DIALOGUE

Spring 2010
VOL. 14, NO. 2

News and Perspectives from the ABA Division for Legal Services

News and Notes

Revenue Enhancement

On January 28, 2010, the North Carolina Supreme Court issued an order adopting IOLTA rate comparability, effective July 1, 2010. This revenue enhancement strategy requires that lawyers place their IOLTA accounts only in a financial institution that pays those accounts the highest interest rate or dividend generally available at the institution to other customers when IOLTA accounts meet the same minimum balance or other qualifications.

The District of Columbia Court of Appeals issued an order adopting both mandatory IOLTA and interest rate comparability on March 22, 2010. These rule revisions become effective on August 1, 2010. At that time, there will be a total of 42 mandatory IOLTA jurisdictions and a total of 32 jurisdictions with interest rate comparability in effect.

Assistance in exploring, drafting, and implementing an IOLTA interest rate comparability requirement is available through the Commission on IOLTA and National Association of IOLTA Programs Joint Technical Assistance Committee. Contact Commission Counsel, Bev Groudine or call 312/988-5771 for more information.

FDIC Insurance Update

On April 13, 2010, the Board of Directors of the FDIC approved an interim rule extending the Transaction Account Guarantee (TAG) Program, which was scheduled to end on June 30th, to December 31, 2010. The interim rule also gives the Board the discretion to extend the program to the end of 2011 without additional rule making if it determines that economic conditions warrant such an extension. Participating institutions can opt out of the TAG Program effective July 1, 2010, but if they do not, they must remain in the program until it ends.

Comments on the interim rule are due by May 19, 2010. As of press time, it was not known when a final rule would be promulgated.

Under the TAG Program, funds held in IOLTA accounts will continue to be fully guaranteed by the FDIC, without limit, for participating financial institutions. IOLTA funds held in institutions that opt out of the extended TAG program (or that previously opted out of the TAG program) will be insured up to $250,000 per owner (i.e., client) until December 31, 2013. Institutions are required to display their status as either participating or not participating. For further information, visit the FDIC website at www.fdic.gov.

Dialogue is published by the ABA Division for Legal Services

Updated: 05/13/2010