

MICHIGAN STATE BAR FOUNDATION
IOLTA Interest Refund Policy

I. Introduction

Under the Michigan Rules of Professional Conduct (MRPC 1.15), attorneys may deposit short-term or nominal funds of clients and third persons into Interest on Lawyer Trust Accounts (“IOLTA”). As statewide administrator of Michigan’s IOLTA Program, the Michigan State Bar Foundation (“Foundation”) manages the IOLTA interest remittance process with participating financial institutions and receives the interest generated on IOLTAs. Lawyers and law firms are responsible for deciding which type of trust accounts they must have, determining what is deposited in each, and maintaining detailed client trust records.

II. Refund Procedures

If a lawyer or law firm determines that funds placed in an IOLTA should have been placed in an interest-bearing account for the benefit of the client, the lawyer or law firm shall:

1. Submit to the Foundation *in a timely manner*, a written request for reimbursement explaining the nature of the error. This request should include specific calculations such as:
 - a. the sum which the lawyer or law firm claims was erroneously on deposit in the IOLTA;
 - b. the number of days that sum was on deposit; and
 - c. the interest rate(s) that would have been applicable to the account during that period.

2. Provide verification from the financial institution of the interest rate and amount of interest remitted in error. In no event will the Foundation refund more than the amount of net interest it received.

Once the above requirements are met, the Foundation will consider the refund request. Refunds will be authorized according to MSBF’s Financial Policies. If the IOLTA refund request is approved, the Foundation will make payment to the financial institution with notification that the financial institution is responsible for any necessary tax reporting when reimbursing the attorney.