

Business and Industry

Without recommendation
as amended

SENATE BILL NO. 205

INTRODUCED BY FASBENDER, LOCKREM, ROBERTS, LEE, REGAN

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE MORTGAGEES
LENDING INSTITUTIONS TO CREDIT INTEREST EARNED ON PREPAID
RESERVE FUND TO CREDIT OF MORTGAGOR THE RESERVE FUND;
PROVIDING EXCEPTIONS."

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

Section 1. Interest on prepayment of reserve fund
credited to mortgagor. (1) When a mortgagor includes in his
regular mortgage payment additional payment into a reserve
fund held by the mortgagee A LENDING INSTITUTION for the
future payment of property taxes, insurance premiums, or
both OTHER EXPENSES, the mortgagee LENDING INSTITUTION shall
credit to the ~~payment of the mortgage interest on the~~
~~undistributed portion of the reserve fund at 4% interest a~~
~~year~~ RESERVE FUND; INTEREST AT THE RATE REGULARLY PAID BY
THE LENDING INSTITUTION ON PASSBOOK SAVINGS ACCOUNTS.

(2) INTEREST ON THESE FUNDS SHALL BE:(A) COMPUTED ON THE AVERAGE MONTHLY BALANCE IN THE
RESERVE FUND; AND(2) PAID ANNUALLY TO THE MORTGAGOR BY CREDITING THE
RESERVE FUND WITH THE AMOUNT OF INTEREST DUE.(3) INTEREST IS NOT REQUIRED TO BE PAID ON RESERVEFUND ACCOUNTS WHENEVER:(A) THERE IS A CONTRACT BETWEEN THE MORTGAGOR AND
MORTGAGEE WHICH CONTAINS AN EXPRESS DISCLAIMER OF THE
MORTGAGOR'S OBLIGATION TO PAY SUCH INTEREST; OR(B) THE PAYMENT OF SUCH INTEREST WOULD VIOLATE ANY
FEDERAL LAW OR REGULATION; OR(C) THE RESERVE FUND ACCOUNT IS REQUIRED BY ANY
FEDERAL OR STATE LAW OR REGULATION.

-End-

SECOND READING

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