

Introduced: 1/28/76
Referred: Commerce

1 IN THE SENATE

BY ORSINI

2 SENATE BILL NO. 583

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 reserve accounts."

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

8 * Section 1. AS 6 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 fund as an advance accumulation for payment of property taxes or insur-
13 ance premiums on real property, the fund shall be treated as a savings
14 account and a contract shall be executed which provides that the bor-
15 rower shall be credited with interest in the reserve or deposit account
16 at the rate then established by the Federal Deposit Insurance Corpora-
17 tion as the maximum allowable rate on passbook savings accounts; or, if
18 no rate is so established, at the rate paid by the financial institution
19 on passbook savings accounts; or, for those financial institutions or
20 lenders which do not provide passbook savings account services, at the
21 rate established semiannually by the commissioner as the prevailing
22 passbook savings account rate.

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

25 (c) In this section

26 (1) "financial institution" includes state and national
27 banks, savings and loan associations, credit unions, and all other real
28 estate mortgage lenders;

29 (2) "reserve account" means a deposit, escrow or impound

1 account required to be maintained by a borrower in connection with a
2 loan or mortgage for the purpose of providing for payment of insurance
3 premiums and taxes on the security property.
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