

**Winter 2013 IOLTA Workshops
Dallas, TX**

**Accountability Measures
for IOLTA Accounts
that are Right for You**

Materials

**Friday, February 8, 2013
11:30 a.m. – 12:45 p.m.**

**DC BAR FOUNDATION
IOLTA MANAGEMENT SYSTEM**

INTEREST RATE COMPARABILITY

The IOLTA system has the ability to track global index rates such as the Federal Funds Rate, Leadership and Benchmark Rates.

The screenshot shows a web browser window with a table of historical interest rates and a form to add or update rates. The table lists dates from 1/1/2010 to 6/1/2010 with corresponding Federal Funds Rate, Leadership Rate, and Benchmark Rate values. Below the table is a form with dropdown menus for Month (01) and Year (2012), and input fields for Federal Funds Rate (0.25%), Leadership Rate (.75%), Benchmark Rate (.50%), and Other Index Rate. A 'Submit' button is located at the bottom of the form.

Date	Federal Funds Rate	Leadership Rate	Benchmark Rate	Other Index Rate	Action
6/1/2010	2.00	1.50	1.00		remove
5/1/2010	2.00	1.50	1.00		remove
4/1/2010	2.00	1.50	1.00		remove
3/1/2010	2.00	1.50	1.00		remove
2/1/2010	2.00	1.50	1.00		remove
1/1/2010	2.00	1.50	1.00		remove

Add/Update Rates

Month:

Year:

Federal Funds Rate: %

Leadership Rate: %

Benchmark Rate: %

Other Index Rate: %

The screenshot shows a web browser window displaying the 'Interest Rate Compliance' page. The page features a sidebar menu on the left with categories like 'HOME', 'FIRM / ACCOUNT MGMT.', 'DEPOSIT MANAGEMENT', 'REPORTING', and 'ADMIN FUNCTIONS'. The main content area contains a table with columns for Date, Federal Funds Rate, Leadership Rate, Benchmark Rate, Other Index Rate, and a 'Remove' link for each row. The table lists data from 5/1/2010 to 8/1/2012. The browser's address bar shows the URL 'http://malolta.w2k8test.voicenet.com/ffr.aspx'.

Interest Rate Compliance

Date	Federal Funds Rate	Leadership Rate	Benchmark Rate	Other Index Rate	Remove
8/1/2012	0.25	.75	50		remove
7/1/2012	0.25	.75	50		remove
6/1/2012	0.25	.75	50		remove
5/1/2012	0.25	.75	50		remove
4/1/2012	0.25	.75	50		remove
3/1/2012	0.25	.75	50		remove
2/1/2012	0.25	.75	50		remove
1/1/2012	0.25	.75	50		remove
12/1/2011	0.25	1.00	1.00		remove
11/1/2011	0.25	1.00	1.00		remove
10/1/2011	0.25	1.00	1.00		remove
9/1/2011	0.25	1.00	1.00		remove
8/1/2011	0.25	1.00	1.00		remove
7/1/2011	0.25	1.00	1.00		remove
6/1/2011	0.25	1.00	1.00		remove
5/1/2011	0.25	1.00	1.00		remove
4/1/2011	0.25	1.00	1.00		remove
3/1/2011	0.25	1.00	1.00		remove
2/1/2011	0.25	1.00	1.00		remove
1/1/2011	0.25	1.00	1.00		remove
12/1/2010	.50	1.25	1.00		remove
11/1/2010	.50	1.25	1.00		remove
10/1/2010	.75	1.25	1.00		remove
9/1/2010	1.00	1.25	1.00		remove
8/1/2010	1.50	1.25	1.00		remove
7/1/2010	1.50	1.25	1.00		remove
6/1/2010	2.00	1.50	1.00		remove
5/1/2010	2.00	1.50	1.00		remove

Page: 5 of 5 Words: 1

5:25 PM 11/8/2012

INTEREST RATE COMPARABILITY

The IOLTA system also track whether a particular bank uses a product based method of interest rate compliance and what those specific rates are, or one of the index rates (ie; benchmark) options, to meet its comparability requirement.

The screenshot shows a web browser window titled 'Interest Rate Comparability - Windows Internet Explorer'. The address bar shows the URL: http://maiolta.w2k8test.voicenet.com/interest_rate_comparability.aspx?bank_id=19. The page content is as follows:

Interest Rate Comparability

Compliance Date	Compliance Method	Type	Flat Rate %	Tier 1 Rate %	Tier 2 Rate %	Tier 3 Rate %	Tier 4 Rate %	Tier 5 Rate %	Effective Rate of Tiers %	Edit	Remove
11/2012	Product	Now		1	30	500	50	1000	1.00		
11/1/2011	Product	Business Checking	.75							edit	remove

Edit

Compliance Date:

Compliance Method:

Type:

Flat Rate:

OR

Tier 1: Rate: %

Tier 2: Rate: %

Tier 3: Rate: %

Tier 4: Rate: %

Tier 5: Rate: %

Effective Rate of Tiers: %

Add New:

Compliance Date:

Compliance Method:

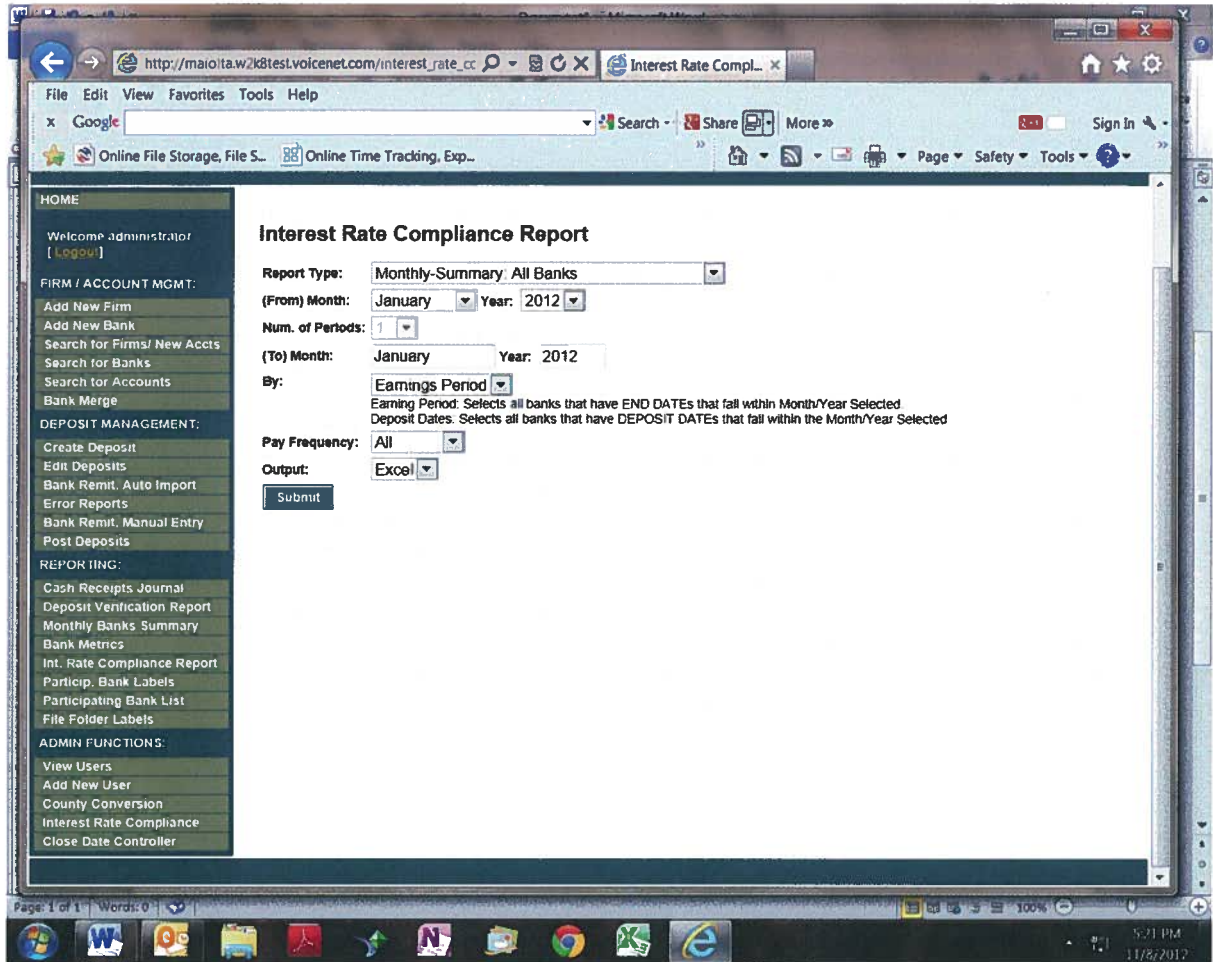
Type:

The browser window also shows a sidebar with navigation links: Accounts, Bank History, Comments, Comparability History, Deposit History, Fees, Interest History, Int. Rate Comparability, and Legacy Rates. The taskbar at the bottom shows the system clock as 5:37 PM on 11/8/2012.

Based on the above a bank will either be categorized as utilizing the index rate option (benchmark) or its own internal rate structure. In either the case, the specific interest rate required to meet comparability for each institution is known and tracked. And knowing the required interest rate, we can then run specific reports against the banks actual remittance data to determine whether they are indeed paying the correct rates, as follows:

INTEREST RATE COMPARABILITY

1. The Interest Rate Compliance, Monthly Summary Report, evaluates ALL bank remittance data for the month selected, and compares the remittance data to the stored compliance data, highlighting any variances in the actual versus expected rates. Input:



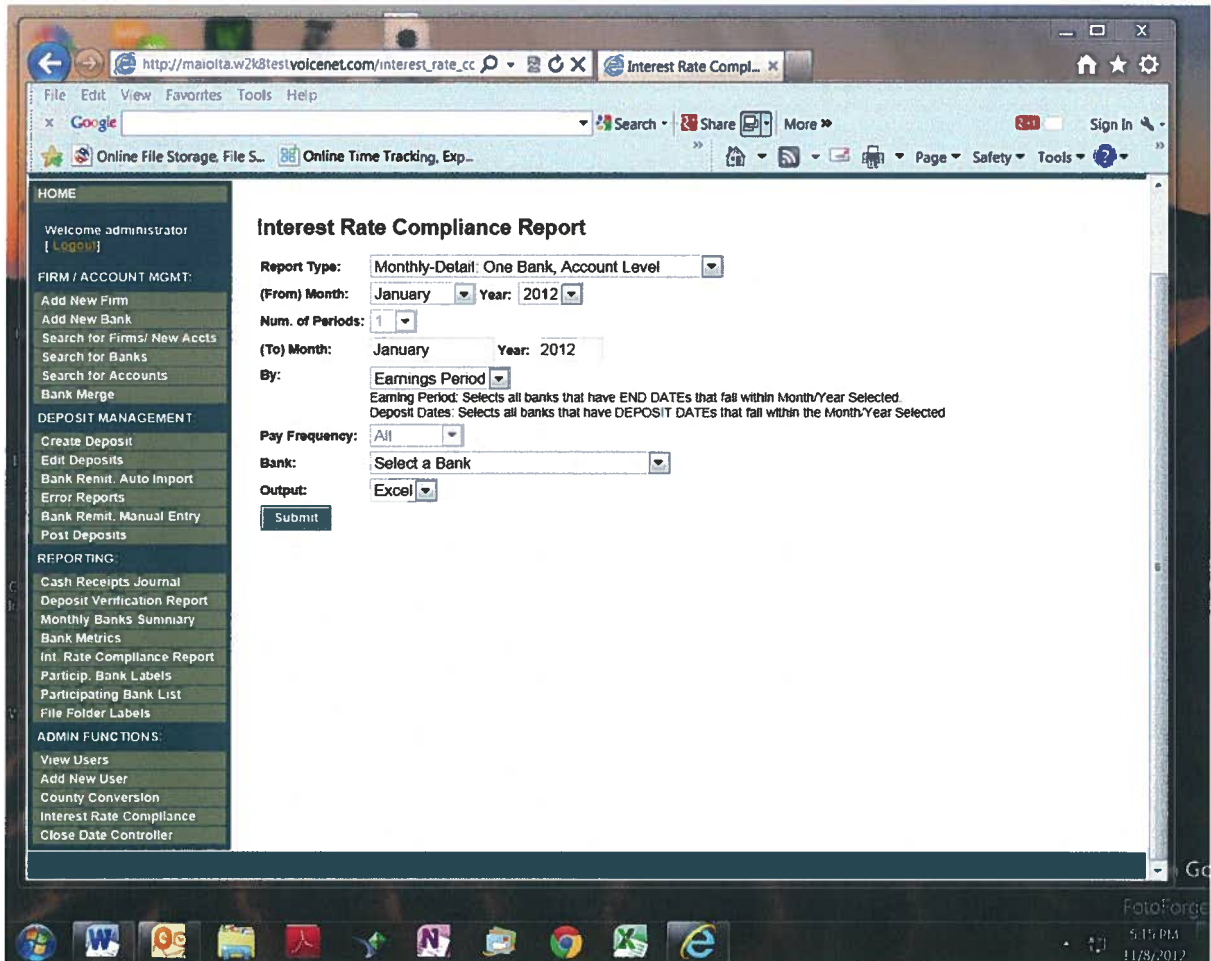
Output [1 sample line of the report, actual report shows every bank]:

Bank of America																	
Compliance Date / Period End Date	Approved Rate	Approved Rate Type	Flat Rate	Tier 1 Rate %	Tier 1 Rate %	Tier 2 Rate %	Tier 2 Rate %	Tier 3 Rate %	Tier 3 Rate %	Tier 4 Rate %	Tier 4 Rate %	Tier 5 Rate %	Tier 5 Rate %	Gross Yield Calc %	Net Yield Calc%	Gross to Approved Rate Variance	Net to Approved Rate Variance
01/01/2012	0.65	Product - Now		1	0.30	500	0.50	1000	1.00								
01/31/2012	Bank Reported Rates:		0.25											0.25	0.25	0.4	0.4

In this case that we see in January of 2012, Bank of America (hypothetically) had a required rate of 0.65% based on its comparability requirement, however, the system calculated yields of only 0.25%, resulting in a negative variance (highlighted in red) of 0.40%. The system calculates yields and variances both on a before fee (gross yield) and after fee (net yield) basis. (In this sample, they are the same).

INTEREST RATE COMPARABILITY

2. Having identified a bank from the monthly summary report with a rate compliance issue, we can then run a more detailed report for that bank. The Monthly Detail Report shows us account level detail and applies the compliance analysis to the individual accounts within a bank. Input:



Output:

Interest Rate Compliance - Monthly Detail

For Earnings Period of January, 2012

Bank: Bank of America

Bank of America																	
Compliance Date / Period End Date	Approved Rate	Approved Rate Type	Flat Rate	Tier 1 Rate %	Tier 1 Rate %	Tier 2 Rate %	Tier 2 Rate %	Tier 3 Rate %	Tier 3 Rate %	Tier 4 Rate %	Tier 4 Rate %	Tier 5 Rate %	Tier 5 Rate %	Gross Yield Calc %	Net Yield Calc %	Gross to Approved Rate Variance	Net to Approved Rate Variance
01/01/2012	0.65	Product - Now		1	0.30	500	0.50	1000	1.00								
01/31/2012	Bank Reported Rates:		0.30											0.25	0.25	0.4	0.4
Account Number	Gross	Service Charge	Net	ADB	Interest Rate Reported	Gross Yield %	Net Yield %	Gross to Approved Rate Variance	Net to Approved Rate Variance								
234234234	5.2		5.2	24508	0.30	0.25	0.25	0.4	0.4								
456456456	5.84		5.84	27537	0.30	0.25	0.25	0.4	0.4								
56756757	11.86		11.86	55878	0.30	0.25	0.25	0.4	0.4								

From the detail report where can determine exactly where the problem lies. In the sample above we see that the problem is uniform across the board, all accounts are calculating out at 0.25, which is 0.40% below the required rate.

INTEREST RATE COMPARABILITY

3. We can also look at either one bank, or all banks, over multiple periods. The Multi-Period Summary reports looks at the summary level compliance data over a selected amount of time. Input:

The screenshot shows a web browser window displaying the 'Interest Rate Compliance Report' form. The browser's address bar shows the URL: http://mai01ta.w2k8test.voicenet.com/interest_rate_cc. The page title is 'Interest Rate Compliance Report'. The form includes the following fields and options:

- Report Type:** Multi Period Summary: All Banks or One Bank
- (From) Month:** January
- Year:** 2012
- Num. of Periods:** 1
- (To) Month:** January
- Year:** 2012
- By:** Earnings Period
- Pay Frequency:** All
- Bank:** All Banks
- Output:** Excel

Additional text below the 'By' field reads: 'Earning Period: Selects all banks that have END DATES that fall within Month/Year Selected. Deposit Dates: Selects all banks that have DEPOSIT DATES that fall within the Month/Year Selected'. A 'Submit' button is located at the bottom of the form. The left sidebar contains a navigation menu with categories: HOME, FIRM / ACCOUNT MGMT., DEPOSIT MANAGEMENT, REPORTING, and ADMIN FUNCTIONS. The Windows taskbar at the bottom shows the system clock as 5:21 PM on 11/28/2012.

Output: Looking at the hypothetical Bank of America data again, we might want to see what the bank was doing for the 3 months prior to January, 2012 when we first noticed the rate problem. Those results are as follows:

INTEREST RATE COMPARABILITY

Interest Rate Compliance - Multi-Period Report

For Earnings Period of October, 2011 - January, 2012

Bank: Bank of America, Pay Frequency: All

Bank of America																			
Compliance Date / Period End Date	Approved Rate	Approved Rate Type	Flat Rate	Tier 1	Tier 1 Rate %	Tier 2	Tier 2 Rate %	Tier 3	Tier 3 Rate %	Tier 4	Tier 4 Rate %	Tier 5	Tier 5 Rate %	Tier 6	Tier 6 Rate %	Gross Yield Calc %	Net Yield Calc %	Gross to Approved Rate Variance	Net to Approved Rate Variance
11/01/2010	1.00	Product - Government Checking	1.00																
10/31/2011	Bank Reported Rates:		0.25													0.25	0.25	0.75	0.75
11/01/2011	0.75	Product - Business Checking	0.75																
11/30/2011	Bank Reported Rates:		0.25													0.25	0.25	0.5	0.5
11/01/2011	0.75	Product - Business Checking	0.75																
12/31/2011	Bank Reported Rates:		0.25													0.25	0.25	0.5	0.5
01/01/2012	0.65	Product - Now		1	0.30	500	0.50	1000	1.00										
01/31/2012	Bank Reported Rates:		0.25													0.25	0.25	0.4	0.4

In this example, we can see that the bank has been having compliance issues for the prior periods we selected, as well; In fact, more severe problems based on the rate variance. Note that the compliance data is stored, and the remittance data is compared to the particular compliance information that was in effect for that month. It would be unlikely a bank would change its compliance method so frequently between products, but the example shows the versatility of the system in tracking all such changes and applying the required interest rate against actual data received by DC IOLTA.

INTEREST RATE COMPARABILITY

4. The system can also look only at pre-determined exception criteria. That is, instead of looking at every bank, we can look only at banks on the summary level that have rate variances that exceed X percent (where X is chosen by the person running the report). Since many banks may have some slight variances in the calculated versus required rates, this report can eliminate much of the 'clutter' and screen for truly problematic banks, if desired.

The screenshot shows a web browser window displaying the 'Interest Rate Compliance Report' application. The browser's address bar shows the URL: `http://ma10ta.w2k8test.voicenet.com/interest_rate_cc`. The application interface includes a left-hand navigation menu with categories like 'HOME', 'FIRM / ACCOUNT MGMT', 'DEPOSIT MANAGEMENT', 'REPORTING', and 'ADMIN FUNCTIONS'. The main content area is titled 'Interest Rate Compliance Report' and contains several form fields:

- Report Type:** Monthly Summary: Exception Banks
- (From) Month:** January, **Year:** 2012
- Num. of Periods:** 1
- (To) Month:** January, **Year:** 2012
- By:** Earnings Period
- Pay Frequency:** All
- Exception Above:** 10 % (highlighted with a blue arrow)
- Output:** Excel

A 'Submit' button is located below the form fields. The browser's status bar at the bottom indicates 'Page: 4 of 4', 'Words: 0', and the system time '5:22 PM 11/8/2012'.

INTEREST RATE COMPARABILITY

5. Similarly, at the account level for a single bank, we may want to screen for only problematic (not all) accounts. The Monthly Detail version of the exception report produces all accounts meeting X percent or higher variance of calculated remittance rates as compared to the required rates for comparability.

The screenshot shows a web browser window displaying the 'Interest Rate Compliance Report' page. The browser's address bar shows the URL: `http://maiolta.w2k8test.voicenet.com/interest_rate_cc`. The page features a navigation menu on the left with categories: HOME, FIRM / ACCOUNT MGMT., DEPOSIT MANAGEMENT, REPORTING, and ADMIN FUNCTIONS. The main content area is titled 'Interest Rate Compliance Report' and contains the following form fields:

- Report Type:** Monthly Detail: One Bank, Exception Accounts
- (From) Month:** January | **Year:** 2012
- Num. of Periods:** 1
- (To) Month:** January | **Year:** 2012
- By:** Earnings Period
- Pay Frequency:** All
- Bank:** Select a Bank
- Exception Above:** 10 %
- Output:** Excel

A 'Submit' button is located below the form fields. The browser's status bar at the bottom indicates 'Page: 5 of 5' and 'Words: 0'. The system tray shows the time as 5:22 PM on 11/9/2011.

OTHER MANAGEMENT REPORTS

Overview:

In addition to interest rate tracking, the DC IOLTA Management System also provides advanced data capture and analysis of all key IOLTA metrics including the following:

Report 1: Monthly Banks Summary Report

Description: Monthly, by bank report of: gross interest, service charges (SVC), net interest, average daily balance (ADB), number of accounts, gross yield %, net yield %, service charge ratio, average account net interest, average account daily balance.

Monthly Banks Summary

For Earnings Period of January, 2012

Bank Name	Bank No.	Gross	SVC	Net	ADB	Num Accts.	Gross Yield	Net Yield	Avg Acct. Net	Avg Acct. ADB
Bank of America	1003	2,500.25	0.00	2500.25	2,085,012	07	0.25	0.25	53.20	52,123
BBK	1030	1,121.06	0.00	1121.06	1,323,617	225	1.00	1.00	1.00	2,726
Citibank	1100	2,507.00	0.00	2,507.00	16,725,666	006	0.25	0.25	27.30	3,000
achovia	1750	3,815.00	275.00	3,540.00	316,132	15	0.25	0.20	21.50	26,300
		31,814.30	275.00	31,539.30	43,331,017	1,325	0.44	0.43	26.79	49,910.64

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Report 2: Bank Metrics Detail Report. All fields.

Description: All fields above for 1 or multiple periods. All Banks OR an individual bank.

Bank Metrics Detail

For Earnings Period of January, 2012 - March, 2012
Bank: Bank of America

Bank of America											
Start Date	End Date	Gross	SVC	Net	ADB	# of Accts.	Gross Yield	Net Yield	SVC Ratio	Avg Acct Net	Avg Acct ADB
01/01/2012	01/31/2012	2,507.00	0.00	2,507.00	116,270,315.00	302	0.25	0.25	0.00	10	3,000.10
02/01/2012	02/20/2012	20,250.07	0.00	20,250.07	102,001,081.00	3021	0.25	0.25	0.00	6.70	3,000.210
03/01/2012	03/31/2012	23,113.70	0.00	23,113.70	10,005,200.00	3013	0.25	0.25	0.00	7.67	36,077.03

Report 3: Bank Metrics Summary Report. One Field.

Description: User selects ONE of the above fields, for example, average balance, for all banks and for a single or multiple (up to 12) periods. Excel output can be sorted for largest and smallest balances over periods or total for all periods. Significant variances between periods can be investigated further.

Bank Metrics Summary

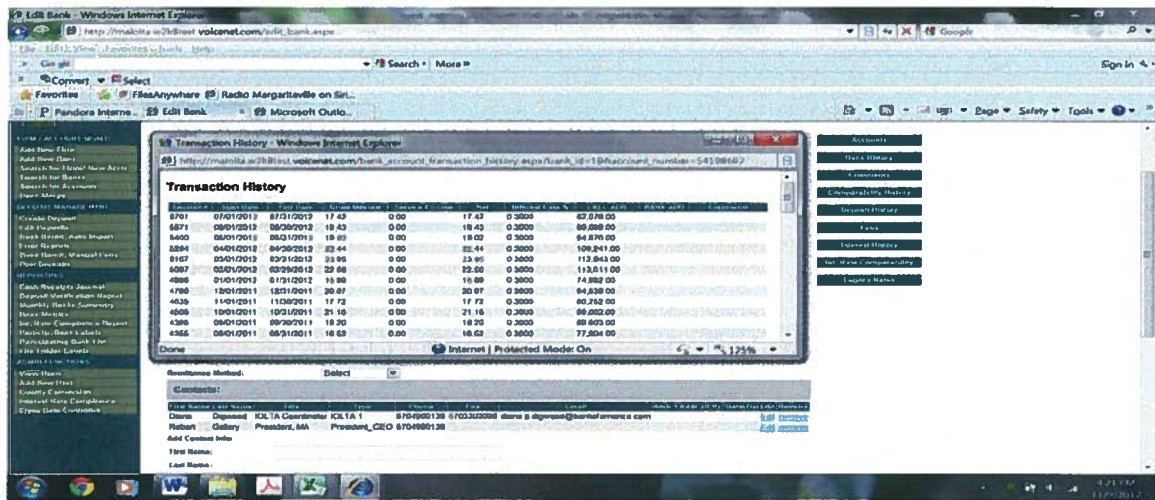
Comparison Field: Avg. Daily Balance

Bank Name	Jan 2012	Feb 2012	Mar 2012	Total
Bank of America	316,132.00	320,650.00	265,512.00	902,294.00
BBK	1,201,056.00	1,627,165.00	1,010,000.00	3,838,221.00
Citibank	1,323,617.00	1,375,602.00	1,503,560.00	4,202,779.00
achovia	2,056,012.00	2,056,017.00	1,502,500.00	5,614,529.00

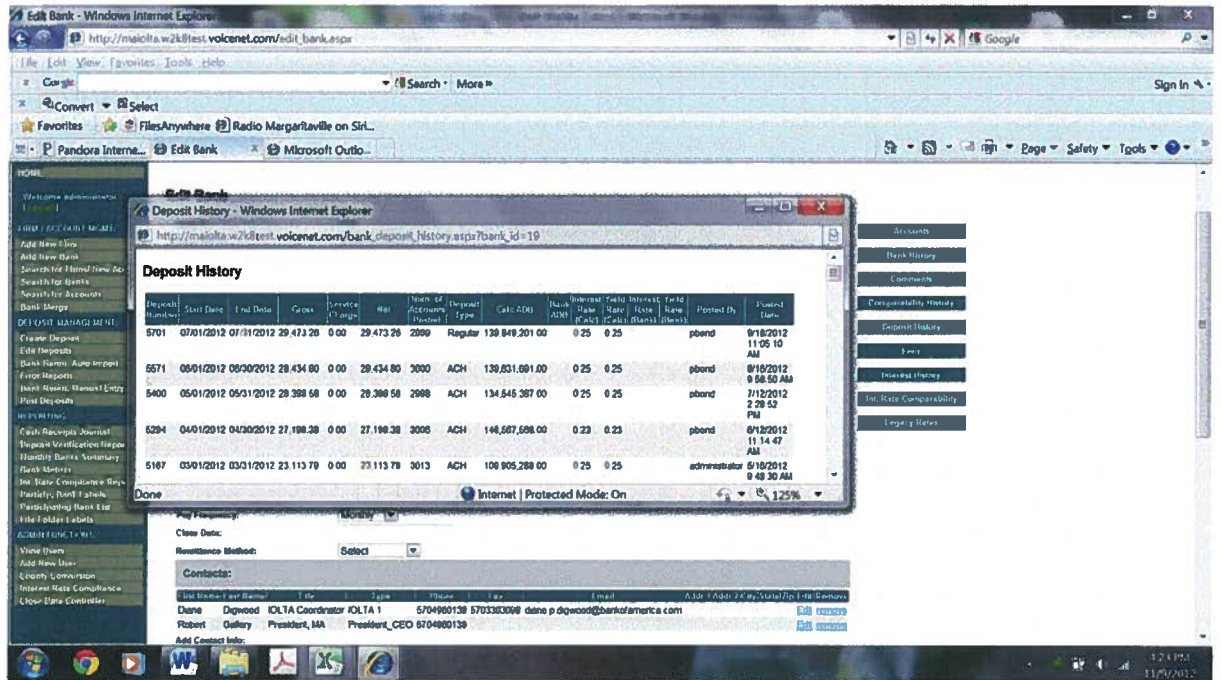
Summary: Using the many Report and selection options available in the IOLTA management system, all IOLTA data can be parsed and compared so that anomalies and trends are easily identified. Answers to the questions: Are balances increasing or decreasing ? ; Why did revenue drop/increase so much last month ?, and why did X Bank's IOLTA payment go down/up so much last month are readily available.

OTHER SYSTEM FEATURES

- Universal support of automated remittance report file uploads.
 - Automated new account system entry
- "On the fly" display of individual account status and history



- “On the fly” display of individual bank history including all deposits and system calculations



- Automated conversion of merged banks, accounts and transaction history.

