

SENATE BILL NO. 2263

Introduced by

Senators Meyer, Lee

Representative Louser

1 A BILL for an Act to amend and reenact sections 47-10.2-01, 47-10.2-02, 47-10.2-03, and
2 47-10.2-05 of the North Dakota Century Code, relating to escrow accounts.

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

4 **SECTION 1. AMENDMENT.** Section 47-10.2-01 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **47-10.2-01. Definitions.**

7 In sections 47-10.2-01 through 47-10.2-03, unless the context or subject matter otherwise
8 requires:

9 1. "Borrower" means the obligor under a residential mortgage held by a secondary
10 mortgagee.

11 2. "~~Excess~~Surplus amount" means from the annual escrow account analysis, any
12 amount received in an escrow account during a calendar year in excess of three-
13 hundred dollars plus the amount necessary to pay real estate taxes, special
14 assessments, and insurance premiums during that calendar year greater than or equal
15 to fifty dollars, excluding any escrow cushion required by the servicer.

16 3. "~~Secondary mortgagee~~" means ~~a successor mortgagee not residing or domiciled in~~
17 ~~this state who purchased the interest originally belonging to the mortgagee who~~
18 ~~originated a loan, under which an escrow is required to assure payment of obligations~~
19 ~~including property taxes, special assessments, and insurance premiums, if that loan is~~
20 ~~secured by a first lien real estate mortgage or equivalent security interest in a dwelling~~
21 ~~that the borrower uses as a principal place of residence in this state, not including a~~
22 ~~mobile home.~~

23 4. "Servicer" means a person or entity maintaining an escrow account for a secondary-
24 residential mortgagee.

1 **SECTION 2. AMENDMENT.** Section 47-10.2-02 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **47-10.2-02. Notice of excesssurplus escrow payments.**

4 If an escrow account is maintained by the servicer of a secondary residential mortgage for a
5 secondary mortgagee, and the account contains an ~~excess~~surplus amount, the servicer shall
6 provide written notice to the borrower, ~~on or before March first of the following year, of the~~
7 ~~escrow account status~~ within thirty calendar days following the end of the escrow account
8 computation year. The information provided to the borrower must include the balance in the
9 escrow account after the annual payment of taxes and special assessments.

10 **SECTION 3. AMENDMENT.** Section 47-10.2-03 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **47-10.2-03. ApplicationRefunding of excesssurplus escrow payments.**

13 Upon receipt~~creation~~ of the written notice under section 47-10.2-02, ~~the borrower may,~~
14 ~~within thirty days after the date of the notice, elect in a written request to the servicer one of the~~
15 ~~following options:~~

- 16 1. Refund of all or part of the ~~excess amount; or~~
- 17 2. Retention of all or part of the ~~excess amount in the escrow account.~~

18 ~~If the borrower does not advise the servicer in writing within the time provided in this section,~~
19 ~~the servicer may continue maintenance of the escrow account in the same manner until the~~
20 ~~next report to the borrower under sections 47-10.2-01 through 47-10.2-03. If the borrower~~
21 ~~advises the servicer of an election within the time prescribed in sections 47-10.2-01 through~~
22 ~~47-10.2-03, the servicer must comply with the borrower's election within thirty days of the~~
23 ~~election~~the servicer shall refund any surplus amount to the borrower within thirty calendar days
24 following the end of the escrow account computation year. The notice required under section
25 47-10.2-02 must be included when surplus escrow funds are refunded under this section.

26 **SECTION 4. AMENDMENT.** Section 47-10.2-05 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **47-10.2-05. Annual escrow account statement.**

29 Each residential mortgagee, including any insurance company with articles of incorporation
30 filed under section 26.1-01-03 ~~or which is required to obtain a certificate of authority under~~
31 ~~section 26.1-01-05,~~ intending to maintain an escrow account for the payment of taxes,

Sixty-eighth
Legislative Assembly

- 1 assessments, insurance premiums, and other charges upon the mortgagor's residence shall
- 2 furnish annually each mortgagor with a detailed statement showing all debits and credits to the
- 3 account.