

2/20/02 Do Pass

COMMERCE

FILED FEB 15 2002

SENATE FILE 2194

BY REDWINE

3/18/02 Returned to Commerce

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring mortgagees to place escrow deposits from
2 mortgagors in accounts that pay interest.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SF 2194
COMMERCE

1 Section 1. Section 535B.11, Code 2001, is amended by
2 adding the following new subsection:
3 NEW SUBSECTION. 2A. Establish an interest-bearing escrow
4 account at a state or federally regulated financial
5 institution to receive any deposits from the mortgagor
6 pursuant to an escrow agreement executed on or after July 1,
7 2002, in connection with a loan as defined in section 535.8,
8 subsection 1, with interest on those funds calculated on a
9 daily basis at the rate the financial institution pays to its
10 depositors on ordinary savings accounts.

11 EXPLANATION

12 This bill amends Code section 535B.11 to require that a
13 licensee or other mortgagee who services mortgages on
14 residential real estate located in this state and who receives
15 escrow payments from borrowers pursuant to an escrow agreement
16 executed on or after July 1, 2002, in connection with certain
17 home loans, must establish an interest-bearing escrow account
18 at a state or federally regulated financial institution that
19 pays interest to the borrower on those funds, calculated on a
20 daily basis at the rate paid to depositors on ordinary savings
21 accounts at the financial institution. Mortgagees who fail to
22 comply with the bill's provisions are subject to suspension or
23 revocation of their licenses.

24
25
26
27
28
29
30
31
32
33
34
35