INTRODUCED BY Follow LOCKREM RAWN LEE

A BILY FOR AN ACT ENTITLED: "AN ACT TO REQUIRE MORTGAGEES

TO CREDIT INTEREST EARNED ON PREPAID RESERVE FUND TO CREDIT

OF MORTGAGOR."

7

9

10

11 12

13 14

15 15

1 2 3

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

Section 1. Interest on prepayment of reserve fund credited to mortgagor. When a mortgagor includes in his regular mortgage payment additional payment into a reserve fund held by the mortgagee for the future payment of property taxes, insurance premiums, or both, the mortgagee shall credit to the payment of the mortgage interest on the undistributed portion of the reserve fund at 4% interest a year.

-End-

45th Legislature \$3 0205/02

Business and Industry

Without recommendation

1	SENATE BILL NO. 205
2	INTRODUCED BY FASRENDER, LOCKREM, ROBERTS, LEE, REGAN
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE ####################################
ڌ	LENDING INSTITUTIONS TO CREDIT INTEREST SARNED ON PROPAR
Ü	RESERVE FUND TO CREDIT OF HORTGAGOR THE RESERVE FUND
7	PROVIDING EXCEPTIONS."
3	•
9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
0	Section 1. Interest on prepayment of reserve fund
.1	credited to mortgagor. (11) When a mortgagor includes in his
.2	regular mortgage payment additional payment into a reserve
.3	fund held by the mortgagee A LENDING INSTITUTION for the
4	future payment of property taxes, insurance premiums, or
5	both CIMER EXPENSES: the mortgagee LENDING INSTITUTION shall
6	credit to the payment-of-the-mortgage-interest-on-the
7	undistributed-portion-of-the-reserve-fund-ot-i%-interest-
8	year+ RESERVE FUND+ INTEREST AT THE RATE REGULARLY PAID BY
9	THE LENGING INSTITUTION ON PASSBOOK SAVINGS ACCOUNTS.
0	(2) INTEREST ON THESE FUNDS SHALL BE:
1	(A) COMPUTED ON THE AVERAGE MONTHLY GALANCE IN TH
22	RESERVE FUND: AND
23	(2) PAID ANNUALLY TO THE MORTGASOR BY CREDITING TH
24	RESERVE FUND HITH THE MUUNA OF INTEREST DUE.

(3) INTEREST IS NOT REQUIRED TO BE PAID ON RESERVE

25

1	HUND ACCOUNTS WHENEYER:	
2	(A) THERE IS A CONTRACT BETWEEN THE MORIGAGOR A	ANI
3	MORIGAGES WHICH CONTAINS AN EXPRESS DISCLAIMER OF 1	[H
4	MORIGAGOR'S OBLIGATION TO PAY SUCH INTEREST: OR	
ö	(S) THE PAYMENT OF SUCH INTEREST WOULD VIOLATE A	N)
6	FEDERAL LAW OR REGULATION: OR	
7	(C) THE RESERVE FUND ACCOUNT IS REQUIRED BY A	AN)
8	FEDERAL OR STATE LAW OR REGULATION.	

-End-

\$9 0205/02