

Introduced: 1/30/76  
Referred: Commerce

1 IN THE HOUSE

BY MCKINNON AND PARKER

2 HOUSE BILL NO. 678

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to mortgage reserve accounts."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 06 is amended by adding a new chapter to read:

9 CHAPTER 40. MORTGAGE RESERVE ACCOUNTS.

10 Sec. 06.40.010. RESERVE ACCOUNTS. (a) If a borrower is required  
11 by a financial institution or lender to make payments into a reserve  
12 account as an advance accumulation for payment of property taxes or  
13 insurance premiums on real property, the account shall be treated as a  
14 savings account and a contract executed which provides that the borrower  
15 shall be credited with interest in the reserve or deposit account at the  
16 rate then established quarterly by the commissioner, which shall be one-  
17 half of one per cent less than the prevailing rate of return from a U.S.  
18 Treasury Department Treasury Bill.

19 (b) Lenders are prohibited from charging a direct fee for the  
20 administration of the reserve account.

21 (c) In this section

22 (1) "financial institution" includes state and national  
23 banks, savings and loan associations, credit unions, and any other real  
24 estate mortgage lenders;

25 (2) "reserve account" means a deposit, escrow or impound  
26 account required to be maintained by a borrower in connection with a  
27 loan or mortgage for the purpose of providing for payment of insurance  
28 premiums and taxes on the security property.  
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