

Original sponsor: Orsini

Offered: 4/1/76

1 IN THE SENATE

BY THE RULES COMMITTEE

2 CS FOR 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) No financial institution
11 or lender may require or solicit the creation of a reserve account, pro-
12 viding for an advance accumulation for payment of property taxes or
13 insurance premiums on real property, as a condition of granting a loan.

14 (b) No financial institution or lender may require, solicit or
15 accept payments into a reserve account as an advance accumulation for
16 payment of property taxes or insurance premiums on real property except
17 on the express written request of the borrower that the reserve account
18 be created.

19 (c) A reserve account requested and created under the provisions
20 of this section is subject to such conditions and terms including what,
21 if any, rate of interest shall be paid by the lender on the funds, as
22 may be mutually agreed upon by the parties.

23 (d) In this section

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

27 (2) "reserve account" means a deposit, escrow or impound
28 account maintained by a borrower in connection with a loan or mortgage
29 for the purpose of providing for payment of insurance premiums or taxes

on the security property.

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