

# BROKER

## Transition Course

Required course for all Washington State Licensees

by

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*A Washington State Approved Real Estate School for Clock Hour Education under R.C.W. 18.85.*



*Please Read this First! Thanks!*

PROFESSIONAL *Direction* INC

## Clockhours by Mail

1. You will be provided with a booklet of with the class material here in a pdf format. It is a THREE CLOCKHOUR CLASS FOR \$30.00 TUITION.
2. The course has been divided up into many sessions. In Washington State a “clock hour” is 50 minutes. There are questions about each session. They can be answered while reading the material, at the end of the session, or at the end.
3. **Answer** the questions on the quiz sheet.
4. If you have any questions regarding the material or the questions, don’t hesitate to email Natalie Danielson.
5. **Mail** Quiz and Evaluation to Professional Direction or scan and use pay pal for credit card info.
6. The certificate will be mailed within 10 days of receipt of course materials and handout. If you are desperate... just email us!!!!

Disclaimer.. the course materials and questions are not to be used for legal advice. Information can change over time. Real estate transactions are handled different ways in different regions in the State of Washington. If you have any comments or concerns about the material contact Professional Direction.

Thanks!

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# Transition Class

## Curriculum

Session Hours	Major Topics	Objective
1 10 min	Types of Licenses and Requirements	Demonstrate familiarity with the new license classifications, registrations and endorsements created under RCW 18.85 (especially RCW 18.85.481(2)) effective July 2010
2 10 min	Education Changes	Be able to describe the educational requirements for each type of license and how these differ from pre 2010 requirements.
3 10 min	Fingerprinting Requirements	Understand the new mandatory requirement for fingerprints and background checks for new licensees, which will be phased in over a 6 y period for existing licensees during their license renewal cycle. Describe the process for meeting the fingerprint requirement. Recognize that provisional licenses will be issued subject to suspension or revocation of licenses based on the results of the check.
4 60 min	Duties and Responsibilities	Demonstrate understanding of the specific responsibilities and duties associated with each license level and endorsement under each role as applicable (including supervision of teams and team responsibilities) Broker Brokers applying after July 2010 Managing Broker Designated Broker Branch manager
5 10 min	Real Estate Firms	Demonstrate familiarity with the requirements for a firm license as described under RCW 18.85.091 including those requirement as set forth by WAC308-124A-735 and requirements for firm names under WAC308-124A-815 and WAC 308-124A-820 Understand that WAC 308-124B-210 requires that all firms operate under the licensed firm name. Describe situations where a designated broker at one firm can become a designated broker with other firms and also describe the limitation of this rule.
6 10 min	Delegating Responsibilities	Describe what tasks or duties may be delegated to subordinates and how this process does not eliminate responsibility. Describe the requirement under WAC 308-124C-125(8) for the designated broker to maintain written log of assignments and to have delegation agreements signed by all parties.

7 10 min	Supervisory responsibilities	Describe supervisory responsibilities under RCW 18.85.201 and under RCW 18.85.275 as implemented by WAC 308-124C-125. Demonstrate understanding of the requirement for a managing broker to “provide a heightened level of supervision to brokers during their first 2 years of licensure under RCW 18.85.275(6) and WAC308-124C-125(9)
8 10 min	Records	Understand that the files are the property of the Firm under WAC 308-124C-100(4) Brokers and Managing Brokers must submit complete copies of their transactions to their firm according to RCW18.85.285(1)
9 10 min	Termination Firm Closing	Understand the licensee’s status under RCW18.85.291 as implemented by WAC308-124A-730 Firm closing designated broker responsibility WAC 308-124A-830.
10 10 min	Advertising	Understand that all advertising must include the firm name as licensed. This would include all advertising by an individual licensee or a licensee operating as part of a team. Understand what “Clear and conspicuous means as defined by RCW 18.85.011(4) and how this relates to this requirement. Describe how this requirement can be considered a consumer protection provision requiring appropriate contact information be present on all advertising.
11 10 min	Trust Accounting	Show an understanding of terms “Trust Accounting” and “Earnest Money” as defined in RCW 18.85.285 (2) (9) Describe how monies in RCW 18.85.285 are to be handled including records, Designated Broker responsibilities, expeditious Performance and Delivery.
12 10 min	Administration of funds	Describe the administration of funds held in trust accounts including: General procedures WAC 308-124E-105 Real estate and Business opportunities WAC 308-124E-110
13 10 min	Property Management	Describe the necessary agreements, record keeping and funds management procedures associated with property management as described by WAC 308-124D-215. Indicate awareness of how funds are to be treated as trust funds where appropriate. Administration of trust funds for property management WAC 308-124E-115
14	Other topics	Other topics

# Transition Course

By Natalie Danielson

It took 7 years and dozens of meetings, committees, emails, industry groups to finally pass the most widespread changes done to Real Estate License laws since they were written in 1925. Changes include new categories of licensure, heightened supervision of new agents, more educational requirements, more detailed responsibilities, and detailed recordkeeping including digital records.

This class has a summary of the changes to the laws which are noted as RCW's and the rules which are the WAC's. They are not the actual laws as written so it is important that you consult the actual text of the laws and rules. This class is an overview of the laws and rules as written. There will, over time, be some questions as to the interpretation. This class is not meant as an interpretation but to make you, as a licensee, aware of the laws and rules.

If you have legal questions, these must be directed to your Designated Broker or the corporate attorney.

## Course Objectives

As a result of taking this course the real estate licensee will be able to:

- Identify the major changes in the Real Estate License Laws 18.85
- Know the changes in the changes in the Washington Administrative Code WAC's.
- Be aware of how the changes in the laws affect the real estate licensee.
- Know where to find the actual documents of the laws and rules as written.

## Types of Licenses

After July 1, 2010, real estate "Salesperson's" license is continued in effect, but is recognized by the Department of Licensing as a "Broker's" license. All "Salespersons" will be recognized as "Brokers" after July 2010. RCW 18.85.481

All Associate Broker's, Branch Manager's and Designated Brokers licenses will remain in effect but will be recognized as Managing Brokers Licenses.

A Firm must have a Designated Broker carrying the responsibility for the oversight of the firm. The Designated Broker must have a Managing Broker's license with an endorsement as a Designated Broker. The Designated Broker can be responsible for more than one firm. The Designated Broker must have an ownership interest in the firm.

All Firms will now have to have a license.

Any responsibilities for supervision delegated to a Managing Broker and Branch Manager by the Designated must be in writing.

The educational requirements will change after July 2010 for new licensees and those wanting a Managing Broker's license.

Every licensee will be required to take a 3 hour Transition Course to learn about the license changes and the types of licenses.

## Washington State New Education Requirements after July 2010

	Current Law	Revised Law July 2010
	<b>Salesperson</b> <b>This column is what has been required</b>	<b>Broker</b> <b>This is what happens after July</b>
<b>Current Salesperson</b>	30 hour Electives (includes 3 hour Core)	30 hrs Electives (includes 3 hr Core and 3 hr Transition classes) Salesperson License will come back with title of Broker
<b>PreLicense</b>	60 hrs Fundamentals	60 hrs Fundamentals 30 hrs Practices
<b>First Renewal</b>	30 hrs Practices 30 hrs Electives (includes Core)	30 hrs Advanced Practices 30 hrs Real Estate Law 30 hrs Electives (includes Core) *see note if you were licensed prior to July 1 <sup>st</sup>
<b>Subsequent 2 year Renewal</b>	30 hrs Electives (Includes Core)	30 hrs Electives (includes Core)
	<b>Designated Broker</b> <b>Associate Broker</b>	<b>Managing Broker</b>
<b>Current Broker or Associate Broker</b>	30 hrs Electives (includes Core)	30 hrs Electives (includes 3 hr Core and 3 hr Transition classes) Associate Broker license will come back as Managing Broker. Designated Broker will have an endorsement.
<b>Subsequent 2 year Renewal</b>	30 hrs Electives (includes Core)	30 hrs Electives (includes Core)
<b>To get Associate or Brokers License After July Managing Broker</b>	30 hrs Broker Management 30 hrs Business Management 30 hrs Real Estate Law 30 hrs of a 30 hour Elective course 2 years experience and pass state test	30 hrs Broker Management 30 hrs Business Management 30 hrs Advanced Real Estate Law 3 years experience and pass state test

If you currently are a real estate Salesperson, you are required to take 3 hour Core Class, 3 hour Transition Class and 24 other elective clockhours when you renew after July 2010. Your license will have the title "Broker" when it is renewed. After July 1<sup>st</sup> you can advertise yourself as a "Broker" on your business cards, for example, even before your license is renewed.

\*If FIRST licensed prior to July 1<sup>st</sup> take 30 hr Practices, plus 30 hrs incl Core and Transition for the first renewal after July 1<sup>st</sup>.

If you currently are a real estate Associate Broker or Designated Broker, you are required to take 3 hour Core Class, 3 hour Transition Class and 24 other elective clockhours when you renew after July 2010.

You can take the Transition class prior to July 2010 if you want and it will satisfy the requirement for taking it.

You can advertise yourself before your renewal as "Managing Broker" instead of "Associate Broker" after July 2010.

All real estate agents will be required to have a background check and be fingerprinted. All new licensees will have it done at the time of application. The fingerprint and background check will be phased in over several years for all current licensees. The renewal notice will note when it is required.

## Fingerprint and Background Requirements

Every Real Estate licensee will be fingerprinted and have a background check for the protection of the public. Real estate agents are negotiating transactions that are the largest financial investment in the lives of consumers. They consult on financing, have access to properties, and negotiate contracts. Real estate agents have access to properties and personal property owned by clients. When they fill out purchase and sale agreements they are negotiating contracts that affect the future and investments of clients.

For the protection of the public, the Washington State Legislature added changes to Real Estate License law RCW 18.85.191 requiring all active licensees and licenses applying for active status, renewal or reinstatement have a fingerprint and background check on a regular basis.

All real estate brokers are fingerprinted when they obtain or renew a license after July of 2010. For those licensed prior to July 2010 they will be chosen to be fingerprinted over a 6 year period as their licenses renew. Then fingerprints and background check will be required every 6 years as per WAC 308-124A-700.

All new licensees after July 2010 are required to have a fingerprint and background check that is submitted with the application. New licensees will be issued a provisional license. It is subject to suspension or revocation based on the results of the fingerprint and background check.

If you have been fingerprinted by another agency for another reason, that fingerprint is not acceptable for the Real Estate Department of Licensing. You will have to submit to another fingerprinting along the guidelines created.

When a fingerprint card is rejected the applicant must submit to the department new fingerprint card within 21 calendar days of written notice. Failure to submit a new fingerprint card will result in a suspension until the fingerprint card is received by the department. If the fingerprint card is rejected three times, the applicant must pay a new fee for fingerprinting and background processing according to WAC 308-124A-700.

# Duties and Responsibilities

After July 2010 certain changes will take effect in real estate license law regarding the categories of real estate licenses.

## Real Estate Broker

After July 1, 2010, real estate "Salesperson's" license is continued in effect, but is recognized by the Department of Licensing as a "Broker's" license. All "Salespersons" will be recognized as "Brokers" after July 2010 and can advertise themselves as such. At the next renewal date after July 2010 the real estate licensee will take a Transition Course that focuses on the license law changes and on the new license issued the title will change to "Broker."

A "Broker" is licensed to one firm and must be supervised by a "Designated" or "Managing Broker."

## Broker Responsibilities WAC 308.124C-140

Brokers are responsible to:

- ✓ Assure all real estate brokerage services he/she participated in are in accordance with the license laws and rules.
- ✓ Cooperate with the DOL in an investigation, audit or licensing matter
- ✓ Be knowledgeable of the License law, Law of Agency, and the Uniform Regulation of Business and Professions Acts and the related rules
- ✓ Keep the DOL informed of his or her address
- ✓ Follow the written policy of home inspectors. Your Designated Broker should have a written policy.
- ✓ Be appropriately licensed including keeping your license current with required education and background/fingerprint check.
- ✓ Follow laws and rules regarding:
  - Safe handling of customer/client funds or property
  - Timely delivery of transactions documents and client funds/property
  - Proper and legal advertising
  - Modifying or terminating brokerage service contracts on behalf of the firm

For those who were Brokers prior to July 1, 2010 the renewal date will remain on their birthday.

## New Real Estate Brokers

To become a real estate “Broker” after July 2010 the minimum requirements include:

- Must be 18 years of age or older
- Have a high school diploma or equivalent
- Complete 60 hours Real Estate Fundamentals within 2 years
- Complete 30 hours Real Estate Practices within 2 years
- Has passed the Broker’s license examination

## New Broker Responsibilities WAC 308-124C-145

Brokers that have less than 2 years experience are under heightened supervision by a Designated Broker or a Managing Broker if delegated in writing by the Designated Broker.

New Brokers are to work under supervision which includes:

- Participate in all required review of real estate brokerage agreements and services
- Submit evidence of completion of clock hour classes
- Secure advice or assistance when offering brokerage services beyond the brokers level of expertise
- Submit brokerage service contract and documents within 5 days of client’s signature.

New brokers will renew their license two years from the day they were licensed. RCW 18.85.191  
Current Brokers will continue to renew their licenses on their birthday.

## Managing Broker

A “Managing Broker” means a natural person acting on behalf of a real estate firm to perform real estate brokerage services under the supervision of the “Designated Broker” and who may supervise other brokers or managing brokers licensed to the firm.

After July 2010, a real estate “Associate Broker’s” license will be continued in effect but will be recognized as a “Managing Broker’s” license and the licensee can advertise himself/herself as such. At the next renewal date after July 2010, the licensee will also take the Transition Course and the title on the license will change from “Associate Broker” to “Managing Broker.” A “Managing Broker” can only be licensed to one firm at a time.

For real estate “Brokers” after July 2010 who wish to become “Managing Brokers” the minimum requirements are:

- Must be 18 years of age or older
- A high school diploma or equivalent
- A minimum of 3 years of licensed experience as a full time real estate Broker in Washington (or another jurisdiction having comparable requirements) within the past 5 years. Or show practical experience in a business allied with or related to real estate as prescribed by RCW 18.85.
- Has passed the Managing Broker’s license examination

The renewal date will become the date that the Managing Broker is licensed instead of the previous birthdate renewal date.

## Managing Broker Responsibilities WAC 308.124C-135

The Managing Broker is responsible to:

- ✓ Assure all real estate brokerage services he/she participated in are in accordance with the license laws and rules.
- ✓ Cooperate with the DOL in an investigation, audit or licensing matter
- ✓ Be knowledgeable of the License law, Law of Agency, and the Uniform Regulation of Business and Professions Acts and the related rules
- ✓ Keep the DOL informed of his or her address
- ✓ If **delegated** by the Designated the Managing Broker is to:
  - Ensure monthly reconciliation of trust account records, trial balances are complete, accurate and up-to-date, and the accounts are in balance and policies or procedures are in place to account for safe handling of customer or client funds or property.
  - Keep accurate records, , review of contracts, modify or terminate brokerage service contracts for the firm,
  - Ensure proper and legal advertising by brokers working under the Managing Broker
  - Ensure all persons representing the firm under the Managing Broker has delegated authority to supervise are appropriately licensed,
  - Ensure licensees submit transaction documents to the Designated Broker or Delegated Managing Broker in a timely fashion.
  - Follow and implement the Designated Brokers written policy on Referral of home inspectors and address levels of supervision of all licensees which includes review of new brokers under 2 years of licensure.

## Designated Broker

A “Designated Broker” must hold a “Managing Broker’s” license.

A “Designated Broker” under RCS 18.85.011(10) means a natural person who owns a sole proprietorship real estate firm or who has a controlling interest in the firm who is designated by a legally recognized business entity (such as a corporation, LLC, or partnership real estate firm) to act as a “Designated Broker” on behalf of the firm. The Managing Broker’s license must have an endorsement from the Department of Licensing as “Designated Broker.” Designated brokers will also be required to take the Transition Course prior to their renewal after July 2010.

The firm designates a Managing Broker as the “Designated Broker” who has authority to act for the firm. RCW 18.85.091(1) The Designated Broker for a firm must be registered to that firm and have an endorsement on their “Managing Broker’s” license indicating the names of all firms for which they serve as the “Designated Broker.” A “Designated Broker” may act as a “Designated Broker for more than one firm. The Department of Licensing will **register** “Designated Brokers.”

### Designated Broker Responsibilities WAC 308.124C-125

The Designated Broker is responsible to:

- ✓ Assure brokerage service contracts or activities in which he/she participated follow the rules/laws of DOL
- ✓ Cooperate with the DOL in an investigation, audit or licensing matter
- ✓ Ensure accessibility of the firm’s offices and records to the DOL
- ✓ Ensure monthly reconciliation of trust account records, trial balances are complete, accurate and up-to-date, and the accounts are in balance.
- ✓ Ensure policies or procedures are in place to account for safe handling of customer or client funds or property.
- ✓ Maintain up to date written assignments of delegation of Managing Brokers or Branch Manager Duties:
  - Delegating responsibility must be only to Managing Brokers licensed to the firm. Address in writing the duties of record maintenance, advertising, trust accounting, safe handling of customer/client funds and property, authority to bind, review of contracts, modify or terminate brokerage service contracts on behalf of the firm, supervision of brokers and Managing Brokers. Must also address the heightened supervision of brokers that are licensed for less than 2 years and the hiring, transferring, and releasing licensees to or from the firm.
- ✓ Maintain and implement policies on:
  - Referral of home inspectors in compliance so that there is a procedure for referring home inspectors to buyers or sellers addressing the consumers right to freely pick one and prevent any collusion between the inspector and the agent. Must have a written policy.
  - Regarding the levels of supervision of all Brokers and Managing Brokers of the firm: Review with initials of all purchase or lease documents for agents licensed less than 2 years within 5 days of mutual acceptance.
- ✓ Ensure all persons in the firm are appropriately licensed
- ✓ Ensure all licensees submit transaction documents to the Designated Broker or Delegated Managing Broker in a timely fashion.
- ✓ Be knowledgeable of the License law, Law of Agency, and the Uniform Regulation of Business and Professions Acts and related rules
- ✓ Be responsible for ultimate oversight of the firm.

## Branch Manager

A “Designated Broker” may establish one or more branch offices under the same name as the real estate firm.

Each Branch office

- Will be licensed.
- Pay a fee.
- Have a duplicate license showing the location of the real estate firm and the particular branch.
- Prominently display each duplicate license in the office.
- Have a Designated Broker authorize a Branch Manager to perform the duties.
- Have a Branch Manager” who has a Managing Brokers license.

A branch office license shall not be required where real estate sales activity is conducted on and limited to a particular subdivision or tract within 35 miles of the licensed office or branch office.

### Branch Manager Responsibilities WAC 308.124C-130

The Branch Manager if delegated is responsible for:

- ✓ All Brokerage service contracts or activities in which he/she participated
- ✓ Cooperate with the DOL in an investigation, audit or licensing matter
- ✓ Ensure accessibility of the firm’s offices and records to the DOL
- ✓ Be knowledgeable of the License law, Law of Agency, and the Uniform Regulation of Business and Professions Acts and the related rules
- ✓ Follow the written policy of the Designated Broker on referral of home inspectors.
- ✓ Ensure all persons at the branch location are appropriately licensed
- ✓ Oversee the branch licensees, employees and contractors.
- ✓ Ensure all licensees submit transaction documents to the Designated Broker or Delegated Managing Broker in a timely fashion.
- ✓ Hiring, transferring, and releasing licensees to or from the branch
- ✓ All activity with the branch including supervision of all broker and Managing Brokers and heightened supervision of Brokers licensed less than 2 years.

If delegated by the Designated Broker, the Branch manager is to:

- Ensure monthly reconciliation of trust account records, trial balances are complete, accurate and up-to-date, and the accounts are in balance and policies or procedures are in place to account for safe handling of customer or client funds or property.
- Keep accurate records, proper and legal advertising, review of contracts, modify or terminate brokerage service contracts on behalf of the firm, following and implementing the Designated Brokers written policy on Referral of home inspectors and addressing levels of supervision of all licensees including review of new brokers less than 2 years of licensure.

## Real Estate Firm Licensing

Real estate firms will have to be licensed. RCW 18.85.091 Requirements to be licensed after July 2010 include:

- Designate a Managing Broker as the Designated Broker registered with the DOL.
- Provides the DOL with information as to who has ownership interest in the firm and that they are not in trouble with the DOL.
- Make application including fee, business address with firm's records.

The firm has to have a unique name that cannot be the same or similar to currently issued licenses or that implies the real estate firm is a nonprofit or research organization or a public bureau or group. The DOL can deny, suspend, and reject firm names or assumed names that are in their opinion derogatory, similar to other licensed firm names, implies it is a public agency or government, or non-profit or research organization. WAC 308-124A-815

A franchisee may be licensed using the name of the franchisor with the firm name of the franchisee. WAC308-124A-815

In order to apply as a firm, a Designated Broker must be in management of the firm. WAC 308=124A-735

The Designated Broker, in order to qualify must be either the:

- officer of the corporation,
- manager or member of the LLC,
- partner in an LLC,
- a general partner in the partnership

The firm must provide proof of the corporation, LLC or partnership.

The firm and the Designated Broker are each required to pay license fees.

The firm must operate under the firm name or an assumed name as licensed. WAC308-124B-210. This includes all advertising must have the Firms name as licensed.

## Delegating Responsibilities

The Designated Broker may delegate in writing certain responsibilities to subordinates. The Designated Broker must maintain an up-to-date log of any responsibilities or assignments delegated to Managing Brokers or Branch Managers. It must be signed by all parties.

The Designated Broker can delegate duties to a Branch Manager managing an office according to the real estate laws and cooperating with any DOL investigation. Other responsibilities that can be delegated include oversight of the branch licensees including hiring and appropriate licensing, ensuring all subordinates are submitting documents in a timely manner, handling of client funds and property, record maintenance, advertising, reviewing documents, modifying or terminating brokerage service contracts, and following Designated Brokers policies for referring home inspectors. WAC 308-124C-130

The Designated can delegate responsibilities to a Managing Broker which includes a Branch Manager that can include trust account keeping, handling client funds/property, Keeping required records, advertising legally, reviewing of contracts, accessibility of the office, availability of records, and making sure the office policy on referral of home inspectors is followed.

The Designated Broker can also delegate in writing the responsibility to supervise all licensees that have been in the business less than 2 years. Supervision is evidenced on the front page of all signed documents.

By delegating responsibilities, the Designated Broker still remains responsible for the conduct of the subordinates.

## Supervisory Responsibilities

The Designated Broker is responsible for the conduct of all the subordinates. The Designated Broker is responsible for the conduct of any real estate Broker, Managing Broker, or Branch Manager under his/her license. If there are subordinates working under the Branch Manager, that Branch Manager is responsible for their conduct. RCW 18.85.201

A Designated Broker may delegate by written agreement the handling of funds, trust account records, transaction records and supervision of Brokers to a Managing Broker licensed to the firm. The Designated can also delegate to a Managing Broker by written agreement the authority to amend, modify, bind, create, rescind, terminate, or release real estate brokerage serviced contracts on behalf of the firm. RCW 18.85.275

During the first two years of a Broker's license, a Managing broker must provide a heightened level of supervision. RCW 18.85.275

The Designated Broker can delegate the responsibility to a Managing Broker to supervise the new licensees under 2 years of licensure. It must be done with written agreement.

All brokerage service contracts which involve a new licensee under 2 years must be reviewed by the Designated Broker (or Managing Broker, if delegated in writing) within 5 calendar days of client's signature. This must be evidenced by the reviewers initials and date on the first page of the documents. WAC 308-124C-125

## Required Records

All real estate Brokers and Managing Brokers must submit complete copies of their transactions to their firm according to RCW 18.85.285(1) The Designated Broker is responsible that all transaction documents must be submitted to the Designated Broker or Designated Managing Broker within a “timely manner” according to WAC308-124C-125(11). The records must include but are not limited to a copy of the Purchase and sale agreement, earnest money receipt, and an itemization of the receipts and disbursements with each transaction.

The Designated Broker is responsible to keep accurate records with include accurate Trust account records. In addition, the designated broker is to have an accurate up to date log of all contracts for brokerage services submitted by the licensees. The firm at one location (the main or branch office) must have a transaction folder containing all agreements, receipts, contracts, documents, leases, closing statements and correspondence for each real estate or business opportunity transaction and for each rental, lease contract or mortgage collection account. WAC 124C-105

The Designated Broker must ensure that copies of all required records are made available upon demand. WAC 308-124C-125(3)

All required real estate records must be accurate and up to date. WAC 308-124C-110

All required real estate records shall be kept at an address where the real estate firm is licensed to maintain a real estate office. Transactions not stored at the firm must be readily retrievable. A listing of all transaction must be maintained at the firm’s licensed office. All records must be retained and available for the DOL for a minimum of 3 years. WAC308-124C-110

Records may be stored on permanent media storage so long as the storage does not permit modification of the documents. It must be available at any time for viewing and printing in its original form at the Designated Brokers office. WAC 308-124C-110

If they are closed for at least one year files can be stored at one central facility in Washington and readily available to the DOL. Records may be stored digitally provided it does not permit modification and is permanent. They must be viewable at the firm’s location and indexed. WAC 308.124C-105-110

## Termination/Closing

The licenses of real estate Brokers and Managing Brokers shall be kept by their firm. When they cease to represent the firm, the license ceases to be in force.

Brokers and Managing Brokers must submit written notification to the Designated Broker for their firm when they terminate affiliation with the firm. The firm through the Designated Broker, shall give notice to the Director of the DOL including surrender of the actual license. Failure of any Designated Broker to promptly notify the DOL of a termination after demand by the Broker or Managing Broker shall be grounds for disciplinary action. RCW 18.85.291

If a firm terminates a Broker's or Managing Broker's license for violation of License Laws or rules the firm shall immediately file a written statement of the facts to the DOL.

A licensed relationship can be terminated unilaterally by either the Broker, Managing Broker, Branch Manager, or Designated Broker. All terminations shall be by written notice to the Designated Broker or the who they may have designated that responsibility. All terminations must be forwarded to the DOL and becomes effective on the postmark, fax or hand delivery of license to DOL. Termination cannot be conditioned on any specific performance by either party. WAC 308-124A-730

Upon application and payment of a fee, the Broker or Managing Broker can be issued a new license under another firm for the unexpired term. The Designated Broker is responsible for a closing firm affidavit when closing the firm. WAC 308-124A-830

## Advertising

License law has required that the name of the real estate office as licensed be on all advertising. But, many real estate agents were putting the name of the office so small and hidden in their advertising that it was nearly impossible to identify the actual real estate office where their license was hanging. The new law specifies that the Firm Name must be on all advertising so that it is very clear to the consumer.

A firm must advertising using their firm name (or an assumed name registered with the state) as licensed. WAC 308-124B-210

All advertising or solicitation without limitation for brokerage services must include the firm name as licensed. This includes ALL internet-based advertising, web pages, email, newspaper and other visual media. The firm can authorize an assumed name that can be used.

All advertising by an individual licensee or a licensee operating as a team must always have the firm name.

The firm name must be **“clear and conspicuous”** in any advertising.

This means the representation or term being used is of such a color, contrast, size or audibility is presented in a manner so as to be readily noticed and understood. RCW 18.85.011.

It is a violation of license law if a licensee advertises in any manner without including the firm name or assumed name as licensed in a clear and conspicuous manner. RCW 18.85.361(8).

If a team wishes to operate with advertising under another name, the firm would have to approve and register with the DOL an assumed name.

This is a consumer protection issue because it is important for the consumer to recognize the firm as licensed and have appropriate contact information should they want to contact the DOL or the firm.

## Trust Accounting and Earnest Money

Consumer funds if held by a firm must be handled properly. This is an area that must be taken seriously because any misuse of funds can result in a violation of the laws and rules. In regards to these funds specifically any responsibility for them must be taken care of in a timely manner. Expedient performance under WAC 308-124D-210 means that a real estate licensee shall perform all acts required as expeditiously as possible.

If any licensee exercises control over real estate transaction funds, those funds are considered "Trust Funds." RCW 18.85.285(2)

If "Trust Funds" are claimed by more than one party, the Designated Broker must promptly provide written notification to all contracting parties to a real estate transaction of the intent of the Designated Broker to disburse client funds. The notification must include the names and addresses of all parties to the contract, the amount of money held and to whom it will be disbursed and the date of disbursement that must occur no later than 30 consecutive days after the notification date. RCW 18.85.285(9)

This responsibility can be delegated in writing to a Branch Manager or a Managing Broker in writing in their log of assignments. The Designated Broker is always ultimately responsible for duties delegated.

The Designated Broker is required to keep accurate trust account records. WAC 308-124C-105 These include:

- Duplicate recording of all receipts, sequentially numbered checks with check register, cash disbursements journal or check stubs
- Client's accounting ledger summarizing all monies received and disbursed for each real estate or business opportunity transaction, property mgmt account or mortgage collection account with separate ledger sheets
- Reconciled bank statements and canceled checks

The Designated Broker with regards to client money must according to WAC 308-124C-125

- Ensure monthly reconciliation of trust account bank records are completed, up to date and accurate
- Ensure that the trial balance and the reconciliation show the account(s) are in balance
- Ensure policies or procedures are in place to account for safe handling of customer or client funds or property

Time limits for delivery of client funds must be adhered to under WAC 308-124E-100. All Brokers and managing Brokers will deliver or transmit all records agreements and funds to the appropriate Managing Broker, Branch Manager or Designated broker within the SHORTER of the following:

- Two business days (not Saturday, Sunday or legal Holidays) or
- Sooner if the written terms necessitate quicker delivery.

All checks received as Earnest Money, security or damage deposits, rent, lease payments, contract or mortgage payments on real property of business opportunities shall be made payable to the real estate firm as licensed unless it is mutually agreed in writing that the deposit shall be paid to the lessor, the seller, or an escrow agent named in the agreement. The Designated Broker shall retain a copy of the written agreement. WAC 308-124D-200

# Administration of Funds Held in Trust

## General Procedures WAC 308-124E-105

The Designated Broker is responsible for the administration of trust funds and account including:

- Depositing
- Holding
- Disbursing
- Receipting
- Posting
- Recording
- Accounting to Principals
- Notifying Principals and cooperating licensees of material facts
- Reconciling and properly setting up a trust account.

Bank account must be designated as trust account with firm or assumed name. Interest must be recorded, there must be an audit trail of all funds, the Designated Broker is responsible for all funds, funds must be deposited not later than the first banking day after receipt, funds shall be in a permanent record, funds must identify the source and transaction, client's ledger sheets must show any funds, all credit entries must be identified (i.e. earnest money, down payment, rent, interest, etc), the bank account balance must balance, there must be a trial balance, disbursements shall be made by check or electronic transfer specifying the transaction, deposits must be verified before disbursements made, wire transfers must have hard copy, wire transfers must have copy of instructions in files, voided checks on the trust account shall be defaced and retained, commissions paid to another firm may come from trust account.

Disbursements from the trust account must pertain to a specific real estate transaction. No disbursements from the trust account are to be made in payment of a commission owned to licensees or for business expenses or bank charges.

The Designated Broker is responsible for handling the trust funds according to WAC 308-124C-125

## Trust funds held for Real Estate or Business Opportunity WAC 308-124E-110

Trust account bank accounts, deposit slips, checks and signature cards must have the firm or assumed name as licensed. The accounts are to be interest bearing. The firm shall maintain a pooled interest-bearing trust account identified as the housing trust fund account for deposit of trust funds \$10,000 or less. Interest from this account is paid to the DOL.

The licensee shall disclose in writing to parties depositing more than \$10,000 that they have an option to have it in a separate interest-bearing trust account with the interest paid to that party or in the pooled interest-bearing account.

A separate check drawn on the trust account is made payable to the firm as licensed for each commission after the final closing.

No disbursement shall be made in advance of closing to any person for any reason without a written release from both the purchase and seller; except that:

- If the agreement terminated according to its own terms prior to closing, disbursement of funds shall be by the agreement without a written release and
- Funds may be disbursed to the escrow agent designated in writing by the purchase and seller to close the transaction reasonably prior to the date of closing in order to permit checks to clear.

## Property Management

Properties managed by the firm must be supported by a written management agreement signed by the Designated Broker and the owner. WAC 308-124D-215

Property management agreements must include:

- The firm's compensation
- The type of property and number of units
- Whether or not the firm is to collect and disburse funds and for what.
- Authorization if any to hold security deposits
- Frequency of submitting summary statements to the owner

Each owner of property managed by the firm must be provided a summary statement as provide in the property management agreement for eac property showing the carried balance, total rent receipts, owner contributions, other receipts, itemization of all expenses paid, number of units and ending balance.

The firm may provide other service for the owners of properties with full disclosure of Broker's relationship with any parties providing services.

Any amendment of modification to the property management agreement must be in writing.

### Property Management Trust Funds

Trust accounts for property management transactions are exempt from the interest-bearing requirement of RCW 18.85.285.

Interest-bearing accounts may be established for Property Management funds if in writing for an individual owner established in writing with interest to accrue to the owner and for only damage or security deposits for tenants of residential properties managed by the firm with interest paid to the owner under certain provisions under the Landlord-Tenant Act RCW 59.18.270.

Mortgage payments for the owner are not permitted to be deducted from the trust account if it contains security deposits or funds belonging to more than one client.

A single check maybe be payable to the firm for property management fees and commissions if supported by a schedule of commissions. Property management commission shall be withdrawn at least once monthly.

When the property management agreement is terminated, the funds shall be disbursed according to the agreement including the damage or security deposited.

# Quiz for Transition Class

Complete answers on this form. Mail or scan to Professional Direction with Evaluation.

1. After July 2010, the Salesperson license will be recognized by the Dept of Licensing as a Broker's License. True / False
2. All responsibilities a Designated Broker delegates to a Managing Broker must be in writing. True/False
3. All real estate Salespersons will have to take a test prior to July 2010 to comply with the new law to have the title of Broker. True / False
4. To obtain a Managing Brokers license, a Broker must take 120 hours after July 2010. True / False
5. Only new real estate brokers will be required to have fingerprint and background checks when new law takes effect in July 2010. True / False
6. If you have been fingerprinted by another agency, it will automatically transfer to the Real Estate Department of Licensing. True / False
7. A real estate salesperson can use the title, Broker, on advertising after July 2010. True / False
8. A Broker can own and manage a real estate firm after July 2010. True / False
9. Those who want to become Brokers after July 2010 are required to take Fundamentals AND Practices before taking the exam. True / False
10. Contracts drafted by Brokers in RE for less than 2 years must be initialed by a Managing Broker delegated that responsibility. True / False
11. Associate Brokers can choose whether or not to be Managing Brokers after July 2010. True / False
12. Designated Brokers can delegate responsibilities including balancing trust accounts to Managing Brokers. True / False
13. If you want to be a Designated Broker after July 2010 you are required to take a test, have experience, and own a brokerage. True / False
14. The Department of Licensing will register Designated Brokers . True / False
15. In order to be a Branch Manager, a Broker must be a Managing Broker. True / False
16. A Branch Manager responsibilities must be delegated in writing by the Designated Broker of the Firm. True / False

17. For the first time, all real estate Firms will be required to have a license under the new laws after July 2010. True / False
18. The Designated Broker for a Firm must provide proof of ownership interest to the Department of Licensing after July 2010. True / False
19. Only the Designated Broker can delegate responsibilities to a Managing Broker to supervise new Brokers. True / False
20. When a Designated Broker delegates responsibilities to a Branch Manager, the Designated Broker remains ultimately responsible. True / False
21. The Designated Broker can delegate responsibility for the handling of trust account records to a Broker. True / False
22. A Designated Broker or the Managing Broker with written duties, must initial all contracts by new Brokers within 5 days. True / False
23. All transaction records must be kept by the Designated Broker for 7 full years according to the Department of Licensing. True / False
24. Transaction files kept by the Designated Broker only need to contain the contract and the closing statement. True / False
25. A Managing Broker that leaves a firm, must give the Designated Broker written notification of Termination. True / False
26. Termination can be conditions on the performance of some contract or payment of commission. True / False
27. A firm must have the name on all advertising by Brokers with the Firm Name as "clear and conspicuous." True / False
28. The firm name must be on all advertising done by a broker. True / False
29. Any real estate transaction funds that a Broker exercises control over are considered "trust funds." True / False
30. A Designated Broker holding funds in trust can provide written notification to all parties and choose how to disburse funds. True / False
31. The Designate Broker is ultimately responsible for all trust funds that are held in the Firms separate bank account. True / False
32. Properties managed by a Firm or a Broker within a firm, must have a written management agreement. True / False
33. A Firm's property management agreement must contain the type of property and the number of units. True / False
34. A team can advertise using an "assumed name" if the Designated Broker approves and registers the name with the Dept of Licensing. True / False

35. A Designated Broker is a Managing Broker with an “endorsement” from the Department of Licensing. True / False
36. A Designated Broker must have a written log of assignments that he/she has delegated to Managing Brokers. True / False
37. The fees to renew a Salesperson license will increase by 10% because the title will change to Broker. True / False
38. A Broker can be delegated responsibilities to be a Branch Manager. True / False
39. If a fingerprint card is rejected, the licensee has 21 calendar days after written notice, to submit a new card. True / False
40. When applying for a first time real estate license, an applicant must have a high school diploma or equivalent. True / False
41. All real estate licensees are required to take the Transition Course to renew their license after July 2010. True / False
42. New Brokers licensed less than 2 years must submit all contracts to the Designated Broker or delegate within 5 days. True / False
43. A Designated Broker can act as the Designated Broker for only one firm. True / False
44. All real estate records must be kept at an address or readily retrievable where the real estate Firm is licensed. True / False
45. The Designated Broker is required to keep all records available for the Department of Licensing for a minimum of 7 years. True / False
46. A written policy must be written by the Designated Broker regarding referral of home inspectors. True / False
47. All new Brokers after July 2010 will be required to take 90 clock hours of continuing education before their first renewal. True / False
48. Real estate Salespersons licensed prior to July 2010 will be required to take 90 clock hours to renew their license after July 2010. True / False
49. The Core Curriculum class is required for all licensees for each renewal. True / False
50. The Firm name is required on all internet advertising for Brokers. True / False

You must attach this to the Mandatory Evaluation and return to Professional Direction with tuition to get clockhours.

Your name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

## Mandatory Evaluation

Did you read the material in the booklet on this date? YES / NO

Did you complete the quiz and attach answer sheet? YES / NO

Did you fill out and sign this form? YES / NO

Did you enclose Tuition (\$30 for 3 hrs) YES / NO

Paid by Check or Visa/MC # \_\_\_\_\_ exp \_\_/\_\_/\_\_\_\_print clearly      PayPal avail on website!

Why did you choose to take this course? Topic? Time? Cost? Ease? Other?

A "clock hour" is 50 minutes. This 3 hour class should take about 2 hrs 30 min. How long did it take you to complete the course? \_\_\_\_\_

	No			Yes	
Will the material you learned improve your performance?	1	2	3	4	5
Were the course materials easy to follow?	1	2	3	4	5
Were the course materials relevant to your profession?	1	2	3	4	5
Were your objectives met by attending the class?	1	2	3	4	5

What are 3 things that you learned from the course?

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

<b>Transition Class</b>		
Print Name CLEARLY	Signature	Company
Address	City Zip Code	Phone
Twitter name @	Email	
License Renewal Date	Date Class taken	Notes

*Thanks for taking this class! I really appreciate the agents that take clockhours from my school! I am always working on my classes and writing new ones!*

**Professional Direction, 13148 Holmes Pt Dr NE, Kirkland, WA 98034 phone: (425) 821-8585 email: clockhours@gmail.com**

**[www.clockhours.com](http://www.clockhours.com)**