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Deanna Hallworth
Operator's Signature

10/3/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1355

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1355

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-29-03

Tape Number	Side A	Side B	Meter #
1	x		11.3-22.3
2	x	x	15.0-18.0
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chair Keiser** opened the hearing on HB 1355.

Rep. Clark, District 4. introduced the legislation. (See attachments 1).

Rep. Kasper: Why don't banks pay interest on escrow accounts?

Rep. Clark: There is a real cost in administering accounts to make sure that timely payments are made (i.e. taxes). Lost of customers feel this is very convenient for them.

Rep. Kasper: Under current law, can a bank require escrow as a condition of the loan or can individual manage their own?

Rep. Clark: Yes and no. There are so many different types of loans. If a customer has more than 20% equity the bank will not require an escrow account.

Rep. Ruby: Are there any states where banks pay interest on escrow accounts?

Rep. Clark: Not to my knowledge

Rep. Ekstrom: How much would it cost to redact this item from the process?

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Dorinda Hall
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Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1355
Hearing Date 1-29-0

Rep. Clark: Secondary market tracks these and all loans that are coming out of the state, it's a state required notice. There's a huge compliance cost. We'd be happy not to provide it.

Rep. Kasper: Do you charge a higher rate of interest on loans that have don't have escrow accounts?

Rep. Clark: Doesn't affect the interest.

Rep. Klein: What is the average amount in an escrow account?

Rep. Clark: That totally depends on the location of the property.

Claus Lembke, representing the North Dakota Association of Realtors, offered oral testimony in opposition to HB 1355. "It's a matter of honesty and fairness for the little guy". I think you should leave it the way it is.

Rep. Kasper: Does this bill totally eliminate the requirement for banks to pay interest on escrow accounts? Could they pay it if they wish?

Lembke: There is not a requirement that they pay interest now. It would simply eliminate notifying the customer whether they do or do not pay interest.

Rep. Froseth: Is it standard policy for banks to disclose that at the time loans are made?

Lembke: The disclosure is made at time of application and negotiation.

Rep. Zaiser: Since banks don't pay interest on escrow accounts, would you still support this being in there?

Lembke: It won't make a difference.

As there was no one else present to testify in opposition to HB 1355, Chair **Keiser** closed the hearing on HB 1355.

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Page 3
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1355
Hearing Date 1-29-0

Following the scheduled hearings for this morning, **Chairman Keiser** called for committee work on BH 1355.

Rep. Boe moved a Do Pass. **Rep. Severson** seconded the motion.

The results of the roll call vote were: 12-1-1. The motion carried. **Rep. Boe** will carry this bill on the floor.

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Date: 1/29/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1355

House Industry, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Boe Seconded By Severson

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelser	✓		Rep.Boe	✓	
Rep. Severson, Vice-Chair	✓		Rep. Ekstrom	✓	
Rep. Dosch	✓		Rep. Thorpe		✓
Rep. Froseth	✓		Rep. Zaiser		
Rep. Johnson	✓				
Rep. Kasper	✓				
Rep. Klein	✓				
Rep. Nottlestad	✓				
Rep. Ruby	✓				
Rep. Tiegan	✓				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Boe

If the vote is on an amendment, briefly indicate intent:

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Dennis Hallmark 10/3/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
January 29, 2003 1:12 p.m.

Module No: HR-17-1257
Carrier: Boe
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1355: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)
recommends DO PASS (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1355
was placed on the Eleventh order on the calendar.

(2) DEBK, (3) COMM

Page No. 1

HR-17-1267

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10/3/03
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2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1355

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10/3/03
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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1355

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 03-11-03

Tape Number	Side A	Side B	Meter #
2	XXXX		4380-5000
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the hearing on HB 1355. Senator Krebsbach was absent. HB 1335 relates to notice of mortgage payment of interest on escrow account funds and statutory reference correction.

Testimony in support of HB 1355

Representative Byron Clark introduced the bill. He stated that as an employee of Wells Fargo Home Mortgage. In doing my job I came across this state required notice that no interest is paid on escrow accounts. North Dakota is the only state that requires this disclosure. See written testimony.

Senator Mutch: They still have to give notice of other balances, right?

Rep. Clark: Yes, they do.

There were no other questions from the committee.

No opposition to HB 1355

Senator Klein moved a DO PASS. Senator Heitkamp seconded.

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10/3/03
Date

Page 2
Senate Industry, Business and Labor Committee
Bill/Resolution Number 1355
Hearing Date 03-11-03

Roll Call Vote: 5 yes. 0 no. 2 absent.

Carrier: Senator Heitkamp

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Deanna Heitkamp
Operator's Signature

10/3/03
Date

REPORT OF STANDING COMMITTEE (410)
March 11, 2003 12:27 p.m.

Module No: SR-43-4439
Carrier: Heltkamp
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1355: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO PASS (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1355 was placed
on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-43-4439

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2003 TESTIMONY

HB 1355

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Mr. Chairman and members of the IB&L committee.

I am here today to get rid of unneeded government regulation. As many of you know, I work for Wells Fargo Home Mortgage and have for about a year and a half now. In doing my job I came across this state required notice that no interest is paid on escrow accounts - accounts that are collected to pay taxes and insurance for homeowners.

So I asked my boss - when the last time that any bank paid interest on escrow accounts - He mentioned that he didn't know that any bank ever had. Since I can do lending in all 50 states, I went through all of our required disclosures for the different states, and North Dakota is the only one who requires this disclosure.

As far as the interest notice goes, I have yet locate any bank that has ever paid interest on any escrow accounts ever. I even called a few mortgage brokers and asked them about it. Not one of them could name any bank which pays or has ever paid interest on these accounts.

So, Mr. Chairman and members of the committee, I drafted this bill today to ask you to get rid of a notice which serves no purpose - a notice to notify a customer of options that do not exist, and to the best of my knowledge - never did exist.

Lets clean up the law and drop this notice.

I will stand for questions.

Rep Clark 3

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Attach 2
1355

TAX ESCROW NOTICE			
Borrower Name(s):		Lender: Wells Fargo Home Mortgage, Inc.	
Property Address:		Date:	
<p>I (We) understand that if an escrow account is required for the payment of taxes, assessments, insurance premiums and other charges upon the mortgaged residence, under North Dakota Century Code Section 47-10.2-05, the lender is required to notify the mortgagor whether it offers interest on the escrow account funds. Interest will not be paid on the escrowed funds.</p>			
<p>The undersigned hereby acknowledges and understands this notice.</p>			
Borrower	Date	Borrower	Date
Borrower	Date	Borrower	Date

•882(ND) (8/12/01)
NMFL #3360 05/00

WMP MORTGAGE FORMS - 800621-1281

12/05



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