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HOUSE BILL NO. *157*

INTRODUCED BY *Jeanette Steiner, Chair, House Banking and Finance Committee*
L.L. Bunde

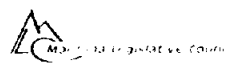
A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT IF A MORTGAGE PAYMENT INCLUDES AN AMOUNT PLACED IN A RESERVE FUND TO ENSURE PAYMENT OF TAXES AND INSURANCE ON THE MORTGAGED PROPERTY, RETURN ON INVESTMENT OF MONEY IN THE RESERVE FUND MUST BE CREDITED TO THE FUND; CLARIFYING THAT IF THE FUND EXCEEDS 110 PERCENT OF THE AMOUNT NEEDED TO PAY TAXES AND INSURANCE THE MORTGAGE PAYMENT MUST BE DECREASED UNTIL THE FIGURE IS 110 PERCENT OR SMALLER; AND AMENDING SECTION 71-1-113, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 71-1-113, MCA, is amended to read:
"71-1-113. Limit on the amount of funds on reserve. Except as provided in 71-1-114, if a lending institution requires a borrower under a mortgage or trust indenture of real property to include in his regular payment additional payment into a reserve fund held by the lending institution for the future payment of property taxes, insurance premiums, and other expenses, the amount of funds on reserve may not exceed 110% of the projected amount needed to pay such expenses. If the amount exceeds 110%, the additional payment for the reserve fund must be decreased until the

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figure is 110% or smaller. Return on investment of the reserve fund must be credited to the reserve fund."

-End-



-2- INTRODUCED BILL
HB 157

RECOMMEND DO NOT PASS
MOTION TO MOVE FROM
COMMITTEE TO 2ND READING

HOUSE BILL NO. 157

1
2 INTRODUCED BY Jessica Haddock, Barbara Lee, Becker Jock
3 Richard Bunde Cheryl Johnson

4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT IF A
5 MORTGAGE PAYMENT INCLUDES AN AMOUNT PLACED IN A RESERVE FUND
6 TO ENSURE PAYMENT OF TAXES AND INSURANCE ON THE MORTGAGED
7 PROPERTY, RETURN ON INVESTMENT OF MONEY IN THE RESERVE FUND
8 MUST BE CREDITED TO THE FUND; CLARIFYING THAT IF THE FUND
9 EXCEEDS 110 PERCENT OF THE AMOUNT NEEDED TO PAY TAXES AND
10 INSURANCE THE MORTGAGE PAYMENT MUST BE DECREASED UNTIL THE
11 FIGURE IS 110 PERCENT OR SMALLER; AND AMENDING SECTION
12 71-1-113, MCA."

13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 **Section 1.** Section 71-1-113, MCA, is amended to read:

16 "71-1-113. Limit on the amount of funds on reserve.

17 Except as provided in 71-1-114, if a lending institution
18 requires a borrower under a mortgage or trust indenture of
19 real property to include in his regular payment additional
20 payment into a reserve fund held by the lending institution
21 for the future payment of property taxes, insurance
22 premiums, and other expenses, the amount of funds on reserve
23 may not exceed 110% of the projected amount needed to pay
24 such expenses. If the amount exceeds 110%, the additional
25 payment for the reserve fund must be decreased until the

1 figure is 110% or smaller. Return on investment of the
2 reserve fund must be credited to the reserve fund."

-End-

HOUSE BILL NO. 157

INTRODUCED BY STICKNEY, DEVLIN, CODY
BECKER, ZOOK, WEEDING, BROOKE, J. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT IF A MORTGAGE PAYMENT INCLUDES AN AMOUNT PLACED IN A RESERVE FUND TO ENSURE PAYMENT OF TAXES AND INSURANCE ON THE MORTGAGED PROPERTY, RETURN ON INVESTMENT OF MONEY IN THE RESERVE FUND MUST BE CREDITED TO THE FUND; CLARIFYING THAT IF THE FUND EXCEEDS 110 PERCENT OF THE AMOUNT NEEDED TO PAY TAXES AND INSURANCE THE MORTGAGE PAYMENT MUST BE DECREASED UNTIL THE FIGURE IS 110 PERCENT OR SMALLER; AND AMENDING SECTION 71-1-113, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 71-1-113, MCA, is amended to read:

"71-1-113. Limit on the amount of funds on reserve. Except as provided in 71-1-114, if a lending institution requires a borrower under a mortgage or trust indenture of real property to include in his regular payment additional payment into a reserve fund held by the lending institution for the future payment of property taxes, insurance premiums, and other expenses, the amount of funds on reserve may not exceed 110% of the projected amount needed to pay such expenses. If the amount exceeds 110%, the additional

payment for the reserve fund must be decreased until the figure is 110% or smaller. Return on investment of the reserve fund must be credited to the reserve fund."

NEW SECTION. SECTION 2. APPLICABILITY. [THIS ACT] APPLIES TO PAYMENTS RECEIVED ON OR AFTER OCTOBER 1, 1991.

-End-

THIRD READING
AS AMENDED HB 157

