

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING ESCROW BUSINESSES TO PAY INTEREST TO
5 BORROWERS FOR CERTAIN FUNDS DEPOSITED IN AN ESCROW ACCOUNT PURSUANT TO A
6 RESIDENTIAL LOAN AGREEMENT; ESTABLISHING CERTAIN REQUIREMENTS FOR ESCROW
7 BUSINESSES; AND PROVIDING AN APPLICABILITY DATE."

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

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11 NEW SECTION. **Section 1. Escrow accounts -- interest.** (1) (a) An escrow business, with respect to
12 residential real estate, shall pay into an escrow account for the benefit of the borrower interest on funds deposited
13 into the account under the same conditions as the escrow business's regular savings account, if offered, and
14 otherwise at a rate not less than the prevailing market rate of interest for regular savings accounts offered by local
15 financial institutions, calculated on the basis of the average monthly balance in the account and credited on the
16 first day of each quarter.

17 (b) Subsection (1)(a) does not apply when an escrow business requires payment into an escrow account
18 because a borrower has failed, within the past year, to make timely payments for property taxes and insurance
19 in accordance with the provisions of a loan agreement.

20 (2) (a) Except as provided in subsections (2)(b) and (2)(c), an escrow business may not require a
21 borrower to deposit into an escrow account any greater sum than is sufficient to pay taxes, insurance premiums,
22 and other charges pertaining to the residential real estate.

23 (b) An escrow business may require aggregate annual deposits not greater than the reasonably
24 estimated total annual charges plus one-twelfth of the annual deposit total.

25 (c) An escrow business may require monthly deposits not greater than one-twelfth of the reasonably
26 estimated total annual charges plus an amount needed to maintain an additional account balance not greater than
27 one-twelfth of the annual deposit total.

28 (3) An escrow business shall make timely payments of all charges with respect to the residential real
29 estate payable from the escrow account.

30 (4) The escrow business shall maintain escrow account funds in a federally insured depository institution.



