

**From:** John Stewart [mailto:John.Stewart@horizonbank.com]  
**Sent:** Thursday, November 13, 2008 2:25 PM  
**To:** Comments  
**Subject:** FDIC RIN 3064-AD37

To: The Federal Deposit Insurance Corp.

Re: FDIC RIN 3064-AD37

Request for Action regarding IOLTA Accounts

I am writing to urge the FDIC to include IOLTA funds in the unlimited deposit insurance program of the TLGP for several important reasons which I detail below. I appreciate the opportunity to submit these comments.

As a commercial bank, we number attorneys and title companies among our valued customers. Both are required to maintain IOLTA funds.

IOLTA Accounts should be included in the TLGP, as the interest on them does not benefit the owner of the funds. Interest on IOLTA funds is paid in the State of Washington to the Legal Foundation of Washington and benefits neither the attorney nor the client.

IOLTA Accounts should be included in the TLGP, as the reason that they pay interest is for a public good. The State of Washington, like every other State in the Union, uses interest on lawyers' trust accounts (IOLTA) to pay for legal services provided to the needy. Some IOLTA programs were created by statute, but in Washington, as in most other States, the IOLTA program was established by the State Supreme Court pursuant to its authority to regulate the practice of law.

IOLTA Accounts should be included in the TLGP, as they meet the definition of transaction accounts. The FDIC granted an exclusion from Reg D for IOLTA funds to be interest-bearing demand deposit accounts. Nevertheless they remain demand deposit accounts.

IOLTA Accounts should be included in the TLGP, as their exclusion will create hardship on commercial banks customers. Real estate transactions in the State of Washington are required to settle using IOLTA funds. If IOLTA funds continue to be excluded from the TLGP, attorneys will be forced to maintain IOLTA accounts at multiple banks in order to obtain full deposit insurance. Funds typically remain in an IOLTA typically for a very short period of time, often only long enough for a check to clear. It will however be impossible for a client to obtain full deposit insurance for funds that they consider non-interest bearing as a large check will have to be deposited in one bank before being split between multiple accounts in multiple institutions.

Thank you for your consideration of these items.

John Stewart  
Senior Vice President  
Chief Deposit Officer  
Horizon Bank  
P.O. Box 580  
Bellingham, WA 98227  
[john.stewart@horizonbank.com](mailto:john.stewart@horizonbank.com)  
Office: 360.756.2576  
Fax: 360.733.1872  
Cell: 360.961.2562