



1.15A(i)

Spokane Teachers Credit Union
P.O. Box 5264
Spokane, WA 99205-9903

April 4, 2005

Washington State Bar Association
Clerk of the Supreme Court
P.O. Box 40929
Olympia, WA 98504-0929

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Dear Lisa Bausch,

Spokane Teachers Credit Union (STCU) appreciates the opportunity to comment on the proposed amendment to the Rules of Professional Conduct (RPC) that govern "Interest on Lawyer Trust Accounts (IOLTA)" in the State of Washington. Spokane Teachers Credit Union is the largest credit union in Eastern Washington with \$708 million in assets and we serve over 64,000 members.

The proposed amendment to Rule 1.15A of the RPC specifically removed the previous reference to credit unions as a choice in the selection of a financial institution to provide these trust accounts. It also omitted the previous reference to the National Credit Union Share Insurance Fund (NCUSIF) as acceptable insurance coverage for IOLTAs. The proposed amendment reads as follows:

"In the exercise of ordinary prudence, a lawyer may select any bank, savings bank, or savings and loan association that is insured by the Federal Deposit Insurance Corporation (FDIC), is authorized by law to do business in Washington and has filed the agreement required by ELC 15.4."

Like most credit unions, Spokane Teachers is insured by the National Credit Union Administration (NCUA) and would no longer be able to offer IOLTA accounts to our attorney members in the future. STCU is strongly opposed to this change and would like you to consider the following concerns.

- Spokane Teachers currently has several open IOLTA accounts and would like to preserve our right as a credit union to continue this service to attorney members. It would not be fair to discontinue these existing accounts and disrupt the level of service currently offered to our attorney members.
- As FDIC and NCUA insurance coverage are equal, we do not understand the necessity for this proposed change.
- It is very important to maintain parity between FDIC insured financial institutions and NCUA insured credit unions. If we did not strive to maintain such parity, then credit union members would be disadvantaged.

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- It is important to preserve the rights of attorneys to select the financial institution of their choice to conduct their business.
- Prohibiting IOLTA accounts at credit unions gives an unfair advantage to banks, savings banks, or savings and loan associations that are insured by FDIC. Credit unions would be unnecessarily restricted in their ability to serve their members.

Thank you again for providing an opportunity to express our views. We hope you will consider the negative impact this proposed amendment would have on the 144 credit unions that currently serve approximately 2.25 million members in the State of Washington. If you have any questions, please contact me directly at (509) 344-2106.

Sincerely,



Steven L. Dahlstrom
President /CEO
Spokane Teachers Credit Union

cc: Washington State Division of Credit Unions - Linda Jekel
Washington Credit Union League – Stacy Augustine and Glenn Bishop
National Credit Union Administration – Region V - Tempe