



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

Bulletin No. T-5
January 23, 2013

To: All Title Insurers Licensed in the State of Connecticut

Re: Connecticut's Interest on Lawyers' Trust Accounts (IOLTA)/Interest on Trust Account (IOTA) Programs

This bulletin is to remind title insurers and every title agent they have appointed to do business in Connecticut who handle funds from a mortgage lender in connection with Connecticut real property transactions of the requirement to comply with the provisions of Connecticut General Statutes Section 51-81c. The statute defines a "mortgage lender" as any person engaged in the business of making first or secondary mortgage loans, including a bank or out-of-state bank, a Connecticut, federal, or out-of-state credit union and a first or second mortgage lender required to be licensed under law.

This statute requires that each entity, other than a borrower, having an account established to receive loan proceeds for a Connecticut real estate transaction from a mortgage lender participate in Connecticut's Interest on Lawyers' Trust Accounts (IOLTA)/Interest on Trust Account (IOTA) program. Specifically, all entities holding loan proceeds from mortgage lenders for Connecticut real estate transactions in commingled accounts are required to notify their bank that the interest earned on such accounts must be paid to a federally tax-exempt organization that the Connecticut Superior Court Judges designate to administer the program. The organization currently designated by the Judges is the Connecticut Bar Foundation. The Connecticut Bar Foundation website provides technical guidance on compliance with the statute, as well as a list of banks that currently provide accounts that meet the rate comparability and other requirements of the Connecticut statute: http://www.ctbarfdn.org/iolta_iota.

It is the responsibility of each title insurer to make sure that every one of their title agents is in compliance with this statute. Compliance should be ascertained during routine audits, as well as through communication by the title insurer.

We appreciate your assistance and cooperation in this matter.

Thomas B. Leonardi
Insurance Commissioner