

CHAPTER NO. 490

HOUSE BILL NO. 566

INTRODUCED BY VINCENT, WATT, BRAND, MANNING, DOZIER,
KESSLER, YARDLEY, GILLIGAN, NORDTVEDT, SOUTH,
HUENNEKENS, ANDERSON, HARRINGTON,
MENAHAN, QUILICI, DAILY

IN THE HOUSE

February 5, 1979	Introduced and referred to Committee on Business and Industry.
February 12, 1979	Committee recommend bill do pass. Report adopted.
February 13, 1979	Second reading, do pass.
February 14, 1979	Considered correctly engrossed.
February 15, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

February 16, 1979	Introduced and referred to Committee on Business and Industry.
March 21, 1979	Committee recommend bill be concurred in as amended. Report adopted.
March 23, 1979	Second reading, concurred in.
March 26, 1979	Third reading, concurred in as amended.

IN THE HOUSE

March 27, 1979	Returned from second house. Concurred in as amended.
March 29, 1979	Second reading, amendments adopted.

March 30, 1979

Third reading, amendments
adopted. Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 566
 2 INTRODUCED BY VINCENT Watt Broad Manning
 3 Devin Keeler Spencer Phillips Lindtvelt Scott
 4 Hewitt Anderson Hampton Mendon Quilley
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE LENDING
 6 INSTITUTIONS TO CREDIT INTEREST EARNED ON CERTAIN PREPAID
 7 RESERVE FUNDS TO THE RESERVE FUND AND TO LIMIT THE AMOUNT OF
 8 SUCH RESERVE FUNDS."
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Limit on the amount of funds on reserve.
 11 Except as provided in [section 2], if a lending institution
 12 requires a borrower under a mortgage or trust indenture of
 13 real property to include in his regular payment additional
 14 payment into a reserve fund held by the lending institution
 15 for the future payment of property taxes, insurance
 16 premiums, and other expenses, the amount of funds on reserve
 17 may not exceed 110% of the projected amount needed to pay
 18 such expenses.
 19 Section 2. Exception to limitation. If the borrower
 20 desires, the lending institution and borrower may enter into
 21 a written contract in which they agree that the funds on
 22 reserve exceed 110% of the reasonable amount needed to pay
 23 such expenses.
 24 Section 3. Interest on reserve fund required. The
 25 lending institution shall credit to the reserve fund

1 interest at the rate regularly paid by the lending
 2 institution on passbook savings accounts.
 3 Section 4. Manner of computing and crediting interest
 4 on reserve fund. Interest on the funds shall be:
 5 (1) computed on the average monthly balance in the
 6 reserve fund; and
 7 (2) paid annually to the mortgagor by crediting the
 8 reserve fund with the amount of interest due.
 9 Section 5. Record of reserve fund required. Every
 10 lending institution shall keep an itemized record of each
 11 payment entered into the reserve fund, each disbursement
 12 withdrawn from the reserve fund, and the interest credited
 13 to the reserve fund. The lending institution shall annually
 14 mail a copy of such record to each borrower under a mortgage
 15 or trust indenture of real property.
 -End-

HB 566, 2ND READING
WAS UNOBTAINABLE.

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 3 Doyle Keeler Anderson Phillips Indredavik Smith
 4 Hewitt Hampton Monday
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 6 INSTITUTIONS TO CREDIT INTEREST EARNED ON CERTAIN PREPAID
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 13 to the reserve fund. The lending institution shall annually
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 15 or trust indenture of real property.

-End-

HOUSE BILL NO. 566

INTRODUCED BY VINCENT, MATT, BRAND, MANNING, DOZIER,

KESSLER, YARDLEY, GILLIGAN, NOROTVEDT, SOUTH,

HUENNEKENS, ANDERSON, HARRINGTON,

MENAHAN, QUILICI, DAILY

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE LENDING INSTITUTIONS TO CREDIT ~~INTEREST~~ EARNED UNDER ANNUAL STATEMENTS ON CERTAIN PREPAID RESERVE FUNDS ~~TO THE RESERVE FUND~~ AND TO LIMIT THE AMOUNT OF SUCH RESERVE FUNDS; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Limit on the amount of funds on reserve. Except as provided in [section 2], 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.

Section 2. Exception to limitation. If the borrower desires, the lending institution and borrower may enter into a written contract in which they agree that the funds on

reserve exceed 110% of the reasonable amount needed to pay such expenses.

~~Section 3. Interest on reserve fund required. The lending institution shall credit to the reserve fund interest at the rate regularly paid by the lending institution on passbook savings accounts.~~

~~Section 4. Manner of computing and crediting interest on reserve funds. Interest on the funds shall be~~

~~(1) 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.~~

Section 3. Record of reserve fund required. Every lending institution shall keep an itemized record of each payment entered into the reserve fund, AND each disbursement withdrawn from the reserve fund, ~~and the interest credited to the reserve fund.~~ The lending institution shall annually mail a copy of such record STATEMENT OF TOTAL RECEIPTS AND DISBURSEMENTS to each borrower under a mortgage or trust indenture of real property.

SECTION 4. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON JANUARY 1, 1980.

-End-

March 21, 1979

SENATE STANDING COMMITTEE REPORT
(Business & Industry)

That House Bill No. 566, third reading bill, be amended as follows:

1. Title, line 5.

Following: "TO"

Strike: "CREDIT INTEREST EARNED"

Insert: "RENDER ANNUAL STATEMENTS"

2. Title, line 6.

Following: "FUNDS"

Strike: "TO THE RESERVE FUND"

3. Title, line 7.

Following: "FUNDS"

Insert: "; AND PROVIDING AN EFFECTIVE DATE"

4. Page 1, line 24 through line 8 on page 2.

Strike: sections 3 and 4 in their entirety

Re-number: subsequent section

5. Page 2, line 11.

Following: "fund"

Strike: ", "

Insert: "and"

6. Page 2, lines 12 and 13.

Following: "fund" on line 12

Strike: ", and the interest credited to the reserve fund"

7. Page 2, line 14.

Following: "mail a"

Strike: "copy of such record"

Insert: "statement of total receipts and disbursements"

8. Page 2, line 16.

Following: line 15

Insert: "Section 4. Effective date. This act is effective on
January 1, 1980."