

Introduced: 1/14/85  
Referred: Labor and Commerce  
and Finance

1 IN THE SENATE

BY RAY AND JOSEPHSON

2

SENATE BILL NO. 6

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act requiring banks to pay interest on money in  
7 reserve accounts held in connection with mortgage  
8 loans."

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

10 \* Section 1. AS 06.05 is amended by adding a new section to read:

11 Sec. 06.05.285. INTEREST ON RESERVE ACCOUNTS. (a) A bank that  
12 requires the payment of money by a borrower into an escrow or similar  
13 reserve account for the payment of taxes, insurance premiums, or home  
14 owner's association dues in connection with a mortgage loan shall pay  
15 interest on the money in that account unless the account is required  
16 by federal law or regulation. The rate of interest paid on money in a  
17 reserve account shall equal the rate of interest charged to the bor-  
18 rower for the mortgage loan and shall be computed on the average  
19 monthly balance in that account on the first of each month.

20 (b) Interest earned on money in a reserve account shall be  
21 annually credited to the remaining principal balance on the mortgage  
22 loan, or at the election of the borrower, shall be paid to the borrow-  
23 er.

24 \* Sec. 2. AS 06.05.285 enacted in sec. 1 of this Act applies to escrow  
25 and similar reserve accounts established before the effective date of this  
26 Act, as well as to accounts established after the effective date of this  
27 Act, with interest to be paid beginning on the effective date of this Act  
28 on money in those accounts.