

CHAPTER 111.

[H. B. 222.]

REALTORS.

AN ACT relating to real estate brokers and real estate salesmen; and amending sections 5, 10, 12, 13, 16 and 20, chapter 252, Laws of 1941 (sections 8340-28, -33, -35, -36, -39, -43, Rem. Supp. 1941, also Pierce's Perpetual Code 836-9, -19, -21, -23, -25, -31, -35, -37, -39); and amending sections 11, 18, and 19, chapter 252, Laws of 1941, as amended by sections 2, 4 and 5, chapter 118, Laws of 1943 (sections 8340-34, 8340-41 and 8340-42, Rem. Supp. 1943); and providing additional penalties for violation thereof.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. Section 5, chapter 252, Laws of 1941 (section 8340-28, Rem. Supp. 1941, also Pierce's Perpetual Code 836-9), is amended to read as follows: Amendment.

Section 5. The Director shall appoint at least two inspectors whose duties shall be to assist him in administering the provisions of this act. No person shall be appointed as an inspector who has not been actively engaged in the real estate business in this state. The Director shall employ such clerks and employees as he may deem necessary to discharge in proper manner the duties imposed upon him by law. The Director shall fix the compensation of his inspectors, clerks and employees. Neither the Director nor his inspectors, nor his employees, shall be interested in any real estate business as director, stockholder, officer, member, agent, employee, or otherwise: *Provided*, That if any real estate broker or salesman is or hereafter may be employed by the Director as such an inspector, clerk or employee, the license of such broker or salesman shall not be revoked, suspended, or cancelled by reason of such employment, if the annual license fees are paid during such employment: *And provided further*, That if the license of any such broker or salesman shall have been heretofore revoked, suspended or cancelled by reason of Real estate broker inspectors.

Qualification.

Reinstatement after state employment.

such employment, the Director, upon submission of proof of the payment of annual license fees during such employment and the reinstatement of the official bond of the broker or salesman, shall cause such license to be reinstated as of the date it was so revoked, suspended or cancelled.

Amendment. SEC. 2. Section 10, chapter 252, Laws of 1941 (section 8340-33, Rem. Supp. 1941, also Pierce's Perpetual Code 836-19), is amended to read as follows:

Section 10. No license issued hereunder shall give authority to do any act mentioned in section 6 of this act to any person other than him to whom said license is issued: *Provided*, That whenever a license is issued under the provisions of this act to a corporation, said license shall entitle one officer of said corporation to be named by said corporation in its application for said license who shall qualify the same as any other agent, to act as a real estate broker on behalf of said corporation without the payment of additional fees: *Provided, further*, That, whenever a license is issued under the provisions of this act, to a copartnership or unincorporated association said license shall entitle one member of said copartnership to be named by said copartnership in its application for said license who shall qualify the same as any other agent to act as a real estate broker on behalf of said copartnership without the payment of additional license fees: *Provided, further*, That no licensed real estate broker or salesman shall operate under any name other than the one under which said license is issued unless he shall have first obtained the written consent of the Director so to do.

Amendment. SEC. 3. Section 11, chapter 252, Laws of 1941, as amended by section 2, chapter 118, Laws of 1943 (section 8340-34, Rem. Supp. 1943, also Pierce's Perpetual Code 836-21), is amended to read as follows:

Section 11. Any person desiring to carry on the business or act in the capacity of a real estate broker

or real estate salesman shall make application to the Director for license therefor upon a form to be prescribed and furnished by the Director giving his full name and business address. With this application to the Director, the applicant shall:

(a) Pay a license fee of five dollars (\$5) to the State Treasurer: *Provided, however,* That if an application for renewal license is not received by the Director on or before January 1st of each year, the license fee for a renewal license shall be ten dollars (\$10), if such application is received by the Director by December 31st of the current license year: *Provided, further,* That acceptance by the Director of any application for renewal after January 1st shall not be construed as a waiver of any right created by or duties, obligations, requirements or penalties imposed under this act. The State Treasurer shall upon the receipt of any money from the Director transmit his duplicate receipt therefor to the Director;

(b) Deliver to the Director a bond to the State of Washington in a form approved by the Director in the sum of one thousand dollars (\$1,000) executed by a surety company duly authorized to do business in this state, or by two good and sufficient sureties, not connected in business with the applicant, and to be approved by the Director guaranteeing the faithful accounting of all funds entrusted to such real estate broker or real estate salesman;

(c) A recommendation, signed by at least ten (10) freeholders of the county in which the applicant intends to carry on his principal business as a real estate broker or real estate salesman, certifying that they are each acquainted with the applicant and that they each believe the applicant to be honest, truthful, and of good moral character;

(d) If the applicant is a corporation, a list of its officers and directors and their addresses, and if the applicant is a copartnership, or unincorporated asso-

ciation, then a list of the members of said copartnership or association and their addresses; and

Non-residents.

(e) If the applicant is a non-resident of this state, he shall file an irrevocable consent that suits and actions may be commenced against him in any county of this state in which the plaintiff having a cause of action or suit against him may reside, and that service of any process or pleadings in said action, or suit may be made by delivering same to the Director. Such service, when so made, shall be held in all courts, as valid and binding upon the applicant who files such irrevocable consent. Said irrevocable consent shall be in a form prescribed by the Director, shall be acknowledged before a notary public and, if the applicant be a corporation, said consent shall be accompanied by a duly certified copy of the resolutions of the Board of Directors of such corporation authorizing the execution of the same. Any process or pleading herein mentioned and so served upon the Director shall be served in duplicate copies, one of which shall be filed in the office of the Director and the other immediately forwarded by registered mail to the office of the applicant named in his application and service shall be deemed to have been made upon said applicant on the third (3d) day following the deposit in the mail of said copy of said process or pleadings.

Other requirements.

The Director may require such other proof as he may deem advisable of the honesty, truthfulness and good reputation of any applicant for a license, or of the officers of a corporation or the members of a copartnership or unincorporated association making such application before issuing a license: *Provided*, That if a real estate broker or real estate salesman has once been licensed under this act, upon his application for a renewal of his license for the ensuing year, the Director may, in his discretion, waive the filing of new recommendations or references. Every license issued under the provisions of this act shall

expire on the thirty-first day of December of the year of its issue: *Provided, however,* That a temporary salesman's license issued during the month of December may be extended beyond December 31 and until such time as the results of the next examination shall be available, which in no event shall be longer than six (6) months from the date upon which the temporary license was originally issued, without the payment of an additional fee.

Temporary
license.

SEC. 4. Section 12, chapter 252, Laws of 1941 (section 8340-35, Rem. Supp. 1941, also Pierce's Perpetual Code 836-23), is amended to read as follows:

Amend-
ments.

Section 12. In addition to proof of honesty, truthfulness and good moral character of any applicant for a license, the Director shall ascertain by written examination conducted as provided in this act that such applicant and in case of a corporation, copartnership or unincorporated association that each officer, agent or member thereof whom it proposes to act as a licensee, has appropriate knowledge of the English language, including reading, writing, spelling, elementary arithmetic, an elementary understanding of the rudimentary principles of real estate conveyancing, the general purposes and general legal effect of deeds, mortgages, land contracts of sale, exchanges, rental and option agreements and leases, of the elementary principles of land economics and appraisals, and an elementary understanding of the obligations between principal and agent, of the principles of real estate practice and the canons of business ethics pertaining thereto, as well as of the provisions of this act: *Provided,* That the Director, may in his discretion waive the examination of any applicant for a license who held unrevoked or unsuspended on December 31st of the preceding year a license as a broker or salesman: *Provided, further,* That the Director may in his discretion waive the requirement of examination in the case of an

Examination.

When exam-
ination
waived.

application from a person who holds a valid and subsisting license from a state having requirements similar to those of this state, and under the laws of which, similar recognition and courtesies are extended to licensees of this state. The Director shall, from time to time, fix such times and places for holding examination of applicants for licenses as may be necessary and convenient, and shall prescribe the method of conducting the same. The Director may issue a temporary license pending examination to any applicant, who, in his opinion is qualified, except for the examination provided for in this section, which shall be valid only until such time as the results of the next examination for licensees shall be available, which in no event shall be longer than six (6) months.

Amend-
ments.

SEC. 5. Section 13, chapter 252, Laws of 1941 (section 8340-36, Rem. Supp. 1941, also Pierce's Perpetual Code 836-25), is amended to read as follows:

Commission.

Section 13. Within thirty (30) days after the taking effect of this act, and from time to time thereafter, the Governor, upon the request of the Director, shall appoint a Commission of three (3) members who shall conduct examinations of applicants for licenses under this act. Each member of the Commission shall be a citizen of the United States of America, but no person shall be so appointed by the Governor whose vocation for at least five (5) years prior to such appointment has not been that of a real estate broker: *Provided*, That the period during which any real estate broker or salesman shall have, or hereafter, may, be employed by the Director as inspector, clerk or employee, and whose license shall be in full force and effect, as herein provided, shall be included in computing said five (5) year period for qualification for said Commission.

Require-
ments.

SEC. 6. Section 16, chapter 252, Laws of 1941 (section 8340-39, Rem. Supp. 1941, also Pierce's Perpetual Code 836-31), is amended to read as follows:

Section 16. Each applicant for examination to become a real estate salesman shall pay a fee of fifteen dollars (\$15) and each applicant for examination to become a real estate broker shall pay a fee of twenty-five dollars (\$25), which fee shall accompany the applications: *Provided, however,* That no additional examination fees shall be required until an applicant has either taken an examination and failed, or failed to appear for two (2) successive examinations.

Fee.

SEC. 7. Section 18, chapter 252, Laws of 1941, as amended by section 4, chapter 118, Laws of 1943 (section 8340-41, Rem. Supp. 1943, also Pierce's Perpetual Code 836-35), is amended to read as follows:

Amendments.

Section 18. Each person licensed as a real estate broker under the provisions of this act shall be required to have and maintain a definite place of business in this state, which shall serve as his office for the transaction of business. The license of said real estate broker shall be prominently displayed in his said office. The said office shall be located in a building accessible to the public: *Provided,* That any office so established should comply with the zoning requirements of city or county zoning ordinances, if any. Any real estate broker may apply to the Director for authority to establish one or more branch offices, whereupon the Director, upon the payment of five dollars (\$5) for each branch office, shall issue to said broker a duplicate license for each of such branch offices, showing location of his main office and the branch, which duplicate license shall be prominently displayed in the office for which it is issued: *Provided,* That the branch office or offices shall be conducted under the same name as the main office of said broker. Notice in writing shall be given the Director of any change by the real estate broker of his business location, or of any branch office, whereupon the Director, upon surrender of

Business residence required.

Branch offices.

the original license for the business, or duplicate license for the branch office, the location of which is changed, shall issue without charge a new license or duplicate license, as the case may be, covering such new location.

Records.

Every person licensed as a real estate broker shall keep adequate records of all real estate transactions handled by or through said broker, which records shall include, but not necessarily be limited to, copy of earnest money receipt and itemization of broker's receipts and disbursements in connection with such transaction or transactions, which records shall at all times be open to inspection by the Director or his duly authorized representatives. Any violation by a real estate broker of any of the provisions of this section shall be grounds for revocation of all of the licenses issued to such broker.

Amendments.

SEC. 8. Section 19, chapter 252, Laws of 1941, as amended by section 5, chapter 118, Laws of 1943 (section 8340-42, Rem. Supp. 1943, also Pierce's Perpetual Code 836-37), is amended to read as follows:

Investigation.

Section 19. The Director may, upon his own motion, and shall, upon verified complaint in writing by any person, investigate the actions of any person engaged in the business or acting in the capacity of a real estate broker or real estate salesman and shall have the power to temporarily suspend or permanently revoke any license issued within the provisions of this act at time when the holder thereof is guilty of:

Revocation of license.

(a) Obtaining a license by means of fraud, misrepresentation, concealment, or through the mistake or inadvertence of the Director;

Causes.

(b) Violating any of the provisions of this act or any lawful rules or regulations made by the Director pursuant thereto;

(c) A crime against the laws of this, or any other

state, or government, involving moral turpitude or dishonest dealings;

Causes of
revocation
of license.

(d) Making, printing, publishing, distributing, or causing, authorizing, or knowingly permitting the making, printing, publication or distribution of false statements, descriptions or promises of such character as to reasonably induce any person to act to his damage or injury, where such statements, descriptions or promises purport to be made, or to be performed by, either the licensee or his principal, if the licensee then knew, or by the exercise of reasonable care and inquiry, could have known, of the falsity of said statements, descriptions or promises;

(e) Knowingly committing, or being a party to, any material fraud, misrepresentation, concealment, conspiracy, collusion, trick, scheme or device, whereby any other person lawfully relying upon the word, representation or conduct of the licensee shall act to his injury or damage;

(f) Accepting the services of, or continuing in a representative capacity, any salesman who has not been granted a license, or after his license has been revoked, or during a suspension thereof;

(g) Converting any money, contract, deed, note, mortgage, or abstract or other evidence of title to his own use, or to the use of his principal or any other person, when delivered to him in trust or on condition, before the happening of the condition or in violation of the trust; and a failure to return such money, contract, deed, note, mortgage, or abstract or other evidence of title within thirty days after the owner thereof shall be entitled thereto, and shall make demand therefor, shall be prima facie evidence of such conversion;

(h) Failing or refusing upon demand to disclose any information within his knowledge, or to produce any document, book or record in his possession for inspection to the Director or his authorized represen-

Causes of
revocation
of license.

tatives, when acting within the jurisdiction or by authority of law;

(i) Continuing to sell any real estate, or operating according to a plan of selling, by reason of which the interests of the public are endangered, but only after the Director has, by order in writing, enumerated objections thereto;

(j) Committing any act of the same or different character from that hereinbefore enumerated which constitutes fraudulent or dishonest dealing;

(k) Advertising in any manner without affixing the name of said broker to said advertisement;

(l) Accepting other than cash or its equivalent as earnest money unless such fact is communicated to the owner prior to his acceptance of the offer to purchase;

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

(n) Accepting, taking or charging any undisclosed commission, rebate or direct profit on expenditures made for a principal;

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

(p) Issuing an appraisal report on any real property in which the broker or salesman has an interest unless such interest is clearly stated in the appraisal report.

SEC. 9. Section 20, chapter 252, Laws of 1941 (section 8340-43, Rem. Supp. 1941, also Pierce's Perpetual Code 836-39), is amended to read as follows:

Section 20. Whenever the Director shall determine to suspend or revoke a license theretofore issued, or shall refuse to renew a license or accept an application therefor, he shall notify the holder of or the applicant for such license of his intention in

writing, and afford him an opportunity to be heard in person or by counsel and to offer evidence in reference thereto. The Director shall set a time not less than fifteen (15) days from the date of such notice and shall designate the time and place when the holder of or applicant for such license may be heard in his own behalf. If the Director shall decide, after such hearing, that the license under question shall be revoked, or if he shall determine to withhold the renewal of any such license, he shall enter an order to that effect, setting forth his reasons in writing, and shall file the same in his office and mail a copy thereof to the affected party at the address given in his application. Such order shall not be operative for a period of ten (10) days from the date thereof. If the licensee or applicant shall feel aggrieved by the decision of the Director revoking or withholding the license, he may appeal to the Superior Court in the county in which he has his principal place of business by giving notice of such appeal to the Director, and giving a bond to the State of Washington, which bond shall be filed with the Clerk of Court of said county in the sum of two hundred dollars (\$200) to be approved by the Judge of said Superior Court, conditioned to pay all costs that may be awarded against such applicant in the event of an adverse decision, said bond and notice to be filed within ten (10) days from the date of the Director's decision. The filing of such notice and bond shall supersede the order of the Director until the final determination of such appeal. Within fifteen (15) days from the date of filing said notice and bond, the appellant shall file in said court a transcript of the whole record of the Director's office relative to all matters involved in said appeal. The Court shall summarily hear and determine the question involved upon said appeal and shall receive and consider any pertinent evidence, whether oral or

Hearing on
revocation.

Appeal from
order of
revocation.

Deputies.

documentary, concerning the matter. If said ag-grieved party shall fail to perfect his appeal or file said transcript as herein provided, said stay of pro-ceedings shall automatically terminate. The Direc-tor shall have power to deputize one or more of his assistants to perform in the name of the Director the duties, functions and powers conferred upon him by this section, including the power to preside at hear-ings and to render decisions therein subject to the approval of the Director.

Passed the House March 6, 1945.

Passed the Senate March 6, 1945.

Approved by the Governor March 15, 1945.

CHAPTER 112.

[H. B. 231.]

VETERANS—PROFESSIONAL AND OCCUPATIONAL
LICENSES.

AN ACT relating to the licensing of persons' by the Director of Licenses to engage in professions and occupations and providing that licenses to such persons in the armed forces, army transport service or the merchant marine of the United States shall continue in effect without renewal during war service and for six months thereafter, and amending section 1, chapter 108, Laws of 1943 (section 10864-1, Rem. Supp. 1943, also Pierce's Perpetual Code 746m-1).

Be it enacted by the Legislature of the State of Washington:

Amend-ments.

SECTION 1. Section 1, chapter 108, Laws of 1943 (section 10864-1, Rem. Supp. 1943, also Pierce's Perpetual Code 746m-1), is amended to read as follows:

Section 1. Notwithstanding any provision of law to the contrary, the license of any person licensed by the Director of Licenses to practice a profession or engage in an occupation, if valid and in force and effect at the time the licensee entered