

ALABAMA LAW FOUNDATION

W i n t e r 2 0 0 7

The Alabama Law Foundation is proud to share its twentieth anniversary year, 2007, with an important new milestone in justice: the Supreme Court of Alabama decision to change the state's IOLTA program from opt-out to mandatory participation.

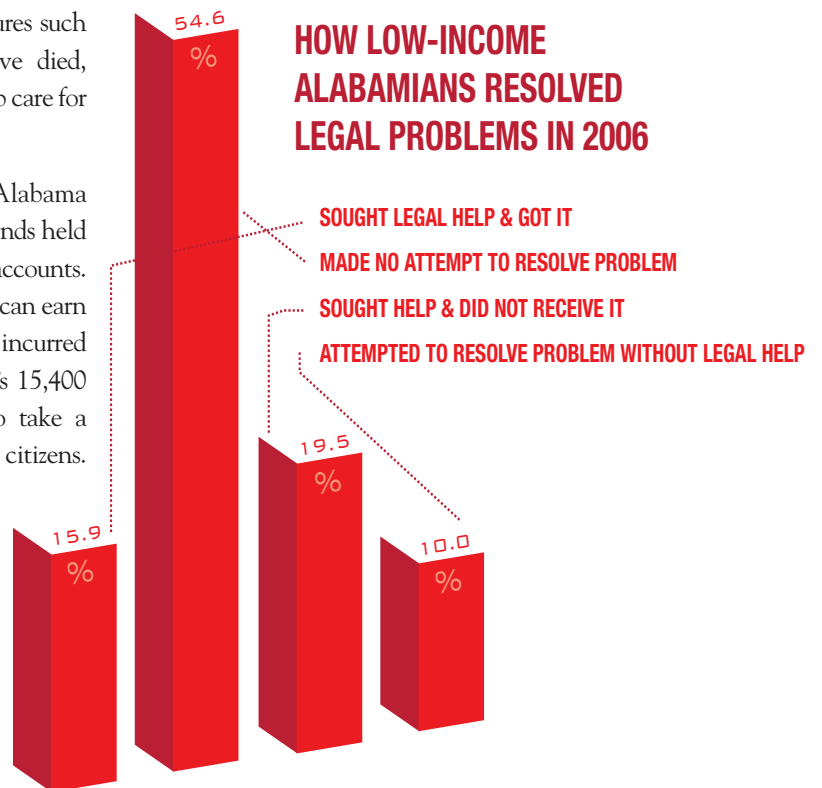
The Supreme Court of Alabama established Alabama's IOLTA (Interest on Lawyers Trust Accounts) program in 1987. The Alabama Law Foundation, the charitable arm of the Alabama State Bar, was founded at that time to receive IOLTA funds. The foundation's first president, John Scott, stated its mission clearly, "From the first, legal services to the poor was the chief objective." To date, the Alabama Law Foundation has awarded over \$13 million in grants to organizations that provide civil legal aid to underserved citizens.

The Alabama Law Foundation is committed to awarding 80% of its annual IOLTA grants to groups providing civil legal aid to underserved citizens. Grantees include Legal Services Alabama and volunteer lawyers programs in Mobile, Montgomery, and Birmingham. These organizations allow lawyers to improve the lives of their fellow citizens—often through simple legal procedures such as securing guardianship for children whose parents have died, clearing titles to homes, and getting power of attorney to help care for elderly family members.

On September 27, 2007, the Supreme Court of Alabama unanimously voted to amend Rule 1.15 to require that all funds held in commingled client trust accounts be placed in IOLTA accounts. The only exception is if, in the lawyer's judgment, the funds can earn income for the client or a third party in excess of the costs incurred to secure such income. The ruling affects all of Alabama's 15,400 licensed lawyers. Alabama steps up as the 35th state to take a leadership role in providing legal assistance to disadvantaged citizens.

The preamble to the Alabama Rules of Professional Conduct states, "A lawyer is . . . an officer of the legal system and a public citizen having special responsibility for the quality of justice." And yet, in 2006, only 16% of legal needs for disadvantaged citizens were met. The new IOLTA ruling provides one way that Alabama lawyers can meet that responsibility and help create a stronger, more democratic society.

A NEW DAY FOR IOLTA



'NEW DAY' CONTINUED ON PAGE 2

HARD WORK @

The Alabama Law Foundation Grants Committee works hard to make sure that awards are given to organizations that will provide quality services.



2008 GRANTS COMMITTEE

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Montgomery Advertiser
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& Sledge
Mobile

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United Way of Madison County
Huntsville

KATHARINE A. COXWELL

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Executive Director

'NEW DAY' FROM PAGE 1

The ruling is effective Jan 2008. It will be a new year and a new era for justice in Alabama. State Bar President Samuel N. Crosby of Daphne (Stone, Granade & Crosby, P.C.) applauded the Supreme Court's decision as "magnificent acts of leadership" and called September 27, "A great day for our state." Larry W. Morris, president of the Alabama Law Foundation, acknowledged the leadership of the Supreme Court of Alabama and the Alabama State Bar Board of Commissioners, saying, "This is an exciting time in our state."

The Alabama Law Foundation stands ready to assist all lawyers who do not presently have IOLTA accounts. As Alabama's most experienced and largest grant maker to programs that provide legal aid to the poor, the Alabama Law Foundation is prepared to work with a variety of lawyers and banks to ease paper work and transition issues.

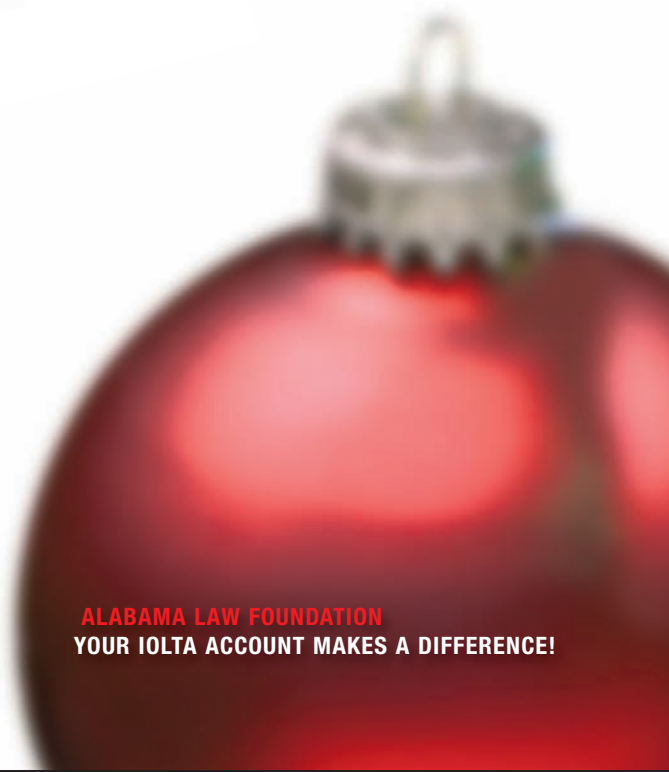
The Alabama Law Foundation looks forward to using twenty years of experience and expertise to help all lawyers work together to make access to justice a reality for all citizens in Alabama. Please join us.



IF YOU HAVEN'T ALREADY
MADE SURE THAT YOUR TRUST ACCOUNT
IS AN IOLTA ACCOUNT, DON'T FORGET THE

JANUARY 1ST DEADLINE

Hurry! Complete the form on the back of this page,
and take it to your financial institution. Don't
forget to send a copy of the completed form to
the Alabama Law Foundation, along with a
list of all the lawyers in your firm.



ALABAMA LAW FOUNDATION
YOUR IOLTA ACCOUNT MAKES A DIFFERENCE!

PLEASE GIVE

Name _____

Address _____

Phone _____ E-mail _____

- I want to make a donation to Kids' Chance.
- I want to make a donation to the Alabama Law Foundation Fund.
- I want to make a donation to the Justice Janie L. Shores Scholarship.

In honor/memory of: _____

Please send acknowledgement to: _____

Check enclosed _____

Please bill my credit card \$ _____ Visa/MasterCard/Amex # _____ Exp. _____

Signature _____

334.269.1515

WWW.ALFINC.ORG

NOTICE TO FINANCIAL INSTITUTION TO ESTABLISH AN IOLTA ACCOUNT

ATTORNEY INFORMATION

INSTRUCTIONS TO ATTORNEYS: (1) COMPLETE THIS FORM, (2) TAKE THIS FORM TO A FINANCIAL INSTITUTION ELIGIBLE TO OFFER IOLTA ACCOUNTS, (3) SEND A COPY OF THE COMPLETED FORM TO THE ALABAMA LAW FOUNDATION ALONG WITH A LIST OF ALL LAWYERS IN LAW FIRM.

FIRM NAME: _____

ATTORNEY NAME: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____ TELEPHONE: _____

FINANCIAL INSTITUTION NAME: _____

ACCOUNT NUMBER: _____

The undersigned hereby enrolls in the Alabama Law Foundation's Interest on Lawyers Trust Account (IOLTA) program established by the Supreme Court of Alabama. Under this program, please open (if new), or change the status of my/our law firm's existing trust account to an interest-bearing account of a type authorized by Rule 1.15 of the Alabama Rules of Professional Conduct.

The IOLTA account must remain in my/our law firm's name. However, the IOLTA account must bear the Alabama Law Foundation's Taxpayer Identification Number, which will be paid interest or dividends from the account. No IRS Form 1099 is required to be filed for IOLTA accounts. IOLTA accounts are NOT subject to back-up withholding.

AUTHORIZED SIGNATORIES: _____ DATE: _____

FINANCIAL INSTITUTION INFORMATION

Interest in accordance with your standard account disclosure must be remitted monthly or quarterly to:

ALABAMA LAW FOUNDATION, INC
POST OFFICE BOX 671
MONTGOMERY, AL 36101
TAXPAYER I.D. NO. 63-0951482

For more information about the IOLTA program and the charitable programs it supports, or for assistance in setting up this account, remitting interest or dividends to the Alabama Law Foundation, or handling remittance errors, please visit the Foundation's website at www.alfinc.org or call (334) 269-1515 and ask for the IOLTA Operations Department. Remittances made via ACH and Electronic Transfer are encouraged.



WHAT DOES THE NEW IOLTA RULE DO?

Makes participation in IOLTA by lawyers and/or law firms mandatory. Defines institutions eligible to hold IOLTA accounts as only those institutions which pay IOLTA account customers the highest interest rate or dividend generally available at their own institution to similarly situated non-IOLTA customers.

WHAT IS THE PURPOSE OF THE RULE AMENDMENTS?

To increase revenue for the charitable purposes of the IOLTA program established by the Supreme Court of Alabama:

- Legal assistance for the poor
- Improvements in the administration of justice
- Law-related education for the public

DO OTHER STATES HAVE MANDATORY IOLTA PROGRAMS?

Thirty-four other states have mandatory IOLTA programs.

IF I ALREADY MAINTAIN AN IOLTA ACCOUNT DOES THE RULE CHANGE AFFECT ME?

You will maintain your IOLTA account as you always have. However, if you have more than one commingled client trust account all must now be IOLTA accounts. All attorneys will also certify trust accounts to the Secretary of the Alabama State Bar on an annual basis. Information regarding the certification process will be sent at a later date.

WHAT IF I DO NOT HAVE A COMMINGLED NON INTEREST-BEARING CLIENT TRUST ACCOUNT?

Lawyers who do not hold client funds in trust are exempt from the provisions of this Rule. Those lawyers will simply signify this on their annual certification form.

WILL ATTORNEYS OR LAW FIRMS HAVE TO MOVE THEIR IOLTA ACCOUNTS TO INSTITUTIONS PAYING HIGHER RATES?

No. The rule only requires institutions to pay IOLTA accounts the highest interest rate or dividend generally available to similarly-situated non-IOLTA account customers at their own institution.

IS THIS VOLUNTARY FOR ATTORNEYS AND LAW FIRMS?

No. The new rule requires attorneys and law firms to maintain their IOLTA account only at eligible banks, savings & loan associations or investment companies which comply with the interest or dividend requirement of the new rule.

ARE ATTORNEYS AND LAW FIRMS RESPONSIBLE FOR MONITORING THEIR INSTITUTION'S COMPLIANCE WITH THE INTEREST OR DIVIDEND REQUIREMENT OF THE RULE?

No. The foundation is.

HOW DOES THE ALABAMA LAW FOUNDATION USE THE INTEREST?

Since the first grants of IOLTA funds were awarded in 1989, the Alabama Law Foundation has awarded over \$13 million for charitable, law-related purposes. The existence of IOLTA has allowed us to make progress in meeting the needs of the poor for civil legal aid through funding of pro bono projects and Legal Services. The foundation has also funded projects to improve the administration of justice and to provide law-related education for the public. 80% of IOLTA funds will be going to groups that provide legal assistance to the poor in civil cases. Alabama ranks 51st in the country in civil legal aid funding per poor person. This places our state behind even Puerto Rico. Increased IOLTA revenue will allow the foundation to help close the gap.

WHAT IS THE PROCESS TO PARTICIPATE IN THE ALABAMA LAW FOUNDATION IOLTA PROGRAM?

Attorneys wishing to participate in the program need to complete an IOLTA account form, which is available at the foundation's web site www.alfinc.org. Send a copy to your financial institution, keep one copy for your files and send the third copy to the Alabama Law Foundation to notify us of your plans to participate. For more information contact the foundation at (800) 354-6154 or (334) 269-1515, or e-mail Tracy Daniel at tdaniel@alfinc.org.

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The ALABAMA LAW FOUNDATION

Winter Newsletter

A NEW DAY FOR IOLTA

IOLTA Q&A

ALSO INSIDE:
YOUR IOLTA APPLICATION FORM

The Alabama Law Foundation, a charitable tax-exempt organization affiliated with the Alabama State Bar, strives to make access to civil justice and education to all Alabama citizens a reality.



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ALABAMA LAW FOUNDATION, INC.
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