



## UNDERWRITING BULLETIN - TEXAS

No. 05

DATE: December 17, 2010

RE: FDIC Regulations

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During these volatile financial times, you should verify that your escrow funds are in the type of account which will receive the maximum amount of federal deposit insurance coverage the law provides.

Beginning December 31, 2010, through December 31, 2012, all *“noninterest-bearing transaction accounts”* are fully insured, regardless of the amount on deposit, at all FDIC-insured institutions.

A *“noninterest-bearing transaction account”* is a type of deposit account where interest is neither accrued nor paid, depositors are permitted to make an unlimited number of transfers and withdrawals, and the bank does not reserve the right to require advance notice of a withdrawal. The unlimited coverage is available to all depositors, including individuals, businesses, and government entities, but only on the described type of account.

The unlimited coverage is separate from the \$250,000.00 in coverage currently provided for a depositor’s standard deposit accounts at an FDIC-insured institution.

Funds which are initially deposited in a *“non-interest bearing transaction account”* will lose their unlimited insurance coverage if they are later *“swept”* into an interest bearing account; the \$250,000.00 limit on deposit insurance will apply while the funds remain in the interest bearing sweep account.

Money Market Deposit Accounts (MMDAs), Negotiable Order of Withdrawal Accounts (NOW), and Interest on Lawyer Trust Accounts (IOLTAs) do not qualify for unlimited insurance coverage, regardless of the interest rate, and even if no interest at all is paid on the account. Note: H.R. 6398 is pending in Congress; the bill would restore unlimited deposit insurance coverage for IOLTA Accounts or *“a functionally equivalent”* account, as determined by the FDIC. H.R. 6398 passed the House on November 30, 2010, and is pending in the Senate.

For additional information, please contact your own bank or visit the FDIC’s website at [www.fdic.gov](http://www.fdic.gov).

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