

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 709

Short Title: Interest on Escrow Accounts.

(Public)

Sponsors: Senators Pollard; Ballance, Blackmon, Bryan, Cochrane, Hunt, Martin of Guilford, Parnell, Plexico, and Smith.

Referred to: Banks and Thrift Institutions.

April 18, 1991

A BILL TO BE ENTITLED

1 AN ACT TO REQUIRE THAT FUNDS HELD FOR THE PAYMENT OF TAXES,
2 INSURANCE, OR OTHER COSTS INCIDENT TO A FIRST MORTGAGE OR
3 DEED OF TRUST ON RESIDENTIAL REAL PROPERTY MUST BE PLACED
4 IN INTEREST-BEARING ACCOUNTS.
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6 The General Assembly of North Carolina enacts:

7 Section 1. Article 5 of Chapter 45 of the General Statutes is amended by
8 adding a new section to read:

9 "**§ 45-45.2. Interest-bearing escrow accounts.**

10 All funds collected by a bank, savings and loan association, credit union, or other
11 lender doing business in this State for the payment of taxes, insurance, or other costs
12 incident to a first mortgage or first deed of trust on residential real property shall be
13 placed in an interest-bearing trust or escrow account, and any excess over the amount
14 required to be deposited shall, at regular intervals, be returned to the owner of the funds
15 or applied to the outstanding principal on the underlying loan, at the option of the
16 owner."

17 Sec. 2. This act becomes effective January 1, 1992, and applies to funds
18 collected on or after that date.