



MLSC

MARYLAND LEGAL SERVICES CORPORATION

IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

Funding Legal Assistance - Serving the Ends of Justice for over 30 years

A Guide to the IOLTA Program for Financial Institutions

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AN INTRODUCTION TO MLSC and THE IOLTA PROGRAM

IOLTA stands for “Interest on Lawyer Trust Accounts.” IOLTA programs were first established in Australia and Canada in the late 1960s and early 1970s to generate funds for legal services to the poor. The first IOLTA program in the United States was established in Florida in 1981. Maryland’s program created in 1982 was the fourth IOLTA program in the nation.

The Maryland Legal Services Corporation (MLSC) was established by the Maryland General Assembly in 1982 to raise funds and make grants to nonprofit organizations for the provision of civil legal assistance to low-income persons in Maryland. MLSC is governed by a nine-member Board of Directors appointed by the Governor and confirmed by the Maryland Senate.

At the time the Maryland legislature created MLSC it also created Maryland’s Interest On Lawyer Trust Accounts (IOLTA) program as MLSC’s primary source of revenue. The IOLTA program which was amended in 1989 from a voluntary to mandatory program requires lawyers to place certain nominal and short-term client funds into pooled interest bearing accounts. The interest on these accounts is remitted by financial institutions to the MLSC Fund and MLSC’s Board of Directors awards grants to nonprofit legal services organizations to assist indigent persons with civil legal problems throughout the state. The trust accounts are administered by the attorneys and law firms. All 50 states and the District of Columbia have IOLTA programs.

For more than thirty years Maryland’s IOLTA program has proved to be a valuable partnership between attorneys and financial institutions to fulfill a critical public need. Virtually every institution that has been approved by the Attorney Grievance Commission of Maryland to receive attorney escrow accounts under the Maryland Rules offers IOLTA to their attorney clients. The law requires that all attorneys, absent a waiver from MLSC, pool all qualified client trust funds (i.e. funds that are nominal in amount or will not be held long enough to generate net interest for the client) in IOLTA accounts with the interest payable to the MLSC Fund.

MLSC has created this manual to explain IOLTA to financial institutions and provide financial institutions with guidelines for participation in this important worthwhile program. ALL OR ANY PART OF THIS GUIDE MAY BE DUPLICATED AS NEEDED AND SHOULD BE DISRIBUTED TO ALL APPROPRIATE OPERATIONS PERSONNEL. If you need further information or if the MLSC staff can be of any assistance to you in your implementation or operation of the IOLTA program, please visit our website at www.mlsc.org, or call us at (410) 576-9494, toll-free at 1-800-492-1340. E-mail inquiries may be sent to iolta@mlsc.org.

This manual may be downloaded from the MLSC web site at <http://www.mlsc.org>.

- Financial Guide: <http://mlsc.org/financial-institutions/a-guide-to-iolta/>
- Forms: <http://mlsc.org/financial-institutions/>

COMPLYING WITH IOLTA REQUIREMENTS

BANK APPROVAL PROCESS

Participation in IOLTA is voluntary for financial institutions, but a lawyer cannot keep attorney escrow funds in financial institutions unless the financial institution has been approved by the Attorney Grievance Commission to hold such funds pursuant to Maryland Rules of Procedure, Title 19, Chapter 400, governing attorney trust accounts.

Banks, credit unions, trust companies, savings banks or savings and loan associations authorized by law to do business in Maryland, in the District of Columbia, or a state contiguous to Maryland which are insured by an agency or instrumentality of the federal government may apply to become an “approved financial institution.” (Rule 19-402(g)). The Attorney Grievance Commission requires that the bank has a physical branch in MD or a contiguous state.

If your institution has not yet been approved to hold escrow funds, you must submit a completed “Financial Institution Compliance Agreement” along with the “IOLTA Addendum”. (See page 13 for Agreement & page 17 for IOLTA Addendum and complete instructions.) These documents will be reviewed for compliance purposes. Specifically, the IOLTA Addendum serves to inform us as to how your financial institution will implement the interest rate provisions of Rule 19-411. It will be carefully reviewed by MLSC along with any additional supporting documentation that may be required, depending on the implementation method you choose. Once MLSC has certified your financial institution’s compliance with IOLTA, it will submit your application to the Maryland Attorney Grievance Commission for approval. Once you are approved a fully-executed copy of the Financial Institution Compliance Agreement will be mailed to you.

SETTING IOLTA INTEREST RATES

Pursuant to MD Rule 19-411(b)(1)(D), the interest rate paid on IOLTA accounts may not be less than the highest rate generally available from the financial institution to its non-IOLTA customers when the account meets the same minimum balance or other eligibility qualifications.

The requirement can be met by implementing one of the following methods:

- 1) paying the highest rate for which the particular IOLTA account qualifies
- 2) offering a “safe harbor” rate that is equal to 55% *net yield* of the Federal Funds Target Rate as reported on the first calendar day of the month on high-balance IOLTA accounts (i.e. typically \$100,000 or greater)
- 3) paying an agreed upon rate specified by MLSC which will be effective for 12 months from the date of the agreement

Important Note: Nothing in the Maryland Rules precludes an approved Financial Institution from paying higher rates than required on IOLTA. MLSC and the Maryland State Bar Association (MSBA) encourage favorable rates to help support the IOLTA program’s charitable purposes and are partners in the IOLTA Honor Roll Program. (See page 19 for information regarding Maryland’s IOLTA Honor Roll.)

FEES AND SERVICE CHARGES

Because IOLTA accounts contain client funds held in trust by attorneys, any transaction fees or service charges on these accounts **MUST NOT** be deducted from the principal in these accounts. Allowable fees and charges as described below can be deducted from interest earned. All other fees and charges are the responsibility of the attorney or law firm maintaining the account and may be charged to the attorney or firm or waived by the financial institution pursuant to Maryland Rule 19-411(b)(1)(D)(iii).

“**Allowable Reasonable Fees**” consists of fees in amounts customarily charged to non-IOLTA customers with the same type of accounts and balances and may be deducted from interest earned on IOLTA accounts, except for “safe harbor” rate accounts, which are already deemed to be net of allowable reasonable fees.

Fees or service charges are **NOT** allowable:

- 1) if they are charged for the convenience of the account owner
- 2) if they arise due to errors or omissions by the account owner or the account owner’s clients
- 3) if they are other fees, including, but not limited to wire transfers, certified checks, account reconciliation services, presentations against insufficient funds, overdrafts, or deposits of dishonored items

See Maryland Rule 19-411(b)(1)(D)(i)(c)(iii).

In accordance with MD Rule 19-408, attorneys may deposit non-client funds into an attorney trust account to pay any fees, service charges, or minimum balances required by the financial institution to open or maintain the account, including those fees that cannot be charged against interest due to the Maryland Legal Services Corporation. A general guideline for the attorney is to maintain approximately \$100 in the account to cover the above-stated fees, but the actual amount deposited is at the sole discretion of the attorney. In the alternative, the attorney may enter into an agreement with the financial institution to have any fees or charges deducted from an operating account maintained by the attorney or law firm.

Important Note: Nothing in the Maryland Rules precludes an approved Financial Institution from waiving fees and service charges on IOLTA. MLSC and the MSBA encourage favorable rates and fee waivers to help support the IOLTA program’s charitable purposes and are partners in the IOLTA Honor Roll Program. (Page 19 includes more information regarding Maryland’s IOLTA Honor Roll.)

ATTORNEY ENROLLMENT

All lawyers must be in compliance with Maryland's IOLTA law, but compliance does not necessarily require having an IOLTA account. Maryland's mandatory IOLTA program (Maryland Business Occupations Code, Section 10-303) requires all Maryland attorneys holding qualified client funds (i.e. funds that are nominal in amount or funds that will not be held long enough to generate net interest for the individual client) to establish an IOLTA account. Thus, not every lawyer's trust account will be an IOLTA account.

For example, if the deposit is large enough and/or will be held long enough to generate net interest for the client, the attorney should hold those trust funds in a separate interest-bearing account for the individual client.

Also, a lawyer holding IOLTA-eligible funds may request a waiver from participation in the IOLTA program if the bank assesses allowable reasonable fees on the account and the lawyer believes that such fees will consistently exceed interest earned on the account (Maryland Business Occupations Code, Section 10-303(c)). However, because of the infrequency and minimal nature of service charges being assessed on IOLTA accounts, it is more prudent for the attorney to establish the escrow account as an IOLTA from its inception.

Lawyers and law firms -- not financial institutions -- have the responsibility for deciding which account type they should open. If the attorney or law firm has questions regarding which types of accounts to open or where funds must be deposited, they should be directed to call our office.

ENROLLMENT

Attorneys should complete a "[Notice of New IOLTA Account/IOLTA Enrollment Form](#)" and submit it to an approved IOLTA financial institution. The financial institution must send a copy of the completed form to MLSC along with the periodic remittance report (see page 11).

This form is one way that attorneys give authority to the financial institution to:

- establish IOLTA accounts for lawyer/law firm customers
- set up (if new) or change the status of an existing (non-interest-bearing) pooled account to an interest-bearing account
- use MLSC's tax identification number (52-1266744) on each IOLTA account instead of the lawyer/law firm's tax identification number
- on a monthly or quarterly basis remit interest for each IOLTA account, less allowable reasonable fees, if any, directly to MLSC's depository bank (specific financial institution remittance procedures and instructions are on page 8 of this guide)

After the form is complete the financial institution will establish an IOLTA account according to its own procedures with interest payable to MLSC. The IOLTA Enrollment Form is included on page 10 of this Manual and is also available for download at <http://mlsc.org/financial-institutions/enrollment-new-account/>.

ACCOUNT ESTABLISHMENT

An IOLTA Account may be established as a basic interest-bearing checking account or any other suitable interest-bearing checking account offered by the financial institution to its other non-IOLTA customers or a business checking account with an overnight sweep investment feature into repurchase agreements fully collateralized by U.S. Government securities, if such accounts are offered to similarly-situated non-IOLTA customers. (Page 3 contains more information about allowable products and interest rates on IOLTA.)

Regardless of which product is used for the particular IOLTA account, it is important that these accounts are **clearly and easily identified as IOLTA accounts** so that the regulations for IOLTA accounts cannot be overlooked in the future by personnel not familiar with the IOLTA program, especially in the case of financial institution mergers and acquisitions.

SPECIAL CHARACTERISTICS OF IOLTA ACCOUNTS

Account funds must be subject to withdrawal or transfer upon request and without delay, or as soon as permitted by law. The rate of interest payable on the account shall not be less than the rate paid by the financial institution to its regular depositors with similarly-situated accounts.

Account service charges assessed against IOLTA interest, if any, must fall within the definition of “allowable reasonable fees” defined in MD Rule 19-411. (Pages 3 & 4 contain additional details on interest rates and service charges.)

Additionally, in accordance with MD Rule 19-410(b) “an instrument drawn on an attorney trust account may not be drawn payable to cash or to bearer, and no cash withdrawal may be made from an automated teller machine or by any other method. All disbursements from an attorney trust account shall be made by check or electronic transfer.”

“No funds from an attorney trust account shall be disbursed if the disbursement would create a negative balance with regard to an individual client matter or all client matters in the aggregate.” Rule 19-410(c)

TITLE DESIGNATION AND ADDRESS FOR IOLTA ACCOUNTS

Maryland Rules of Procedure, Section 19-406 authorizes **ONLY** three designations for attorney trust accounts - “*Attorney Trust Account*,” “*Attorney Escrow Account*,” or “*Clients’ Funds Account*.” One of these three designations **MUST** be included in one of the naming lines on the account and should appear on all check and deposit slips. This requirement applies to all IOLTA accounts. It is also very important that IOLTA accounts be identified in such a way as to be **easily recognized by financial institution personnel**.

The address listed on the account should be that of the attorney or law firm owner and **NOT** that of MLSC. As such, the monthly/quarterly account detail statements should be sent to the attorney or law firm owner of the account. Only the combined remittance statement for all MD IOLTA accounts is sent to MLSC. (See Account Establishment section on page 6.)

TAX CONSEQUENCES

Because MLSC is a 501(c)(3) charitable organization, the Internal Revenue Service has ruled that there are no tax consequences to the client, the lawyer, or MLSC. The IRS has advised that a financial institution does not need to report interest income generated by a pooled IOLTA account. In fact, in order to minimize administrative problems, a **Form 1099 should not be prepared** on these accounts. If for some reason it is necessary to prepare the form, MLSC should be shown as the recipient of the interest (MLSC Tax I.D. number 52-1266744), and the form should be mailed directly to MLSC. The attorney or law firm's Tax I.D. number should *never* be used on a form 1099.

Many financial institutions have the internal ability to attach two tax identification numbers to the IOLTA account: MLSC's as owner of the interest and the attorney's tax identification number as owner of the account.

MARYLAND AFFORDABLE HOUSING TRUST (MAHT) PROGRAM

Financial Institutions often confuse IOLTA and MAHT. It is important to understand the difference.

In 1992, the Maryland General Assembly enacted a program, modeled on IOLTA, to help fund affordable housing in Maryland. The Maryland Affordable Housing Trust (MAHT) statute requires real estate title companies to place their small or short-term client trust funds which are held in escrow into a MAHT account generating interest for affordable housing. MAHT is administered by the Maryland Department of Community Development.

Attorneys who maintain private real estate law practices have a choice whether to place a client escrow deposit into their IOLTA or MAHT account. MLSC encourages attorneys to deposit all eligible trust funds into their IOLTA as a way to help with the provision of critically needed legal service to low-income Marylanders in keeping with attorney obligations under Rule 6.1 of the Maryland Lawyers' Rules of Professional Conduct. However, attorneys who own or operate title companies must place those client escrow deposits into a MAHT account.

REMITTING INTEREST AND BANK REPORTING

REMITTANCE OF FUNDS

Interest generated on IOLTA deposits, net of allowable reasonable fees, must be remitted either monthly or quarterly to the MLSC depository bank lockbox at the PO Box address listed below. Payment may be made by check or ACH transfer. One remittance amount should be made per period for all IOLTA accounts.

REMITTANCE REPORT

Financial institutions must use the remittance report format included in this handbook (see pages 20-21). Instructions for completing this form are included on the second page of the form. An electronic file with this information must be submitted via email to the email address listed below in either EXCEL or CSV (comma separated value) format. The remittance report must be submitted not later than the 15th day after the reporting period ends.

Important Note: The “Notice of New IOLTA Account/IOLTA Enrollment Forms” should be submitted to MLSC for each new account along with the monthly/quarterly remittance report. (*see* page 11)

REMITTANCE FUNDS

Send **ACH** remittances to:
(please call our office at the number listed below for Routing Number and Account Number)

Send **checks** to:
Maryland Legal Services Corporation
P.O. Box 758892
Baltimore, Maryland 21275-8892

REPORTS

Send **Remittance Reports** via e-mail to:
iolta@mlsc.org

Please contact MLSC at (410) 576-9494 or (800) 492-1340 if you have questions about remitting funds and submitting reports. All forms and instructions may be downloaded from the MLSC website at <http://mlsc.org/financial-institutions/remitting-and-reporting-iolta-funds/>.

OVERDRAFT NOTICES

Non-Sufficient Funds Notices (NSF) must be sent to the Attorney Grievance Commission. This procedure is included in the Agreement that is executed by the financial institution when applying for approval. *See* contact information below.

Maryland Attorney Grievance Commission
200 Harry S Truman Parkway, Suite 300
Annapolis, MD 21401
Phone: (410) 514-7051

BENEFITS OF PARTICIPATING IN THE MARYLAND IOLTA HONOR ROLL PROGRAM

The IOLTA Honor Roll is a joint program of MLSC and the Maryland State Bar Association to encourage financial institutions to pay premium rates on IOLTA accounts. Financial institutions are not required to join the Honor Roll, but such participation is strongly encouraged to assist in IOLTA's charitable purposes. (See pages 19 & 20 for Honor Roll requirements and Enrollment Form.)

This program gives financial institutions the opportunity to be recognized both locally and statewide for significantly benefiting their communities. Honor Roll members are actively promoted to attorney members in a variety of mediums and forums and participation is an excellent way for financial institutions to attract new attorney and law firm clients. Attorneys are excellent sources of referral business including loans, deposits and trust services.

Additionally, MLSC will provide a Community Reinvestment Act (CRA) statement verifying participation in this important program and provide other public recognition of IOLTA Honor Roll members and significant promotion as appropriate.

More information regarding the IOLTA program and MLSC's activities is available at www.mlsc.org.

**The following section of this Guide contains Forms
(These can all be downloaded from MLSC's website:
<http://mlsc.org/financial-institutions/a-guide-to-iolta/>)**



MLSC

MARYLAND LEGAL SERVICES CORPORATION

IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

**NOTICE OF NEW IOLTA ACCOUNT
IOLTA ENROLLMENT FORM**

Interest on Lawyer Trust Accounts Program

The Maryland General Assembly enacted a mandatory Interest on Lawyer Trust Accounts (IOLTA) program, effective July 1, 1989 (Maryland Code, Business Occupations and Professions, Section 10-303). The undersigned attorney hereby declares compliance with the IOLTA Act by establishing an IOLTA account as indicated below.

The undersigned attorney further directs the financial institution(s) named below to take appropriate action as indicated regarding opening an IOLTA account or converting existing accounts to IOLTA accounts. The undersigned attorney acknowledges that if the financial institution refuses to comply with such instructions, he/she will be responsible to transfer all IOLTA-eligible funds to a financial institution which will provide IOLTA services.

I have established an interest bearing client trust account(s) with the financial institution(s) listed below and hereby direct said institution(s) to establish this account as an IOLTA account with interest payable to the Maryland Legal Services Corporation as required by Maryland Code, Business Occupations and Professions, Section 10-303.

**Account Information and Attorney/Law Firm Identification
PLEASE PRINT**

Name of Account(s): _____

Account Number(s): _____

Name of Financial Institution: _____

Financial Institution Mailing Address: _____

Financial Institution Telephone: _____

Name of Attorney: _____

Name of Firm Managing/IOLTA Reporting Attorney: _____

Office Mailing Address: _____

Office Telephone: _____ E-mail: _____

Authorized Account Signatories (Attach additional sheet if necessary): _____

Authorized Account Signature: _____ Date: _____

Form may be downloaded at mlsc.org/banks/enrollment-new-account.

Instructions to Attorney

NOTICE OF NEW IOLTA ACCOUNT/IOLTA ENROLLMENT FORM(S) MUST BE SUBMITTED TO AN APPROVED FINANCIAL INSTITUTION.

1. If any account listed is used by more than one lawyer, please list the name of each lawyer who uses such account(s) on page 1 in the space provided, or attach a list (or firm letterhead, if appropriate).
2. You may wish to make and retain a copy of this form for your records. Your financial institution will provide accounting statements directly to you. If you would like to be informed of the net interest received from your IOLTA account(s), please contact MLSC at the number listed below.
3. The MLSC brochure "IOLTA – Interest on Lawyer Trust Accounts" has been prepared to answer your questions about IOLTA. If after reading this brochure you have other questions about IOLTA, compliance with the IOLTA statute or how to complete this form, please call 800-492-1340 ext. 1000 or 410-576-9494 ext. 1000, or visit the MLSC website at www.mlsc.org.

Instructions to Financial Institution

1. Interest accrued on the account (net of allowable service charges or fees) should be remitted monthly or quarterly electronically by use of an ACH transaction (please call our office at the number listed below for routing and account numbers) or by check to the Maryland Legal Services Corporation (MLSC), P.O. Box 758892, Baltimore, Maryland 21275-8892. Interest should be computed on the average monthly balance in the account, or as otherwise computed in accordance with your standard accounting practice.
2. For each remittance, a report must be prepared showing the name of the lawyer or law firm for whom the remittance is sent, the account number, the average monthly balance, the rate of interest applied, gross interest, service charges or fees and the net amount remitted. If your institution has IOLTA accounts for more than one lawyer or law firm participating in the IOLTA program, a single remittance for all of them should be made at the same time. Please ensure that the remittance statement includes all necessary information so that MLSC staff can determine the exact allocation of the lump sum payment among the firms involved. Reports should be sent by e-mail to iolta@mlsc.org or mailed on disc to the MLSC office.
3. For each monthly/quarterly remittance period, a copy of the "Notice of New IOLTA Account/IOLTA Enrollment Form" **for each new account** should be forwarded to the MLSC office.
4. Information returns (IRS Form 1099) are **NOT** required on this account, but if they are produced, such returns should reflect MLSC, Tax ID 52-1266744, as the recipient of the interest. Do not prepare an IRS Form 1099 reporting interest income to the attorney/law firm depositor or client trustee for this account, as the interest income recipient is MLSC (a nonprofit, tax-exempt organization).
5. MLSC has prepared a "Guide to the IOLTA Program for Financial Institutions." Please notify MLSC if you have not received a copy of this manual. If after reading these instructions and the manual you have questions about implementing the IOLTA program at your financial institution call 800-492-1340 ext. 1000 or 410-576-9494 ext. 1000, or visit the MLSC website at www.mlsc.org.

The establishment of trust accounts by law firms and professional associations to implement the IOLTA program has been approved by the Internal Revenue Service and the Federal Reserve System. Copies of these opinions are available from MLSC upon request.

Maryland Legal Services Corporation

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15 Charles Plaza Suite 102
Baltimore, Maryland 21201
Phone: 410-576-9494
Toll-Free: 800-492-1340
Fax: 410-385-1831
www.mlsc.org
iolta@mlsc.org

FINANCIAL INSTITUTION COMPLIANCE AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 20____,

by and between **THE MARYLAND LEGAL SERVICES CORPORATION**, 15 Charles Plaza,
Suite 102, Baltimore, Maryland 21201 (hereinafter “MLSC”), and _____

_____, whose principal office is
located at: _____ (hereinafter
“Financial Institution”),

WITNESS TO:

The undersigned, an officer of the Financial Institution executing this Agreement, being duly authorized to bind said institution by this Agreement, hereby applies to **THE ATTORNEY GRIEVANCE COMMISSION OF MARYLAND** (hereinafter “AGC”), 200 Harry S. Truman Parkway, Annapolis, MD 21401, to be approved to receive attorney escrow, trust or client’s fund accounts, as defined in Rule 19-411 of the Maryland Rules of Procedure, attached hereto, from attorneys for the deposit of clients’ or third parties’ funds, hereinafter referred to as “Trust Accounts.” In consideration of AGC’s approval of the Financial Institution, it agrees to comply with the reporting and other requirements as set forth in Rule 19-411 as amended from time to time.

Specifically, the named Financial Institution agrees as follows:

1. Notification to Attorney or Law Firm. To notify the attorney or law firm promptly of an overdraft in any Trust Account or the dishonor for insufficient funds of any instrument drawn on any Trust account held by it Rule 19-411(b)(1)(A).
2. Notification to Bar Counsel. To report the overdraft or dishonor to Bar Counsel of the AGC as provided by Rule 19-411(b)(1)(C), unless the Financial Institution determines from its records that the overdraft was in error or no longer exists or that the full amount of the dishonored instrument has been paid to the person entitled by the instrument to payment. The report may be

made by mailing to Bar Counsel a copy of the overdraft notice or notice of dishonor if the copy identifies the attorney or law firm and the account number.

3. Rates of Return and Allowable Fees on Interest on Lawyer Trust Accounts (hereinafter “IOLTA”). To pay interest on IOLTA deposits at a rate no less than the highest non-promotional rate generally available to non-IOLTA customers in accordance with Rule 19-411(b)(1)(D)i) or otherwise comply by agreeing to an option provided in Rule 19-411(b)(1)(D)(ii), and deduct from IOLTA revenue only “Allowable Reasonable Fees,” if any, as defined in Rule 19-411(b)(1)(D)(iii), as certified in the attached “IOLTA Addendum” to this agreement, incorporated by reference and made a part hereof.
4. Audit of Trust Account. To allow reasonable access to all records of the Trust Accounts if an audit of such account is ordered pursuant to Rule 19-731 (Audit of Attorney’s Accounts and Records), in compliance with the provisions of Md. Code Ann., Financial Institutions, 1-301, et seq., as amended from time to time.
5. Form of Reports. That all such reports shall be substantially in the following format:
 - (a) in the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the institution’s other regular account holders;
 - (b) if an instrument is honored but at the time of presentation the total funds in the account, both collected and uncollected, do not equal or exceed the amount of the instrument, the report shall identify the financial institution, the attorney or law firm maintaining the account, the account name, the account number, the date of presentation for payment, and the payment date of the instrument, as well as the amount of the overdraft created.
6. Consent of Attorneys of Law Firm. The Financial Institution agrees to obtain, with respect to each Trust Account, the written consent of the attorney or law firm opening such account to the notification to Bar Counsel set forth in paragraph 2 of this Agreement.

7. Service Charges. Nothing in this Agreement shall preclude the Financial Institution from charging any attorney or law firm maintaining a Trust Account, a reasonable fee for providing any notice or record required pursuant to this Agreement.
8. Termination of Agreement. This Agreement shall terminate only if:
- (a) The Financial Institution files a petition under any applicable insolvency law or makes an assignment for the benefit of creditors; or
 - (b) The Financial Institution gives thirty (30) days notice in writing to Bar Counsel that the Institution intends to terminate this Agreement on a stated date and that copies of the termination notice have been mailed to all attorneys and law firms that maintain Trust Accounts with the Financial Institution or any branch thereof; or
 - (c) After a complaint is filed by MLSC or on its own initiative, the AGC finds, after prior notice to the Financial Institution and after an adequate opportunity to be heard, that the Financial Institution has failed or refused, without justification, to perform a duty required by this Agreement. The AGC shall notify the Institution that the agreement and the Commission's approval of the institution are terminated; or an amendment to this Agreement is requested by the AGC or is mandated by rule of court or binding statute in the State of Maryland and the Financial Institution declines or fails to agree to such amendment within thirty (30) days after written notice by the AGC.
9. Exceptions. Within 15 days after service of the notice of termination pursuant to Paragraph 8(c) of this Agreement, the Institution may file with the Court of Appeals exceptions to the decision of the Commission. The Institution shall file eight copies of the exceptions which shall conform to the requirements of Maryland Rule 8-112. The Court shall set a date for oral argument, unless oral argument is waived by the parties. Oral argument shall be conducted in accordance with

Maryland Rule 8-522. The decision of the Court of Appeals is final and shall be evidenced by an order of the Court.

10. Binding Effect. This Agreement shall be binding upon the Financial Institution and any branch thereof receiving Trust Accounts.

IN WITNESS WHEREOF, the Financial Institution has executed the within Agreement on the day and year first above written.

MARYLAND LEGAL SERVICES CORPORATION

ATTEST:

Secretary

By: _____
Susan M. Erlichman
Executive Director
Maryland Legal Services Corporation

(Name of Financial Institution)

ATTEST:

Secretary

By: _____
Officer's Signature

Officer's Name (print)

Title: _____

**Maryland Legal Services Corporation
Rule 19-411 IOLTA Addendum**

I. Declaration of the Financial Institution

Upon reviewing Rule 19-411(b)(1)(D), the financial institution shall (Please check and complete **one** of the following from A-C below):

- A. Pay a "safe harbor" variable interest rate on high balance IOLTA accounts no less than 55% of the Federal Funds Target Rate, which is deemed to be net of all allowable reasonable fees, as described in section 19-411(b)(1)(D)(ii) of the Rule.
- B. Match the interest rate paid on IOLTA accounts to equal the rate paid on the following account/ product: _____, currently at an interest rate of: _____%, which is the highest non-promotional interest rate for which IOLTA accounts qualify.
- C. Other (please describe or attach addendum):

_____.

Please review and/or complete **all** of the following (D-G):

- D. Review your service charge policy to insure it complies with "allowable reasonable fees" as described in 16-610 (b)(1)(D)(iii) of the Rule.
- E. The effective date of the changes above will be: ____/____/____
- F. On a monthly or quarterly basis (please check one), net income from IOLTA accounts and a detailed remittance report will be issued to MLSC, in a form and manner directed by MLSC.
- G. Financial Institution Name:_____.

II. Documentation Requirement

Required for Certification: Please attach substantiating documentation for all financial institution deposit/investment products noted below. However, no further documentation is required for institutions choosing I.A above, the safe harbor interest rate.

- Internal rate sheet on ALL deposit/investment accounts.
- Explanatory product literature and disclosures in support of Part I, above.
- Any analysis or explanation in support of Part I above.
- All documentation and disclosures for business sweep products.

Please Note: Submissions are incomplete without the above documentation and may delay approval and certification under this agreement.

III. Reporting Institution

Name of financial institution: _____

Name of person executing this form: _____

Title: _____

Contact Person (if different): _____

Address : _____

Telephone: _____ Email: _____

Fax: _____ Web Address: _____

I certify that the above statements are true and accurate and that the information requested in sections I and II has been provided.

Signature: _____

Date: _____

Please mail, fax or email this form to:

Maryland Legal Services Corporation
15 Charles Plaza, Suite 102
Baltimore, MD 21201
Attn: Financial Institution Compliance
Fax: (410) 385-1831
Phone: (410) 576-9494
Email: iolta@mlsc.org

Thank you. We will review your information and contact your institution if we require additional information or if further action on your part is required.

September 2016

Form may be downloaded at <http://mlsc.org/financial-institutions/letter-of-agreement/>.

FINANCIAL INSTITUTION HONOR ROLL PROGRAM

Maryland Legal Services Corporation (MLSC) and the Maryland State Bar Association (MSBA) wish to recognize Maryland financial institutions for their commitment to improving access to justice in their community by inviting them to participate in our IOLTA Honor Roll Program. This program gives financial institutions the opportunity to be recognized both locally and statewide for significantly benefiting their communities.

The Maryland Rules of Procedure require attorneys to place IOLTA accounts at financial institutions that pay interest rates comparable to other similarly situated accounts. ***Honor Roll Financial Institutions are those that go above and beyond the requirements of the rules*** to foster the IOLTA program in its mission to ensure that low-income Marylanders have access to critically needed legal aid. Financial institutions that agree to pay a net yield of the higher of at least 65 percent of the federal funds target rate or 1 percent on IOLTA deposits are inducted as members of Maryland's Financial Institution IOLTA Honor Roll.

Honor Roll benefits include:

- Highlighted on MSBA and MLSC websites
- Linked from MLSC website to Honor Roll member website
- Featured in press releases issued to local and statewide media
- Prominently featured in Maryland's premier legal newspaper, *The Daily Record*
- Endorsed as Honor Roll members and promoted at all MLSC events
- Promoted and prominently featured at MSBA events, including the MSBA Annual Meeting
- Featured at various local & specialty bar meetings
- Published as Honor Roll members in local and statewide bar publications and newsletters
- Promoted at semi-annual mandatory Professionalism Course, attended by every newly admitted Maryland attorney

Enrollment is easy. Simply complete and return the enclosed enrollment form. Promotion of your financial institution as an Honor Roll member will begin immediately upon receipt of enrollment.



FINANCIAL INSTITUTION HONOR ROLL PROGRAM

Please be advised that our financial institution has agreed to participate in the MSBA/MLSC Financial Institution Honor Roll Program and agrees to pay the higher of either a net yield of at least 65% of the Federal Funds target interest rate or an interest rate of 1% on IOLTA deposits. We will implement this as follows (check one):

1. _____ Current rates paid on IOLTA accounts equal or exceed an average net yield of the higher of either 65% of the Federal Funds target interest rate or 1%, and we will continue to meet or exceed this requirement using our current IOLTA rate structure/products.
2. _____ The interest rate structure/products for IOLTA deposits will be amended as follows to achieve an average net yield on IOLTA deposits that equals or exceeds the higher of either 65% of the Federal Funds target interest rate or 1% as described:

The effective date of this change is: _____

Financial Institution Name: _____

Address: _____

City, State & Zip Code: _____

Phone, Fax, e-mail: _____
(phone) (fax) (e-mail)

Authorized by: _____
(Please Print)

Title: _____
(Please Print)

Signature: _____ Date: _____

Please email, mail or fax this form to:
Maryland Legal Services Corporation
15 Charles Plaza, Suite 102
Baltimore, MD 21201
Email: iolta@mlsc.org
Fax: 410-385-1831
Phone: 410-576-9494

Note: MLSC and the MSBA encourage all financial institutions to become members of the IOLTA Honor Roll. Such membership, however, is not required to be in compliance with Maryland Rule 19-411. Financial Institutions may join the Honor Roll at any time.



MLSC
MARYLAND LEGAL SERVICES CORPORATION
IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

Financial Institution IOLTA Remittance

Summary Report

FINANCIAL INSTITUTION INFORMATION		PAYMENT INFORMATION	
Institution Name: First National Bank of MD Address: 123 Main Street City: Baltimore State: MD Zip: 01234 Phone: (123) 456-7890 Email: stevejohnson@firstnationalmd.com Prepared By: Steve Johnson Date Submitted: 6/15/2016		Period Begin Date: 5/1/2016 Check/ACH Number: 12456 Period End Date: 5/30/2016 Check/Settlement Date: 5/9/2016	
INTEREST RATE INFORMATION Please check one of the following boxes: Honor Roll Institution <input type="checkbox"/> 65% or greater of Fed Funds Rate Safe Harbor Institution* <input type="checkbox"/> 55% or greater of Fed Funds Rate Other <input checked="" type="checkbox"/>		Number of Accounts this Report: 525 Description of Adjustments: None this period Total Interest Earned: \$ 12,500.00 Service Fees: \$ - Admin Fees: \$ - Other Adjustments: +/- \$ - Net Amount Remitted = \$ 12,500.00	
INTEREST RATE INFORMATION Please enter rate info below:		For Interest Rates Tiered By Balance =====>	
Single Rate All Balances	Balance	Rate	Balance
For single rate during period:	5/1/2016 \$ 10	0.10%	\$ 50,000
			0.25% \$ 50,000
			0.50% \$ 100,000
			1.00% \$ 1,000,000
			1.50%
For rate changes during period:			
Effective Date/New Rate =====>	5/10/2016 \$ 10	0.15%	\$ 50,000
Effective Date/New Rate =====>	5/20/2016 \$ 10	0.25%	\$ 50,000
Effective Date/New Rate =====>			\$ 50,000
Effective Date/New Rate =====>			\$ 100,000
Effective Date/New Rate =====>			\$ 1,000,000
Effective Date/New Rate =====>			\$ 1,000,000
Effective Date/New Rate =====>			\$ 1,000,000
Effective Date/New Rate =====>			1.60%
Effective Date/New Rate =====>			2.00%
Effective Date/New Rate =====>			
Effective Date/New Rate =====>			
*Safe Harbor interest rates should be calculated as of the first business day of each month.			
SUBMISSION INFORMATION			
Please submit completed reports on electronic media (disk, portable drive, etc.) OR send by secure email to: Maryland Legal Services Corporation Charles Towers 15 Charles Plaza, Suite 102 Baltimore, Maryland 21201-3994 Email: iolita@mlsc.org			
Remittance Funds : CHECKS ONLY should be sent to Maryland Legal Services Corporation, PO Box 758892, Baltimore, MD 21275-8892			
IMPORTANT NOTE: See 'Detail Report' Tab for Instructions on completing this form.			



IOLTA CSV File Import/Export Specifications

Data should be contained within a Comma Separated Value Spreadsheet (.csv file).

The file name should reflect your financial institution name and remittance period. In the following format:

InstitutionName.Month.Year.CSV

Example: FirstNationalBank.07.2016.CSV

The following fields need to be included in order:

Account Name	Text, contained within Quotes. Example: "Dewey, Cheetum, and Howe"
Account Number	Text, contained within Quotes. Example: "000123456-AB" (Leading/Padded zeroes are not required)
Average Collected Period (Monthly/Quarterly) Balance	Numeric, in decimal form, no comma, no dollar sign. Example: 10000.00
Interest Rate	Numeric, in decimal form, with leading zero. Example: For value 1.75% use 0.0175
Gross Interest	Numeric, in decimal form, no comma, no dollar sign. Example: 175.00
Service Charge	Numeric, in decimal form, no comma, no dollar sign. Example: 12.50
Net Interest	Numeric, in decimal form, no comma, no dollar sign. Example: 162.50
New/Closed	Text, contained within Quotes. Use a capital N if the account is New; a capital C if the account is closed, and left blank if neither is true. Accepted Values: "C", "N", ""

A header line is not required.

Below is a two line representation of the file:

```
"Smith and Wollensky", "123456789", 1500.00, 0.0125, 20.00, 1.25, 18.75, N
"Dewey, Cheetum, and Howe", "123456789", 2500.00, 0.0225, 10.00, 3.50, 6.50, C
```

A P P E N D I X

**IOLTA STATUTE — MARYLAND ANNOTATED CODE,
BUSINESS OCCUPATIONS AND PROFESSIONS, SECTION 10-303 (2016)**

§ 10-303. Accounts earning interest for Maryland Legal Services Corporation

(a) In general. -- Subject to this section a lawyer shall deposit trust money in an attorney trust account, all interest on which is payable to the Maryland Legal Services Corporation Fund established under § 11-402 of the Human Services Article.

(b) Trust money eligible for deposit. -- A lawyer shall deposit trust money in an interest bearing account under this section whenever the lawyer reasonably expects that, for the period that the lawyer expects to hold the trust money, the interest that it would earn:

(1) would not exceed \$ 50; or

(2) (i) would exceed \$ 50; but

(ii) would not cover the cost of administering an interest bearing account on which interest is payable to the client or beneficial owner.

(c) Waiver. -- The Administrative Office of the Courts, in consultation with the Maryland Legal Services Corporation, may waive the provisions of subsection (b) of this section with respect to a lawyer or law firm that demonstrates that it will cost the Maryland Legal Services Corporation Fund more in service charges to open and maintain an attorney trust account with the interest payable to the Maryland Legal Services Corporation Fund than will be generated in interest by the attorney trust account.

(d) Duties of financial institutions. --

(1) At least quarterly, each financial institution that has an account described under this section shall:

(i) deduct from the total interest accumulated in the account any service charge due on the account; and

(ii) pay the net interest to the Maryland Legal Services Corporation Fund.

(2) A financial institution:

(i) may not charge against the individual accounts of a lawyer any service charges for trust moneys in an account under this section; and

(ii) may charge the Maryland Legal Services Corporation Fund.

HISTORY: An. Code 1957, art. 10, § 44; 1989, ch. 3, § 1; ch. 502, § 2; ch. 632, § 3; 1991, ch. 522; 1998, ch. 765; 2007, ch. 8, § 1.

§ 10-304. Deposit of trust money

(a) General requirement. -- Except as provided in subsection (b) of this section, a lawyer expeditiously shall deposit trust money into an attorney trust account.

(b) Exceptions -- Direction of court. -- Subsection (a) of this section does not apply if there is a court order to the contrary.

(c) Exceptions -- Real estate transaction. -- Notwithstanding subsection (a) of this section or any other law, a lawyer may disburse, at settlement in a real estate transaction, trust money that the lawyer receives in the transaction.

HISTORY: An. Code 1957, art. 10, § 44; 1989, ch. 3, § 1; ch. 632, § 3.

MARYLAND RULES OF PROCEDURE
TITLE 19 - ATTORNEYS
CHAPTER 400 - ATTORNEY TRUST ACCOUNTS (July 2016)

Rule 19-401. APPLICABILITY

The Rules in this Chapter apply to all trust accounts required by law to be maintained by attorneys for the deposit of funds that belong to others, except that these Rules do not apply to a fiduciary account maintained by an attorney as personal representative, trustee, guardian, custodian, receiver, or committee, or as a fiduciary under a written instrument or order of court.

Rule 19-402. DEFINITIONS

In this Chapter, the following definitions apply, except as expressly otherwise provided or as necessary implication requires:

(a) **Approved Financial Institution**

"Approved financial institution" means a financial institution approved by the Commission in accordance with these Rules.

(b) **Attorney**

"Attorney" means any individual admitted by the Court of Appeals to practice law.

(c) **Attorney Trust Account**

"Attorney trust account" means an account, including an escrow account, maintained in a financial institution for the deposit of funds received or held by an attorney or law firm on behalf of a client or third person.

(d) **Bar Counsel**

"Bar Counsel" means the individual appointed by the Commission as the principal executive officer of the disciplinary system affecting attorneys. All duties of Bar Counsel prescribed by these Rules shall be subject to the supervision and procedural guidelines of the Commission.

(e) **Client**

"Client" includes any individual, firm, or entity for which an attorney performs any legal service, including acting as an escrow agent or as a legal representative of a fiduciary. The term does not include a public or private entity of which an attorney is a full-time employee.

(f) **Commission**

"Commission" means the Attorney Grievance Commission of Maryland, as authorized and created by Rule 19-702.

(g) **Financial institution**

"Financial institution" means a bank, credit union, trust company, savings bank, or savings and loan association authorized by law to do business in this State, in the District of Columbia, or in a state contiguous to this State, the accounts of which are insured by an agency or instrumentality of the United States.

(h) **IOLTA**

"IOLTA" (Interest on Lawyer Trust Accounts) means interest on attorney trust accounts payable to the Maryland Legal Services Corporation Fund under Code, Business Occupations and Professions Article, § 10-303.

(i) Law Firm

"Law firm" includes a partnership of attorneys, a professional or nonprofit corporation of attorneys, and a combination thereof engaged in the practice of law. In the case of a law firm with offices in this State and in other jurisdictions, the Rules in this Chapter apply only to the offices in this State.

Rule 19-403. DUTY TO MAINTAIN ACCOUNT

An attorney or the attorney's law firm shall maintain one or more attorney trust accounts for the deposit of funds received from any source for the intended benefit of clients or third persons. The account or accounts shall be maintained in this State, in the District of Columbia, or in a state contiguous to this State, and shall be with an approved financial institution. Unless an attorney maintains such an account, or is a member of or employed by a law firm that maintains such an account, an attorney may not receive and accept funds as an attorney from any source intended in whole or in part for the benefit of a client or third person.

Rule 19-404. TRUST ACCOUNT – REQUIRED DEPOSITS

Except as otherwise permitted by rule or other law, all funds, including cash, received and accepted by an attorney or law firm in this State from a client or third person to be delivered in whole or in part to a client or third person, unless received as payment of fees owed the attorney by the client or in reimbursement for expenses properly advanced on behalf of the client, shall be deposited in an attorney trust account in an approved financial institution. This Rule does not apply to an instrument received by an attorney or law firm that is made payable solely to a client or third person and is transmitted directly to the client or third person.

Rule 19-405. DUTY OF ATTORNEY TO NOTIFY INSTITUTION

An attorney may not exercise any authority to sign checks or disburse or withdraw funds from an attorney trust account until the attorney in writing:

(a) Requests the financial institution to designate the account on its records as an attorney trust account, and

(b) Authorizes the financial institution to report to Bar Counsel any dishonored instruments or overdrafts in the account as required by the agreement under Rule 16-610 between the institution and the Commission.

Rule 19-406. NAME AND DESIGNATION OF ACCOUNT

An attorney or law firm shall maintain each attorney trust account with a title that includes the name of the attorney or law firm and that clearly designates the account as "Attorney Trust Account", "Attorney Escrow Account", or "Clients' Funds Account" on all checks and deposit slips. The title shall distinguish the account from any other fiduciary account that the attorney or law firm may maintain and from any personal or business account of the attorney or law firm.

Rule 19-407. ATTORNEY TRUST ACCOUNT RECORD-KEEPING

(a) Creation of Records

The following records shall be created and maintained for the receipt and disbursement of funds of clients or of third persons:

(1) Attorney Trust Account Identification

An identification of all attorney trust accounts maintained, including the name of the financial institution, account number, account name, date the account was opened, date the account was closed, and an agreement with the financial institution establishing each account and its interest-bearing nature.

(2) Deposits and Disbursements

A record for each account that chronologically shows all deposits and disbursements, as follows:

(A) for each deposit, a record made at or near the time of the deposit that shows (i) the date of the deposit, (ii) the amount, (iii) the identity of the client or third person for whom the funds were deposited, and (iv) the purpose of the deposit;

(B) for each disbursement, including a disbursement made by electronic transfer, a record made at or near the time of disbursement that shows (i) the date of the disbursement, (ii) the amount, (iii) the payee, (iv) the identity of the client or third person for whom the disbursement was made (if not the payee), and (v) the purpose of the disbursement;

(C) for each disbursement made by electronic transfer, a written memorandum authorizing the transaction and identifying the attorney responsible for the transaction.

Cross reference: See Rule 19-410(c), which provides that a disbursement that would create a negative balance with respect to any individual client matter or with respect to all client matters in the aggregate is prohibited.

(3) Client Matter Records

A record for each client matter in which the attorney receives funds in trust, as follows:

(A) for each attorney trust account transaction, a record that shows (i) the date of the deposit or disbursement; (ii) the amount of the deposit or disbursement; (iii) the purpose for which the funds are intended; (iv) for a disbursement, the payee and the check number or other payment identification; and (v) the balance of funds remaining in the account in connection with the matter; and

(B) an identification of the person to whom the unused portion of a fee or expense deposit is to be returned whenever it is to be returned to a person other than the client.

(4) Record of Funds of the Attorney

A record that identifies the funds of the attorney held in each attorney trust account as permitted by Rule 19-408(b).

(b) Monthly Reconciliation

An attorney shall cause to be created a monthly reconciliation of all attorney trust account records, client matter records, records of funds of the attorney held in an attorney trust account as permitted by Rule 19-408(b), and the adjusted month-end financial institution statement balance. The adjusted month-end financial institution statement balance is computed by adding subsequent deposits to and subtracting subsequent disbursements from the financial institution's month-end statement balance.

(c) Electronic Records

Whenever the records required by this Rule are created or maintained using electronic means, there must be an ability to print a paper copy of the records upon a reasonable request to do so.

Committee note: Electronic records should be backed up regularly by an appropriate storage device.

(d) Records to be Maintained

Financial institution month-end statements, any canceled checks or copies of canceled checks provided with a financial institution month-end statement, duplicate deposit slips or deposit receipts generated by the financial institution, and records created in accordance with section (a) of this Rule shall be maintained for a period of at least five years after the date the record was created.

Rule 19-408. COMMINGLING OF FUNDS

(a) General Prohibition

An attorney or law firm may deposit in an attorney trust account only those funds required to be deposited in that account by Rule 19-404 or permitted to be so deposited by section (b) of this Rule.

(b) Exceptions

(1) An attorney or law firm shall either (A) deposit into an attorney trust account funds to pay any fees, service charges, or minimum balance required by the financial institution to open or maintain the account, including those fees that cannot be charged against interest due to the Maryland Legal Services Corporation Fund pursuant to Rule 19-411(b)(1)(D), or (B) enter into an agreement with the financial institution to have any fees or charges deducted from an operating account maintained by the attorney or law firm. The attorney or law firm may deposit into an attorney trust account any funds expected to be advanced on behalf of a client and expected to be reimbursed to the attorney by the client.

(2) An attorney or law firm may deposit into an attorney trust account funds belonging in part to a client and in part presently or potentially to the attorney or law firm. The portion belonging to the attorney or law firm shall be withdrawn promptly when the attorney or law firm becomes entitled to the funds, but any portion disputed by the client shall remain in the account until the dispute is resolved.

(3) Funds of a client or beneficial owner may be pooled and commingled in an attorney trust account with the funds held for other clients or beneficial owners.

Cross Reference: See Code, Business Occupations and Professions Article §§10-301 et seq.

Rule 19-409. INTEREST ON FUNDS

(a) Generally

Any interest paid on funds deposited in an attorney trust account, after deducting service charges and fees of the financial institution, shall be credited and belong to the client or third person whose funds are on deposit during the period the interest is earned, except to the extent that interest is paid to the Maryland Legal Services Corporation Fund as authorized by law. The attorney or law firm shall have no right or claim to the interest.

Cross reference: See Rule 19-411(b)(1)(D) providing that certain fees may not be deducted from interest that otherwise would be payable to the Maryland Legal Services Corporation Fund.

(b) Duty to Report IOLTA Participation

(1) Required as a Condition of Practice

As a condition precedent to the practice of law, each attorney admitted to practice in Maryland shall report annually in accordance with this Rule information concerning all IOLTA accounts, including name, address, location, and account number, on a form approved by the Court of Appeals.

(2) Oversight of the Reporting Process

The Court of Appeals shall designate an employee of the Administrative Office of the Courts to oversee the reporting process set forth in this Rule.

(3) Mailing by the Administrative Office of the Courts

On or before January 10 of each year, the Administrative Office of the Courts shall mail an IOLTA Compliance Report form to each attorney on the list maintained by the Client Protection Fund of the Bar of Maryland. The addresses on that list shall be used for all notices and correspondence pertaining to the reports.

(4) Due Date

IOLTA Compliance Reports for each year shall be filed with the Administrative Office of the Courts on or before February 15 of that year.

(5) Enforcement

(A) Notice of Default

As soon as practicable after May 1 of each year, the Administrative Office of the Courts shall notify each defaulting attorney of the attorney's failure to file a report. The notice shall (i) state that the lawyer has not filed the IOLTA Compliance Report for that year, (ii) state that continued failure to file the Report may result in the entry of an order by the Court of Appeals prohibiting the attorney from practicing law in the State, and (iii) be sent by first-class mail. The mailing of the notice of default shall constitute service.

(B) Additional Discretionary Notice of Default

In addition to the mailed notice, the Administrative Office of the Courts may give additional notice to defaulting lawyers by any of the means enumerated in Rule 16-811 f 3.

(C) List of Defaulting Attorneys

As soon as practicable after July 1 of each year but no later than August 1, the Administrative Office of the Courts shall prepare, certify, and file with the Court of Appeals a list that includes the name and address of each lawyer engaged in the practice of law who has failed to file the IOLTA Compliance Report for that year.

(D) Certification of Default; Order of Decertification

The Administrative Office of the Courts shall submit with the list a proposed Decertification Order stating the names and addresses of those attorneys who have failed to file their IOLTA Compliance Report. At the request of the Court of Appeals, the Administrative Office of the Courts also shall furnish additional information from its records or give further notice to the defaulting attorneys. If satisfied that the Administrative Office of the Courts has given the required notice to each attorney named on the proposed Decertification Order, the Court of Appeals shall enter a Decertification Order prohibiting each of them from practicing law in the State.

(E) Mailing of Decertification Order

The Administrative Office of the Courts shall mail by first-class mail a copy of the Decertification Order to each lawyer named in the Order. The mailing of the copy of the Decertification Order shall constitute service.

(F) Recertification; Restoration to Good Standing

If a lawyer thereafter files the outstanding IOLTA Compliance Report, the Administrative Office of the Courts shall request the Court of Appeals to enter an order that recertifies the lawyer and restores the lawyer to good standing. Upon entry of that order, the Administrative Office of the Courts promptly shall furnish confirmation to the lawyer. After a lawyer is recertified, the fact that the lawyer had been decertified need not be disclosed by the lawyer in response to a request for information as to whether the lawyer has been the subject of a disciplinary or remedial proceeding.

(G) Duty of Clerk of the Court of Appeals

Upon Entry of each Decertification Order and each order that recertifies an attorney and restores the attorney to good standing entered pursuant to this Rule, the Clerk of the Court of Appeals shall comply with Rule 19-761.

(H) Certain Information Furnished to the Maryland Legal Services Corporation

The Administrative Office of the Courts promptly shall submit to the Maryland Legal Services Corporation the data from electronically submitted IOLTA Compliance Reports and, upon request, shall forward the paper Compliance Reports.

(I) Confidentiality

Except as provided in subsection b 5(H) of this Rule, IOLTA Compliance Reports, whether in paper or electronic form, are confidential and are not subject to inspection or disclosure under Code, General Provisions Article, §4-301. The Administrative Office of the Courts shall not release the Reports to any person or agency, except as provided in this Rule or upon order of the Court of Appeals. Nonidentifying information and data contained in an attorney's IOLTA Compliance Report are not confidential.

Rule 19-610. PROHIBITED TRANSACTIONS

(a) Generally

An attorney or law firm may not borrow or pledge any funds required by the Rules in this Chapter to be deposited in an attorney trust account, obtain any remuneration from the financial institution for depositing any funds in the account, or use any funds for any unauthorized purpose.

(b) No Cash Disbursements

An instrument drawn on an attorney trust account may not be drawn payable to cash or to bearer, and no cash withdrawal may be made from an automated teller machine or by any other method. All disbursements from an attorney trust account shall be made by check or electronic transfer.

(c) Negative Balance Prohibited

No funds from an attorney trust account shall be disbursed if the disbursement would create a negative balance with regard to an individual client matter or all client matters in the aggregate.

Rule 19-411. APPROVAL OF FINANCIAL INSTITUTIONS

(a) Written Agreement to be Filed with Commission. The Commission shall approve a financial institution upon the filing with the Commission of a written agreement with the Maryland Legal Services Corporation (MLSC), complying with this Rule and in a form provided by the Commission, applicable to all branches of the institution that are subject to this Rule. The Commission may extend its approval of a previously approved financial institution for a reasonable period to allow the financial institution and the MLSC the opportunity to enter into a revised agreement that complies with this Rule.

b. Contents of agreement.

1. Duties to be performed. The agreement shall provide that the financial institution, as a condition of accepting the deposit of any funds into an attorney trust account, shall:

(A) Notify the attorney or law firm promptly of any overdraft in the account or the dishonor for insufficient funds of any instrument drawn on the account.

(B) Report the overdraft or dishonor to Bar Counsel as set forth in subsection (b)(1)(C) of this Rule.

(C) Use the following procedure for reports to Bar Counsel required under subsection (b)(1)(B) of this Rule:

(i) In the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the institution's other regular account holders. The report shall be mailed to Bar Counsel within the time provided by law for notice of dishonor to the depositor and simultaneously with the sending of that notice.

(ii) If an instrument is honored but at the time of presentation the total funds in the account, both collected and uncollected, do not equal or exceed the amount of the instrument, the report shall identify the financial institution, the name and address of the attorney or law firm maintaining the account, the account name, the account number, the date of presentation for payment, and the payment date of the instrument, as well as the amount of the overdraft created. The report shall be mailed to Bar Counsel within five banking days after the date of presentation, notwithstanding any overdraft privileges that may attach to the account.

(D) Pay interest on its IOLTA accounts at a rate no less than the highest non-promotional interest rate generally available from the institution to its non-IOLTA customers at the same branch when the IOLTA account meets or exceeds the same minimum balance or other eligibility qualifications for its non-IOLTA accounts at that branch. In determining the highest interest rate generally available from the institution to its IOLTA customers at a particular branch, an approved institution may consider, in addition to the balance in the IOLTA account, factors customarily considered by the institution at that branch when setting interest rates for its non-IOLTA customers; provided, however, that these factors shall not discriminate between IOLTA accounts and non-IOLTA accounts, nor shall the factors include or consider the fact that the account is an IOLTA account.

(i) An approved institution may satisfy the requirement described in subsection (b)(1)(D) of this Rule by establishing the IOLTA account in an account paying the highest rate for which the IOLTA account qualifies. The approved institution may deduct from interest earned on the IOLTA account Allowable Reasonable Fees as defined in subsection (b)(1)(d)(iii). This account may be any one of the following product option types, assuming the particular financial institution offers these account types to its non-IOLTA customers, and the particular IOLTA account qualifies to be established as this type of account at the particular branch:

(a) a business checking account with an automated investment feature, which is an overnight sweep and investment in repurchase agreements fully collateralized by U.S. Government securities, including securities of government-sponsored entities;

(b) checking accounts paying interest rates in excess of the lowest-paying interest-bearing checking account;

(c) any other suitable interest-bearing checking account offered by the approved institution to its non-IOLTA customers.

(ii) In lieu of the options provided in subsection (b)(1)(D)(i), an approved financial institution may: (a) retain the existing IOLTA account and pay the equivalent applicable rate that would be paid at that branch on the highest-yield product for which the IOLTA account qualifies and deduct from interest earned on the IOLTA account Allowable Reasonable Fees; (b) offer a "safe harbor" rate that is equal to 55% of the Federal Funds Target Rate as reported in the Wall Street Journal on the first calendar day of the month on high-balance IOLTA accounts to satisfy the requirements described in subsection b 1 (D), but no fees may be deducted from the interest on a "safe harbor" rate account; or (c) pay a rate specified by the MLSC, if it chooses to specify a rate, which is agreed to by the financial institution and would be in effect for and remain unchanged during a period of twelve months from the agreement between the financial institution and MLSC to pay the specified rate. Allowable Reasonable Fees may be deducted from the interest on this "specified rate" account as agreed between MLSC and the financial institution.

(iii) "Allowable Reasonable Fees" means fees and service charges in amounts customarily charged

to non-IOLTA customers with the same type of account and balance at the same branch, including per-check charges, per-deposit charges, a fee in lieu of a minimum balance, federal deposit insurance fees, and sweep fees, plus a reasonable IOLTA account administrative fee. Allowable Reasonable Fees may be deducted from interest earned on an IOLTA account only in amounts and in accordance with the customary practices of the approved institution for non-IOLTA customers at the particular branch. Fees or service charges are not Allowable Reasonable Fees if they are charged for the convenience of or arise due to errors or omissions by the attorney or law firm maintaining the IOLTA account or that attorney's or law firm's clients, including fees for wire transfers, certified checks, account reconciliation services, presentations against insufficient funds, overdrafts, or deposits of dishonored items.

(iv) Nothing in this Rule shall preclude an approved institution from paying a higher interest rate than described herein or electing to waive any fees and service charges on an IOLTA account.

(v) Fees that are not Allowable Reasonable Fees are the responsibility of, and may be charged to, the attorney or law firm maintaining the IOLTA account.

Cross reference: Rule 19-408(b)(1).

(E) Allow reasonable access to all records of an attorney trust account if an audit of the account is ordered pursuant to Rule 19-731 (Audit of Attorney Accounts and Records).

(2) Service Charges for Performing Duties Under Agreement

Nothing in the agreement shall preclude an approved financial institution from charging the attorney or law firm maintaining an attorney trust account (A) a reasonable fee for providing any notice or record pursuant to the agreement or (B) fees and service charges other than the "Allowable Reasonable Fees" listed in subsection (b)(1)(D)(iii) of this Rule.

(c) Termination of agreement

The agreement shall terminate only if:

(1) The financial institution files a petition under any applicable insolvency law or makes an assignment for the benefit of creditors; or

(2) the financial institution gives thirty days' notice in writing to the MLSC and to Bar Counsel that the institution intends to terminate the agreement and its status as an approved financial institution on a stated date and that copies of the termination notice have been mailed to all attorneys and law firms that maintain trust accounts with any branch of that institution; or

(3) after a complaint is filed by the MLSC or on its own initiative, the Commission finds, after prior written notice to the institution and adequate opportunity to be heard, that the institution has failed or refused without justification to perform a duty required by the agreement. The Commission shall notify the institution that the agreement and the Commission's approval of the institution are terminated.

(d) Exceptions

Within 15 days after service of the notice of termination pursuant to subsection (c)(3) of this Rule, the institution may file with the Court of Appeals exceptions to the decision of the Commission. The institution shall file eight copies of the exceptions which shall conform to the requirements of Rule 8-112. The Court shall set a date for oral argument, unless oral argument is waived by the parties. Oral argument shall be conducted in accordance with Rule 8-522. The decision of the Court of Appeals is final and shall be evidenced by an order of the Court.

Rule 19-412. NOTICE OF APPROVED INSTITUTIONS

The Commission shall cause to be posted on the Judiciary's website, at six-month intervals, a list that identifies:

- (a) all currently approved financial institutions; and
- (b) any financial institution whose agreement has terminated.

Rule 19-413. ENFORCEMENT

Upon receipt of a report of overdraft on or dishonored instrument drawn on an attorney trust account, Bar Counsel shall contact the attorney or law firm maintaining the account and request an informal explanation for the overdraft or dishonored instrument. The attorney or law firm shall provide any records of the account necessary to support the explanation. If Bar Counsel has requested but has failed to receive a satisfactory explanation for any overdraft or dishonored check, or if good cause exists to believe that an attorney or law firm has failed to perform any duty under these Rules, Bar Counsel may secure compliance with these Rules by appropriate means approved by the Commission, including application for an audit pursuant to Rule 19-731 (Audit of Attorney Accounts and Records).



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