

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2259

H.P. 1632

House of Representatives, January 31, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative RYDELL of Brunswick.

Cosponsored by Speaker MARTIN of Eagle Lake, President PRAY of Penobscot and Senator THERIAULT of Aroostook.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

An Act Concerning Tax and Insurance Escrow Accounts.



Be it enacted by the People of the State of Maine as follows:

2
4 Sec. 1. 9-B MRSA §429, sub-§1, ¶C is enacted to read:

6 C. "Passbook interest rate" means the interest rate paid to
8 depositors by a credit union or other financial institution
10 as of the first day of the calendar quarter. In the case of
12 mortgage lenders who do not have passbook deposit accounts,
14 the passbook interest rate for purposes of this section is
16 the average passbook interest rate paid in the State, as
18 determined by the Superintendent of Banking.

20 Sec. 2. 9-B MRSA §429, sub-§6, as amended by PL 1985, c. 327,
22 is repealed.

24 Sec. 3. 9-B MRSA §929, sub-§7 is enacted to read:

26 7. Cancellation. A mortgagee may not require an escrow
28 account from any mortgagor who has at least 20% equity in the
30 property and who has made all mortgage payments on time for the
32 previous 12 months. For any mortgage loan subject to this
34 section, the mortgagee shall inform the mortgagor in writing of
 this provision 10 months after the loan is issued and 2 months
 before the mortgagor's equity is expected to reach 20%.

 Sec. 4. Effective date. This Act takes effect January 1, 1991.

STATEMENT OF FACT

 This bill requires banks to pay interest on escrow accounts
that reflects the passbook savings rate. The bill also permits
borrowers with at least 20% equity in their homes and an on-time
payment record of at least a year to cancel their escrow
requirement. The bill takes effect January 1, 1991.