

November 23, 2010

TO: Texas Delegation
U.S. House of Representatives

On behalf of the State Bar of Texas, I am writing to ask you to vote in favor of HB 6398. This bill, introduced on November 15, 2010, addresses a gap in the inclusion of Interest on Lawyers Trust Accounts (IOLTA) in the unlimited FDIC insurance coverage provided to certain accounts in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act). This is a critical issue for low-income Texans because the demands for IOLTA-funded legal services have steadily increased, while the funding for those services is decreasing. Failure to pass this legislation will further exacerbate the problem.

The interest on IOLTA accounts funds do not benefit the account holder, but instead is used to fund nonprofit legal services organizations that provide basic civil legal services to low-income Texans. Unfortunately, funding for these services already has been decreasing due to the current low interest rates. In Texas, IOLTA revenue has declined by 73% since 2007. An even greater decline will occur if the Dodd Frank Act is not amended to extend unlimited FDIC insurance to IOLTA accounts.

The legal needs of the poor in Texas are greater than ever due to the current economy. Texas lawyers and bar associations throughout the state have stepped up efforts to create and enhance programs that provide pro bono legal services to low-income Texans, usually in partnership with an IOLTA-funded program. Even with increased volunteerism, IOLTA funding plays a critical role for nonprofit organizations that provide basic civil legal services to poor Texans who are facing difficult civil legal issues such as foreclosure of their homes, evictions from their apartments and termination of their public benefits. One new program, created this year, is Texas Lawyers for Texas Veterans, a statewide pro bono effort that provides free legal services to qualified veterans. In addition to providing a much needed service, the program has reinvigorated many pro bono volunteers.

Because the current unlimited FDIC insurance provided to IOLTA accounts will expire on January 1, 2011, it is vital that this legislation be passed before the end of the year. I hope that we can count on you to support HB 6398 which is of critical importance to your constituents.

Please contact me if you have any question or need any further information.

Sincerely,

Terry Tottenham
President, State Bar of Texas