



LAWS OF ALASKA

1974

Source

SCS CSHB 248 (Judiciary)

Chapter No.

143

AN ACT

Establishing a real estate surety fund; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 45 is amended by adding a new chapter to read:

CHAPTER 85. REAL ESTATE SURETY FUND.

Sec. 45.85.010. REAL ESTATE SURETY FUND. There is created a special account in the general fund known as the real estate surety fund to carry out the purposes of this chapter. The fund shall be composed of payments made by licensed real estate brokers and salesmen under sec. 20 of this chapter. The fund may not exceed \$300,000, and amounts in the fund in excess of \$250,000 may be appropriated for real estate educational purposes as provided in AS 08.88.091.

Sec. 45.85.020. PAYMENTS BY REAL ESTATE BROKERS AND SALESMEN. (a) A licensed real estate broker or associate broker, when obtaining or renewing his real estate license, in lieu of obtaining a corporate surety bond, shall pay to the commissioner of commerce in addition to the license fee, a bond fee not to exceed \$125, and a licensed salesman, when obtaining or renewing his license, in lieu of obtaining a corporate surety bond, shall pay to the commissioner in addition to the license fee, a bond fee not to exceed \$40. After the fund reaches \$250,000 the commissioner shall by regulation adjust the bond fees so that, taking into account anticipated expenditures for claims against the fund and real estate educational purposes, the fund is maintained at a level not less than \$250,000.

(b) All fees collected under this section shall be paid at least once a month by the commissioner into the

general fund. These payments shall be credited to the real estate surety fund.

Sec. 45.85.030. APPLICATION FOR PAYMENT. (a) When a person obtains a final judgment in a court against a real estate broker or salesman licensed under AS 08.88 on grounds of fraud, misrepresentation, deceit or conversion of trust funds arising directly out of a transaction when the judgment debtor was licensed and performed acts for which a license is required under AS 08.88, the person may file a verified application in the court in which the judgment was entered for an order directing payment out of the real estate surety fund of the amount of actual direct damages, plus costs of obtaining judgment, up to the sum of \$10,000 of the amount unpaid upon the judgment and costs. However, not more than \$10,000 may be paid for each transaction regardless of the number of persons injured or the number of parcels of real estate involved in the transaction. A copy of the verified application shall be served upon the commissioner and a certificate or affidavit of service filed with the court.

(b) Applications for payment from the fund shall be made to the commissioner within one year from the date that the judgment becomes final.

Sec. 45.85.040. PAYMENT. (a) If judgment has not been paid within 30 days after its entry, the court shall order payment out of the real estate surety fund.

(b) The commissioner may, subject to court approval, compromise a claim based upon the application and judgment. He is not bound by a prior compromise or stipulation of the judgment debtor.

Sec. 45.85.050. COURT ORDER. If the court finds after the hearing that the claim should be levied against the fund allocated for the purpose of carrying out the provisions of this chapter, it shall enter an order directed to the commissioner requiring payment from the real estate surety fund of the sum it finds to be payable on the claim in accordance with this chapter.

Sec. 45.85.060. MAXIMUM LIABILITY. (a) The maximum liability of the real estate surety fund does not exceed \$50,000 for any one broker or salesman.

(b) If the \$50,000 liability of the fund as provided in (a) of this section is insufficient to pay in full the valid claims of all persons who have filed claims against one broker or salesman, the \$50,000 shall be distributed among the claimants in the ratio that their individual claims bear to the aggregate of valid claims, or in another manner that the court considers equitable. Distribution shall be among the persons entitled to share in the recovery, without regard to the order of priority in which their judgments were obtained or their claims filed.

Sec. 45.85.070. ORDER OF CLAIM PAYMENT. If the money deposited in the real estate surety fund is insufficient at a given time to satisfy a duly authorized claim against the fund, the commissioner shall, when sufficient money has been

deposited in the fund and appropriated, satisfy unpaid claims in the order that the claims were originally filed, plus accumulated interest at the rate of eight per cent a year.

Sec. 45.85.080. FALSE CLAIMS OR DOCUMENTS. A person who files with the commissioner a notice, statement or other document required under this chapter which contains a wilful material misstatement of fact, is guilty of a misdemeanor and is punishable by imprisonment for a period of not more than one year, or a fine of not more than \$1,000, or by both.

Sec. 45.85.090. RIGHT TO SUBROGATION. When the commissioner has paid to a judgment creditor from the real estate fund the sum ordered by the court, the commissioner shall be subrogated to all of the rights of the judgment creditor to the amount paid and the judgment creditor shall assign all of his right, title and interest in that portion of the judgment to the commissioner. Amounts subsequently realized by the commissioner on the judgment shall be deposited to the fund.

Sec. 45.85.100. PURCHASE OF BOND. Until the amount in the fund reaches \$250,000, the commissioner shall purchase for the fund a bond in an amount sufficient to provide for liability of the fund up to a total of \$250,000.

Sec. 45.85.110. DISCIPLINARY ACTION AGAINST BROKERS AND SALESMEN. This chapter neither limits the authority of the Real Estate Commission to take disciplinary action against any person licensed under AS 08.88, nor does repayment in full of all obligations to the real estate surety fund nullify or modify the effect of disciplinary proceedings brought under the provisions of AS 08.88.

* Sec. 2. AS 08.88.281 is repealed and re-enacted to read:

Sec. 08.88.281. REAL ESTATE SURETY FUND. Before issuing a license to an applicant under this chapter, the board shall determine that the applicant has complied with the provisions of AS 45.85.020 and is covered by the real estate surety fund established in AS 45.85.

* Sec. 3. AS 08.88.071 is amended by adding a new subsection to read:

(b) When a payment is made from the real estate surety fund under AS 45.85 in settlement of a claim or toward satisfaction of a judgment against a licensed broker, associate broker or salesman for fraud, misrepresentation, deceit or conversion of trust funds, the commission, after a proper hearing establishing the misconduct, shall suspend or revoke the license of the broker, associate broker or salesman. The broker, associate broker or salesman may not be reinstated until he has satisfied in full any judgment based on any of the grounds listed in sec. 30 of this chapter.

* Sec. 4. AS 08.88.401(c) is amended to read:

(c) No person may

(1) knowingly authorize, direct, or aid in the publication of a false statement or misrepresentation concerning land or a subdivision or other real estate offered for sale or lease;

(2) with knowledge that an advertisement, pamphlet, or letter concerning land or a subdivision or other real estate contains a written statement that is false or fraudulent, issue, circulate, publish, or distribute it or cause it to be issued, circulated, published, or distributed.

* Sec. 5. This Act takes effect January 1, 1976.