NC IOLTA Report to the North Carolina State Bar Council
Annual Meeting, October 2018

Income

Interest income generated on lawyers’ trust accounts (participant income) is the North Carolina IOLTA program’s primary source of revenue. NC IOLTA, like many IOLTA programs across the country, monitors participating banks that hold IOLTA accounts for compliance with the State Bar’s rules related to IOLTA accounts. Adopted in 2010, the State Bar’s comparability rule requires banks to pay the highest interest rate generally available to non-IOLTA accounts with similar account requirements.

This spring, IOLTA began reaching out to banks to review available products to ensure IOLTA receives the highest rate available under the comparability rule. If the interest rate environment continues to improve, we anticipate the results of this ongoing effort will yield significant additional funds available for bolstering IOLTA’s reserve fund and increasing grantmaking over the next few years.

Participant income through August of 2018 from participating financial institutions increased by 34% compared to last year. Interest income received in August of 2018 was 87% more than that received in August of 2017.

Grants

2019 grant applications were due on October 1, 2018. The Board of Trustees will review 2019 grant applications and award grants at the November grantmaking meeting.

The IOLTA Board of Trustees met on October 15 for IOLTA’s long range planning meeting, rescheduled due to Hurricane Florence. During the meeting, the Board approved two off-cycle grant awards for collaborative projects to serve victims of Hurricane Florence. The grant awards total $226,600 and will be funded by the Bank of America settlement as well as a $50,000 grant received by IOLTA from a private foundation to support IOLTA’s disaster legal services grantmaking.

State Funds

In addition to its own funds, NC IOLTA administers the state funding for legal aid under the Domestic Violence Victim Assistance Act on behalf of the NC State Bar. In 2017-2018, NC IOLTA distributed $1,060,596 in domestic violence state funds. The General Assembly appropriated an additional $100,000 to Pisgah Legal Services for veterans’ legal services that NC IOLTA also administered.

In the 2018-2019 state budget, the General Assembly again appropriated $100,000 for Pisgah Legal Services’ veterans project. No changes were made to domestic violence funding administered by the State Bar. To date, NC IOLTA has administered $257,019.88 in domestic violence state funds for 2018-2019.
# North Carolina Interest on Lawyers’ Trust Accounts

## 2018 Snapshot

### January thru September 2018

**INCOME**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018 (September 30, 2018)</th>
<th>2017 (Year-End)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total IOLTA Income</td>
<td>$1,734,673</td>
<td>$2,031,808</td>
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<tr>
<td>Participant Income</td>
<td>1,617,596</td>
<td>1,856,643</td>
</tr>
<tr>
<td>Cy Pres Funds</td>
<td>2,400</td>
<td>1,500</td>
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<tr>
<td>Miscellaneous Income</td>
<td>114,678</td>
<td>173,665</td>
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**EXPENSES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses</td>
<td>254,099</td>
<td>344,813</td>
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**RESERVE FUND BALANCE**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$369,680</td>
<td>$254,767</td>
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</table>

**IOLTA Grant Awards**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018 Grant Awards</th>
<th>2017 Grant Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Awards (paid in calendar year)</td>
<td>$1,237,493</td>
<td>$2,032,335</td>
</tr>
<tr>
<td>Matching Grants (met in calendar year)</td>
<td></td>
<td>20,000</td>
</tr>
</tbody>
</table>

**Bank of America Grant Awards**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018 Grant Awards</th>
<th>2017 Grant Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Awards (paid in calendar year)</td>
<td>1,770,666</td>
<td>2,026,052</td>
</tr>
<tr>
<td>Grant Awards (committed to be paid in future)</td>
<td>1,157,089</td>
<td>2,520,470</td>
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</tbody>
</table>

**TOTAL GRANT AWARDS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$4,165,248</td>
<td>$4,078,387</td>
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**STATE FUNDS ADMINISTERED**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>857,071</td>
<td>1,973,791</td>
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</table>

**ACCOUNT & BANK DATA**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
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<tbody>
<tr>
<td>Number of Eligible Banks</td>
<td>76</td>
<td>79</td>
</tr>
<tr>
<td>Total Number of IOLTA Accounts</td>
<td>9,178</td>
<td>9,651</td>
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<tr>
<td>Total Number of Settlement Agent Only Accounts</td>
<td>71</td>
<td>66</td>
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<tr>
<td>Service Charges Paid</td>
<td>$186,911</td>
<td>$228,113</td>
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**PROGRAM TOTALS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
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<tbody>
<tr>
<td>Total IOLTA Income</td>
<td>$100,964,747</td>
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<tr>
<td>Income from IOLTA Accounts</td>
<td>$83,609,186</td>
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</tr>
<tr>
<td>State Funds Administered (since Oct. 2004)</td>
<td>$54,127,486</td>
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</tr>
<tr>
<td>Total Grant Awards (Including Matching Grants)</td>
<td>$89,964,486</td>
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</table>
### Access to Civil Justice (ATCJ)

In 1988, The General Assembly provided dedicated state funding from court filing fees for providing access to legal representation for indigent persons in certain civil matters throughout the state through now three legal aid organizations (Legal Aid of NC, Pisgah Legal Services, and Charlotte Center for Legal Advocacy). Additional appropriation of recurring funds was included in the state budget for these purposes beginning in 2006-07; however, the appropriation was removed from the 2014-15 budget. Allocations were based on poverty population in areas served as established by the census.

**In the 2017 legislative session, the ATCJ Act was repealed and funding was eliminated.**

### Domestic Violence Victim Assistance (DV)

As of October 2004, the General Assembly began providing funds for now two legal aid programs (Legal Aid of NC and Pisgah Legal Services) specifically for domestic violence work. Allocations are: 20% divided equally among all NC counties and 80% allocated according to the numbers of 50b protective orders filed in their program areas during the previous state fiscal year as established by AOC statistics.

### Foreclosure Protection

In 2008, the General Assembly appropriated additional funds for foreclosure protection legal services to be divided evenly between the Land Loss Prevention Project and the Financial Protection Law Center. Beginning with the 2009-10 state year, funding was for Financial Protection Law Center only. Funding was eliminated in state year 2014-15.

### Veteran's Assistance

In 2016, the General Assembly appropriated one-time non-recurring funding of $100,000 to Pisgah Legal Services for 2016-2017. Funding was received again in 2017-18. The funds will be used for civil legal representation of veterans.

### Center for Death Penalty Litigation (CDPL)

The Center for Death Penalty Litigation receives funds for the purpose of providing training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants. IDS began administering this funding with the 2009-10 year and currently contracts with CDPL for these services.

### Table of Fund Disbursements

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Legal Aid of NC</td>
<td>ATCJ Filing Fees</td>
<td>24,585,566</td>
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<td>22,396,687</td>
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<td>DV Filing Fees</td>
<td>15,933,226</td>
<td>753,292</td>
<td>953,235</td>
<td>929,725</td>
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<td></td>
<td>ATCJ Appropriation</td>
<td>5,623,671</td>
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<td><strong>Sub-Total</strong></td>
<td>46,142,463</td>
<td>753,292</td>
<td>1,699,425</td>
<td>2,372,414</td>
<td>41,317,332</td>
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<td>Pisgah L.S.</td>
<td>ATCJ Filing Fees</td>
<td>1,396,407</td>
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<td>DV Filing Fees</td>
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<td>53,779</td>
<td>68,867</td>
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<td>887,494</td>
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<td></td>
<td>VA Appropriation</td>
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<td>50,000</td>
<td>100,000</td>
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<tr>
<td></td>
<td>ATCJ Appropriation</td>
<td>320,059</td>
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<td>320,059</td>
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<tr>
<td></td>
<td><strong>Sub-Total</strong></td>
<td>2,992,680</td>
<td>103,779</td>
<td>111,233</td>
<td>147,985</td>
<td>2,479,683</td>
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<td>Charlotte Center for Legal Advocacy</td>
<td>ATCJ Filing Fees</td>
<td>1,414,497</td>
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<td>1,229,303</td>
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<td>ATCJ Appropriation</td>
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<tr>
<td></td>
<td><strong>Sub-Total</strong></td>
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<td>1,535,574</td>
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<td>Financial Protection Law Center</td>
<td>Appropriations</td>
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<td>458,750</td>
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<td>Land Loss Prevention</td>
<td>Appropriations</td>
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<td>CDPL</td>
<td>Appropriations</td>
<td>2,448,500</td>
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<tr>
<td>LASNNC</td>
<td>D.V.</td>
<td>265,577</td>
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<td>265,577</td>
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<tr>
<td><strong>GRAND TOTALS</strong></td>
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<td>54,127,488</td>
<td>857,071</td>
<td>1,873,791</td>
<td>2,642,460</td>
<td>48,604,166</td>
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