Washington state portion
- ✓ A passing score for a portion of an exam is valid for six months

CHAPTER 50

WAC 308-124A-765 Reexamination

50.1 Reexamination Procedures

An applicant who failed the exam or failed to appear may reapply by contacting the testing service to schedule and pay. Managing broker applicants who applied using alternate qualifications and failed must comply with WAC 308-124A-750 (the full clock hour requirements).

- ✓ Applicants who failed or failed to appear may apply for reexamination through the testing service
- ✓ Managing broker applicants who used alternate qualifications and failed must comply with the clock hour requirements of WAC 308-124A-750

CHAPTER 51

WAC 308-124A-770 Examination procedures

51.1 Exam Conduct and Prohibited Activities

Each applicant must present one valid government-issued photo ID; failure results in refused admission. Prohibited activities include talking to other examinees, communicating or recording information, using unauthorized materials, removing test materials/notes, and disruptive behavior. Violators must surrender materials and leave, forfeiting the exam with a voided answer sheet and no refund, and must reapply. Removed applicants must submit a letter requesting permission to retest; the department may deny testing for up to one year.

- ✓ Applicants must present one valid government-issued photo ID or be refused admission
- ✓ Prohibited conduct includes talking, recording/communicating, unauthorized materials, removing materials, and disruptive behavior
- ✓ Violators forfeit the exam, have their answer sheet voided with no refund, and must reapply
- ✓ A removed applicant may be denied testing for up to one year after department review

CHAPTER 52

WAC 308-124A-775 Real estate fees

52.1 Real Estate License Fee Schedule

Fees effective for licenses/services on or after September 1, 2021 include a $20 real estate research center fee within broker and managing broker original/renewal fees. Broker: application/exam $210, reexam $210, original license $233, renewal $233, late renewal with penalty $273, print $5, certification $40. Managing broker: application/exam $210, reexam $210, original license $330, renewal $330, late renewal with penalty $370, print $5, certification $40. Firm/assumed name: original $304, renewal $304, late with penalty $345, print $5, certification $40. Branch: original $288, renewal $288, late with penalty $329, certification $40, print $5. Fingerprint processing is per vendor schedule.

- ✓ Broker original license and renewal fees are $233; managing broker are $330
- ✓ Firm/assumed name license original and renewal fees are $304; branch are $288
- ✓ A $20 real estate research center fee is included in broker and managing broker original and renewal fees
- ✓ Late renewal with penalty adds $40 to the standard renewal fee across license types
- ✓ Fingerprint processing and rolling fees are charged per the vendor schedule

CHAPTER 53

WAC 308-124A-780 Reinstatement of a canceled license for nonpayment of renewal fee

53.1 Reinstatement After Cancellation

A person canceled for nonpayment may reinstate within two years by either: (1) submitting an application proving 60 clock hours of approved coursework completed within one year preceding (at least 30 hours of real estate law), paying all back renewal fees with penalty at current rates, and paying a $100 reinstatement penalty fine; or (2) satisfying initial licensing procedures including any applicable exams and required courses under RCW 18.85.101/18.85.111 completed within three years preceding. Those canceled more than two years must satisfy option (2).

- ✓ Reinstatement within two years requires 60 clock hours (30 in real estate law) within the preceding year, back fees with penalty, and a $100 reinstatement fine
- ✓ Alternatively, an applicant may satisfy initial licensing procedures including applicable exams and required courses
- ✓ Cancellation exceeding two years requires satisfying full initial licensing requirements

CHAPTER 54

WAC 308-124A-785 & 788 Broker first active license renewal and activation

54.1 Broker First Active Renewal and Activation

For a broker's first active license renewal, the broker must furnish proof of 90 clock hours started after first licensure from approved curricula—including real estate law, advanced practices, and 30 hours of approved continuing education (including core curriculum and Washington real estate fair housing). An inactive license may be activated under RCW 18.85.265. A broker may use a single 30-hour advanced real estate practices or real estate law course for both activating a license inactive 3+ years and for first active renewal.

- ✓ First active renewal requires 90 clock hours started after first licensure, including real estate law and advanced practices
- ✓ The 90 hours include 30 hours of approved continuing education covering core curriculum and Washington real estate fair housing
- ✓ A single 30-hour advanced practices or real estate law course may satisfy both activation (inactive 3+ years) and first active renewal

CHAPTER 55

WAC 308-124A-800 Defining prescribed core curriculum

55.1 Prescribed Core Curriculum

A licensee must complete at least three clock hours of director-approved core curriculum continuing education—practical information on contemporary real estate issues recommended by the real estate commission. Multiple core curricula may address residential, commercial, and property management disciplines. Core may be a separate 3-hour course or 3 hours within a larger course. Core must be completed within 24 months of the renewal date; core commenced between 24 and 36 months prior does not count toward the core requirement but may count as regular CE.

- ✓ At least three clock hours of approved core curriculum are required each renewal
- ✓ Core curriculum must be completed within 24 months of the licensee's renewal date
- ✓ Core commenced between 24 and 36 months prior counts only as regular CE, not toward the core requirement
- ✓ Core curriculum may be a separate 3-hour course or three hours within a larger approved course

CHAPTER 56

WAC 308-124A-802 Defining prescribed Washington real estate fair housing curriculum

56.1 Washington Real Estate Fair Housing Curriculum

The Washington real estate fair housing curriculum is a director-approved course introducing brokers and managing brokers to the federal Fair Housing Act (42 U.S.C. 3601 et seq.) and the Washington law against discrimination (chapter 49.60 RCW) as they relate to real estate transactions. The department prescribes the curriculum outline used to develop the course.

- ✓ The fair housing curriculum covers the federal Fair Housing Act (42 U.S.C. 3601 et seq.) and Washington's law against discrimination (chapter 49.60 RCW)
- ✓ The course must be a specific course of study approved by the director
- ✓ The department prescribes the curriculum outline used to develop the course

CHAPTER 57

WAC 308-124A-805 Address on designated broker's endorsement

57.1 Designated Broker Endorsement Address

The address on a designated broker's endorsement is the location where the designated broker is the managing broker. The real estate program registers each firm's address where the designated broker accepts endorsement from other firms.

- ✓ The endorsement address is the location where the designated broker is the managing broker
- ✓ The real estate program registers each firm's address where the designated broker accepts endorsement from other firms

CHAPTER 58

WAC 308-124A-815 Prohibited firm and assumed names

58.1 Prohibited Firm and Assumed Names

The department may deny, suspend, or reject a firm or assumed name that is derogatory, similar/same as another licensed firm name, or implies the firm is a public agency, government part, not-for-profit, or research organization. Names are 'similar' when differing only by corporate designator, articles/conjunctions, plurals, geographic designators, abbreviations, symbol substitutions, or use of terms like 'realty,' 'real estate,' 'group,' 'realtors,' or 'firm.' A firm may not advertise using an unlicensed name; a bona fide franchisee may use the franchisor's name with its own firm name.

- ✓ A name may be rejected if derogatory, too similar to an existing licensed name, or implying government, nonprofit, or research status
- ✓ Names differing only by designators, articles, plurals, geographic terms, abbreviations, symbols, or common real estate terms are deemed similar
- ✓ A firm may not advertise using a name not licensed by the department
- ✓ A bona fide franchisee may use the franchisor's name combined with the franchisee's firm name

CHAPTER 59

WAC 308-124A-825 & 830 Change of and firm closing designated broker responsibility

59.1 Change of Designated Broker and Firm Closing

To change a designated broker, a statement signed by both the outgoing and incoming designated brokers must be submitted, listing all outstanding client trust liabilities and pending transactions and certifying sufficient trust funds to meet those liabilities. When closing a firm, the designated broker is responsible for providing the department a closing firm affidavit.

- ✓ A designated broker change requires a statement signed by both outgoing and incoming designated brokers
- ✓ The statement must list outstanding client trust liabilities and pending transactions and certify sufficient trust funds
- ✓ Closing a firm requires the designated broker to provide the department a closing firm affidavit

CHAPTER 60

Chapter 18.86 RCW Real Estate Brokerage Relationships (Agency Law)

60.1 Default Agency Relationship - Buyer's Agent

Under Washington's brokerage relationships law (chapter 18.86 RCW, the core agency statute referenced throughout 18.85), a broker who works with a buyer is presumed to represent that buyer unless there is a written agreement to the contrary or the buyer is already represented. Washington replaced traditional common-law agency with statutory brokerage relationships defining the licensee's duties.

- ✓ A broker working with a buyer is presumed to be the buyer's agent unless otherwise agreed in writing
- ✓ Washington uses statutory brokerage relationships (chapter 18.86 RCW) rather than common-law agency

60.2 Duties Owed to All Parties

Under RCW 18.86.030, a broker owes duties to ALL parties in a transaction (whether or not represented), including: exercising reasonable skill and care; dealing honestly and in good faith; presenting all written offers, notices, and communications in a timely manner; disclosing all existing material facts known by the broker and not apparent or readily ascertainable to a party; accounting in a timely manner for all money and property received; and providing a pamphlet on the law of real estate agency to the parties before entering an agency relationship.

- ✓ A broker owes duties of reasonable skill/care, honesty, and good faith to ALL parties in a transaction
- ✓ A broker must disclose all existing material facts known and not apparent or readily ascertainable to a party
- ✓ A broker must timely present all written offers and communications and account for all money/property received
- ✓ The agency law pamphlet must be provided before the agency relationship is entered

60.3 Duties Owed to a Principal (Client)

In addition to duties owed to all parties, a broker representing a principal (buyer or seller) owes heightened duties: being loyal to the principal by taking no action adverse or detrimental to the principal's interest; timely disclosing conflicts of interest; advising the principal to seek expert advice on matters beyond the broker's expertise; not disclosing confidential information from or about the principal; and making a good-faith and continuous effort to find a property or buyer (unless otherwise agreed).

- ✓ A broker owes a represented principal a duty of loyalty—taking no action adverse to the principal's interest
- ✓ A broker must not disclose confidential information about the principal, and must disclose conflicts of interest
- ✓ A broker representing a principal must make a good-faith continuous effort unless otherwise agreed

60.4 Dual Agency and Limited Dual Agency

A broker may represent both parties (seller and buyer) in the same transaction only with the written consent of both parties. As a dual agent (or when different brokers of the same firm represent each party), certain duties—such as the duty of undivided loyalty and disclosing confidential information—are limited. A designated broker and any managing broker supervising a firm's brokers are dual agents when the firm represents both parties, subject to the same consent and duty limitations.

- ✓ Representing both parties (dual agency) requires the written consent of both parties
- ✓ A dual agent's duties of loyalty and confidentiality are limited by law
- ✓ When one firm represents both parties, the designated/managing broker is a dual agent subject to consent requirements

60.5 Termination of Agency and Post-Termination Duties

An agency relationship terminates by written agreement expiration, completion of performance, the parties' mutual agreement, or as provided by statute. After termination, the broker's only continuing duties are to account for all money and property received during the relationship and to not disclose confidential information given by the principal during the relationship.

- ✓ After termination, a broker must still account for money/property and keep the principal's confidential information confidential
- ✓ An agency relationship terminates by agreement expiration, performance, or mutual agreement

60.6 Vicarious Liability and Imputed Knowledge Limits

Under chapter 18.86 RCW, a principal is generally not vicariously liable for a broker's acts or omissions unless the principal participated in or authorized the act. Likewise, a broker's knowledge or information is generally not imputed to the party the broker represents (or to the other party), limiting automatic imputation of one licensee's knowledge to the client.

- ✓ A principal is not vicariously liable for a broker's acts unless the principal participated in or authorized them
- ✓ A broker's knowledge is generally not imputed to the represented party

CHAPTER 61

WAC 308-124A-835 Courses completed in other jurisdictions

61.1 Approval of Out-of-Jurisdiction Courses

A course completed in another jurisdiction may be approved for clock hour credit if: it was offered by a tax-supported public technical/community college or other higher learning institution and the director finds it substantially satisfies approval requirements; it was approved for real estate licensing/renewal and offered by an approved entity in that jurisdiction; or the director otherwise determines it substantially satisfies the general approval requirements.

- ✓ Courses from tax-supported colleges or higher learning institutions may qualify if the director finds substantial compliance
- ✓ Courses approved for licensing/renewal and offered by an approved entity in that jurisdiction may qualify
- ✓ The director may approve any course determined to substantially satisfy the general approval requirements

CHAPTER 62

Supplement: State Disclosures

62.1 Seller Disclosure Statement (Form 17) - Delivery, Rescission, and Exemptions

RCW 64.06 requires the seller of residential property (including unimproved land and commercial property on separate forms) to deliver a completed seller disclosure statement to the buyer within 5 business days after mutual acceptance of the purchase agreement, unless the buyer waives the right in writing; the environmental section cannot be waived for residential property if the seller has knowledge of a problem. The buyer may rescind the agreement by written notice within 3 business days after receipt of the statement; if the statement is never delivered, the right to rescind continues until the earlier of delivery plus 3 business days or closing. The statement is not a warranty and does not become part of the contract; the seller must answer based on actual knowledge, and a licensee is not liable for seller errors unless the licensee knew of the inaccuracy. Exempt transfers include foreclosure and deed-in-lieu, transfers between spouses or co-owners, gifts, transfers by estates or court order, and transfers to or from governmental entities. Under RCW 64.06.021 the fact that a property was the site of a suicide, homicide, or other felony, or was occupied by a person with HIV, is not a material fact requiring disclosure. Source: RCW 64.06.020, 64.06.030, 64.06.021, 64.06.050

- ✓ Seller must deliver the disclosure statement within 5 business days after mutual acceptance unless the buyer waives in writing.
- ✓ Buyer may rescind by written notice within 3 business days after receiving the statement.
- ✓ The environmental section cannot be waived for residential property if the seller has knowledge of a problem.
- ✓ Foreclosure, deed in lieu, gifts, transfers between spouses or co-owners, and estate or court-ordered transfers are exempt.
- ✓ Suicide, homicide, other felony on the property, or HIV status of an occupant are statutorily not material facts.

CHAPTER 63

Supplement: Agency Law

63.1 Agency Pamphlet, Written Agency Disclosure, and Written Brokerage Services Agreements (2024 Changes)

Under RCW 18.86.030 a broker must provide the statutory pamphlet (now titled Real Estate Brokerage in Washington, contents prescribed by RCW 18.86.120) to each party before the party signs a services agreement, signs an offer, consents to limited dual agency, or waives any rights, whichever occurs first. The broker must also disclose in writing to all parties in the transaction whom the broker represents, and this disclosure must be made before the party signs an offer (it may be included in the purchase and sale agreement). Effective January 1, 2024 (SSB 5191), a firm must have a written brokerage services agreement with a buyer as soon as reasonably practical after the broker begins providing services and with a seller before providing services; the agreement must state the term, compensation, whether limited dual agency is permitted, and any other required terms. Compensation may be paid by any party and does not by itself create agency. Source: RCW 18.86.030, 18.86.080, 18.86.120 (as amended 2023 c 214)

- ✓ The agency pamphlet must be delivered before the party signs a services agreement, signs an offer, consents to limited dual agency, or waives rights, whichever is first.
- ✓ Written disclosure of whom the broker represents must be made to all parties before the party signs an offer.
- ✓ Since 2024-01-01 firms must have written brokerage services agreements with buyers and sellers stating term and compensation.
- ✓ Payment of compensation does not by itself establish an agency relationship.

CHAPTER 64

Supplement: Transfer Taxes

64.1 Real Estate Excise Tax (REET) - Graduated Rates, Payment, and Exemptions

Washington imposes a real estate excise tax on each sale of real property, measured by the full selling price, and the tax is the obligation of the seller (RCW 82.45.080); it is also a lien on the property and the buyer becomes liable if it is not paid. Since 2020 the state rate is graduated; the thresholds in effect since 2023 are 1.10% on the portion up to $525,000, 1.28% from $525,000 to $1,525,000, 2.75% from $1,525,000 to $3,025,000, and 3.00% above $3,025,000, with thresholds adjusted every four years. Agricultural and timber land is taxed at a flat 1.28%, and cities and counties add a local REET (commonly 0.25% or 0.50%). A REET affidavit signed by both parties is filed with the county treasurer when the deed is recorded, and the tax is due at the time of sale with penalties after one month. Transfers of a controlling interest (50% or more) in an entity owning real property are also taxable; gifts, inheritances, and transfers between spouses are exempt. Source: RCW 82.45.060, 82.45.080, 82.45.010, 82.46

- ✓ REET is the seller's obligation and a lien on the property; the buyer is liable if it is unpaid.
- ✓ State rates are graduated: 1.10% up to $525,000, 1.28% to $1,525,000, 2.75% to $3,025,000, and 3.00% above (thresholds since 2023).
- ✓ Local REET is added by cities and counties, commonly 0.25% or 0.50%.
- ✓ A REET affidavit must be filed with the county treasurer before the deed is recorded.
- ✓ Gifts, inheritances, and transfers between spouses are exempt; sales of a 50%-or-more controlling interest in an entity are taxable.

CHAPTER 65

Supplement: Landlord-Tenant

65.1 Residential Landlord-Tenant Act - Deposits, Notices, Entry, and Rent Increases

Under RCW 59.18 a landlord may collect a security deposit only under a written rental agreement with a written move-in checklist signed by both parties; the deposit must be placed in a trust account and the tenant given a written receipt naming the depository. The landlord must return the deposit or an itemized statement of deductions within 30 days after the tenancy ends and the tenant vacates (RCW 59.18.280, amended 2023), and nonrefundable fees must be labeled as nonrefundable in the agreement. Landlord entry requires at least 2 days written notice, or 1 day notice to show the unit to prospective tenants or buyers (RCW 59.18.150). A tenant behind on rent must receive a 14-day pay-or-vacate notice, a 10-day comply-or-vacate notice applies to other lease violations, and a 3-day notice applies to waste, nuisance, or unlawful activity; most residential evictions require just cause under RCW 59.18.650. HB 1217 (2025) caps annual residential rent increases at the lesser of 7% plus CPI or 10% (5% for manufactured home lots) with exemptions such as newer construction, and requires 90 days written notice of a rent increase (verify current limits). Source: RCW 59.18.260, 59.18.280, 59.18.150, 59.18.140, 59.18.650, 59.12.030

- ✓ Deposit or itemized statement must be returned within 30 days after the tenant vacates.
- ✓ A deposit is allowed only with a written rental agreement and signed move-in checklist; the deposit goes in a trust account and the tenant gets a receipt.
- ✓ Landlord entry requires 2 days written notice, or 1 day to show to prospective tenants or buyers.
- ✓ Pay-or-vacate notice is 14 days; comply-or-vacate is 10 days; waste or nuisance is 3 days.
- ✓ Rent increases require 90 days notice and are capped at the lesser of 7% plus CPI or 10% per year under 2025 law (verify).

CHAPTER 66

Supplement: Fair Housing

66.1 Washington Law Against Discrimination - Protected Classes in Housing

The Washington Law Against Discrimination (RCW 49.60.222) prohibits discrimination in real estate transactions, including sales, rentals, financing, and brokerage services, based on race, creed, color, national origin, citizenship or immigration status, families with children status, sex, marital status, sexual orientation (which includes gender expression or identity), age, honorably discharged veteran or military status, disability, or the use of a trained dog guide or service animal. Landlords may also not discriminate based on source of income, including housing assistance such as Section 8 vouchers (RCW 59.18.255). Complaints are filed with the Washington State Human Rights Commission within one year, and a person may also sue in court. Families-with-children protection does not apply to qualified housing for older persons, and the act does not bar a landlord from renting to a person who requires a service animal without a pet deposit. Source: RCW 49.60.222, 49.60.230, 59.18.255

- ✓ Washington adds creed, marital status, sexual orientation and gender identity, age, veteran or military status, citizenship or immigration status, and use of a service animal to the federal classes.
- ✓ Source of income, including housing assistance vouchers, is protected in rentals under RCW 59.18.255.
- ✓ Complaints go to the Washington State Human Rights Commission and must be filed within one year.
- ✓ Qualified housing for older persons is exempt from the families with children protection.

CHAPTER 67

Supplement: Condominium/HOA

67.1 Condominium and Common Interest Community Disclosures - Public Offering Statement and Resale Certificate

Under the Washington Uniform Common Interest Ownership Act (RCW 64.90), a declarant selling a unit in a new common interest community must deliver a public offering statement, and the purchaser may cancel the purchase agreement within 7 days after receiving it. On a resale by a unit owner, the seller must furnish a resale certificate from the association showing the assessments, budget, reserves, pending litigation, and other required information; the purchaser may cancel within 5 days after receipt of the resale certificate. The association must furnish the certificate within 10 days of request and may charge a fee capped by statute (about $275 plus a smaller update fee). A purchaser is not liable for unpaid assessments greater than those disclosed in the certificate. Older condominiums created under RCW 64.34 have parallel public offering statement and resale certificate provisions. Source: RCW 64.90.610, 64.90.620, 64.90.640; RCW 64.34.410, 64.34.425

- ✓ Buyer of a new unit may cancel within 7 days after receiving the public offering statement.
- ✓ Buyer on a resale may cancel within 5 days after receiving the resale certificate.
- ✓ The association must deliver the resale certificate within 10 days of request; the fee is capped by statute.
- ✓ The purchaser is not liable for undisclosed assessments beyond those shown in the certificate.

CHAPTER 68

Supplement: Foreclosure

68.1 Deed of Trust Nonjudicial Foreclosure, Judicial Foreclosure, and Redemption

Washington lenders usually secure loans with deeds of trust and foreclose nonjudicially under RCW 61.24. The trustee must issue a notice of default at least 30 days before recording the notice of trustee's sale, and the notice of sale must be recorded, served, and posted at least 90 days before the sale (120 days for owner-occupied residential loans subject to the Foreclosure Fairness Act pre-foreclosure notice and mediation process). The borrower may cure the default and reinstate up to 11 days before the sale; trustee's sales are held on Fridays between 9 a.m. and 4 p.m. at the courthouse. There is no right of redemption after a trustee's sale, and the lender may not obtain a deficiency judgment after nonjudicial foreclosure of an owner-occupied residential deed of trust. Judicial foreclosure of a mortgage or deed of trust (RCW 61.12) allows a deficiency judgment but gives the debtor a statutory redemption period of 12 months after the sheriff's sale, reduced to 8 months if the lender waives the deficiency (RCW 6.23.020). Source: RCW 61.24.030, 61.24.040, 61.24.090, 61.24.100, 61.12, 6.23.020

- ✓ Notice of default must precede the notice of trustee's sale by at least 30 days.
- ✓ Notice of trustee's sale must be given at least 90 days before the sale (120 days for owner-occupied residential loans under the Foreclosure Fairness Act).
- ✓ Borrower may reinstate the loan up to 11 days before the trustee's sale.
- ✓ No redemption and no deficiency judgment follow a nonjudicial foreclosure of an owner-occupied residential deed of trust.
- ✓ Judicial foreclosure carries a 12-month redemption period, or 8 months if the lender waives a deficiency.

68.2 Distressed Property Conveyances Act - Distressed Home Consultants

RCW 61.34 regulates transactions involving a distressed home, meaning a home in danger of foreclosure because of a recorded notice of default, a delinquency of 30 or more days, or delinquent property taxes. A person who offers to help the owner stop or postpone foreclosure, obtain a loan, or transfer title and lease back the home is a distressed home consultant who owes the owner fiduciary duties and must comply with strict contract, disclosure, and cancellation requirements; a distressed home conveyance in which the owner remains in possession with an option to repurchase is heavily regulated. Real estate licensees are exempt when providing ordinary brokerage services to list or sell a distressed home, but lose the exemption if they take control of the sale proceeds or participate in a distressed home conveyance. Violations are unfair practices under the Consumer Protection Act and may result in criminal penalties. Source: RCW 61.34.020, 61.34.030, 61.34.040, 61.34.070

- ✓ A distressed home is one facing foreclosure through a notice of default, 30-day delinquency, or unpaid taxes.
- ✓ A distressed home consultant owes the homeowner fiduciary duties.
- ✓ Licensees performing only brokerage services are exempt; taking control of proceeds or joining a leaseback conveyance removes the exemption.
- ✓ Violations are Consumer Protection Act violations.

CHAPTER 69

Supplement: Contracts and Closing

69.1 Earnest Money Disputes (Interpleader Statute) and Liquidated Damages Cap

RCW 64.04.220 provides a statutory procedure for a broker or escrow holder who is holding disputed earnest money: within 15 days after receiving a written demand from a party, the holder must notify all other parties, who then have 20 days to object in writing. If no timely objection is received, the holder must release the funds to the demanding party; if an objection is received, the holder may commence an interpleader action within 60 days, deposit the funds with the court, and be released from liability. Under RCW 64.04.005, a provision making earnest money the seller's sole remedy as liquidated damages on buyer default is enforceable if the earnest money does not exceed 5% of the purchase price and the parties separately initialed the provision; any excess must be returned. Firms that hold earnest money must also follow the trust account rules in WAC 308-124E. Source: RCW 64.04.220, 64.04.005

- ✓ Holder must notify other parties within 15 days of a written demand for earnest money.
- ✓ Other parties have 20 days to object; without objection the holder releases the funds.
- ✓ If a party objects, the holder may file an interpleader within 60 days and deposit the funds with the court.
- ✓ Forfeited earnest money as liquidated damages is enforceable only up to 5% of the purchase price.

CHAPTER 70

Supplement: State Property Law

70.1 Community Property, Statutory Deeds, and Recording Priority

Washington is a community property state; under RCW 26.16.030 neither spouse or registered domestic partner may sell, convey, or encumber community real property unless the other joins in the deed or encumbrance, so both signatures are required on listings, deeds, and mortgages of community real property. Every conveyance of real estate and every contract creating an encumbrance must be by deed in writing, signed by the grantor, and acknowledged before a notary or other authorized officer (RCW 64.04.010, .020). The statutory short forms are the statutory warranty deed, bargain and sale deed, and quitclaim deed (RCW 64.04.030-.050); a real estate contract (installment land contract) must be recorded and REET paid when executed. Washington follows a race-notice recording rule: an unrecorded conveyance is void against a subsequent bona fide purchaser for value without notice who records first (RCW 65.08.070). Source: RCW 26.16.030; RCW 64.04.010-.050; RCW 65.08.070

- ✓ Both spouses or domestic partners must join in conveying or encumbering community real property.
- ✓ A deed must be in writing, signed by the grantor, and acknowledged to be recordable and valid.
- ✓ Statutory deed forms are warranty, bargain and sale, and quitclaim.
- ✓ Unrecorded conveyances are void against a later bona fide purchaser who records first (race-notice).

CHAPTER 71

Supplement: Property Tax

71.1 Property Tax Assessment, Due Dates, Senior Exemption, and Homestead

Real property in Washington is assessed by the county assessor at 100% of true and fair (market) value as of January 1 of the assessment year, with revaluation at least every 6 years and physical inspection cycles (most counties revalue annually). Taxes are due in two halves on April 30 and October 31; if the total is under $50 the full amount is due April 30, and delinquent taxes accrue interest and penalties, with county foreclosure permitted after taxes are 3 years delinquent (RCW 84.64.050). Regular levies are limited to 1% of true and fair value ($10 per $1,000), and taxing district regular levy budgets may grow only about 1% per year without voter approval. Persons age 61 or older, retired due to disability, or disabled veterans who own and occupy their residence may qualify for the senior/disabled exemption or deferral if income is below county-specific thresholds tied to median household income (RCW 84.36.381; verify current thresholds). The homestead exemption from judgment creditors (RCW 6.13.030) equals the greater of $125,000 or the county median sale price of a single-family home. Source: RCW 84.40.030, 84.56.020, 84.52.050, 84.36.381, 84.64.050, 6.13.030

- ✓ Property is assessed at 100% of true and fair value as of January 1.
- ✓ Taxes are due in halves on April 30 and October 31; under $50 is due in full April 30.
- ✓ Regular property tax levies are capped at 1% of value ($10 per $1,000 assessed value).
- ✓ County tax foreclosure may begin after taxes are 3 years delinquent.
- ✓ Senior/disabled exemption begins at age 61 with county-based income limits; homestead equals the greater of $125,000 or the county median home price.

CHAPTER 72

Supplement: Closing Practice

72.1 Closing Practice in Washington - Escrow Agents, Limited Practice Officers, and Customary Costs

Washington closings are handled through escrow rather than by attorneys; attorney involvement is not required. Anyone conducting escrow for compensation must be licensed as an escrow agent by the Department of Financial Institutions under the Escrow Agent Registration Act (RCW 18.44), with exemptions for attorneys, title insurance companies, banks and other regulated lenders, and licensed real estate brokers handling the closing of a transaction in which they are the broker (verify limits on charging a separate escrow fee). Closing documents such as deeds and deeds of trust may be selected and prepared by attorneys or by Limited Practice Officers (LPOs) certified under Supreme Court Admission to Practice Rule 12; real estate licensees may only fill in blanks on approved forms. By custom the seller pays the REET and the owner's title policy, the buyer pays the lender's title policy and loan costs, and escrow fees are typically split; a licensee acting as escrow must still follow the WAC 308-124E trust account rules. Source: RCW 18.44.011, 18.44.021, 18.44.031; APR 12

- ✓ Attorneys are not required at Washington closings; escrow agents licensed by DFI under RCW 18.44 typically close.
- ✓ Attorneys, title companies, banks, and brokers closing their own transactions are exempt from escrow agent licensing.
- ✓ Limited Practice Officers certified under APR 12 may prepare closing documents.
- ✓ Seller customarily pays REET and the owner's title policy; buyer pays the lender's policy and loan costs.