

existing public institutions and shall take effect immediately.

Passed the Senate March 9, 1947.

Passed the House March 7, 1947.

Approved by the Governor March 19, 1947.

CHAPTER 203.

[S. B. 149.]

REAL ESTATE BROKERS AND SALESMEN.

AN ACT relating to real estate brokers and real estate salesmen; and amending section 11, chapter 252, Laws of 1941 as last amended by section 3, chapter 111, Laws of 1945; sections 12 and 16, chapter 252, Laws of 1941 as amended by sections 4 and 6, chapter 111, Laws of 1945; sections 18 and 19, chapter 252, Laws of 1941 as last amended by sections 7 and 8, chapter 111, Laws of 1945; section 22, chapter 252, Laws of 1941; section 26, chapter 252, Laws of 1941 as amended by section 7, chapter 118, Laws of 1943; section 27, chapter 252, Laws of 1941 (secs. 8340-34, -35, -39, -41, -42, -45, -49, and -50, Rem. Rev. Stat.; secs. 836-21, -23, -31, -35, -37, -43, -51, and -53, PPC).

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

SECTION 1. Section 11, chapter 252, Laws of 1941 as last amended by section 3, chapter 111, Laws of 1945 (sec. 8340-34, Rem. Rev. Stat.; sec. 836-21, PPC) is amended to read as follows:

Application.

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:

Broker.

Salesman.

Fee.

(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

Renewal.

(§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 receipt of any money from the Director transmit his duplicate receipt therefor to the Director;

Acceptance
by Director
not a waiver.

(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;

Bond.

(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: *Provided further*, That the Director may make such additional inquiry as he may deem advisable;

Recommendation.

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

Officers,
directors or
members of
firm.

(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.

Non-resident.

Consent for
suit.

Service
of process.

Certified
copy of
resolution
authorizing
consent.

Director
may require
other proof.

Expiration
date of
licenses.

Extension of
temporary
license.

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 (3rd) day following the deposit in the mail of said copy of said process or pleadings.

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 co-partnership 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.

SEC. 2. Section 12, chapter 252, Laws of 1941 as amended by section 4, chapter 111, Laws of 1945 (sec. 8340-35, Rem. Rev. Stat.; sec. 836-23, PPC) is amended to read as follows:

Section 12. In addition to proof of honesty, truthfulness and good moral character of any applicant for a license, the Director shall provide each original applicant for license with a manual containing a sample list of questions and answers pertaining to the real estate law and the operation of the business and 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 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

Manual on
real estate
law and
business.

Written
examination.

Educational
require-
ments.

Director
may waive
examination.

Temporary
license.

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 salesman's 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 licenses shall be available, which in no event shall be longer than six (6) months: *Provided, however,* That a temporary broker's license may be issued to the legally accredited representative of a deceased broker which shall be valid only until the results of the next examination become available and shall not be renewable beyond that time.

SEC. 3. Section 16, chapter 252, Laws of 1941 as amended by section 6, chapter 111, Laws of 1945 (sec. 8340-39, Rem. Rev. Stat.; sec. 836-31, PPC) is amended to read as follows:

Fee for
examination.

Salesman.
Broker.

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 and such fee, less a five dollar service charge shall be refunded upon presentation, within one month after the examination for which the application was made, of evidence that the applicant has not acted and/or does not intend to act as a real estate broker: *Provided, however,* That no additional examination fees shall be required until an applicant for a broker's license, has either taken an examination and failed, or failed to appear for two (2) successive examinations.

SEC. 4. Section 18, chapter 252, Laws of 1941 as last amended by section 7, chapter 111, Laws of 1945 (sec. 8340-41, Rem. Rev. Stat.; sec. 836-35, PPC) is amended to read as follows:

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 and that each such branch office shall be required to have at least one licensed broker authorized by the designated broker to perform the duties and functions of a broker as described under the act. 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 the original license for the business, or duplicate license for the branch office, the location of which is changed, shall issue for a fee of one dollar (\$1), a new license or duplicate license, as the case may be, covering such new location.

Place of business or office.

Display of license.

Branch offices.

Fee.

Display of duplicate license.

Notice of change of location.

New license.

Fee.

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

Keeping of records.

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.

Violation is ground for revocation.

SEC. 5. Section 19, chapter 252, Laws of 1941 as last amended by section 8, chapter 111, Laws of 1945 (sec. 8340-42, Rem. Rev. Stat.; sec. 836-37, PPC) is amended to read as follows:

Investigation by Director.

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 regardless of whether such transaction be for his own account or in his capacity as a broker 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:

Suspension or revocation.

Grounds.

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

Obtaining license through fraud, etc.

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

Violating laws or rules and regulations.

Crimes.

(c) A crime against the laws of this, or any other state, or government, involving moral turpitude or dishonest dealings;

(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 reason-

False statements, description, promises, etc.

able 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;

Committing fraudulent or unlawful acts.

(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;

Unlicensed salesmen.

(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;

Breaching trust relationship.

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

Failure to produce records for Director.

(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;

Violations of order of Director.

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

Other fraud or dishonesty.

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

Advertising without naming broker.

Accepting other than cash without owner's consent.

(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;

Acting as agent for two parties without disclosing such fact.

(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;

Undisclosed commission.

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

Appraisals contingent on value.

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

Appraising without disclosing personal interest.

(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;

Misrepresentation as to membership in associations.

(q) Misrepresentation of their membership in any state or national real estate association.

SEC. 6. Section 22, chapter 252, Laws of 1941 (sec. 8340-45, Rem. Rev. Stat.; sec. 836-43, PPC) is amended to read as follows:

Director may lodge complaint.

Section 22. The Director may prefer a complaint for violation of any section of this act before any Court of competent jurisdiction. It shall be the duty of the Prosecuting Attorney of each county in this state to prosecute all violations of the aforesaid provisions of this act in their respective counties in which such violations occur and in the event that the Prosecuting Attorney fails to act the Director may request the Attorney General to take action in lieu of the Prosecuting Attorney.

Prosecuting Attorney.

Attorney General.

SEC. 7. Section 26, chapter 252, Laws of 1941, as amended by section 7, chapter 118, Laws of 1943 (sec. 8340-49, Rem. Rev. Stat.; sec. 836-51, PPC) is amended to read as follows:

Section 26. The license of any real estate salesman shall be retained at all times by his designated broker and when any real estate salesman shall cease to represent his broker his license shall cease to be in force. Notice of such termination shall be given by the broker to the Director and such notice shall be accompanied by and include the surrender of the salesman's license. Failure of any broker to promptly notify the Director of such salesman's termination after demand by the affected salesman shall work a forfeiture of the broker's license. Upon application of the salesman and the payment of one dollar (\$1), the Director shall issue a new license for the unexpired term, if such salesman is otherwise entitled thereto: *Provided, however,* That when any real estate salesman's services shall be terminated by his broker for a violation of any of the provisions of section 19 hereof, a written statement of the facts in reference thereto shall be filed forthwith with the Director by the broker.

License of salesman to be retained by broker.

Notice of termination.

Failure to notify.

New license for salesman.

Fee.

Notification of salesman's violations.

SEC. 8. Section 27, chapter 252, Laws of 1941 (sec. 8340-50, Rem. Rev. Stat.; sec. 836-53, PPC) is amended to read as follows:

Section 27. The Director shall annually publish a list of names and addresses of all licensed brokers and salesmen under the provisions of this act, together with a copy of this act not later than March 15th, and a supplementary list of new brokers and salesmen not later than September 15th, and such other information relative to the enforcement of the provisions of this act as he may deem of interest to the public and he shall mail one (1) to each licensed broker. The Director may, if it seems advisable, recommend standard forms for use by real estate brokers and include them in the manual or directory.

Publication of list of licensed salesmen and brokers.

Standard forms.

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