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SECTIONAL ANALYSIS SB 6

This bill amends the Alaska Banking Code requiring banks to pay interest on money in reserve accounts held in connection with mortgage loans.

SECTION 1

Requires banks to pay interest on money in reserve accounts held in connection with mortgage loans. The rate of interest paid by banks would equal the rate of interest charged by the borrower for the mortgage loan, computed on the average monthly balance in that account. A borrower could elect to receive interest payments yearly or have them applied to the remaining principle of his mortgage.

SECTION 2

This act applies to reserve accounts established before the effective date as well as accounts established after the effective date of this act. Interest is to be paid beginning on the effective date on money in those accounts.

ACK - COPY LEGIS AFF FOR COMMENT
Copy sent to Bernice -
10/16/84

Oct. 13, 1984

Senator Ray

Dear Representative Duncan:

I am writing to you as a constituent in hopes that you will agree that some sort of legislation is needed in the banking area that would respond to the concerns expressed in the attached letter.

If the Alaska legislature is not yet ready to require interest to be paid on mortgage escrow accounts (as is required in Minnesota - copy of law attached), perhaps it could at least decrease the benefits gained by banks when they are slow in returning escrow balances by requiring interest to be paid during the period between the date the loan related to the escrow was been paid off and the date of return of the escrow balance. In my case, this was two-and-a-half months and the amount withheld was \$971.

Since escrowing is required by AHFC regulations, my case is not an isolated one related to unique circumstances. And, while banks are free to rollover escrows to new loans, I know of only one that does. I would guess this kind of thing happens to alot of people and the banks make alot of money off of it.

I would appreciate it if you would propose legislation that would require interest to be paid on escrow accounts related to home mortgages, or, in the alternative, legislation that would require interest to be paid on escrow accounts retained after the related loan has been paid off.

Thank you for considering this matter. I look forward to hearing from you on this subject.

Sincerely,

Terri Lauterbach

Terri Lauterbach
800 F Street N-6
Juneau, AK 99801
cc: Representative Mike Miller

Senator Bill Ray

Ms. Lucille Stietz

Oct. 13, 1984

Vice President, NBA

Mortgage Loan Department

Anchorage, Alaska 99510

Dear Ms. Stietz: Isolation is needed in the banking area and I am
responding to the concerns expressed in the attached letter.

This letter is written to express my extreme dissatisfaction with the
dilatory handling of the return of my escrow balance on mortgage loan
#125040.

These are the facts:

1) Loan #124040 (hereafter referred to as loan #1) was paid off
on August 1 of this year.

2) A second mortgage loan (#545015, hereafter referred to as loan
#2) was closed on August 2.

3) The balance of my escrow (\$971) was received by me on October
12.

Banks make alot of money off of it.

4) The check for that balance was dated September 13, 1984.

First of all, it angered me that I couldn't use that escrow money
(which was primarily for taxes) to pay my portion of taxes due at the
closing on August 1. Instead, my proceeds from the sale of my home
were reduced by \$1002 by the closing agent.

Secondly, it angered me that NBA would not rollover escrow #1 when I
took out loan #2. Instead, I had to come up with several months'
reserve of taxes and insurance for loan #2 while NBA sat there knowing
that loan #1 had been paid off. (NBA had to know that loan #1 had
been paid off because otherwise NBA wouldn't have closed on loan #2.
The settlement papers showing both the payoff of loan #1 and the money
reserved by the closing agent to pay taxes had to be presented before
I could get loan #2 closed.)

Thirdly, when I questioned the practice of not rolling over the escrow
account to be reserves for the second loan, I was told it wouldn't
matter much because the escrow balance would be remitted to me very
promptly, probably the same day, maybe in a weeks' time.

Well, as you can see by the above facts, the check to me was anything but "prompt". Not only did NBA have the interest-free use of escrow #1 during the pendency of loan #1, but it also had it for another two-and-a-half months afterwards, still interest-free! (A months' worth of that time even occurred after the check had been written.) And, during that two-and-a-half months, of course, NBA also had the use of an escrow balance for loan #2.

I find such practices outrageous. The banking community should feel benefitted enough by not having to pay interest on escrow accounts during the pendency of a loan without having to play their position to the hilt by retaining such accounts after a loan is paid off.

I want an explanation of why it took so long for me to get my money back when you knew the loan was paid off on August 2.

Yours truly,

Theresa M. Lauterbach

cc: Commissioner of Commerce and Economic Development

ALASKA MORTGAGE BANKERS ASSOCIATION

P.O. BOX 4-2691/ANCHORAGE, ALASKA 99503

January 25, 1985

Honorable Fred F. Zharoff, Chairman
Labor & Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Zharoff:

The Alaska Mortgage Bankers Association has reviewed Senate Bill 6, relating to Interest on Escrows.

Banks, of their own volition, do not require funds held in escrow on mortgage loans. This is only one requirement of the investors purchasing the mortgages, with which banks must comply in order to originate and sell mortgage loans.

The bill is discriminatory, in that it would affect banks only; escrows on mortgage loans are held not only by banks, but by Credit Unions, Savings and Loan Associations, Savings Banks and Mortgage Companies. Requiring only banks to pay interest on escrows would give non-bank institutions an unfair advantage and a disadvantage to non-bank borrowers.

The bill also would require banks to pay interest at the rate of interest charged to the borrower on a mortgage loan. Since Alaska lenders sell the majority of loans to investors, such as Alaska Housing Finance Corporation, and service the loans for the investors for a set fee, the rate of interest paid on the loan is not relevant to the escrow. This requirement would create a real computer nightmare if it is even possible, adding to the cost of performing escrow functions.

Banks have never wanted to collect reserves (escrows) on mortgage loans. During the Depression in the 1930s, many borrowers lost their homes due to inability to pay taxes. The federal government and lending institutions determined there should be a better way, and collection of reserves on a monthly basis evolved, in great part as a result of the Housing Act of 1934, which created FHA. Reserve accounts have helped standardize mortgage loans, which has resulted in loans requiring minimal down payments and lower interest rates than would otherwise be available, thus making homeownership available to more people.

AHFC, which purchases some 75-80% of all mortgage loans in Alaska, requires collection of reserves. Without the assurance that funds are available to pay taxes and insurance, we question whether AHFC could sell their bonds, and if so, at what price. The cost to Alaska homebuyers would definitely increase.

The bill would exempt those loans where escrows are required by federal law or regulation; this would exempt FHA and VA loans, and possibly loans sold to Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). As AHFC now sells its' loans to FNMA, these could possibly also be exempted. The majority of loans in Alaska could therefore come under exemption.

Lenders holding escrow funds in connection with mortgage loans perform significant services which accrue to the benefit of the borrowers, local tax authorities, insurers and mortgage investors.

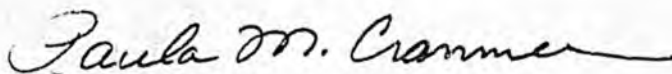
- 1) Collection of taxes and insurance monthly.
- 2) Collection of assessments in certain instances.
- 3) Obtaining tax bills and paying in a timely manner.
- 4) Payment of assessments in a timely manner.
- 5) Payment of insurance premiums to assure coverage.
- 6) Analyzing sufficiency of escrow accounts and adjusting payments as necessary due to changes in taxes, insurance and assessments.
- 7) Answering questions and complaints including those regarding increases in taxes which should more properly be directed to taxing authorities.
- 8) Distributing an annual statement of account.
- 9) Advancing lenders' own funds when necessary to insure timely payment of taxes and insurance. Repayment of these advances are often spread over a period of time, without charge, to ease the financial burden to the borrower.

The cost of administering escrow accounts is significant. Lenders currently absorb this cost because it is partially offset by non-interest bearing deposits. Should lenders be required to continue the escrow function and to pay interest on the escrows, the full cost of performing the services required would necessarily be passed on to the borrowers.

The Alaska Mortgage Bankers Association urges thoughtful consideration of this bill prior to any action. At this time, we urge the bill be rejected.

Please keep us advised of any hearings.

Sincerely,



Paula Cranmer
President
Alaska Mortgage Bankers Association

attachment: Membership list, Alaska Mortgage Bankers Assoc.

ALASKA MORTGAGE BANKERS ASSOCIATION

Regular Members


Alaska Continental Bank
Alaska Mutual Bank
Alaska National Bank of the North
Alaska Pacific Mortgage Corp.
Alaska State Bank
Alaska Teamsters Federal Credit Union
Alaska USA Federal Credit Union
City Mortgage Corp.
Colonial Mortgage Services Co.
Columbia Services, Inc.
FedAlaska Federal Credit Union
First Alaskan Mortgage & Escrow
First Federal Bank
First Interstate Bank
First National Bank of Anchorage
Frontier Alaska State Credit Union
Frontier Mortgage Corp.
General Electric Mortgage Corp.
Home Savings & Loan Association
Kissell-Alaska, Inc.
Lomas & Nettleton
National Bank of Alaska
Peninsula Savings & Loan Association
Rainier Bank Alaska
Rainier Financial Services
Security National Bank
Security Pacific Mortgage Corp.
Spokane Mortgage Co.
United Bank Alaska

SB 6

"An Act requiring banks to pay interest on money in reserve accounts held in connection with mortgage loans."

The safety and soundness of state-chartered financial institutions is not affected by provisions of SB 6. There would be only minor review time involved in examinations to determine compliance.

The committee may wish to consider having these types of interest rate provisions under AS 45.45 and include all mortgage lenders except the State housing programs.


Loren H. Lounsbury, Commissioner

Date: 2/12/85

SENATE LABOR AND COMMERCE COMMITTEE
TRANSCRIPTION OF COMMITTEE MEETING
April 1, 1985, 3:30 p.m.

Agenda:

SB 6: "An act requiring banks to pay interest on money in reserve accounts held in connection with mortgage loans."

Members present:

Sen. Dick Eliason, Vice-Chair
Sen. Bill Ray

Members absent:

Sen. Don Bennett
Sen. John Sackett
Sen. Fred Zharoff

Witness Register:

Robert W. Sullivan, Alaska Mutual Bank, P. O. Box 1120, Anchorage,
Alaska, 274-3561

Ed Van Patten, Alaska Federal Savings and Loan, 311 N. Franklin St.,
Juneau, Alaska, 99801

Willis Kirkpatrick, Director of the Division of Banking and Securities,
Dept. of Commerce and Economic Development, Pouch D, Juneau, Alaska,
99811, 465-2521

Tape #17
Side A
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(Sen. Eliason chaired this meeting, and as a quorum was not obtained, explained that the committee would take testimony.)

Sen. Eliason: What we will do -- we'll wait for another member to appear -- there are people from out of town that came in to testify on this particular bill especially, made the trip from Anchorage, I believe, and maybe we could hear from them, namely Bob Sullivan. We'll put your testimony on record Bob.

Robert Sullivan: Thank you, Mr. Chairman, Senator Ray. My name is Bob Sullivan, and I'm employed by Alaska Mutual Bank in Anchorage, and in addition to testifying on behalf of the bank and the Alaska Bankers Association, I've been asked by the Mortgage Bankers Association of Alaska to testify on their behalf as well. So, our comments -- or my comments -- will cover all of those facets, if I may, Mr. Chairman.

I'd like to preface this, if I may, by saying that I'm here to offer that that I can in terms of information. I'm not here to squawk about a period or a comma or some such thing, but simply to point out some areas that we would hope that the committee will be able to take into consideration upon their consideration of this bill. Specifically, there are some points that we would like to call to the committee's attention. One, it talks about "banks" in the bill. And I would like to point out to the committee that there are many other financial institutions in the State of Alaska that have reserve accounts, in addition to banks. It's unfortunate, but such things have been omitted as Savings and Loan associations, savings banks, mortgage banks, and credit unions. And we believe that the committee might consider an all-encompassing bill rather than pointing out banks in the singular, if you would.

In addition to this, it also spells out in the proposed bill, "a bank that requires the payment of money by a borrower." We'd like to point out for the benefit of the committee that the banks do not require payment of money in an escrow account. And I'd like to leave for your consideration an excerpt from the Alaska Housing Finance Corporation "Seller Servicer Guide" wherein the financial institutions are guided by their guide, and it says specifically: Alaska Housing Finance Corporation "will usually require deposits..." and so on and so on, and I will leave that for your consideration, Mr. Chairman.

In addition to that, I would like to mention that the Federal National Mortgage Association, commonly known as "Fannie Mae," in the "Sellers Servicing Agreement" that financial institutions enter into, it specifically states that the mortgages that Fannie Mae purchase, require a portion of the mortgage monthly payments be put into escrow. My point there is that this is an obligation that's imposed on the financial institutions by the secondary market, not of our own invention, Mr. Chairman. By way of background, we would also mention to you that it states in the bill that the interest rate to be paid would equal that interest rate that is the mortgage rate of the borrower or the "mortgagor." For your information only, and I recognize in advance that we all have computers, but I would point out that different size institutions within the state have different computer capabilities, and for the larger institutions it would provide less of a problem than it would, perhaps, for the smaller institutions, however, in our own particular case, and I speak in this instance for my own bank, we have in round numbers about 7500 loans on the books that we are currently servicing. That represents, again in round numbers, about \$692,000,000 in outstanding balances. Of those loans, there are 85 different interest rates currently in effect. I suggest by this, of course, that

this bill then would create rather an administrative nightmare, very frankly. I'm not suggesting by this that it is not possible to do, but I am suggesting by this is that this would become an extraordinary administrative burden that is going to cost, somehow, along the line.

In addition to this, Mr. Chairman, I would point out for the committee's edification that under current "deeds of trust" that are generally used in the State of Alaska, and these are fundamentally the "deed of trust" form by Fannie Mae, which is generally accepted by the secondary markets here in the state, and under the "deed of trust" form used by Alaska Housing Finance, we are not permitted to charge any mortgagors for any of the services that we provide in this arena to this extent. We, in effect, are a collection agency in this connection. We collect tax money for the municipalities wherein taxes must be paid, as far as real estate taxes are concerned, we collect insurance money for the various insurance companies that offer hazard insurance as required by Alaska Housing or Fannie Mae or whomever the secondary market may be. We also are a collection agency for the premiums paid on mortgage insurance, mortgage insurance being required, again, by Alaska Housing Finance Corporation or whomever the secondary market may be. Quite frankly, and admittedly, I think some of us would be pleased if we were not involved in mortgage escrow accounts.

I would also point out to you, as a matter of information, that for this service, i.e., being a collection agency, so to speak, and making sure that the borrower does not default through non-payment of taxes or late payment of taxes, or does not default through a non- or late payment of hazard insurance or mortgage insurance, as the case may be, these services that we provide are at, obviously, no additional cost to the borrower. In addition, I would mention to you that very often, and it almost happens on an annual basis, when it comes time to pay real estate taxes in the Municipality of Anchorage, sometimes there is a shortage in that escrow account as a result of taxes having been raised, or the mill changed, or whatever, wherein we as a financial institution, do advance funds. Specifically, this last August, when the last payment of real estate taxes were due in Anchorage, we advanced, in round numbers, approximately \$300,000 to satisfy real estate taxes. Those accounts that were short, or didn't have adequate funds to pay that, we charged no interest for that, because in effect it is a loan. So, we believe, quite frankly, that if interest rates are to be imposed on the escrow accounts, to offset some of these added services that we provide, there's a possibility, and there are provisions in the deed of trust that permit this, there's a possibility that we may simply wind up with some kind of a fee schedule to perform certain of these services. I'm not suggesting this will happen, but I'm certainly suggesting that the possibility is there. And I'm unable to predict that, of course, Mr. Chairman.

I would like also, if I may, to leave for your consideration a couple of documents. One is a copy of a letter that was written to Mr. Kirkpatrick, the Director of Banking, by the Mortgage Bankers Association, outlining their perspective and their point of view relative to HB 51 and SB 6. In addition to that, with your permission, Mr. Chairman, I'd like to leave with you some copies of mortgage escrow

accounts, that are in effect in some 28 states. I think you'll find, as you have the opportunity to read through this report on mortgage escrow accounts that there are wide and varied conceptions as to how these should work if, in fact, there is interest to be paid. But a very quick synopsis of it: in no case, as you peruse this, will you find that interest rates payable on these accounts exceed passbook interest rates, which today is 5½%. In addition to that you will find many exemptions in the various state laws, Mr. Chairman, to the extent that under certain circumstances, federally insured loans are exempt. Well, there are FHA loans, there are federal VA loans, and so forth, and you'll find in some instances as you peruse this, that certain state-agency-type loans are exempt from this, which suggests, of course, that Alaska Housing Finance could be exempt. So with these documents, and at your own convenience, of course, we certainly suggest that you read through them as you can, and they'll tell you an awful lot more than I can simply by sitting here in a matter of few minutes. I'd be pleased to answer any questions that either you, Mr. Chairman, or Senator Ray may have.

Sen Eliason: Thank you, Bob. Senator Ray:

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Senator Ray: Thank you, Mr. Chairman. Bob, you've given us an idea that the banks are a cross between Diamond Jim, Mother Theresa, and Santa Claus...by golly, there the finest thing since sliced bread and pre-packaged food.

Robert Sullivan: Your perception is excellent, Senator Ray.

Senator Ray: It's not too bad, is it, eh? Having dealt with you, though, I must disabuse you of that thought. You're living within a sphere of unreality connected with the bank itself, and when you get into the real world where a guy has to come in and borrow money, it's a little different state of affairs. I appreciate what you said about the [definition of the] bank requiring [attention]. We can change that, and if we need a definition section for "bank," we can put loan association, mortgages and things like that [in it].

What is the rate of interest that you -- the money in escrow -- what do you put that out as? What do you loan that money out for? What's your rate of interest? Is that the same as passbook interest? Is that the same as you put that money out for? If you've got \$500,000 in escrow accounts, do you put that out at 5%, or do you put that out at 18%, or do you put that out at 13%, or do you put it out at 5%.

Robert Sullivan: You must, I would hope, first, Senator Ray, and I am not dodging the question, I will answer that...

Senator Ray: No, no, I'll wait for it.

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Robert Sullivan: But I...I thought you might, thank you. But I would suggest to you that this is received, spread over a 12-month period. It's not one huge lump sum that's dumped into an escrow account that you immediately put to work in some fantastic way.

Senator Ray: But you do put it to work?

Robert Sullivan: Of course, of course. But I would suggest to you that which is put to work is used in the sense of using it for consumer loans or other loans that depositors and or customers may have a need for. So the rate of interest, of course, varies, very obviously, depending on their use, depending on many other things. But it's used as a tool to provide funds for borrowers who have a need for money.

Senator Ray: Always more than passbook interest, though, right?

Robert Sullivan: Indeed it is, indeed it is.

Senator Ray: And when you say that you have all of these many and varied interest [rates] on the loans, we all know that there are preferred customers and then there are high-risk customers, and short-term and long-term, etcetera. And you're talking about this big hodgepodge of trouble it's gonna be to organize this, figure it all out. How do you keep track of your regular depositors, and how do you keep track of your escrow accounts, and how do you keep track of the mortgage accounts, and how do you keep track of all this stuff you do? Do you mean it's such a hodgepodge that really you don't keep track of it, just once in awhile you'll hit it on the mark, is that it?

Robert Sullivan: Perhaps I wasn't very clear, Senator Ray. But let me try to clarify the point, if I may.

Senator Ray: Alright.

Robert Sullivan: I suggested that yes, those of us that have the sophisticated computer machinery, this is gonna pose very little problem, but I also suggested, by the same token, that there are other institutions within the state, provided the bill is all-encompassing of all institutions, that may not have the sophisticated equipment to do this. I did not infer, nor do I have any intention of inferring that it can't be done. I simply inferred that it would be an added administrative burden that we do not undergo today.

Senator Ray: But these little organizations, or the smaller organizations, they do considerably less business than you do. They have considerably less to look out for, and they have considerably less to worry about, and they would have, by the same token, percentage-wise, considerably less escrow accounts. So where you might be taking care of 100 they would be taking care of five, so I don't think that would be causing all that much of a problem.

Robert Sullivan: I have no record of that one way or the other, so I really couldn't say.

Senator Ray: My surmise is just as good as yours, although you're in the banking business.

Robert Sullivan: Indeed, your surmise is equally as good as mine...

Senator Ray: Now you're talking about added fees, and you're talking about, well, you're gonna raise this red banner up, and if you guys put this terrible thing upon us, then we're gonna charge an added fee. You've either forgotten to put the added fee on, or you figure, for some reason you haven't. Since de-regulation you can put the added fee on at any time you want. And the only thing that you don't charge for, down in your banks, the majority of times, is the second sneeze. You can come down and sneeze at will in the bank, and you don't get charged for it. Any other thing you get charged for.

Robert Sullivan: Might I differ...

Senator Ray: Everything you get charged for.

Robert Sullivan: Might I differ with the Senator?

Senator Ray: I'm talking about the regular borrower and the regular bank. I'm not talking about preferred accounts or these people that you give special things to. I'm talking about the guy whose got \$150 in a savings account. What's all this free stuff you give him?

Robert Sullivan: Would you permit me...

Senator Ray: Sure. Please.

Robert Sullivan: Yes, thank you. This is a "deed of trust" form of Alaska Housing Finance Corporation. And I'd like, if I may, just to read a very brief sentence, 'cause it's a long-winded document. This talks about funds for taxes and insurance, Senator Ray. And it goes on to say this: "Funds shall be held in an institution, the deposits or accounts of which are insured or guaranteed" and so on, and so on, and so on. "Lenders shall apply the funds to pay said taxes, assessments, insurance premiums, and ground rents. Lender may not charge for so holding and applying the funds, analyzing said account, or verifying and compiling said assessments and bills, unless the borrower pays interest on funds and applicable law permits the lender to make such charge." What I'm suggesting by this, of course, is that under the current situation, and under the current deed of trust form that we're using, we don't charge. So there's not a fee in everything, as you infer or suggest.

Senator Ray: Is that in any statute, is that in any law, or is that just a form that you people use?

Robert Sullivan: It's a form...

Senator Ray: It can change in five minutes time, any time you want to change it.

Robert Sullivan: I would suggest to you...

Senator Ray: Unless it's a law. I don't know if it is. Maybe you could tell me. I don't know if it is or not.

Robert Sullivan: This is Alaska Housing Finance Corporation's form under their 18th Title, or Chapter 18, Title 56, and under their regulations, not ours.

Senator Ray: That's the only people you do business with, is Alaska Housing?

Robert Sullivan: No, but they do write about 90% of the loans for the State of Alaska.

Senator Ray: [Indist.] on escrow loans?

Robert Sullivan: That's correc^t sir.

Senator Ray: I must say that you've been more than fair. Accuracy, I don't know. Fair in your explanation alright.

Robert Sullivan: Thank you, Senator Ray. Thank you Mr. Chairman.

Senator Eliason: Bob, I was wondering. Some communities...I'm thinking of my community in Sitka, it does the same thing...if you pay your tax bill prior to its coming due, there exists some kind of maybe 5% discount or something in that area...

Robert Sullivan: There's no discount in Anchorage.

Senator Eliason: There's not, eh?

Robert Sullivan: No, no sir.

Senator Eliason: Maybe I'm thinking of sales tax, or something.

Robert Sullivan: We have no sales tax in Anchorage.

Senator Eliason: There is a discount applied...but for particular case there wouldn't be.

Robert Sullivan: No sir.

Senator Eliason: What kind of money are we talking about, I wonder, in escrow in accounts throughout the state? Maybe the Division of Banking can tell us. But do you have a rough estimate.

Robert Sullivan: Well, in terms of average balance, ours will run about \$700, in terms of average balance...

Senator Eliason: Per...?

Robert Sullivan: Per year.

Senator Eliason: That's paid over a period of twelve months.

Robert Sullivan: Yes sir.

Senator Eliason: And then at the end of twelve months you make the payments for the insurance...

Robert Sullivan: And in terms of interest paid on \$700 to whomever the recipient might be, obviously it's not a great deal of money, but it is money, certainly.

Senator Ray: Mr. Chairman, there's been some speculation that even some [off hand?] or, I don't call them a threat, but I would say a certified promise if certain things happen, that it's my understanding that some of the people representing the banks say, "Well, as far as the banks are concerned, we'd just as soon not even handle escrow accounts." Well, who would handle them if you didn't?

Robert Sullivan: I think the answer to that, Senator Ray, would simply be, in this case, Alaska Housing Finance Corporation or Fannie Mae, whomsoever.

Senator Ray: Let them handle their own stuff, eh?

Robert Sullivan: You bet. Yes sir. There's no other alternative.

Senator Eliason: Who requires the escrow?

Robert Sullivan: The purchaser of the loan, in other words, Alaska Housing...

Senator Eliason: Is that a federal requirement?

Robert Sullivan: In the case of Fannie Mae, it is, in the case of Alaska Housing it's a self-imposed requirement.

Senator Eliason: There guarantee that the interest and the insurance, I mean the taxes and insurance will be paid. Is that correct?

Robert Sullivan: Well, there's another part of this that probably would happen, and that's this: Alaska Housing Finance Corporation today makes 95% loan-to-value loans. And by doing this of course, part of what helps all of the consumers in the State of Alaska for a little bit lower interest rate, as far as the bonds are concerned, is the fact that Alaska Housing does require all these escrow accounts. Now this assures the bond underwriters, and it also insures the fact that the mortgage insurance premiums are paid, hazard insurance premiums are paid, and the taxes are paid, all in a timely manner. Now what this results in, of course, is the fact that the delinquency rate is obviously lower as a result of this because we know that those payments are made. Now if this was removed, I would remiss to try and predict what the outcome might be, but there's a distinct possibility that there may not be 95% loan-to-value loans granted anymore. It might be reduced to something less than that depending on how the bond market views this. I don't

know what it would do as far as interest rate, or as far as, again, the loan to value ratio.

Senator Eliason: What's the average loan?

Robert Sullivan: In terms of money?

Senator Eliason: Yes, what would be the average? One-hundred or one-hundred-twenty thousand?

Robert Sullivan: It will vary in different parts of the state, Senator Eliason, but I would suggest it's very close to about \$120,000.

Senator Eliason: Are you saying that that \$700 represents some type of a guarantee against \$120,000? It doesn't seem to be all that significant. We're talking about a \$120,000 loan, and the \$700 is only there after 12 months. It's not there the first one, or two, or three months, so what does that mean in overall terms of financing?

Robert Sullivan: Very little.

Senator Eliason: But why would there be a reflection on the rate at which bonds are sold, then?

Robert Sullivan: Well, because there's a guarantee that somebody is out there collecting taxes, collecting insurance, and collecting mortgage insurance premiums. You've got a collector out there doing it.

Senator Eliason: But for seven-hundred bucks a year that's chicken feed compared to a \$120,000 investment.

Robert Sullivan: I understand that.

Senator Eliason: So why would that be such a big guarantee? It seems to me something that really doesn't make all that much difference.

Robert Sullivan: Another point, if I may, is this. There's history that points up the fact that if you fail to have escrow payments and you simply leave this to the devices of the individual borrower, at any given point at the end of any given tax year, there's a likelihood that this individual has got anywhere from \$700-800, \$1000, \$2000, or \$3000 worth of taxes to come up with at one fell swoop. In addition to this, some time during that same twelve month period -- it may not coincide -- it's entirely in the realm of possibility that he may have a three-, four-, five-, six-, seven-, eight-hundred dollar insurance premium to pay. They don't always, at that particular given moment in time, have that money. And I'm not suggesting borrowers are not capable of saving; of course they are, but not all. And I would also infer that this is a method, if you will, of enforced saving, not put upon the borrower by us, but by the person that buys that mortgage paper.

Senator Eliason: I understand that, but it seems to me that (I'm not arguing with you about the interest on that particular amount of money, I am just arguing that the reason for it...)

Senator Ray: Do you know how it works at all, Dick? Have you any idea how it works? Do you want to hear the story of how I got into this thing entirely? I took over a loan from a person here in Juneau, and I had to visit a bank, and payments were \$650 a month. And on that \$650, \$380 of it went onto the mortgage itself. And then the mortgage paper said that there shall be enough money deposited annually to take care of any outstanding obligations such as taxes or insurance. That was right in the mortgage. So I paid on this for approximately fifteen years or more, and somebody came to me several years ago -- two or three times over the past few years -- and talking to me and telling me about this bill, and I said "I'm receiving interest on the extra money, I think it was \$200 and some dollars a month that would go into this account, and I was receiving the regular passbook money on it." And I said, "I don't see any problem with it." So, just before the end of the last year I was informed by the people I'd been paying to all this time, that they would no longer take care of the bank part of it, the bank would no longer take care of the insurance and no longer see that the insurance...See, I'd just send 'em the money and they would pay the insurance, and they would send the tax bill, and the whole thing. And I didn't care, it was doing fine with me. So, as it ended up, the gist of the whole thing was that they said that they did not have an escrow account, that I was just putting my money into an account, and that they didn't have the mortgage, and the mortgage was a different bank, and they didn't feel like they wanted to be in escrow for someone that was holding paper on something else. And it absolutely dumbfounded me, and I said, "Well, jeez, I don't understand all this, what you're telling me." And so, when the taxes came due, I had three or four thousand dollars in the escrow account, I guess you'd call it, or whatever it was, what I'd called an escrow account, and I called up and I said, "Did anybody pay the taxes," just to check to see, "you said you weren't going to, but did you pay the taxes?" And they went back, and they said, "Yeah, we paid the taxes." And I said, "Are you sure you paid the taxes on it?" "Yes, they have the tax repayment right here." So I thought, well, I dunno, maybe I'll just wait and see what they're gonna do. So along about the first of the year comes a tax bill from the city: delinquency and you're not paying the taxes. And I went down there and said, "What the hell is going on with you people?" And they said, "We didn't pay nothin'." And I said, "Well, they told me you paid. How come you didn't pay." "Oh, we aren't gonna be bothered with that any more." And I said, "Well, I don't understand it." And they said, "Well, it's your fault, it isn't ours." And I said, "You're costing me about a six hundred dollar penalty." And it was about eight or nine hundred dollars by the time I got done with the penalty and interest. And they I said, "You're puttin' this on to me!" And the guy just looked at me and told me it was just too bad, that it was my fault, and if I didn't like it then I could do something else. So that's when I found out that this wasn't even an escrow account, and come to find out that there are people putting their money in and then receiving no interest. I thought that everybody was getting interest on these accounts before, because I was getting passbook interest on what I was putting in there, and it was good enough for me, I didn't care. That's how I got into this thing.

Senator Eliason: Mmmm.

Senator Ray: So, even though I do own stock in three or four different banks, the nicest thing I can think about some of the bankers is that they aren't crooks. That's the nicest thing I can say about them: they aren't crooks. But there very close to having a gun and a mask.

Senator Eliason: This is the other thing you said you would do...this bill?

Senator Ray: You're gonna take care of the escrow accounts, and you're gonna charge a fee, and if that's the way it is, alright. But if you've got somebody's money and he's paying in to you, and he's paying it, and figuring on the same rate of interest of his loan, he should be getting the same amount of interest back on it. Because you guys can charge...nobody says you can't charge a fee for it, but just doing business, just honest business, would seem to me that you guys, if you're gonna take money in and lend it out at 15%, you sure can give a guy interest of 8%. And sometimes you're giving it at 18%.

Robert Sullivan: Well, I would hope, Senator Ray, that you're not painting everybody with the same brush, obviously, because we all do things a little bit differently, as I am sure you're well aware. All within the confines of the law.

Senator Ray: Are you charging more than 18%.

Robert Sullivan: No way.

Senator Ray: Oh. Oh, O.K.

Robert Sullivan: Considerably less, as a matter of fact.

Senator Ray: One percent over prime, right?

Robert Sullivan: I didn't say that.

Senator Ray: Um-hmm.

Senator Eliason: Do you adjust your escrow account every year?

Robert Sullivan: Actually we try and do it twice a year, and the primary reason for this, Mr. Chairman, is that interest premiums change, the millage rate changes constantly -- well, I shouldn't "constantly", that's erroneous -- and these payments all come at different times of the year, very obviously, so we adjust every six months.

Senator Eliason: You adjust to, obviously, to the -- the \$300,000 you've paid, you've mentioned, that was because you hadn't adjusted often enough, right?

Robert Sullivan: Correct. Keep in mind, and Senator Ray may smile when I say this -- I hope he does --, but keep in mind too this, that if we as a financial institution run these total payments up so horrendously high as a result of some kind of an adjustment, or what we think might be an adjustment, it's entirely possible that we have now thrown that

marginal borrower into an area where he wouldn't otherwise qualify. We're hurting his income.

Senator Ray: You're making me smile, alright.

Robert Sullivan: And if we hurt his income, there's a possibility that we're forcing a default situation, so we have to balance this very delicately.

Senator Ray: But don't you think, Mr. Chairman, don't you think in all honesty, that it would show that you people were doing the right type of business, and you were being scrupulously honest, when you would take the money from a person in escrow, and pay them interest on it, and then if you have to charge a fee for it, charge a fee for it. That's fine, and it would look like you were doing the right thing and you would be doing the right thing. Otherwise, why are you putting up such a complaint about paying interest on money that you have and you're putting out on loan. Why are you complaining about it? Why don't you just do it.

Robert Sullivan: Senator Ray, I think you misunderstand. My opening comment was that, "We're not here to complain or squawk about this, we're here to point out some facts and some figures." And if it comes down that interest rate is to be paid, we ask your consideration of what you consider to be a fair, and just, and equitable rate for which we would charge fees as you yourself have suggested. We have no problem with this.

Senator Eliason: Senator Ray?

Senator Ray: Well, we could be here all night arguing this side. Bob and I are good friends, and..

Senator Eliason: The mechanics of setting up something like this wouldn't be overwhelming would it?

Robert Sullivan: It wouldn't be overwhelming, no.

Senator Ray: If there's money in it, they'll do it, right? And the money is in there now for doing nothin', so if you're gonna have to earn the money for it, if you don't wanna do it give it to somebody else, and I'll set up a business myself selling escrow, taking care of escrow. You don't believe that, do you?

Robert Sullivan: If you do as well at that business as you did in this last [go 'round]...

Senator Eliason: Well maybe as a compromise, the bank should award those people who have escrow accounts, at the end of year, maybe a painting like they give for opening up an account.

Senator Ray: ...A Christmas goose! With a foreclosure notice hung on it.

Robert Sullivan: Thank you for the suggestion.

Senator Ray: There is an interest and a great public sentiment on this, and a lot of people have come to me, and I just put it away for a good many years, until actually it fell onto me. And I don't know what I'm gonna do now. Probably let 'em foreclose on my house...

Senator Eliason: Now you've got me cryin'...

Senator Ray: Unless [to Robert Sullivan] you're gonna give me a loan, at one [percent] over prime.

[This portion of the tape is difficult to understand, but consists primarily of laughter.]

Senator Eliason: Well, thank you, Bob.

Robert Sullivan: May I leave these, Mr. Chairman.

Senator Eliason: You may, and we'll have your testimony transcribed and given to the other members of the committee.

Robert Sullivan: Thank you, sir.

Senator Ray: Thank you, Bob.

Robert Sullivan: Thank you, Senator Ray.

Senator Eliason: Mr. Kirkpatrick?

Willis Kirkpatrick: Mr. Chairman, I'm here as an observer...

Senator Eliason: Can we talk about Senator Ray's escrow business? [Laughter.] Are there any statewide figures on the amount of money in escrow?

Willis Kirkpatrick: It's not broken down on the [indist.] forms.

Senator Ray: I imagine there's a dollar to two, though. What would you guys charge if you start in this escrow deal? How much would a reasonable fee be? They've got these guys who are hunting for deeds and all that, clear titles and title companies, which are..

Willis Kirkpatrick: I would think that if, for instance, a law or statute were to require payment on escrow accounts at "passbook rate" if you will, in order to recoup the costs that we do have, and there are hundreds of telephone calls during any given year to various insurance companies and on, and on, and on, in addition to which there are numerous communications with the Municipality of Anchorage in terms of incorrect assessments, appeals, and so on, and so on, and so on. And a lot of borrower contact -- we make an effort to collect Homeowners Association dues -- and much letter writing, believe me, Senator Ray. I would suggest, and I hope that you won't set this in concrete, obviously, that it probably would take about, something that would

relate to about 3% over whatever that interest rate might be, that we'd be required to pay. But I would hope, at this spontaneous answer, that you wouldn't pin me down to that, but I would suggest somewhere in that vicinity.

Senator Ray: Doesn't that kind of smack of usury, in some relationship though? You guys are taking money, and you've got money, and you're putting it out at a good rate, and you don't give anybody any interest on it. Doesn't that have kind of an unsavory connotation to it?

Willis Kirkpatrick: Not at all, to the extent that we hire some fairly...

Senator Ray: Reverse yourself around.

Willis Kirkpatrick: ...fairly valued people to do these very things and to keep you out of trouble.

Senator Ray: I was the guy who got in trouble all by myself.

Willis Kirkpatrick: I know that sir, I know that.

Senator Ray: Nobody kept me out of trouble. The banker got me in trouble, and I don't think he even knows where the mortgage deed is yet!

Willis Kirkpatrick: I can't speak to that, Senator Ray, obviously. I know our own operation, and that's all I can speak to, at this point.

Senator Ray: Don't you think from the public's attitude toward the banks and everything, don't you think it would give you a much better reputation than you have now?

Willis Kirkpatrick: Would it make you love us more?

Senator Ray: [Indist./laughter.] I'd love you no matter what they called you.

Senator Eliason: I think, maybe...has this gone far enough Senator Ray? Is this really an April Fool's joke, or are you serious?

Senator Ray: No, no. Maybe there's somebody else that wants to talk. Does anybody else want to talk?

Senator Eliason: Ed Van...?

Edward Van Patten: Patten.

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Ed Van Patten: I'm representing Alaska Federal Savings and Loan and I'm also President of the Alaska League of Savings and Loan Institutions. To add a bit to what Mr. Sullivan...to points that he made. I've done a study on what we're making at Alaska Federal on it's whole thing. We

have 2,600 loans, and the average balance throughout the year on those 2,600 loans in our escrow accounts, is \$1,200,000. If I multiply that times the average yield that we have on our portfolio -- something less than 11% -- that means that we're getting interest-free money, if you will, of \$130,000. I also have three full-time persons working in this area of paying taxes, paying insurance, paying Homeowners Dues, etcetera, etcetera, etcetera. Figuring an average salary and benefits at something like \$30,000, which is low, that's \$90,000. I add to that the mailing costs, the additional telephone, computers, etcetera, etcetera, and I'm sure that I'm underestimating when I say that that cost is \$20,000. So that our expenses are \$110,000, our revenue, if you will is \$130,000, that means that we make a magnanimous [sic] profit of \$20,000 a year. We divide that by the 2,600 loans that we have, that would mean \$7.69 per loan. So we're not making any money on it. We'd be delighted to give up the entire escrow business. It's more headaches all the way down the line than it is worth. So, I emphasize what Mr. Sullivan said.

Financial institutions are profit-making institutions. If we find that -- and we must return something to our investors -- if we find that we are not going to be able to do that in one area, something else is gonna have to come about, whether it be a fee on escrow accounts, or a higher interest rate on automobile loans, or something. We've got to maintain a profitable posture. If we don't we go out of business, and then the community loses. So, if we are required to pay interest on mortgage loans, or on mortgage escrow accounts, this isn't a threat, it's just a matter of business. We've gotta make some money someplace, and it will probably be in some other area. As to administration of it, on the basis of having 85, or so on, different interest rates, it would be an administrative possibility to do that other than by hand for many associations. The reason for that is that many of them are on what they call a service bureau. That service bureau services, in the instance of the one that we use, some 260 institutions. They do not presently have a program that permits interest to be paid on escrow accounts. And they're not going to do it for one institution out of 260. So that means that we would have to go back to a manual computation on this, and it can be done, but it's very costly.

The other thing, and this is just something that's happened over the last four or five weeks, we have had some people that have had problems with their escrow accounts. Some of them have been their own, some of them have been ours. We gave four of them the option, over the last month, of saying, "Pay your own taxes, pay your own insurance." One of them accepted, four [sic] of them says, "Uh-uh. I don't wanna have anything to do with that, you pay them for us," continue escrowing. But I think that the customer wants that service, if three out of four is any sample, and it's not a valid scientific sample, but I think that it's an indicator of what people think.

Senator Ray: If I might, Mr. Chairman?

Senator Eliason: Quite alright...

Senator Ray: I think you're right on that, Ed. I know that most everybody who has a mortgage, and makes monthly payments, would like to pay a little bit extra, you know, to put it into an escrow, and pick up the taxes, and pick up anything that comes to mind. I don't have any disagreement with that. But, is Alaska Federal now a full service bank?

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Ed Van Patten: For all intents and purposes, yes. We have the freedom to do what most commercial banks [do]; we have chosen not to do some things because we don't have the expertise on staff.

Senator Ray: What part don't you do?

Ed Van Patten: Some of the commercial lending, primarily.

Senator Ray: Is that because you're overloaded with mortgage paper, house paper, and that, long-term or short-term or what?

Ed Van Patten: There are two reasons for it basically. One is that our expertise and our commitment is into the home loan...that's our primary interest.

Senator Ray: Long-term loans more than anything else...

Ed Van Patten: Right. And the second one is that we do not have the expertise, and it takes a special type of a person to know the intricacies [sic] of large-scale commercial lending.

Senator Ray: You don't turn your money over...big loans in ninety days and all that stuff, do you?

Ed Van Patten: No, sir.

Senator Ray: With a power[?] like some people do... Well, I'm getting a mixed bag here, and certainly...it seems contrary to what you might think. The idea behind this was simply because I've had so many people come to me, and ask me about this, and stipulated that they didn't know why they [the financial institutions] would do these things, and I didn't know anything about it until I got hooked up, as I said. So, in order to find out information, so that you can give a reason...nobody's ever given a reason. Yours is the first clear reason that I've heard, for why your institution doesn't have it. And I accept your figures...at least you did give me figures, and it gives me something to go back to the public with and say, "This isn't a good idea. What you have to do is do something else with your money in some other way." Now, if you could be kind enough to give me your information in writing, if you could send us those facts and figures just so we'll have something to go on, I'd certainly appreciate it. I'm sure it would be to the advantage of the committee.

Ed Van Patten: I'll get that out tomorrow.

Senator Eliason: I suspect the banking community would be happy with a five-year escrow period, and after that the borrowers be required to pay their own taxes and insurance, if they have enough money -- or maybe a ten year...

Senator Ray: Enough equity...

Senator Eliason: ...enough equity where they wouldn't lose it by non-payment of taxes. And then they'd probably come to the bank and saying, "No, I don't want to do that, I want you to continue to collect that."

Robert Sullivan(?): I would point out for Senator Eliason's edification that the average life of a loan in Alaska is only about six years.

Senator Eliason: How come I've been paying on mine for twenty?

Senator Ray: You're one of the lucky ones!

Robert Sullivan: Yes, you're really the exception, you truly are.

Senator Eliason: I guess if you live in a community with a high tax rate, then your escrow costs would be more, and then you're gonna be concerned about the interest, but if you live in a community that has a very low tax, then of course you lose a little interest in that interest.

Senator Ray: Well, my mortgage in only 8%, but my escrow account never had less than two or three thousand dollars in it.

Senator Eliason: I've got a 6%.

Senator Ray: You guys have been thieving me for fifteen years.

Senator Eliason: What do you suggest we do with this bill, Senator Ray?

Senator Ray: Well, we're going to take it up again as soon as I get some more information...which will probably be tomorrow.

Senator Eliason: Thank you very much. I apologize for the committee; we didn't have a quorum, but we'll provide this information to the other members. Thank you.

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(Meeting adjourned, 4:37 p.m.)

without the required consent of the lender. The mortgage shall further provide that the notice shall contain the following provisions:

- (a) the nature of the default by the borrower,
- (b) the action required to cure the default,
- (c) a date, not less than 30 days from the date the notice is mailed by which the default must be cured,
- (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by the mortgage and sale of the mortgaged premises, and
- (e) that the borrower has the right to reinstate the mortgage after acceleration, and
- (f) that the borrower has the right to bring a court action to assert the nonexistence of a default or any other defense of the borrower to acceleration and sale.

Subd. 9. (1) For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings and loan associations, mortgage banks, mutual savings banks, insurance companies, credit unions or assignees of the above. Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one to four family, owner occupied residence located in this state, unless the account is required by federal law or regulation or maintained in connection with a conventional loan in an original principal amount in excess of 80 percent of the lender's appraised value of the residential unit at the time the loan is made or maintained in connection with loans insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration, shall calculate interest on such funds at a rate of not less than five percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to his account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created prior to June 1, 1976 as well as to accounts created after June 1, 1976.

(2) A mortgagee offering the following option (c) to a mortgagor but not requiring maintenance of escrow accounts as described in clause (1), whether or not the accounts were required by the mortgagee or were optional with the mortgagor, shall offer to each of such mortgagors the following options:

- (a) the mortgagor may manage the payment of insurance and taxes by himself;
- (b) the mortgagor may open with the mortgagee a passbook savings account carrying the current rate of interest being paid on such accounts by the mortgagee in which the mortgagor can deposit the funds previously paid into the escrow account; or
- (c) the mortgagor may elect to maintain a non-interest bearing escrow account as described in clause (1) to be serviced by the mortgagee at no charge to the mortgagor.

A mortgagee that is not a depository institution offering passbook savings accounts shall instead of offering option (b) above notify its mortgagors (1) that they may open such accounts at a depository institution and (2) of the current maximum legal interest rate on such accounts.

A mortgagee offering option (c) above to a mortgagor but not requiring the maintenance of escrow accounts shall notify its mortgagor of the options under (a), (b) and (c). The notice shall state the option and state that an escrow account is not required by the mortgagee, that the mortgagor is legally responsible for the payment of taxes and insurance, and that the notice is being given pursuant to this subdivision.

Notice shall be given within 30 days after the effective date of the provisions of Laws 1977, Chapter 350 amending the subdivision, as to mortgagees offering option (c) above to mortgagors but not requiring escrow accounts as of the effective date, or within 30 days after a mortgagee's decision to discontinue requiring escrow accounts if the mortgagee continues to offer option (c) above to mortgagors. If no reply is received within 30 days, option (c) shall be selected for the mortgagor but the mortgagor may, at any time, select another option.

A mortgagee making a new mortgage and offering option (c) above to a prospective mortgagor shall, at the time of loan application, notify the prospective mortgagor of options (a), (b) and (c) above which must be extended to the prospective mortgagor. The mortgagor shall select one of the options at the time the loan is made.

Any notice required by this clause (2) shall be on forms approved by the commissioner of banking and shall provide that at any time a mortgagor may select a different option. The form shall contain a blank where the current passbook rate of interest shall be entered by the mortgagee. Any option selected by the mortgagor shall be binding on the mortgagee.

This clause (2) does not apply to escrow accounts which are excepted from the interest paying requirements of clause (1).

(3) A mortgagee shall be prohibited from charging a direct fee for the administration of the escrow account.

(4) A mortgagee shall make timely payments of tax and insurance bills provided that funds paid into the account by the mortgagor are sufficient for the payment. If there is a shortage of funds the mortgagee shall promptly notify the mortgagor of the shortage. Failure to make the payment required by this clause shall subject the mortgagee to liability for all damages caused by the failure except that this sentence shall not deprive the mortgagee of the right to present any legal defenses in any subsequent proceeding. The mortgagee is permitted to make any payment on behalf of the mortgagor even though there are not sufficient funds in a particular account to cover the payment.

Subd. 10. Notwithstanding any other law, the provisions of this section may not be waived by any oral or written agreement executed by any person.

Subd. 11. All lenders who make conventional loans pursuant to this section and who are not financial institutions supervised by state or federal government agencies shall register with the banking division of the department of commerce. Lenders who make no more than five conventional loans in any calendar year are exempt from the registration requirements of this subdivision. The commissioner of banks shall charge and collect a fee of \$25 for registration.

For purposes of this subdivision, the Minnesota housing finance agency shall not be considered a lender.

Subd. 12. All lenders, including the Minnesota housing finance agency but excluding lenders making no more than five conventional loans in any calendar year, shall make an annual report containing the following information and such further information as the commissioner may require to the commissioner of banks describing the lender's number of:

(a) conventional loans to individuals secured by a residential unit located in this state made during each month of the reporting period and the total dollar amount thereof by month;

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: SB 6
 Title: Interest on money in
reserve accounts
 Sponsor: Ray & Josephson
 Requestor: Labor & Commerce
 Date of Request: 1/16/85

FISCAL DETAIL
 Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: Banking and Securities
 BRU, Program or Subprogram(s) Affected: Banking and Securities

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Attach a separate page if necessary

Prepared By: N. T. Lusk Phone: 465-2521
 Division: Division of Banking and Securities Date: _____
 Approved by Commissioner: Loren H. Lounsbury Date: 2/12/85
 Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):
 Legislative Finance
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FISCAL NOTE (0)