

LIMITED PRACTICE OFFICER RULES OF PROFESSIONAL CONDUCT (LPORPC)

PREAMBLE TO LIMITED PRACTICE OFFICER RULES OF PROFESSIONAL CONDUCT

Limited practice officers receive a limited license to practice law, and are held to the same standard of care as a lawyer when performing the legal services authorized by the LPO license. A lawyer, as a member of the legal profession, is a representative of the client, an officer of the court, and a public citizen having a specific responsibility for the quality of justice. A consequent obligation of lawyers is to maintain the highest standards of ethical conduct. Rules of Professional Conduct for lawyers have been adopted stating fundamental ethical principles which lawyers are professionally obligated to observe. In fulfilling professional responsibilities, an LPO necessarily performs various roles that lawyers otherwise or also perform. Certain of the lawyer Rules of Professional Conduct, as modified to reflect the unique nature of the duties and provisions of APR 12, have been adopted as appropriate rules of professional conduct applicable to LPOs. These rules update standards for LPO conduct and they set forth the minimum standard of conduct required of LPOs. Not every ethical situation that an LPO may encounter can be foreseen; the fundamental ethical principles in the rules are intended to provide minimum standards to assist the LPO in determining the appropriate conduct. So long as LPOs are guided by these principles, their conduct will assist in assuring the law continues to be a noble profession.

SCOPE

The Limited Practice Officer Rules of Professional Conduct, where mandatory in character, state the minimum level of conduct below which no LPO can fall without being subject to disciplinary action. Other LPORPC may afford the LPO some discretion in exercising professional judgment and may provide guidance for compliance, rather than adding mandatory professional obligations.

Failure to comply with an obligation or prohibition imposed by a Rule is a basis for invoking the disciplinary process. The Rules presuppose that disciplinary assessment of an LPO's conduct will be made on the basis of the facts and circumstances as they existed at the time of the conduct in question and in recognition of the fact that an LPO often has to act upon uncertain or incomplete knowledge of the situation. Moreover, the Rules presuppose that whether or not discipline should be imposed for a violation, and the severity of a sanction, depend on all the circumstances, such as the willfulness and seriousness of the violation, extenuating factors and whether there have been previous violations. Violation of a Rule should not itself give rise to a cause of action against an LPO nor should it create any presumption in such a case that a legal duty has been breached. In addition, violation of a Rule does not necessarily warrant any other non-disciplinary remedy, such as disqualification of an LPO in a pending transaction. The Rules are designed to provide guidance to LPOs and to provide a structure for regulating conduct through disciplinary agencies. They are not designed to be a basis for civil liability. Nothing in these Rules is intended to change existing Washington law on the use of rules of professional conduct in a civil action. Cf. *Hizey v. Carpenter*, 119 Wn.2d 251, 830 P.2d 646 (1992)(lawyer

rules of professional conduct do not define standards of civil liability of lawyers for professional conduct, but provide only a public disciplinary remedy).

The Comment accompanying each Rule explains and illustrates the meaning and purpose of the Rule. The Preamble and this note on Scope provide general orientation. The Comments are intended as guides to interpretation, but the text of each Rule is authoritative.

LPORPC 1.0 TERMINOLOGY

The following definitions apply to all rules and regulations governing LPOs under APR 12 except only where a term is expressly differently defined for use in particular provisions of any rule or regulation.

(a) “Belief” or “believes” denotes that the person involved actually supposed the fact in question to be true. A person’s belief may be inferred from circumstances.

(b) “Client(s)” when used in a purchase and sale transaction denotes the buyer and seller and may include the purchase money lender for the same transaction only if the LPO accepts the duty to select, prepare, or complete legal documents for the purchase money loans. When used in a loan-only transaction, whether or not the LPO accepts the duty to select, prepare, or complete legal documents, “Clients” are the borrower and lender.

(c) “Closing Firm” means any bank, depository institution, escrow agent, title company, law firm, or other business, whether public or private, that employs, or contracts for the services of, an LPO for the purpose of providing real or personal property closing services for a transaction.

(d) “Fraud” or “fraudulent” denotes conduct that has a purpose to deceive and is fraudulent under the substantive or procedural law of Washington, except that it is not necessary that anyone has suffered damages or relied on the misrepresentation or failure to inform.

(e) “Knowingly,” “known,” or “knows” denotes actual knowledge of the fact in question. A person’s knowledge may be inferred from circumstances.

(f) “Limited Practice Officer” or “LPO” means a person licensed in accordance with the procedures set forth in APR 12 and who has maintained his or her certification in accordance with the rules and regulations of the Limited Practice Board.

(g) “LPO Services” means those documentation activities for use by others performed by an LPO under the authorization of APR 12(d).

(h) “Party(ies)” or “Participant(s)” in a closing transaction includes persons other than “clients” from whom the LPO accepts instructions or to whom the LPO may make deliveries or disburse funds.

(i) “Reasonable” or “reasonably” when used in relation to conduct by an LPO denotes the conduct of a reasonably prudent and competent LPO performing the same LPO services.

(j) "Reasonable belief" or "reasonably believes" when used in reference to an LPO denotes that the LPO believes the matter in question and that the circumstances are such that the belief is reasonable.

(k) "Reasonably should know" when used in reference to an LPO denotes that an LPO of reasonable prudence and competence would ascertain the matter in question.

(l) "Substantial" when used in reference to degree or extent denotes a material matter of clear and weighty importance.

(m) "Transaction" means any real or personal property closing requiring the involvement of a lawyer or LPO to select, prepare or complete documents for the purpose of closing a loan, extension of credit, sale or other transfer of title to or interest in real or personal property.

(n) "Written" denotes a tangible or electronic record of a communication or representation, including handwriting, typewriting, printing, photostating, photography, audio or video-recording and e mail.

Comment:

LPO services arise from a writing in which the clients have agreed to the basic terms of a transaction (APR 12(e)(1)). In a sale transaction, LPO services arise from a purchase and sale agreement between the buyer and seller. Lenders and others involved (brokers, lien-holders, etc.) are accommodated parties.

In loan-only transactions, LPO services arise from closing instructions between the closing firm, lender and borrower. Thus, the lender and borrower each is a client; lien-holders and non-borrowing owners, etc. are accommodated parties.

LPORPC 1.1 COMPETENCE

An LPO shall provide competent LPO services. Competence requires the knowledge, thoroughness and preparation reasonably necessary to provide the LPO services. Not every LPO is competent to provide LPO services for every transaction.

Comment:

Continuing competence is an ongoing core professional obligation. To maintain the requisite knowledge and skill, an LPO should keep abreast of changes in the law and its practice relevant to LPO duties, engage in continuing study and education and comply with all continuing education requirements to which the LPO is subject. The rule also reminds the LPO that the competence required for a particular transaction is neither universal nor automatic.

LPORPC 1.2 DILIGENCE

An LPO must act with reasonable diligence and promptness in the performance of his or her duties, including the timely preparation of documents required to meet the closing date specified by the clients.

Comment:

Lack of diligence is a professional defect. An LPO's work load must be controlled so that each transaction can be handled competently. However, timely action under this rule should be measured by circumstances under the LPO's control (as distinguished from unreasonable timing demands imposed by employer work load, the parties or the terms of the transaction). Unless the client relationship is terminated as provided in Rule 1.6, an LPO should carry through to conclusion all matters undertaken for a client. See also Rule 1.3, Communication with Clients, *infra*.

LPORPC 1.3 COMMUNICATION WITH CLIENTS

(a) Upon reasonable request, an LPO shall promptly provide relevant information to the clients regarding the documents selected, prepared, and completed for the transaction.

(b) An LPO shall timely notify its clients of omissions or discrepancies in the documentation provided to the LPO which must be resolved before the LPO can provide LPO services in the transaction.

(c) An LPO must inform a client to seek legal advice from a lawyer if the LPO is reliably informed or, based on contact with the client reasonably believes, that the client does not understand or appreciate the meaning or effect of an instrument prepared by the LPO for signature by the client.

Comment:

The performance of LPO services occasionally may require direct communication with multiple clients in a transaction. Proper focus for LPO communication with clients is not as an advocate or advisor, but as necessary to clear up documentary discrepancies and insure that there is an adequate written agreement for the LPO to select, prepare and complete the documentation for the transaction.

See also Rules 1.2, Diligence; 1.6, Declining Services, *infra*.

LPORPC 1.4 CONFIDENTIALITY

These rules do not impose any duty of confidentiality on an LPO. Any LPO duty of confidentiality arising under common law, statute, or contract is not affected by these rules.

LPORPC 1.5 CONFLICT OF INTEREST

(a) An LPO shall not provide LPO services in a transaction where the LPO, or a member of the LPO's immediate family, is either a party or client. For purposes of this rule, "immediate

family” includes a spouse, child, grandchild, parent, grandparent or other relative or individual with whom the LPO maintains a close, familial relationship.

(b) An LPO shall not use information obtained from the provision of LPO services to a client in a transaction for personal gain to the disadvantage of the client.

(c) Where an LPO’s employer is a buyer or seller in a transaction, the LPO shall not provide LPO services unless the LPO provides written notice of the conflict to all other clients and obtains a written waiver of the conflict from all other clients. The notice and waiver shall be substantially in the form below.

As required by rule 1.5 of the Limited Practice Officer Rules of Professional Conduct, you are hereby notified that the limited practice officer providing LPO services for this transaction is employed by {name of closing firm}, which has an interest in this transaction. Specifically, {set forth the closing firm’s interest in the transaction}.

By signing below, you acknowledge that you (1) understand and have received the notice of conflict of interest; (2) have been advised to seek legal counsel if you do not understand the conflict or this waiver; and (3) waive the conflict of interest created by the closing firm having an interest in the transaction.

LPORPC 1.6 DECLINING OR TERMINATING SERVICES

(a) An LPO shall decline to provide LPO services or, where LPO services have commenced, shall terminate LPO services if:

1. The LPO services will clearly result in violation of the Limited Practice Officer Rules of Professional Conduct or other law, including the unauthorized practice of law by the LPO;
2. The LPO’s physical or mental condition materially impairs his or her ability to provide LPO services;
3. The LPO reasonably believes that the documentation requirements of the transaction exceed the LPO’s competence;
4. The LPO is discharged; or
5. A client insists on confidentiality of information disclosed to the LPO to which the LPO cannot agree.

(b) An LPO may refuse to provide LPO services for any other reason, including without limitation the following, if:

- (1) A client persists in a course of action involving the LPO's services that the LPO reasonably believes is criminal or fraudulent or illegal, or that might require the LPO to exceed his or her authority as an LPO;
- (2) A client has used the services of the LPO to perpetrate a crime or fraud;
- (3) A client insists upon pursuing an objective or practice that the LPO reasonably considers repugnant or with which an LPO has a fundamental disagreement;
- (4) A client fails substantially to fulfill an obligation to the LPO regarding the LPO's services and has been given reasonable warning that the LPO will terminate services unless the obligation is fulfilled;
- (5) The LPO services will result in an unreasonable financial burden on the LPO or its services in the transaction have been rendered unreasonably difficult by the clients; or
- (6) Other cause for refusal of services exists. Where the clients are unwilling or unable to correct the situation, other cause for refusal of services may include, but is not limited to: insufficient or conflicting documentation that is not timely corrected by the clients; direction from a client to use forms not approved by the Limited Practice Board or to make unauthorized alterations to approved forms; direction from a client that is inconsistent with the existing documentation; apparent lack of or defect in the capacity of a client or signatory; or failure of the clients to allow sufficient time for competent and orderly performance of LPO services.

(c) Upon termination of an LPO's services, the LPO must take steps to the extent reasonably practicable to protect the clients' interests, such as giving reasonable notice to the clients (as determined by the circumstances of the transaction), advising the clients that they can seek the advice of a lawyer regarding the transaction, allowing time for employment of a lawyer or another LPO where reasonable, and surrendering papers and property to which the clients are entitled if requested and if all LPO fees and costs are paid.

Comment:

The rule first identifies situations where an LPO must decline followed by situations where an LPO may decline to provide LPO services. An LPO ordinarily must decline or terminate services if a client demands that the LPO engage in conduct that is illegal or violates the LPO Rules of Professional Conduct or other law, or in the other enumerated instances.

LPORPC 1.7 TRUTHFULNESS IN STATEMENTS TO OTHERS

In the course of performing LPO services in a transaction, an LPO shall not knowingly fail to disclose all material facts to clients or any parties to the transaction, or make false statements of material facts to clients or any such party.

LPORPC 1.8 UNAUTHORIZED PRACTICE OF LAW

An LPO shall not:

- (a) engage in, or assist others in, the unauthorized practice of law, including the giving of legal advice;
- (b) permit his or her name, signature stamp or LPO number to be used by any other person;
- (c) select, prepare, or complete documents authorized by APR 12 for or together with any person whose LPO certification has been revoked or suspended, if the LPO knows, or reasonably should know, of such revocation or suspension; or
- (d) work as an LPO while on inactive status, or while his or her LPO certification is suspended or revoked for any cause.

Comment:

“Clearly, the selection and completion of legal forms constitutes the practice of law.” *Bowers v. Transamerica Title Insurance Co.*, 100 Wn.2d 582 (1983). Adjudicated cases finding LPO unauthorized practice of law have involved LPO use of unapproved forms and unapproved alterations of approved forms. See *Bishop v. Jefferson Title Co.*, 107 Wn.App 833 (2001). Washington General Rule (GR) 24 sets forth the definition of the practice of law.

LPORPC 1.9 LPO DUTIES AND AUTHORITY ARE NOT DELEGABLE

The powers, duties and responsibilities of an LPO are personal to the LPO and may not be assigned or delegated to a person who is not an LPO. An LPO may be supported and assisted by one or more persons who are not LPOs if the LPO adequately supervises the assistants and retains sole and final responsibility for the work performed by the assistants. An LPO must take all steps reasonably necessary to insure that an assistant's activities do not violate APR 12 and regulations of the Limited Practice Board and are consistent with the LPO's duties under these rules. An LPO must review and approve the assistant's activities and document preparation. An LPO should have no more assistants and support staff than the LPO can adequately directly supervise, to insure that the assistant activities conform to assigned LPO support tasks defined in writing. Nothing in this rule authorizes an LPO assistant to exercise the authority or perform the duties of an LPO independently.

LPORPC 1.10 MISCONDUCT

It is professional misconduct for an LPO to:

- (a) violate or attempt to violate the Limited Practice Officer Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;
- (b) commit a criminal act that reflects adversely on the LPO's honesty, trustworthiness or fitness as an LPO in other respects;

- (c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation;
- (d) willfully disobey or violate a valid court order directing him or her to do or cease doing an act which he or she ought in good faith to do or forbear;
- (e) violate his or her oath as an LPO;
- (f) violate a duty or sanction imposed by or under the Rules for Enforcement of Limited Practice Officer Conduct in connection with a disciplinary matter, including, but not limited to, the duties catalogued at ELPOC 1.5, Violation of Duties Imposed by These Rules;
- (g) engage in conduct demonstrating unfitness to practice as an LPO. “Unfitness to practice” includes but is not limited to the inability, unwillingness or repeated failure to perform adequately the material functions required of an LPO or to comply with the LPORPC and/or ELPOC;
- (h) misrepresent or conceal a material fact made in an application for admission under APR 12 or in support thereof;
- (i) commit any act involving moral turpitude, or corruption, or any unjustified act of assault or other act that reflects disregard for the rule of law, whether the same be committed in the course of his or her conduct as an LPO, or otherwise, and whether the same constitutes a felony or misdemeanor or not; and if the act constitutes a felony or misdemeanor, conviction thereof in a criminal proceeding shall not be a condition precedent to disciplinary action, nor shall acquittal or dismissal thereof preclude the commencement of a disciplinary proceeding.

Comment:

Regarding subparagraph (d), it is common for courts to issue orders to the parties to engage in a transaction involving a closing agent. The LPO should seek legal advice as to whether such orders are valid.

LPORPC 1.11 REPORTING PROFESSIONAL MISCONDUCT

An LPO who knows that another LPO has committed repeated and material violations of the LPORPC should inform the Limited Practice Board.

Comment:

The intent of this rule is to encourage an LPO to report professional misconduct in order to ensure effective self-regulation of LPOs. Examples of misconduct include, but are not limited to use of unapproved forms, unauthorized delegation or performance of LPO duties, use of an LPO’s name, signature stamp or identification number by unlicensed persons, or an LPO acting as an LPO while one’s license is inactive or suspended. If an LPO knows of the unauthorized practice of law by someone other than an LPO, the LPO should report the person to the Practice of Law Board (GR 25).

LPORPC 1.12A SAFEGUARDING PROPERTY

- (a) This Rule applies to (1) property of clients or third persons in the possession of an LPO or a Closing Firm in connection with a transaction, and (2) escrow and other funds held by an LPO or a Closing Firm incident to a transaction. For all transactions in which an LPO under the authorization set forth in APR 12(d) or a lawyer has selected, prepared, or completed documents, the LPO must insure that all funds received by the closing firm incidental to the closing of the transaction, including advances for costs and expenses, are held and maintained as set forth in this rule.
- (b) An LPO or a Closing Firm must not use, convert, borrow or pledge client or third person property for the LPO's or Closing Firm's own use.
- (c) An LPO or Closing Firm must hold property of clients and third persons separate from the LPO's and Closing Firm's own property.
 - (1) An LPO or Closing Firm must deposit and hold in a trust account funds subject to this Rule pursuant to paragraph (i) of this Rule.
 - (2) An LPO or Closing Firm must identify, label and appropriately safeguard any property of clients or third persons other than funds. The LPO or Closing Firm must keep records of such property that identify the property, the client or third person, the date of receipt and the location of safekeeping. The LPO or Closing Firm must preserve the records for seven years after return of the property.
- (d) An LPO or Closing Firm must promptly notify a client or third person of receipt of the client or third person's property.
- (e) An LPO or Closing Firm must promptly provide a written accounting to a client or third person after distribution of funds or upon request. An LPO or Closing Firm must provide at least annually a written accounting to a client or third person for whom the LPO or Closing Firm is holding funds.
- (f) Except as stated in this Rule, an LPO or Closing Firm must promptly pay or deliver to the client or third person the property which the client or third person is entitled to receive.
- (g) If an LPO or Closing Firm possesses property in which two or more persons (one of which may be the LPO or Closing Firm) claim interests, the LPO or Closing Firm must maintain the property in trust until the dispute is resolved. The LPO or Closing Firm must promptly distribute all undisputed portions of the property. The LPO or Closing Firm must take reasonable action to resolve the dispute, including, when appropriate, interpleading the disputed funds.
- (h) An LPO or Closing Firm must comply with the following for all trust accounts:

- (1) No funds belonging to the LPO or Closing Firm may be deposited or retained in a trust account except as follows:
 - (i) funds to pay bank charges, but only in an amount reasonably sufficient for that purpose;
 - (ii) funds belonging in part to a client or third person and in part presently or potentially to the LPO or Closing Firm must be deposited and retained in a trust account, but any portion belonging to the LPO or Closing Firm must be withdrawn at the earliest reasonable time; or
 - (iii) funds necessary to restore appropriate balances.
- (2) An LPO or Closing Firm must keep complete records as required by Rule 1.12B.
- (3) An LPO or Closing Firm may withdraw funds when necessary to pay client costs. The LPO or Closing Firm may withdraw earned fees only after giving reasonable notice to the client of the intent to do so, through a billing statement or other document.
- (4) Receipts must be deposited intact.
- (5) All withdrawals must be made only to a named payee and not to cash. Withdrawals must be made by check or by bank transfer.
- (6) Trust account records must be reconciled as often as bank statements are generated or at least quarterly. The LPO or Closing Firm must reconcile the check register balance to the bank statement balance and reconcile the check register balance to the combined total of all client ledger records required by Rule 1.12B(a)(2).
- (7) An LPO or Closing Firm must not disburse funds from a trust account until deposits have cleared the banking process and been collected.
- (8) Disbursements on behalf of a client or third person may not exceed the funds of that person on deposit. The funds of a client or third person must not be used on behalf of anyone else.
 - (i) Trust accounts must be interest-bearing and allow withdrawals or transfers without any delay other than notice periods that are required by law or regulation. In the exercise of ordinary prudence, the LPO or Closing Firm may select any bank, savings bank, credit union or savings and loan association that is insured by the Federal Deposit Insurance Corporation or National Credit Union Administration, is authorized by law to do business in Washington and has filed the agreement required by rule 15.4 of the Rules for Enforcement of Lawyer Conduct. Trust account funds must not be placed in mutual funds, stocks, bonds, or similar investments.

- (1) When client or third-person funds will not produce a positive net return to the client or third person because the funds are nominal in amount or expected to be held for a short period of time the funds must be placed in a pooled interest-bearing trust account known as an Interest on Lawyer's Trust Account or IOLTA. The interest accruing on the IOLTA account, net of reasonable check and deposit processing charges which may only include items deposited charge, monthly maintenance fee, per item check charge, and per deposit charge, must be paid to the Legal Foundation of Washington. Any other fees and transaction costs must be paid by the LPO or Closing Firm. An LPO or Closing Firm may, but shall not be required to, notify the parties to the transaction of the intended use of such funds.
- (2) Client or third-person funds that will produce a positive net return to the client or third person must be placed in one of the following unless the client or third person requests that the funds be deposited in an IOLTA account:
 - (i) a separate interest bearing trust account for the particular client or third person with earned interest paid to the client or third person; or
 - (ii) a pooled interest bearing trust account with sub accounting that allows for computation of interest earned by each client or third person's funds with the interest paid to the appropriate client or third person.
- (3) In determining whether to use the account specified in paragraph (i)(1) or an account specified in paragraph (i)(2), an LPO or Closing Firm must consider only whether the funds will produce a positive net return to the client or third person, as determined by the following factors:
 - (i) the amount of interest the funds would earn based on the current rate of interest and the expected period of deposit;
 - (ii) the cost of establishing and administering the account, including the cost of the LPO or Closing Firm services and the cost of preparing any tax reports required for interest accruing to a client or third person's benefit; and
 - (iii) the capability of financial institutions to calculate and pay interest to individual clients or third persons if the account in paragraph (i)(2)(ii) is used.
- (4) As to IOLTA accounts created under paragraph (i)(1), the LPO or Closing Firm must direct the depository institution:
 - (i) to remit interest or dividends, net of charges authorized by paragraph (i)(1), on the average monthly balance in the account, or as otherwise

computed in accordance with an institution's standard accounting practice, monthly, to the Legal Foundation of Washington;

- (ii) to transmit with each remittance to the Foundation a statement, on a form authorized by the Washington State Bar Association, showing details about the account, including but not limited to the name of the LPO or Closing Firm for whom the remittance is sent, the rate of interest applied, and the amount of service charges deducted, if any, and the balance used to compute the interest, with a copy of such statement to be transmitted to the depositing LPO or Closing Firm; and
- (iii) to bill fees and transaction costs not authorized by paragraph (i)(1) to the LPO or Closing Firm.

(j) Notwithstanding any provision of any other rule, statute, or regulation, escrow and other funds held by an LPO, or the Closing Firm, incident to the closing of any real or personal property transaction are funds subject to this rule regardless of how the LPO, Closing Firm, or party(ies) view the funds.

[Amended effective 01/14/2014.]

LPORPC 1.12B REQUIRED TRUST ACCOUNT RECORDS

(a) An LPO or Closing Firm must maintain current trust account records. They may be in electronic or manual form and must be retained for at least six years after the events they record. At minimum, the records must include the following:

- (1) Checkbook register or equivalent for each trust account, including entries for all receipts, disbursements, and transfers, and containing at least:
 - (i) identification of the client matter for which trust funds were received, disbursed, or transferred;
 - (ii) the date on which trust funds were received, disbursed, or transferred;
 - (iii) the check number for each disbursement;
 - (iv) the payor or payee for or from which trust funds were received, disbursed, or transferred; and
 - (v) the new trust account balance after each receipt, disbursement, or transfer;
- (2) Individual client ledger records containing either a separate page for each client or an equivalent electronic record showing all individual receipts, disbursements, or transfers, and also containing:

- (i) identification of the purpose for which trust funds were received, disbursed, or transferred;
 - (ii) the date on which trust funds were received, disbursed or transferred;
 - (iii) the check number for each disbursement;
 - (iv) the payor or payee for or from which trust funds were received, disbursed, or transferred; and
 - (v) the new client fund balance after each receipt, disbursement, or transfer;
- (3) Copies of any agreements pertaining to fees and costs;
 - (4) Copies of any statements or accountings to clients or third parties showing the disbursement of funds to them or on their behalf;
 - (5) Copies of bills for legal fees and expenses rendered to clients;
 - (6) Copies of invoices, bills or other documents supporting all disbursements or transfers from the trust account;
 - (7) Bank statements, copies of deposit slips, and cancelled checks or their equivalent;
 - (8) Copies of all trust account client ledger reconciliations; and
 - (9) Copies of those portions of clients' files that are reasonably necessary for a complete understanding of the financial transactions pertaining to them.

(b) Upon any change in the LPO or Closing Firm practice affecting the trust account, including dissolution or sale of a Closing Firm business, or suspension or other change in the license status of an LPO, the LPO or Closing Firm must make appropriate arrangements for the maintenance of the records specified in this Rule.

Comment:

[1] LPOs must assure that IOLTA accounts are used in any transaction involving the practice of law for others. In addition to closings where legal documents have been selected, prepared or completed by LPOs, IOLTA accounts must hold funds for closings involving legal documents prepared by lawyers. Such transactions would include extensions of credit with loan documents prepared by a lender's lawyer, as well as sale closings with deeds and other legal documents prepared by the clients' lawyers.

[2] The Escrow Agent Registration Act under RCW 18.44 provides procedures for trust account recordkeeping substantially similar to the provisions contained within LPORPC 1.12B. Compliance with the provisions under RCW 18.44 should meet the provisions of this rule.

(Adopted January 1, 2009)