Escrow Association of Washington, Inc.

P O Box 1850, Milton, WA 98354

April 28, 2008

Ronald R. Carpenter
Supreme Court Clerk
Temple of Justice
P O Box 40929
Olympia, WA 98504-0929

Re: Proposed Amendments to APR 12 and 12.1
Proposed New LPO Rules of Professional Conduct

Dear Mr. Carpenter:

The Limited Practice Board has proposed new LPO Rules of Professional Conduct and Amendments to APR 12 and 12.1, which have been forwarded to the Supreme Court for review and approval. In May, 2007, our association sent its comments on the proposed changes to the Limited Practice Board, and we would like to share those comments with the Court for consideration. The enclosed comments were prepared as an overall consensus of the Escrow Association of Washington members and members of the settlement industry at large. The comments were prepared after several open meetings and workshops where industry practitioners were encouraged to review the changes and speak openly about their concerns and the impact the changes would have on them individually and for their businesses.

The overriding general response to the proposals was that they blurred the line even more that distinguishes the responsibility and duties of a limited practice officer under APR 12(d) from other responsibilities and even regulation by government agency for escrow and title companies, banks and financial institutions. It is a grave concern for our membership and the at large closing community. Those that would regulate, or would create rules for regulation and license, should themselves be clear about exactly what is required and narrow the scope of their rulemaking for that reason.

We ask that you carefully consider the attached comments. We respect the self-regulation concept inherent in the legal profession (RPC Preamble [10] and [11]) and would ask that that concept be limited solely to the duties outlined in APR 12(d).

Finally, we recognize the considerable time and effort that went into these proposed changes. Achievement of the status of Limited Practice Officer is no small task. We accept that it is a requirement to be able to do the 'whole' job of escrow closing--but that 'limited' portion of the overall task of closing an escrow transaction rates high on the professional scale.

Sincerely,

Escrow Association of Washington, Inc.

Robert Golden
President

encl.

Response to proposed changes to APR 12 and the introduction of LPO RPC

APR 12

Universal change from "closing officer" to "limited practice officer" is both beneficial and clarifies the function as belonging to APR 12 for document preparation and not to the closing industry for the broader responsibility of escrow closing.

Reference to LPORPC 1.12A and B should be changed to only LPORPC 1.12 based on suggested changes to those sections of the LPORPC.

Under APR 12(d) as proposed to be amended, there is the addition of powers of attorney and the language "or in anticipation of". There is further explanation regarding the reasoning for providing a new form of power of attorney language which would be added to the approved forms list (or a new form in its entirety). Please note that although this form may sound like a good idea, the greater percentage of LPOs reviewing the same did not agree. Without benefit of actual agreement of the parties to identify a specific property, the opportunity to draw a document for someone walking in off the street creates too much liability. An LPO is not likely to prepare a form for someone walking in off the street (or even a good real estate agent/broker customer), not having established a transaction file for a specific property. Further, an LPO does not customarily become involved in a transaction until the actual written agreement has been executed between the parties. Therefore, the suggestion would be to have this form available to the real estate agents or brokers by some form of approved addendum. If the LPO Board insists on creating the form, it should be advised that although available, it will not be used with the degree of confidence shown in the Explanatory/Purpose Statement under APR 12(d).

As to APR 12(e) under the disclosure requirements, the power of attorney in anticipation would call for a disclosure for that document alone. Subsequently, if and when LPO services would be required to support the eventual written agreement, then another disclosure would be necessary at that time.

LPO RPC

Suggested changes to the proposed LPO Rules of Professional Conduct are attached hereto and made a part by reference. Considerable thought has been given to the proposed rules and their impact on the ability of a limited practice officer to perform the limited legal function of document selection, preparation or completion. Further, no comment review would be sufficient without identifying the apparent violation of the separation of powers doctrine. The process of closing a real or personal property transaction, as opposed to the portion of the process which involves documents selection and preparation, is subject to legislative oversight by other governmental agencies. This includes the management and safe accounting practices for trust and operating accounts governed by RCW 18.44 and RCW 48.29. Justice Barbara Durham, Acting Chief Justice, in a letter to the Washington State Bar Association, November, 1994, stated: *"....the Bar should comment on how the rule could be amended to coordinate the regulation of the LPO's practice of law with the obligations imposed by RCW 18.44 on designated escrow officers. The proposed amendment....should avoid even the appearance of violating the separation of powers doctrine. In particular, it should not appear to usurp the legislative function of regulating escrow and title companies, banks and financial institutions."*

In proposing the new rules, the Limited Practice Board has advised of a concern in increase in complaints involving LPOs which formerly numbered 3-4 complaints per annum and now may be as high as 10-13 complaints. Overall the fact that the numbers are increasing is noteworthy; however, the number of LPOs has increased to approximately 1200. If those limited practice officers handle even 20 transactions monthly in which LPO services are necessary, that would be 24,000 monthly LPO service events and 288,000 annual LPO service events. That's less than 1/10 of 1% of the transactions. Even then, the time required for LPO services relative to the process of an entire closing transaction is less than 5%.

Further, the inclusion of jurisdiction over the trust accounting function, beyond IOLTA accounting, is of considerable concern. The fact that attorneys have not had any trust account regulation, should not be reflected in a concern for a need in an industry which *has had regulation* governing such function and been subjected to audits on a regular basis, apparently long before the legal profession. APR 12 as it now exists does not have authority over trust accounting except as to IOLTA. The attempt to create a new rule which would do so, and incorporate that reference into APR 12, is inconsistent with the constitutional concept of separation of powers. We request that any reference to trust accounting procedures, other than those which previously existed under APR 12.1 be deleted in their entirety as attached.

As an industry, we appreciate the Limited Practice Board's concern for the protection of the limited practice officer and the public. That reasoning, however, should not be used under the impression that LPO services constitute more to a transaction than they do. Many of the changes that we are requesting to the proposed rules, are to clarify the difference between the function of a limited practice officer under APR 12(d) and that of a closing function not otherwise governed by that rule. There should not be a blurring of the lines of distinction for the Limited Practice Board, especially since there are to be further disciplinary rules developed (see LPO RPC 1.10 Explanatory Note), between the function of an escrow officer and a limited practice officer. The functions for the closing process go beyond the scope of APR 12 to include, but not be limited to, receipting of money, disbursement of money, coordination with all parties, closing escrow instructions, FIRPTA and 1099S. There is also federal jurisdiction when closing a loan subject to RESPA (Real Estate Settlement Procedures Act).

We ask that the Court review the requested changes knowing that the proposed rules were reviewed and discussed thoroughly by the industry and limited practice officers who are employed by various closing firms and have offered their concerns based on combinations of many years of experience as well as new to the industry. The duties and responsibilities of a limited practice officer are unique and there is substantial pride in achieving the status of an LPO. The attached changes are requested with the focus of continued professionalism and trust in the rule making process, one segment of the legal professional to another.

Comments and Reponses to the Proposed LPO Rules of Professional Conduct

LPO RPC 1.0 TERMINOLOGY

(b) "Party(ies)" when used in a purchase and sale transaction denotes the buyer and seller and may include a purchase money lender for the same transaction only if the limited practice officer accepts the duty to select, prepare, or complete legal documents for the purchase money loan(s). When used in a loan-only transaction, whether or not the limited practice officer accepts the duty to select, prepare, or complete legal documents, "Party(ies)" are the borrower and lender.

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[Comment to changes] LPOs feel strongly that they do not have "clients" and that a reference to "client" implies an agency or advocacy relationship, which would remove the LPO from the neutral third-party position in a transaction. Although it is acknowledged that some common phrases or discussions use that word (pay attention to any conversation regarding or including real estate agents/brokers, attorneys or lending professionals, or marketing personnel for the same), Closing Firms have customers and LPOs have "party(ies)" to the transaction.
Further, there may be more than one loan involved in a transaction, the source of which may be an institutional lender or a "party" to the transaction, thus the reference to pluralizing re purchase money loan(s)

(h) "Participant(s)" in a closing transaction includes persons other than "Party(ies)" from whom the limited practice officer may accept instructions or to whom the limited practice officer may provide LPO Services.

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[Comment to changes] As suggested deletion of "client(s)" substituted "party(ies)", then this definition leaves "Participant(s)" which is acceptable. The definition for LPO Services does not include the responsibility to make deliveries or disburse funds. Those activities fall into the process of closing the transaction; however, LPOs are requested to provide LPO Services for other than the Party(ies) to the transaction.]

(i) "Reasonable" or "reasonably" when used in relation to conduct by a limited practice officer denotes the conduct of a reasonably prudent and competent limited practice officer.

Deleted: performing the same LPO services

[Comment to changes] RPC 1.0 Terminology does not include any reference to performance of the same legal services. Again, LPOs should not be held to a standard higher than attorneys, if applicable. (same standard)

(m) "Transaction" means any real or personal property conveyance requiring the involvement of a lawyer or limited practice officer 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.

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[Comment to changes] Definition is taken from APR 12.1 with the change of the word conveyance to closing. Closing is undefined and commonly used to refer to the entire process of completing a Transaction, beyond the providing of LPO services. Prior definition should not be changed.

LPO RPC 1.1 COMPETENCE

A limited practice officer shall provide competent LPO services. A limited practice officer is presumed to be competent when the limited practice officer has the education, experience and training necessary for the transaction.

Deleted: Not every limited practice officer is competent to provide LPO services for every transaction

[Comment to changes] RPC 1.1, Comment [4] provides: "the requisite level of competence can be achieved by reasonable preparation". No procedural basis is achieved by stating the obvious, either for LPO services or for legal services of an attorney.

LPO RPC 1.2 DILIGENCE

A limited practice officer must act with reasonable diligence and promptness in the performance of his or her duties in providing LPO services.

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[Comment to changes] Reasonable diligence and promptness implies timely preparation. The latter section is redundant to the first section. Since LPO Services are not mentioned here, it is possible that documents are not prepared by the LPO, therefore, the LPO should not be liable for timing of documents they do not prepare.

Comment to Proposed Rule:
Lack of diligence is a professional defect. A limited practice officer's workload must be controlled so that each transaction can be handled competently. However, timely action under this rule should be measured by circumstances under the limited practice officer'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, a limited practice officer should carry through to conclusion all LPO services undertaken for the party(ies) to the Transaction.

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[Comment to change] Rulemaking does not apply to other than LPO services per the provisions of APR 12

LPO RPC 1.3 COMMUNICATION WITH CLIENTS

(a) Upon reasonable request, a limited practice officer should promptly provide relevant information to the party(ies) regarding the documents selected, prepared, and completed for the transaction.

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(b) In the event a limited practice officer discover omissions, ambiguities or discrepancies in the transaction documentation that are material to the limited practice officer's services, he/she shall notify the party(ies) of such matters and seek the instructions or items necessary to resolve such omissions, ambiguities or discrepancies.

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

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[Comment to change] APR 12(e)(1) provides for written agreement of the parties as a basis for LPO services. A limited practice officer's first obligation or duty is not to look for ambiguities or omissions, but to determine what LPO services are requested and if the agreement is sufficient to provide the information necessary. Communication is vital

with the party(ies), however, lack of returning a phone call should not be cause for disciplinary action.

LPO RPC 1.5 CONFLICT OF INTEREST

(a) A limited practice officer shall not provide LPO services in a transaction where the LPO is a party.

(b) A limited practice officer may not provide LPO services in a transaction where the limited practice officer's employer would be a buyer or seller unless and until all other party(ies) deliver to the LPO their written notice containing the following:

1. in the event the other party(ies) are represented by counsel, that the lawyer has advised its client of the conflict of interest and other issues raised by the limited practice officer's employment; and
2. that the lawyer's client has given informed consent to the LPO providing such services.

(c) A limited practice officer may provide LPO services authorized under this rule without the notice from the parties' lawyers required under paragraph (b), above, when the limited practice officer's employer is providing only an extension of credit in a transaction or has received written notification from the other party(ies) that they do not wish to have attorney representation.

[Comment to change] The limited practice officer-party relationship is much different from that of attorney-client. There is a presumption of a possible conflict of interest, but the original rule as presented would require that the LPO services could not be provided if the party(ies) were not represented by counsel. If that were the intent, it should simply so state. Otherwise, perhaps a modification to the disclosure required under APR 12(e)(2) may suffice. Further, the elimination of section (d) is consistent with the non-imposition of the duty of confidentiality in LPO RPC 1.4 and otherwise covered under LPO RPC 1.10 Misconduct.

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LPO RPC 1.6 DECLINING OR TERMINATING SERVICES

(4)

(c) Upon termination of a limited practice officer's services, the limited practice officer must take steps to the extent reasonably practicable to protect the party(ies)' interests, such as giving reasonable notice to the party(ies) (as determined by the circumstances of the transaction), advising the party(ies) that they can seek the advice of a lawyer regarding the transaction, and/or allowing time for employment of a lawyer or another limited practice officer where reasonable.

[Comment to change] An LPO should not be compelled to surrender documents prepared by the limited practice officer upon termination of services as a risk of such document used elsewhere without proper disclosure. Limited practice officers may or may not charge separately for LPO services, however, practically speaking, unlike lawyers, no fees are paid in advance.

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LPO RPC 1.9 LPO DUTIES AND AUTHORITY ARE NOT DELEGABLE

The powers, duties and responsibilities of a limited practice officer are personal to the limited practice officer and may not be assigned or delegated to a person who is not a limited practice officer. A limited practice officer may be supported and assisted by one or more persons who are not limited practice officers if the limited practice officer adequately supervises the assistants and retains sole and final responsibility for the document preparation performed by the assistant(s). A limited practice officer must take all steps reasonably necessary to insure that an assistant's activities do not violate APR 12 and regulations of the Board. A limited practice officer must review and approve the assistant's activities and document preparation.

[Comment to changes] The last section involves personnel decisions that cross over into other work situations which may or may not call for additional assistants. The burden is on the limited practice officer and LPO RPC 1.10 Misconduct governs the latter section.

LPO RPC 1.12 SAFEGUARDING FUNDS

(a) This Rule applies to escrow and other funds held by a limited practice officer or a Closing Firm incident to a transaction. For all transactions in which a limited practice officer under the authorization set forth in APR 12(d) has selected, prepared, or completed documents, the limited practice officer must insure that all funds received by the closing firm incidental to the closing of the transaction, including advances for costs and expenses, be held and maintained as set forth in this rule.

(b) A limited practice officer or Closing Firm must comply with the following for all trust accounts:

(1) No funds belonging to the limited practice officer 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 the party(ies) or participants and in part presently or potentially to the limited practice officer or Closing Firm must be deposited and retained in an identifiable interest bearing trust account, but any portion belonging to the limited practice officer or Closing Firm must be withdrawn at the earliest reasonable time; or

(c) 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 limited practice officer 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. Regardless of the following provisions of paragraphs (c)(1) and (c)(2), funds may be deposited in a separate interest bearing trust account if directed by written agreement signed by the party(ies) and specifying the manner of distribution of accumulated interest to the party(ies).

(1) When party(ies) or participants funds will not produce a positive net return to the party(ies) 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

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(c) A limited practice officer or Closing Firm must hold property of clients and third persons separate from the limited practice officer's and Closing Firm's own property.¶
(1) A limited practice officer or Closing Firm must deposit and hold in a trust account funds subject to this Rule pursuant to paragraph (i) of this Rule.¶
(2) A limited practice officer or Closing Firm must identify, label and appropriately safeguard any property of clients or third persons other than funds. The limited practice officer 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 limited practice officer or Closing Firm must preserve the records for seven years after return of the property.¶
(d) A limited practice officer or Closing Firm must promptly notify a client or third person of receipt of the client or third person's property.¶ ... [1]

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Deleted: (2) A limited practice officer or Closing Firm must keep complete records as required by Rule 1.12B.¶
(3) A limited practice officer or ... [2]

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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 limited practice officer or Closing Firm. A limited practice officer or closing firm may, but shall not be required to, notify the parties to the transaction of the intended use of such funds.

(2) Party(ies) funds that will produce a positive net return to the party(ies) must be placed in one of the following unless the party(ies) requests that the funds be deposited in an IOLTA account:

(i) a separate interest-bearing trust account for the particular party(ies) with earned interest paid to the party(ies) or third person; or

(ii) a pooled interest-bearing trust account with sub-accounting that allows for computation of interest earned by each party(ies) or third person's funds with the interest paid to the appropriate party(ies) or third person.

(3) In determining whether to use the account specified in paragraph (c)(1) or an account specified in paragraph (c)(2), a limited practice officer or Closing Firm must consider only whether the funds will produce a positive net return to the party(ies) 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 limited practice officer or Closing Firm services and the cost of preparing any tax reports required for interest accruing to a party(ies) or third person's benefit; and

(iii) the capability of financial institutions to calculate and pay interest to individual party(ies) or third persons if the account in paragraph (i)(2)(ii) is used.

(4) As to IOLTA accounts created under paragraph (c)(1), the limited practice officer or Closing Firm must direct the depository institution:

(i) to remit interest or dividends, net of charges authorized by paragraph (c)(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 limited practice officer 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 limited practice officer or Closing Firm; and

(iii) to bill fees and transaction costs not authorized by paragraph (c)(1) to the limited practice officer or Closing Firm.

(j) Notwithstanding any provision of any other rule, statute, or regulation, escrow and other funds held by a limited practice officer, 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 limited practice officer, closing firm, or party(ies) view the funds.

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Comments to the Proposed Rule:

Limited practice officers must assure that IOLTA accounts are used in any transaction involving the limited practice of law for others in providing LPO services.

[Comment to changes] RPC Preamble provides in [10] that "The legal profession is largely self-governing." As a result, many of the provisions in RPC 1.15A and 1.15B which were the basis for the proposed LPORPC are because there are no other jurisdictions allowed for review and discipline other than the bar association. Further, LPO services as defined do not include the receipt and disbursement of funds. Those functions are part of the escrow closing process that falls under the jurisdiction of either RCW 18.44 (Department of Financial Institutions) or RCW 48.29. (Washington State Department of Insurance). It would create a serious conflict of jurisdiction to provide for trust accounting management under these rules[1]. In addition, customary practices and procedures regarding trust accounting have been in place due the nature of the closing activities (again outside the scope of APR 12) giving rise to the need for document preparation as set forth in APR 12(d). It has been noted that lawyers have not had any rules governing trust accounts, unlike the escrow industry, until recently. Presumably, existing statutes or Washington State WAC's may have been used as a basis for development of RPC 1.15A and B, drawn from the real estate industry, which has had them in place for more than 25 years.

By this proposed rule making, limited practice officers have guidelines for decision making about whether or not to provide LPO services and under what circumstances. No limited practice officer should be held liable for maintaining an IOLTA account when no LPO services have been provided under APR 12(d). There are numerous documents, especially in complex commercial transactions, which require the services of an attorney for the very reason they are not on the approved list and not for reasons wherein an LPO has declined to provide LPO services. Again, beyond the scope of APR 12

Deleted: In addition to closings where legal documents have been selected, prepared or completed by limited practice officers, 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.

[1] Letter dated November 8, 1994, Barbara Durham, Acting Chief Justice to Ronald M. Gould, President, Washington State Bar Association states: "The proposed amendment to APR 12 should avoid even the appearance of violating the separation of powers doctrine. In particular, it should not appear to usurp the legislative function of regulating escrow and title companies, banks and financial institutions."

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(b) A limited practice officer or a Closing Firm must not use, convert, borrow or pledge client or third person property for the limited practice officer's or Closing Firm's own use.
(c) A limited practice officer or Closing Firm must hold property of clients and third persons separate from the limited practice officer's and Closing Firm's own property.

(1) A limited practice officer or Closing Firm must deposit and hold in a trust account funds sect to this Rule pursuant to paragraph (i) of this Rule.
(2) A limited practice officer or Closing Firm must identify, label and appropriately safeguard any property of clients or third persons other than funds. The limited practice officer 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 limited practice officer or Closing Firm must preserve the records for seven years after return of the property.

(d) A limited practice officer or Closing Firm must promptly notify a client or third person of receipt of the client or third person's property.
(e) A limited practice officer or Closing Firm must promptly provide a written accounting to a client or third person after distribution of property or upon request. A limited practice officer or Closing Firm must provide at least annually a written accounting to a client or third person for whom the limited practice officer or Closing Firm is holding property.
(f) Except as stated in this Rule, a limited practice officer 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 a limited practice officer or Closing Firm possesses property in which two or more persons (one of which may be the limited practice officer or Closing Firm) claim interests, the limited practice officer or Closing Firm must maintain the property in trust until the dispute is resolved. The limited practice officer or Closing Firm lawyer must promptly distribute all undisputed portions of the property. The limited practice officer or Closing Firm must take reasonable action to resolve the dispute, including, when appropriate, interpleading the disputed funds.

Page 6 [2] deleted

(2) A limited practice officer or Closing Firm must keep complete records as required by Rule 1.12B.
(3) A limited practice officer or Closing Firm may withdraw funds when necessary to pay client costs. The limited practice officer 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 limited practice officer 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) A limited practice officer or Closing Firm must not disburse funds from a trust account until deposits have cleared the bank process and been collected, unless the limited practice officer or Closing Firm and the bank have a written agreement by which the limited practice officer or Closing Firm personally guarantees all disbursements from the account without recourse to the trust account.
(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.

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(b) A limited practice officer or a Closing Firm must not use, convert, borrow or pledge client or third person property for the limited practice officer's or Closing Firm's own use.

(c) A limited practice officer or Closing Firm must hold property of clients and third persons separate from the limited practice officer's and Closing Firm's own property.

(1) A limited practice officer or Closing Firm must deposit and hold in a trust account funds subject to this Rule pursuant to paragraph (i) of this Rule.

(2) A limited practice officer or Closing Firm must identify, label and appropriately safeguard any property of clients or third persons other than funds. The limited practice officer 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 limited practice officer or Closing Firm must preserve the records for seven years after return of the property.

(d) A limited practice officer or Closing Firm must promptly notify a client or third person of receipt of the client or third person's property.

(e) A limited practice officer or Closing Firm must promptly provide a written accounting to a client or third person after distribution of property or upon request. A limited practice officer or Closing Firm must provide at least annually a written accounting to a client or third person for whom the limited practice officer or Closing Firm is holding property.

(f) Except as stated in this Rule, a limited practice officer 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 a limited practice officer or Closing Firm possesses property in which two or more persons (one of which may be the limited practice officer or Closing Firm) claim interests, the limited practice officer or Closing Firm must maintain the property in trust until the dispute is resolved. The limited practice officer or Closing Firm lawyer must promptly distribute all undisputed portions of the property. The limited practice officer or Closing Firm must take reasonable action to resolve the dispute, including, when appropriate, interpleading the disputed funds.

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(2) A limited practice officer or Closing Firm must keep complete records as required by Rule 1.12B.

(3) A limited practice officer or Closing Firm may withdraw funds when necessary to pay client costs. The limited practice officer 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 limited practice officer 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) A limited practice officer or Closing Firm must not disburse funds from a trust account until deposits have cleared the banking process and been collected, unless the limited practice officer or Closing Firm and the bank have a written agreement by which the limited practice officer or Closing

Firm personally guarantees all disbursements from the account without recourse to the trust account.
(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