



SUPREME COURT OF PENNSYLVANIA  
**PENNSYLVANIA INTEREST ON  
LAWYERS TRUST ACCOUNT BOARD**

**Leveraging Your Deposit Account Management System to Receive Community Reinvestment Act Credit through Increased IOLTA Participation**

**I. Overview**

Financial institutions that participate in a state IOLTA Board's preferred interest rate program may be able to receive Community Reinvestment Act (CRA) community development credit. This document provides information for financial institutions that are interested in leveraging their deposit account management to support community development through the Pennsylvania Interest on Lawyers Trust Account (IOLTA) Board's Platinum Leader Bank Program.

**II. Pennsylvania's IOLTA Program**

The Pennsylvania IOLTA Board is a nonprofit organization operating under the Pennsylvania Supreme Court whose mission is to support the provision of free legal assistance to low income Pennsylvanians in civil matters where a basic human need, such as access to shelter, nutrition, or health care, is at stake.

The concept of the IOLTA program is simple. Clients and others frequently transfer money to lawyers to hold. When the funds are small or expected to be held for a short time, they cannot practically be invested to benefit the owner. Pennsylvania lawyers maintain nominal and short term funds of clients in interest-bearing IOLTA accounts at approved financial institutions as do Magisterial District Justices who receive qualified custodial funds in the course of their judicial duties (held in MJ IOTA trust accounts). Financial institutions that elect to participate and invest in Pennsylvania communities through the IOLTA and MJ IOTA program must be approved by the Supreme Court of Pennsylvania and must remit interest income generated on these accounts to the IOLTA Board.

Upon approval by the court, the IOLTA Board distributes the interest collected from IOLTA and MJ IOTA accounts to legal aid organizations that serve low income and disadvantaged populations who would otherwise face challenges accessing the justice system.

**III. Participation and Investment in Pennsylvania's IOLTA Program Furthers the Community Development Promoted by the CRA**

Programs funded through IOLTA grants further the community development encouraged by the Community Reinvestment Act (CRA). As you are aware, one of the ways federal regulators evaluate an institution's CRA compliance is by examining whether the institution makes investments that facilitate community development. Examples of community development include: promoting affordable housing

for low to moderate income individuals; providing community services targeted to low or moderate income individuals, and; activities that revitalize or stabilize low to moderate income geographies.<sup>1</sup>

Pennsylvania IOLTA grants promote the community development contemplated by the CRA by funding services for low income individuals that include: advocacy for the disabled, elderly, and the homeless; domestic abuse prevention; preservation of home ownership; consumer bankruptcy assistance, as well as a variety of civil legal assistance that helps to ensure equal access to justice for all. The grantees that provide these services are primarily nonprofit organizations that operate throughout Pennsylvania.

The availability of these programs to low income individuals is often directly related to their ability to obtain credit, maintain housing, access federal safety net programs, and sustain employment - all of which are critical to core economic stability and community development. For example, legal assistance during eviction or foreclosure proceedings helps families avoid the use of emergency shelters and has been shown to save an average of \$14,794 per family.<sup>2</sup> Similarly, nearly two-thirds of protection from abuse cases completed by legal aid programs are successful in enabling clients to avoid domestic violence, with the average savings of \$3,462 per individual that would otherwise be spent on medical care and counseling.<sup>3</sup> These services also allow local communities to realize savings by avoiding safety net costs as well as the economic benefits that derive from helping disadvantaged populations achieve greater stability.

#### IV. Receiving CRA Community Development Impact Data

The Pennsylvania IOLTA Board requires that grantees that receive grants funded through the IOLTA and MJ IOTA interest income provide a range of data in order to monitor program effectiveness. This data includes the types of services provided, numbers of cases handled, client income levels and many additional categories of information. This oversight data can be leveraged to develop customized CRA reporting that suits your institution's CRA assessment areas. For an example of how an institution's participation in a preferred interest rate program was considered in the review performed by their federal regulator, refer to the OCC's 2012 CRA Performance Evaluation Report for Union Bank, N.A.<sup>4</sup>

For more information on CRA community development reporting through the Platinum Leader Bank Program, contact the IOLTA Board at [paiolta@pacourts.us](mailto:paiolta@pacourts.us) or (717) 238 2001.

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<sup>1</sup> 12 C.F.R. § 25.12(g); 12 C.F.R. § 228.12(g); 12 C.F.R. § 345.12(g); 12 C.F.R. § 563e.12(g). *See also*, 75 F.R. 11642 (Interagency Questions & Answers).

<sup>2</sup> Pennsylvania IOLTA Board, The Economic Impact of Outcomes Obtained for Legal Aid Clients Benefits Everyone in Pennsylvania (April 11, 2012), <https://www.paiolta.org/wp-content/uploads/2014/05/Economic-Impact-of-Legal-Aid.pdf>.

<sup>3</sup> *Id.*

<sup>4</sup> OCC, Community Reinvestment Act Performance Evaluation of Union Bank, N.A. at 33 (March 31, 2012), <http://www.occ.gov/static/cra/craeval/feb13/21541.pdf>.