

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1226

Introduced by

Representatives Wolf, Keiser, Schneider

Senators Potter, Wanzek

1 A BILL for an Act to amend and reenact sections 6-08-29, 7-02-15, and 47-10.2-05 of the North
2 Dakota Century Code, relating to escrow account treatment of receipt of insurance payments
3 for damage to residences; and to provide a contingent effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 6-08-29 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **6-08-29. Annual escrow account statement - Interest on insurance deposits.**

8 Each banking institution and credit union that maintains an escrow account for the payment of
9 taxes, assessments, insurance premiums, and other charges upon the mortgagor's residence
10 shall furnish annually each mortgagor with a detailed statement showing all debits and credits
11 to the escrow account. If a banking institution or credit union covered under this section
12 receives a draft from an insurance carrier for compensation for damage done to a residence,
13 the banking institution or credit union shall credit the escrow account with dividends or interest
14 at a rate that is the higher of at least two percent per annum or a rate prescribed by the board.
15 The board shall adopt rules establishing the method or basis of computing any minimum rate of
16 interest required under this section.

17 **SECTION 2. AMENDMENT.** Section 7-02-15 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **7-02-15. Annual escrow account statement - Interest on insurance deposits.**

20 Each savings and loan association that maintains an escrow account for the payment of taxes,
21 assessments, insurance premiums, and other charges upon the mortgagor's residence shall
22 furnish annually each mortgagor with a detailed statement showing all debits and credits to the
23 escrow account. If a savings and loan association covered under this section receives a draft
24 from an insurance carrier for compensation for damage done to a residence, the association

1 shall credit the escrow account with dividends or interest at a rate that is the higher of at least
2 two percent per annum or a rate prescribed by the state banking board. The state banking
3 board shall adopt rules establishing the method or basis of computing any minimum rate of
4 interest required under this section.

5 **SECTION 3. AMENDMENT.** Section 47-10.2-05 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **47-10.2-05. Annual escrow account statement - Interest on insurance deposits.**

8 Each residential mortgagee, including any insurance company with articles of incorporation filed
9 under section 26.1-01-03 or which is required to obtain a certificate of authority under section
10 26.1-01-05, intending to maintain an escrow account for the payment of taxes, assessments,
11 insurance premiums, and other charges upon the mortgagor's residence shall furnish annually
12 each mortgagor with a detailed statement showing all debits and credits to the account. If a
13 residential mortgagee covered under this section receives a draft from an insurance carrier for
14 compensation for damage done to a residence, the mortgagee shall credit the escrow account
15 with dividends or interest at a rate that is the higher of at least two percent per annum or a rate
16 prescribed by the state banking board. The state banking board shall adopt rules establishing
17 the method or basis of computing any minimum rate of interest required under this section.

18 **SECTION 4. CONTINGENT EFFECTIVE DATE.** Section 2 of this Act becomes
19 effective if section 7-02-15 of the North Dakota Century Code is not repealed effective
20 August 1, 2009. If section 7-02-15 of the North Dakota Century Code is repealed effective
21 August 1, 2009, section 2 of this Act does not become effective.