

CERTIFICATION OF ENROLLMENT  
**SECOND ENGROSSED HOUSE BILL 1659**

54th Legislature  
1996 Regular Session

Passed by the House February 8, 1996  
Yeas 94 Nays 0

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**Speaker of the  
House of Representatives**

Passed by the Senate February 27, 1996  
Yeas 48 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND ENGROSSED HOUSE BILL 1659** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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SECOND ENGROSSED HOUSE BILL 1659

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Passed Legislature - 1996 Regular Session

State of Washington                      54th Legislature                      1995 Regular Session

By Representatives Mielke, Quall, Crouse, Costa, Kremen and Cooke

Read first time 02/03/95. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to real estate brokerage relationships; amending  
2 RCW 18.85.230; adding a new chapter to Title 18 RCW; creating a new  
3 section; and providing an effective date.

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

5            NEW SECTION.    **Sec. 1.**    DEFINITIONS.    Unless the context clearly  
6 requires otherwise, the definitions in this section apply throughout  
7 this chapter.

8            (1) "Agency relationship" means the agency relationship created  
9 under this chapter or by written agreement between a licensee and a  
10 buyer and/or seller relating to the performance of real estate  
11 brokerage services by the licensee.

12            (2) "Agent" means a licensee who has entered into an agency  
13 relationship with a buyer or seller.

14            (3) "Business opportunity" means and includes a business, business  
15 opportunity, and goodwill of an existing business, or any one or  
16 combination thereof.

17            (4) "Buyer" means an actual or prospective purchaser in a real  
18 estate transaction, or an actual or prospective tenant in a real estate  
19 rental or lease transaction, as applicable.

1 (5) "Buyer's agent" means a licensee who has entered into an agency  
2 relationship with only the buyer in a real estate transaction, and  
3 includes subagents engaged by a buyer's agent.

4 (6) "Confidential information" means information from or concerning  
5 a principal of a licensee that:

6 (a) Was acquired by the licensee during the course of an agency  
7 relationship with the principal;

8 (b) The principal reasonably expects to be kept confidential;

9 (c) The principal has not disclosed or authorized to be disclosed  
10 to third parties;

11 (d) Would, if disclosed, operate to the detriment of the principal;  
12 and

13 (e) The principal personally would not be obligated to disclose to  
14 the other party.

15 (7) "Dual agent" means a licensee who has entered into an agency  
16 relationship with both the buyer and seller in the same transaction.

17 (8) "Licensee" means a real estate broker, associate real estate  
18 broker, or real estate salesperson, as those terms are defined in  
19 chapter 18.85 RCW.

20 (9) "Material fact" means information that substantially adversely  
21 affects the value of the property or a party's ability to perform its  
22 obligations in a real estate transaction, or operates to materially  
23 impair or defeat the purpose of the transaction. The fact or suspicion  
24 that the property, or any neighboring property, is or was the site of  
25 a murder, suicide or other death, rape or other sex crime, assault or  
26 other violent crime, robbery or burglary, illegal drug activity,  
27 gang-related activity, political or religious activity, or other act,  
28 occurrence, or use not adversely affecting the physical condition of or  
29 title to the property is not a material fact.

30 (10) "Principal" means a buyer or a seller who has entered into an  
31 agency relationship with a licensee.

32 (11) "Real estate brokerage services" means the rendering of  
33 services for which a real estate license is required under chapter  
34 18.85 RCW.

35 (12) "Real estate transaction" or "transaction" means an actual or  
36 prospective transaction involving a purchase, sale, option, or exchange  
37 of any interest in real property or a business opportunity, or a lease  
38 or rental of real property. For purposes of this chapter, a

1 prospective transaction does not exist until a written offer has been  
2 signed by at least one of the parties.

3 (13) "Seller" means an actual or prospective seller in a real  
4 estate transaction, or an actual or prospective landlord in a real  
5 estate rental or lease transaction, as applicable.

6 (14) "Seller's agent" means a licensee who has entered into an  
7 agency relationship with only the seller in a real estate transaction,  
8 and includes subagents engaged by a seller's agent.

9 (15) "Subagent" means a licensee who is engaged to act on behalf of  
10 a principal by the principal's agent where the principal has authorized  
11 the agent in writing to appoint subagents.

12 NEW SECTION. **Sec. 2.** RELATIONSHIPS BETWEEN LICENSEES AND THE  
13 PUBLIC. (1) A licensee who performs real estate brokerage services for  
14 a buyer is a buyer's agent unless the:

15 (a) Licensee has entered into a written agency agreement with the  
16 seller;

17 (b) Licensee has entered into a subagency agreement with the  
18 seller's agent;

19 (c) Licensee has entered into a written agency agreement with both  
20 parties;

21 (d) Licensee is the seller or one of the sellers; or

22 (e) Parties agree otherwise in writing after the licensee has  
23 complied with section 3(1)(f) of this act.

24 (2) In a transaction in which different licensees affiliated with  
25 the same broker represent different parties, the broker is a dual  
26 agent, and must obtain the written consent of both parties as required  
27 under section 6 of this act. In such a case, each licensee shall  
28 solely represent the party with whom the licensee has an agency  
29 relationship, unless all parties agree in writing that both licensees  
30 are dual agents.

31 (3) A licensee may work with a party in separate transactions  
32 pursuant to different relationships, including, but not limited to,  
33 representing a party in one transaction and at the same time not  
34 representing that party in a different transaction involving that  
35 party, if the licensee complies with this chapter in establishing the  
36 relationships for each transaction.

1        NEW SECTION.        **Sec. 3. DUTIES OF A LICENSEE GENERALLY.**        (1)

2        Regardless of whether the licensee is an agent, a licensee owes to all  
3        parties to whom the licensee renders real estate brokerage services the  
4        following duties, which may not be waived:

5            (a) To exercise reasonable skill and care;

6            (b) To deal honestly and in good faith;

7            (c) To present all written offers, written notices and other  
8        written communications to and from either party in a timely manner,  
9        regardless of whether the property is subject to an existing contract  
10       for sale or the buyer is already a party to an existing contract to  
11       purchase;

12          (d) To disclose all existing material facts known by the licensee  
13       and not apparent or readily ascertainable to a party; provided that  
14       this subsection shall not be construed to imply any duty to investigate  
15       matters that the licensee has not agreed to investigate;

16          (e) To account in a timely manner for all money and property  
17       received from or on behalf of either party;

18          (f) To provide a pamphlet on the law of real estate agency in the  
19       form prescribed in section 13 of this act to all parties to whom the  
20       licensee renders real estate brokerage services, before the party signs  
21       an agency agreement with the licensee, signs an offer in a real estate  
22       transaction handled by the licensee, consents to dual agency, or waives  
23       any rights, under section 2(1)(e), 4(1)(e), 5(1)(e), or 6(2)(e) or (f)  
24       of this act, whichever occurs earliest; and

25          (g) To disclose in writing to all parties to whom the licensee  
26       renders real estate brokerage services, before the party signs an offer  
27       in a real estate transaction handled by the licensee, whether the  
28       licensee represents the buyer, the seller, both parties, or neither  
29       party. The disclosure shall be set forth in a separate paragraph  
30       entitled "Agency Disclosure" in the agreement between the buyer and  
31       seller or in a separate writing entitled "Agency Disclosure."

32        (2) Unless otherwise agreed, a licensee owes no duty to conduct an  
33       independent inspection of the property or to conduct an independent  
34       investigation of either party's financial condition, and owes no duty  
35       to independently verify the accuracy or completeness of any statement  
36       made by either party or by any source reasonably believed by the  
37       licensee to be reliable.

1        NEW SECTION.    **Sec. 4.** DUTIES OF A SELLER'S AGENT.    (1) Unless  
2 additional duties are agreed to in writing signed by a seller's agent,  
3 the duties of a seller's agent are limited to those set forth in  
4 section 3 of this act and the following, which may not be waived except  
5 as expressly set forth in (e) of this subsection:

6        (a) To be loyal to the seller by taking no action that is adverse  
7 or detrimental to the seller's interest in a transaction;

8        (b) To timely disclose to the seller any conflicts of interest;

9        (c) To advise the seller to seek expert advice on matters relating  
10 to the transaction that are beyond the agent's expertise;

11        (d) Not to disclose any confidential information from or about the  
12 seller, except under subpoena or court order, even after termination of  
13 the agency relationship; and

14        (e) Unless otherwise agreed to in writing after the seller's agent  
15 has complied with section 3(1)(f) of this act, to make a good faith and  
16 continuous effort to find a buyer for the property; except that a  
17 seller's agent is not obligated to seek additional offers to purchase  
18 the property while the property is subject to an existing contract for  
19 sale.

20        (2) A seller's agent may show alternative properties not owned by  
21 the seller to prospective buyers and may list competing properties for  
22 sale without breaching any duty to the seller.

23        NEW SECTION.    **Sec. 5.** DUTIES OF A BUYER'S AGENT.    (1) Unless  
24 additional duties are agreed to in writing signed by a buyer's agent,  
25 the duties of a buyer's agent are limited to those set forth in section  
26 3 of this act and the following, which may not be waived except as  
27 expressly set forth in (e) of this subsection:

28        (a) To be loyal to the buyer by taking no action that is adverse or  
29 detrimental to the buyer's interest in a transaction;

30        (b) To timely disclose to the buyer any conflicts of interest;

31        (c) To advise the buyer to seek expert advice on matters relating  
32 to the transaction that are beyond the agent's expertise;

33        (d) Not to disclose any confidential information from or about the  
34 buyer, except under subpoena or court order, even after termination of  
35 the agency relationship; and

36        (e) Unless otherwise agreed to in writing after the buyer's agent  
37 has complied with section 3(1)(f) of this act, to make a good faith and  
38 continuous effort to find a property for the buyer; except that a

1 buyer's agent is not obligated to: (i) Seek additional properties to  
2 purchase while the buyer is a party to an existing contract to  
3 purchase; or (ii) show properties as to which there is no written  
4 agreement to pay compensation to the buyer's agent.

5 (2) A buyer's agent may show properties in which the buyer is  
6 interested to other prospective buyers without breaching any duty to  
7 the buyer.

8 NEW SECTION. **Sec. 6. DUTIES OF A DUAL AGENT.** (1) A licensee may  
9 act as a dual agent only with the written consent of both parties to  
10 the transaction after the dual agent has complied with section 3(1)(f)  
11 of this act, which consent must include a statement of the terms of  
12 compensation.

13 (2) Unless additional duties are agreed to in writing signed by a  
14 dual agent, the duties of a dual agent are limited to those set forth  
15 in section 3 of this act and the following, which may not be waived  
16 except as expressly set forth in (e) and (f) of this subsection:

17 (a) To take no action that is adverse or detrimental to either  
18 party's interest in a transaction;

19 (b) To timely disclose to both parties any conflicts of interest;

20 (c) To advise both parties to seek expert advice on matters  
21 relating to the transaction that are beyond the dual agent's expertise;

22 (d) Not to disclose any confidential information from or about  
23 either party, except under subpoena or court order, even after  
24 termination of the agency relationship;

25 (e) Unless otherwise agreed to in writing after the dual agent has  
26 complied with section 3(1)(f) of this act, to make a good faith and  
27 continuous effort to find a buyer for the property; except that a dual  
28 agent is not obligated to seek additional offers to purchase the  
29 property while the property is subject to an existing contract for  
30 sale; and

31 (f) Unless otherwise agreed to in writing after the dual agent has  
32 complied with section 3(1)(f) of this act, to make a good faith and  
33 continuous effort to find a property for the buyer; except that a dual  
34 agent is not obligated to: (i) Seek additional properties to purchase  
35 while the buyer is a party to an existing contract to purchase; or (ii)  
36 show properties as to which there is no written agreement to pay  
37 compensation to the dual agent.

1 (3) A dual agent may show alternative properties not owned by the  
2 seller to prospective buyers and may list competing properties for sale  
3 without breaching any duty to the seller.

4 (4) A dual agent may show properties in which the buyer is  
5 interested to other prospective buyers without breaching any duty to  
6 the buyer.

7 NEW SECTION. **Sec. 7. DURATION OF AGENCY RELATIONSHIP.** (1) The  
8 agency relationships set forth in this chapter commence at the time  
9 that the licensee undertakes to provide real estate brokerage services  
10 to a principal and continue until the earliest of the following:

11 (a) Completion of performance by the licensee;

12 (b) Expiration of the term agreed upon by the parties; or

13 (c) Termination of the relationship by mutual agreement of the  
14 parties.

15 (2) Except as otherwise agreed to in writing, a licensee owes no  
16 further duty after termination of the agency relationship, other than  
17 the duties of:

18 (a) Accounting for all moneys and property received during the  
19 relationship; and

20 (b) Not disclosing confidential information.

21 NEW SECTION. **Sec. 8. COMPENSATION.** (1) In any real estate  
22 transaction, the broker's compensation may be paid by the seller, the  
23 buyer, a third party, or by sharing the compensation between brokers.

24 (2) An agreement to pay or payment of compensation does not  
25 establish an agency relationship between the party who paid the  
26 compensation and the licensee.

27 (3) A seller may agree that a seller's agent may share with another  
28 broker the compensation paid by the seller.

29 (4) A buyer may agree that a buyer's agent may share with another  
30 broker the compensation paid by the buyer.

31 (5) A broker may be compensated by more than one party for real  
32 estate brokerage services in a real estate transaction, if those  
33 parties consent in writing at or before the time of signing an offer in  
34 the transaction.

35 (6) A buyer's agent or dual agent may receive compensation based on  
36 the purchase price without breaching any duty to the buyer.



1 (7) Nothing contained in this chapter obligates a buyer or seller  
2 to pay compensation to a licensee, unless the buyer or seller has  
3 entered into a written agreement with the licensee specifying the terms  
4 of such compensation.

5 NEW SECTION. **Sec. 9.** VICARIOUS LIABILITY. (1) A principal is not  
6 liable for an act, error, or omission by an agent or subagent of the  
7 principal arising out of an agency relationship:

8 (a) Unless the principal participated in or authorized the act,  
9 error, or omission; or

10 (b) Except to the extent that: (i) The principal benefited from  
11 the act, error, or omission; and (ii) the court determines that it is  
12 highly probable that the claimant would be unable to enforce a judgment  
13 against the agent or subagent.

14 (2) A licensee is not liable for an act, error, or omission of a  
15 subagent under this chapter, unless the licensee participated in or  
16 authorized the act, error or omission. This subsection does not limit  
17 the liability of a real estate broker for an act, error, or omission by  
18 an associate real estate broker or real estate salesperson licensed to  
19 that broker.

20 NEW SECTION. **Sec. 10.** IMPUTED KNOWLEDGE AND NOTICE. (1) Unless  
21 otherwise agreed to in writing, a principal does not have knowledge or  
22 notice of any facts known by an agent or subagent of the principal that  
23 are not actually known by the principal.

24 (2) Unless otherwise agreed to in writing, a licensee does not have  
25 knowledge or notice of any facts known by a subagent that are not  
26 actually known by the licensee. This subsection does not limit the  
27 knowledge imputed to a real estate broker of any facts known by an  
28 associate real estate broker or real estate salesperson licensed to  
29 such broker.

30 NEW SECTION. **Sec. 11.** INTERPRETATION. This chapter supersedes  
31 only the duties of the parties under the common law, including  
32 fiduciary duties of an agent to a principal, to the extent inconsistent  
33 with this chapter. The common law continues to apply to the parties in  
34 all other respects. This chapter does not affect the duties of a  
35 licensee while engaging in the authorized or unauthorized practice of

1 law as determined by the courts of this state. This chapter shall be  
2 construed broadly.

3 NEW SECTION. **Sec. 12.** EFFECTIVE DATE. This chapter shall take  
4 effect on January 1, 1997. This chapter does not apply to an agency  
5 relationship entered into before January 1, 1997, unless the principal  
6 and agent agree in writing that this chapter will, as of January 1,  
7 1997, apply to such agency relationship.

8 NEW SECTION. **Sec. 13.** PAMPHLET ON THE LAW OF REAL ESTATE AGENCY.  
9 The pamphlet required under section 3(1)(f) of this act shall consist  
10 of the entire text of sections 1 through 12 of this act with a separate  
11 cover page. The pamphlet shall be 8 1/2 by 11 inches in size, the text  
12 shall be in print no smaller than 10-point type, the cover page shall  
13 be in print no smaller than 12-point type, and the title of the cover  
14 page "The Law of Real Estate Agency" shall be in print no smaller than  
15 18-point type. The cover page shall be in the following form:

16 **The Law of Real Estate Agency**  
17 This pamphlet describes your legal  
18 rights in dealing with a real estate  
19 broker or salesperson. Please read it  
20 carefully before signing any documents.

21 The following is only a brief summary of the attached law:  
22 Sec. 1. Definitions. Defines the specific terms used in the  
23 law.  
24 Sec. 2. Relationships between Licensees and the Public. States  
25 that a licensee who works with a buyer or tenant represents  
26 that buyer or tenant -- unless the licensee is the listing  
27 agent, a seller's subagent, a dual agent, the seller personally  
28 or the parties agree otherwise. Also states that in a  
29 transaction involving two different licensees affiliated with  
30 the same broker, the broker is a dual agent and each licensee  
31 solely represents his or her client -- unless the parties agree  
32 in writing that both licensees are dual agents.  
33 Sec. 3. Duties of a Licensee Generally. Prescribes the duties  
34 that are owed by all licensees, regardless of who the licensee

1 represents. Requires disclosure of the licensee's agency  
2 relationship in a specific transaction.

3 Sec. 4. Duties of a Seller's Agent. Prescribes the additional  
4 duties of a licensee representing the seller or landlord only.

5 Sec. 5. Duties of a Buyer's Agent. Prescribes the additional  
6 duties of a licensee representing the buyer or tenant only.

7 Sec. 6. Duties of a Dual Agent. Prescribes the additional  
8 duties of a licensee representing both parties in the same  
9 transaction, and requires the written consent of both parties  
10 to the licensee acting as a dual agent.

11 Sec. 7. Duration of Agency Relationship. Describes when an  
12 agency relationship begins and ends. Provides that the duties  
13 of accounting and confidentiality continue after the  
14 termination of an agency relationship.

15 Sec. 8. Compensation. Allows brokers to share compensation  
16 with cooperating brokers. States that payment of compensation  
17 does not necessarily establish an agency relationship. Allows  
18 brokers to receive compensation from more than one party in a  
19 transaction with the parties' consent.

20 Sec. 9. Vicarious Liability. Eliminates the common law  
21 liability of a party for the conduct of the party's agent or  
22 subagent, unless the agent or subagent is insolvent. Also  
23 limits the liability of a broker for the conduct of a subagent  
24 associated with a different broker.

25 Sec. 10. Imputed Knowledge and Notice. Eliminates the common  
26 law rule that notice to or knowledge of an agent constitutes  
27 notice to or knowledge of the principal.

28 Sec. 11. Interpretation. This law replaces the fiduciary  
29 duties owed by an agent to a principal under the common law, to  
30 the extent that it conflicts with the common law.

31 Sec. 12. Effective Date. This law generally takes effect on  
32 January 1, 1997.

33 NEW SECTION. **Sec. 14.** VIOLATION OF LICENSING LAW. A violation of  
34 section 3 of this act is a violation of RCW 18.85.230.

35 NEW SECTION. **Sec. 15.** CAPTIONS NOT PART OF LAW. Captions used in  
36 this chapter do not constitute any part of the law.

1        NEW SECTION.    **Sec. 16.**    Sections 1 through 15 of this act shall  
2 constitute a new chapter in Title 18 RCW.

3        NEW SECTION.    **Sec. 17.**    Chapter 18.-- RCW (sections 1 through 15 of  
4 this act) is intended to supersede WAC 308-124D-040.

5        **Sec. 18.**    RCW 18.85.230 and 1990 c 85 s 1 are each amended to read  
6 as follows:

7        The director may, upon his or her own motion, and shall upon  
8 verified complaint in writing by any person, investigate the actions of  
9 any person engaged in the business or acting in the capacity of a real  
10 estate broker, associate real estate broker, or real estate  
11 salesperson, regardless of whether the transaction was for his or her  
12 own account or in his or her capacity as broker, associate real estate  
13 broker, or real estate salesperson, and may impose any one or more of  
14 the following sanctions: Suspend or revoke, levy a fine not to exceed  
15 one thousand dollars for each offense, require the completion of a  
16 course in a selected area of real estate practice relevant to the  
17 section of this chapter or rule violated, or deny the license of any  
18 holder or applicant who is guilty of:

19        (1) Obtaining a license by means of fraud, misrepresentation,  
20 concealment, or through the mistake or inadvertence of the director;

21        (2) Violating any of the provisions of this chapter or any lawful  
22 rules or regulations made by the director pursuant thereto or violating  
23 a provision of chapter 64.36, 19.105, or 58.19 RCW or section 3 of this  
24 act or the rules adopted under those chapters or section;

25        (3) Being convicted in a court of competent jurisdiction of this or  
26 any other state, or federal court, of forgery, embezzlement, obtaining  
27 money under false pretenses, bribery, larceny, extortion, conspiracy to  
28 defraud, or any similar offense or offenses: PROVIDED, That for the  
29 purposes of this section being convicted shall include all instances in  
30 which a plea of guilty or nolo contendere is the basis for the  
31 conviction, and all proceedings in which the sentence has been deferred  
32 or suspended;

33        (4) Making, printing, publishing, distributing, or causing,  
34 authorizing, or knowingly permitting the making, printing, publication  
35 or distribution of false statements, descriptions or promises of such  
36 character as to reasonably induce any person to act thereon, if the  
37 statements, descriptions or promises purport to be made or to be

1 performed by either the licensee or his or her principal and the  
2 licensee then knew or, by the exercise of reasonable care and inquiry,  
3 could have known, of the falsity of the statements, descriptions or  
4 promises;

5 (5) Knowingly committing, or being a party to, any material fraud,  
6 misrepresentation, concealment, conspiracy, collusion, trick, scheme or  
7 device whereby any other person lawfully relies upon the word,  
8 representation or conduct of the licensee;

9 (6) Accepting the services of, or continuing in a representative  
10 capacity, any associate broker or salesperson who has not been granted  
11 a license, or after his or her license has been revoked or during a  
12 suspension thereof;

13 (7) Conversion of any money, contract, deed, note, mortgage, or  
14 abstract or other evidence of title, to his or her own use or to the  
15 use of his or her principal or of any other person, when delivered to  
16 him or her in trust or on condition, in violation of the trust or  
17 before the happening of the condition; and failure to return any money  
18 or contract, deed, note, mortgage, abstract or other evidence of title  
19 within thirty days after the owner thereof is entitled thereto, and  
20 makes demand therefor, shall be prima facie evidence of such  
21 conversion;

22 (8) Failing, upon demand, to disclose any information within his or  
23 her knowledge to, or to produce any document, book or record in his or  
24 her possession for inspection of the director or his or her authorized  
25 representatives acting by authority of law;

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

29 (10) Committing any act of fraudulent or dishonest dealing or a  
30 crime involving moral turpitude, and a certified copy of the final  
31 holding of any court of competent jurisdiction in such matter shall be  
32 conclusive evidence in any hearing under this chapter;

33 (11) Advertising in any manner without affixing the broker's name  
34 as licensed, and in the case of a salesperson or associate broker,  
35 without affixing the name of the broker as licensed for whom or under  
36 whom the salesperson or associate broker operates, to the  
37 advertisement; except, that a real estate broker, associate real estate  
38 broker, or real estate salesperson advertising their personally owned  
39 real property must only disclose that they hold a real estate license;

1 (12) Accepting other than cash or its equivalent as earnest money  
2 unless that fact is communicated to the owner prior to his or her  
3 acceptance of the offer to purchase, and such fact is shown in the  
4 earnest money receipt;

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

8 (14) Accepting, taking or charging any undisclosed commission,  
9 rebate or direct profit on expenditures made for the principal;

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

12 (16) Issuing an appraisal report on any real property in which the  
13 broker, associate broker, or salesperson has an interest unless his or  
14 her interest is clearly stated in the appraisal report;

15 (17) Misrepresentation of his or her membership in any state or  
16 national real estate association;

17 (18) Discrimination against any person in hiring or in sales  
18 activity, on the basis of race, color, creed or national origin, or  
19 violating any of the provisions of any state or federal  
20 antidiscrimination law;

21 (19) Failing to keep an escrow or trustee account of funds  
22 deposited with him or her relating to a real estate transaction, for a  
23 period of three years, showing to whom paid, and such other pertinent  
24 information as the director may require, such records to be available  
25 to the director, or his or her representatives, on demand, or upon  
26 written notice given to the bank;

27 (20) Failing to preserve for three years following its consummation  
28 records relating to any real estate transaction;

29 (21) Failing to furnish a copy of any listing, sale, lease or other  
30 contract relevant to a real estate transaction to all signatories  
31 thereof at the time of execution;

32 (22) Acceptance by a branch manager, associate broker, or  
33 salesperson of a commission or any valuable consideration for the  
34 performance of any acts specified in this chapter, from any person,  
35 except the licensed real estate broker with whom he or she is licensed;

36 (23) To direct any transaction involving his or her principal, to  
37 any lending institution for financing or to any escrow company, in  
38 expectation of receiving a kickback or rebate therefrom, without first  
39 disclosing such expectation to his or her principal;

1 (24) Buying, selling, or leasing directly, or through a third  
2 party, any interest in real property without disclosing in writing that  
3 he or she holds a real estate license;

4 (25) In the case of a broker licensee, failing to exercise adequate  
5 supervision over the activities of his or her licensed associate  
6 brokers and salespersons within the scope of this chapter;

7 (26) Any conduct in a real estate transaction which demonstrates  
8 bad faith, dishonesty, untrustworthiness or incompetency;

9 (27) Acting as a mobile home and travel trailer dealer or  
10 salesperson, as defined in RCW 46.70.011 as now or hereafter amended,  
11 without having a license to do so;

12 (28) Failing to assure that the title is transferred under chapter  
13 46.12 RCW when engaging in a transaction involving a mobile home as a  
14 broker, associate broker, or salesperson; or

15 (29) Violation of an order to cease and desist which is issued by  
16 the director under this chapter.

17 NEW SECTION. **Sec. 19.** This act shall take effect January 1, 1997.

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