

GUIDELINES FOR DEPOSITORY INSTITUTIONS

Pennsylvania Interest on Lawyers Trust Account Board

May 26, 2000

INTRODUCTION

Act 59 of 1988 enacted the "Lawyers' Trust Accounts Act" and created a nonprofit charitable/educational corporation to administer a fund to provide legal services for the indigent. In July, 1996 the Supreme Court of Pennsylvania assumed jurisdiction and required that all Pennsylvania licensed attorneys use IOLTA accounts and handle in their practice of law. The "IOLTA" ("Interest generated by interest generated by qualified funds deposited by attorneys bearing accounts designated IOLTA accounts.

The guidelines and forms contained in this package have been prepared by the Pennsylvania Lawyers Trust Account Board in consultation with the Pennsylvania Association and the Pennsylvania Association of Savings Institutions.

The guidelines are designed to answer questions. The operations outlined are not necessarily the operations outlined, however, depository institutions should consult with the Pennsylvania In Board staff or their own counsel before choosing procedures other than those outlined.

If you have any questions after reviewing this material, please contact the Pennsylvania Lawyers Trust Account Board, P.O. Box 1025, Harrisburg, PA 17103.

QUESTIONS AND ANSWERS

WHAT IS AN IOLTA ACCOUNT?

An IOLTA account consists of client escrow funds received in the ordinary course of business which have been deposited by an attorney or law firm with the interest remitted to the IOLTA Board to account with the interest remitted to the IOLTA program. Funds which are qualified for deposit by attorney or law firm amount or which will be held for such a short term that sufficient interest income amount or which will be held to justify the expense of administering a segregated account. Qualified funds include amounts from any client or beneficial owner which are too small in a period of time to generate net economic benefit for the client or beneficial owner.

WHICH INSTITUTIONS MAY OFFER IOLTA ACCOUNTS?

Depository institutions eligible to maintain IOLTA accounts include banks, savings banks, savings and loan associations, companies, savings banks, savings and loan associations, incorporated, chartered, organized or licensed under the laws of the United States, doing business in Pennsylvania and insured by the Federal Deposit Insurance Corporation, or an alternate share insurer, that have been approved by the Pennsylvania Department of Banking and Finance. To be approved, depository institutions must sign an agreement with the Pennsylvania Department of Banking and Finance. Information concerning depository institution reporting and the bank approval process can be obtained from the Pennsylvania Department of Banking and Finance, (800) 962-4618.

the reporting period and a total of the reporting period and a total of the number of Institutions which maintain a number of IOLTA accounts should issue a consolidated IOLTA Fund. (See attached "Interest Remittance Report" for suggested reporting format.)

MAY IOLTA ACCOUNTS BE ASSESSED SERVICE CHARGES?

Depository institutions are permitted to impose reasonable service charges on IOLTA accounts but such service charges must be offset against IOLTA interest earned on IOLTA accounts. The Board wishes to note that institutions may not deduct the balance of interest to be paid on all IOLTA accounts.

HOW SHOULD SERVICE CHARGES BE POSTED?

Interest remitted to the IOLTA Fund should be net of any service charges deducted from interest accrued on IOLTA accounts. Institutions may not deduct the balance of interest to be paid on all IOLTA accounts. Suppose account "A" earned \$8.00 in interest for the period were \$10.00. The depository institution would report interest and \$10.00 in service charges. The report need not actually "paid for" with interest from another account.) Should a given account repeatedly generate insufficient interest to offset service charges, the Pennsylvania Fund may exempt it from participation in the IOLTA program.

WHAT ABOUT NON-ROUTINE CHARGES OR FEES?

Fees for services such as stop payments, certified checks, insufficient funds, and wire transfers should be assessed against IOLTA interest nor deducted from the principal of the IOLTA account. Charges should be brought to the attention of the attorney charged to the attorney's business account.

MUST NEW CHECKS BE ISSUED IF AN EXISTING ACCOUNT IS CONVERTED?

No. The revised account title can be printed on the next check for whatever reason, depository institutions should request payment by the attorney.

HOW MAY AN INSTITUTION RECONCILE AN ERROR IN INTEREST REMITTANCE?

Should an institution discover an overpayment or other error on the Board concerning the error as soon as possible. Since the Board awards grants annually, refunds will not be made for periods of time longer than twelve months from the date of the written request.

CONCLUSION

Your institution's participation in the IOLTA program to supplement funds to provide legal services and enhance access to legal services and otherwise be denied. The data outlined above are guidelines if you have problems or suggestions which would improve the operations of this Fund will strive to accommodate whatever modifications of the program.

**Pennsylvania Interest on Lawyers Trust Account Board
PO BOX 1025 - HARRISBURG, PA 17108-1025**

GUIDELINES FOR DEPOSITORY INSTITUTIONS

Depository institutions maintaining Interest on Depository institutions maintaining Interest on least quarterly, the interest earned from least quarterly, the interest earned from Account Board.

The remittance can be made by check, wire transfer, or automated clearinghouse. The remittance must be made on or before the 10th business day following the close of the period.

Instructions for remittances:

PAYEE: PA IOLTA Board

Taxpayer Identification Number: 25-1802119

Checks

Checks should be mailed to:

PA IOLTA
PO Box 8500-3260
Philadelphia, PA 19178-3260

Wire Transfers

Wire transfers should be sent to:

First Union National Bank
Philadelphia, PA
Transit Routing #031201467

For the credit of:

PA IOLTA Board
Account#2000003281866

ACH Credits

First Union National Bank
Philadelphia, PA
Transit Routing#031000503
Account#2000003281866

Please put the name of your depository institution in the BATCH HEADER RECORD Field #3--maximum 16 characters). Also include your Transit Routing Number in Field #7--maximum 15 characters).

PROCEDURES FOR INSTITUTIONS USING ACH TRANSFER SERVICE TO THE BOARD

Depository institutions that maintain fifty IOLTA accounts on IOLTA accounts can take advantage of an ACH transfer procedure initiated by the Board. This procedure simplifies the depository institution's responsibilities by allowing the Board to transfer the proceeds directly to the Board's account, thus, eliminating the need for the depository institution to disburse funds.

Each IOLTA account newly established by the depository institution must be reported on the Board's database. Interest must be reported for each open account monthly as described in the following paragraphs.

The Board will transmit the account numbers and titles as they appear on the previous reporting period to be reported by the 5th day of the month. The depository institution must verify the account numbers and titles and make any changes. If an account has been opened since the previous reporting period and it does not appear on the previous reporting period, the depository institution must enter the account information in the space provided at the bottom of the interest remittance form for each new account. If an account has been closed since the previous reporting period, the remaining interest being remitted must be entered and the date of closure must be entered in the appropriate column of the report. The interest remittance form **must be returned to the Board within five days** to allow enough processing time for the transfer of funds to occur.

For each interest remittance report for the ACH transfer service (see attached), the depository institution's IOLTA contact person must complete the following information: the current interest rate (cannot fall below the rate for each account (zero interest must be noted); any account closures as mentioned in the interest remittance form, the column must be totaled at the bottom of the interest remittance form, the column must be totaled at the bottom of the interest remittance form, the column must be totaled at the bottom of the interest remittance form, the column must be totaled at the bottom of the interest remittance form. When the information is received by the Board to the attention of Jean M. Myers, the funds will be transferred by mid-month to the Board's account.

PENNSYLVANIA IOLTA PROGRAM

INTEREST REMITTANCE REPORT FOR ACH TRANSFER SERVICE

FOR PERIOD: _____

CURRENT INTEREST RATE: _____

TO: JANE DOE
XYZ BANK FAX: _____
123 ANY STREET _____ PHONE: _____
ANYWHERE, PA 0000 ROUTING: _____

FROM: JEAN M. MYERS
P.O. BOX 1025 FAX# (717)238-2003
115 STATE STREET PHONE: (717)238-2001
HARRISBURG, PA 17108

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>INTEREST PAID</u>	<u>SERVICE CHARGES</u>	<u>NET INTEREST</u>	<u>DATE CLOSED (OR OTHER NOTES)</u>
123456789	JOHN SMITH	\$	\$	\$	
987654321	MARY JONES				

ADD NEW ACCOUNTS BELOW. BE SURE TO SEND ENROLLMENT FORMS.

TOTALS \$ _____ \$ _____ \$ _____

Please complete legibly and FAX this form within 5 days to (717)238-2003. No cover sheet required.

INTEREST REMITTANCE REPORT *

**Pennsylvania Interest on Lawyers Trust
Account Board (PENNSYLVANIA IOLTA)**

**(717) 238-2001
FAX (717) 238-2003**

FROM: _____

(Name of Depository Institution)

(Address)

(City) (Zip)

CONTACT PERSON: _____

TEL./EXT: () _____ **DATE:** _____

Instructions: Send this report with remittance (ACH encouraged) to:

CHECKS:
PA IOLTA Board
PO Box 8500-3260
Philadelphia, PA 19178-3260

**AUTOMATED CLEARINGHOUSE (ACH)
CREDITS:**
First Union National Bank
Philadelphia, PA
Transit Routing #031000503
Account #2000003281866

WIRE TRANSFERS:
First Union National Bank
Philadelphia, PA
For the credit of:
PA IOLTA Board
Transit Routing #031201467
Account #2000003281866

PERIOD COVERED: From _____ to _____ **CURRENT INTEREST RATE:** _____ %

Account Name (Specify if Closed)	Account Number	Amount of Interest	Service Charges	Net Interest	Avg. Daily Balance**
1. _____	_____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____	_____
11. _____	_____	_____	_____	_____	_____
12. _____	_____	_____	_____	_____	_____
13. _____	_____	_____	_____	_____	_____
14. _____	_____	_____	_____	_____	_____
15. _____	_____	_____	_____	_____	_____
16. _____	_____	_____	_____	_____	_____
17. _____	_____	_____	_____	_____	_____
18. _____	_____	_____	_____	_____	_____
19. _____	_____	_____	_____	_____	_____
20. _____	_____	_____	_____	_____	_____
21. _____	_____	_____	_____	_____	_____
22. _____	_____	_____	_____	_____	_____
23. _____	_____	_____	_____	_____	_____
24. _____	_____	_____	_____	_____	_____
25. _____	_____	_____	_____	_____	_____

TOTAL # Accts (if more than 25) ** _____ **TOTALS \$** _____ **\$** _____ **\$** _____ **\$** _____

* Depository Institutions may design and use their own forms provided they include the information specified by this sample form.

** Optional, but recommended.

ENROLLMENT FORM FOR LAWYERS AND LAW FIRMS

Pennsylvania IOLTA Program

Federal I.D. #25-1802119

TO: _____

FROM: _____

DATE: _____ **TELEPHONE:** _____

Please either convert my/our escrow account number(s) _____
titled _____

to an interest-bearing IOLTA account effective immediately or provide me/us with the name of an interest-bearing
information to open a new account in accordance with your procedures. You are hereby
transmit immediate notice to the Pennsylvania Lawyers Fund for Client Security * of any check drawn on
trust/escrow account(s) listed above trust/escrow account(s) listed above trust/escrow account(s) listed above
_____ from my/our office if you need additional information.

ATTN: Lawyer or law firm administrator:

Attach a **LIST** of all **LAWYERS** who use this escrow account in the regular course of their practice and
SUPREME COURT IDENTIFICATION NUMBERS before mailing it to the PA IOLTA Board.

WHITE - Depository Institution
COPY- IOLTA Board
P. O. Box 1025 115 State Street
Harrisburg, PA 17108-1025

* For overdraft reporting instructions contact (800) 962-4618

BY: _____

*Authorized Signature should also be an authorized
check signer for the listed account(s)*