



North Dakota Senate

#16150



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COMMITTEES:
Appropriations

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Mr. Chairman,

SB 2263 is a bill that was brought to me through banking industry leaders, many of whom happen to be in the room.

Simply put this bill looks to align North Dakota Century Code with the Federal Real Estate Settlement Procedures Act, more commonly known as RESPA, when dealing with mortgage escrow accounts and any surplus in those accounts. This bill would ensure that any surplus funds sitting in escrow are returned to the borrower, and not stuck in a zero percent interest account with their lender.

Section 1 – it replaces “excess” with “surplus”, this is to align with RESPA, and it states anything over \$50 is considered surplus when reviewing the escrow balance. The second thing this section does is removes calendar year. This is because escrow account reviews are done typically on the anniversary of the loan closing.

We also removed the reference to secondary mortgagee or secondary market, as it’s no longer needed. Most already likely know, but secondary market is companies like Freddie Mac or Fannie Mae. Mortgage servicers with an escrow account are required to follow RESPA whether it’s on the secondary market or held in house.

Section 2 is still removing calendar references, and that the loan servicer must provide notice to the borrower within 30 days following the escrow account review that there is indeed a surplus.

Section 3 states the loan servicer must return any surplus to the borrower.

The last section is language that really had no reason being here, and it’s just being removed.

As stated, this bill is straightforward, and it looks to get NDCC to align with RESPA. I ask for a do pass recommendation and will stand for any questions.