



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

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June 18, 2010

Kenneth H. Davidson
Davidson, Czeisler & Kilpatric, P.S.
520 Kirkland Way, Suite 400
Kirkland, WA 98033

RE: Revised No Action Letter for Davidson, Czeisler & Kilpatric, P.S. under the Escrow Agent Registration Act

Dear Mr. Davidson,

This letter is revised in accordance with the June 10, 2010 draft of the Department of Financial Institution's interim guidance for attorneys who conduct escrow transactions, available at <http://dfi.wa.gov/cs/pdf/rulemaking/2010/eara-laws-2010-interim-guidance.pdf>.

The Department of Financial Institutions, Consumer Services Division ("the Division") has received and reviewed your letter of June 4, 2010, requesting a no-action letter regarding Davidson, Czeisler & Kilpatric, P.S. and the recent changes to the Escrow Agent Registration Act, RCW 18.44 (the Act). As you know, Substitute House Bill 2564 (chapter 34, Laws of 2010) made significant changes to the attorney exception in the Act.

An escrow is a transaction where a person (the escrow agent) receives any written instrument, money, evidence of title to real or personal property, or other thing of value from a person or persons and transfers it to another person or persons, based on instructions from the principal parties to the transaction. This transaction must be for the purpose of effecting and closing the sale, purchase, exchange, transfer, encumbrance, or lease of real or personal property. Escrow does not include activities that require the exercise of legal discretion by an attorney. The Division considers an escrow transaction that involves exercise of legal discretion by an attorney as incidental to the practice of law and not subject to licensing under the Act.

In your request for a no action letter, you state that your firm provides escrow services as part of a broader real estate practice and that you are not principally engaged in the escrow business. You also stated that you always advertise and identify yourself as an attorney, that your clients always know that you are an attorney, that you are only compensated for escrow services through your law practice, and that an attorney is responsible for every transaction your office conducts.

Based on the facts as you present them, the Division will not require your firm to apply for an escrow license and will take no action against Davidson, Czeisler & Kilpatric, P.S. for unlicensed escrow activity. Because this determination is based upon the representations set forth

in your letter, it should be noted that any different facts or conditions might result in a different conclusion. The Division reserves the right to make a different determination in the future, should either your circumstances or the law change.

This is an individual determination based on your firm's specific circumstances, and has no effect or precedential value for persons or firms in similar situations. Attorney exceptions are individual exceptions based on admission to practice law in Washington, and do not apply to non-attorney employees that conduct escrow transactions independent of an attorney's oversight.

Thank you for contacting DFI. If you have any questions, please let me know. I may be reached at (360) 902 – 8755 or pbrady@dfi.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to be "P. Brady", with a long horizontal line extending to the right.

Phil Brady
Staff Attorney