

HOUSE BILL REPORT

HB 2361

*As Reported By House Committee on:
Financial Institutions & Insurance*

Title: An act relating to property sales and loans documents.

Brief Description: Repealing provisions that relate to the preparation of documents for property sales or loans.

Sponsor(s): Representatives Dellwo, Appelwick and Paris.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, January 28, 1992, DP.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *Do pass.* Signed by 11 members:
Representatives Dellwo, Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Inslee; R. Johnson; R. Meyers; Paris; Schmidt; Scott; and Winsley.

Staff: John Conniff (786-7119).

Background: Historically, especially in some parts of the state, non-lawyers have prepared various documents used in legal transactions, such as the sale of real estate. In a series of cases, the Washington Supreme Court has declared such document preparation to be the unauthorized practice of law.

In 1979, the Legislature enacted chapter 19.62 RCW regulating the preparation of legal documents related to property sales or loans made in connection with such sales. The law allowed non-lawyer employees of financial institutions and escrow and title companies to prepare these documents. In 1981, the state supreme court declared this law unconstitutional.

The court reiterated its previous holding in other cases that "the regulation of the practice of law is within the sole province of the judiciary." The court declared that legislative attempts to regulate the practice of law violate the separation of powers doctrine. Subsequently, the court by its own rules instituted a "limited practice" program

covering closing documents used in real estate transactions. The rules allow non-lawyers to prepare some of the same kinds of documents that were the subject of the invalidated legislation. The rules require training and licensure of those who seek authorization to engage in this limited practice of law.

The Law Revision Commission as part of its regular work has undertaken to identify portions of the statutory law that have been invalidated by court decisions. The commission is recommending the repeal of Chapter 19.62.

Summary of Bill: Chapter 19.62 RCW, which regulates the preparation of certain legal documents involved in property transactions, is repealed.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Witnesses: None.