

**QUESTION & ANSWER
FOR THE NEW 18.85 RCW
June 22, 2010**

In the last Q & A we told you the Real Estate Commission recently approved revisions to some of the July 2010 real estate rules contained in Chapter 308-124 of the Washington Administrative Code. The revised rules may be found at our web site at: www.dol.wa.gov/business/realestate/rerulechanges.html.

The revisions are occurring as a result of concerns raised by real estate industry practitioners regarding certain aspects of the rules. Because of the expressed concerns, the real estate program staff met with industry representatives and reviewed many emails from industry practitioners. The extensive input resulted in the real estate program staff clarifying and revising parts of some rules. The rule changes will not be fully effective until late summer, but the real estate program staff will use the revisions as guidelines as of July 1, 2010.

QUESTION: I am an active real estate licensee and I am very confused about the requirements regarding submitting documents to my firm. What must I submit and to whom do I submit the documents?

ANSWER: All brokers and managing brokers must deliver transaction documents and brokerage service contracts to their firm's designated broker or to a managing broker delegated by the designated broker to receive the documents and contracts. These transaction documents must be delivered within two business days of mutual acceptance.

The documents and contracts may be delivered in hard copy format or electronic format. Some of the common mutually accepted brokerage service contracts includes listings, representation agreements, purchase and sales agreements, option agreements, leases, and property management agreements.

QUESTION: So, as a designated broker, I am to expect all of my affiliated licensees to deliver mutually accepted transaction documents and brokerage service contracts to me or my designee within **two** business days. What am I supposed to do with all of these documents?

ANSWER: First, if the delivered documents are from an affiliated licensee who became licensed for the first time after June 30, 2010, you have definite review requirements. For these less experienced licensees, you or your delegated managing broker must review all of their delivered brokerage service contracts within **five** business days of mutual acceptance. So, if contracts are delivered on the second business day after mutual acceptance, you must complete a review of them within three more business days.

Second, you or your delegated managing broker must maintain documented proof that the required review was accomplished. This proof of review must be kept at your firm's record location in a format that works with your record retention and is available for review by a department staff.

There is no required review of delivered brokerage service contracts written by real estate licensees who became licensed before July 1, 2010 or have been licensed for more than two years. However, remember that the designated broker is ultimately responsible for the real estate activities of all of their affiliated licenses. Therefore, you may wish to adopt a business model that includes reviewing all delivered brokerage service contracts.

Also, please remember that you are required to keep all transaction records for three years for review by representatives of the Department of Licensing. In addition to the mutually accepted contracts, the transaction folders should contain receipts, closing statements, and material correspondence.