
HOUSE BILL 2332

State of Washington

53rd Legislature

1994 Regular Session

By Representatives Eide, Zellinsky, Kessler and Karahalios

Read first time 01/14/94. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to mortgage escrow accounts; and adding a new
2 section to Title 61 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to Title 61 RCW to
5 read as follows:

6 (1) Each mortgage escrow account shall be analyzed at least once
7 per year. If there is an overage of funds necessary to meet all
8 obligations, then the lender shall refund the overage to the loan
9 customer within thirty days of completion of the escrow analysis.

10 (2) Beginning January 1, 1995, each lender shall place all funds
11 received from the residential real estate loan customer and designated
12 for the payment of property taxes and hazard insurance on the
13 residential real estate loan into an interest-bearing mortgage escrow
14 account. The interest accruing on this account, minus reasonable and
15 appropriate service charges or fees, shall be paid to the residential
16 real estate mortgage customer. Interest shall be computed on the
17 average monthly balance in the account and shall be paid by crediting
18 the escrow account the amount due at least annually. The rate of

1 interest accruing shall not be less than the typical rate paid on
2 passbook savings accounts in the state.

3 (3) For purposes of this section:

4 (a) "Residential real estate loan" means a loan secured by a
5 mortgage or deed of trust on the borrower's interest in a one-to-four
6 family dwelling, including a manufactured home, an individual
7 cooperative unit, or a loan for the construction of the dwelling.

8 (b) "Lender" means any individual, corporation, association,
9 partnership, or trust doing business under the laws of this state or
10 the United States relating to banks, bank holding companies, mutual
11 savings banks, trust companies, savings and loan associations, credit
12 unions, consumer finance companies, investment companies, insurance
13 companies, mortgage companies, pension funds, or real estate investment
14 trusts, and affiliates, subsidiaries, and service corporations thereof.

15 (c) "Mortgage escrow account" means an account created in
16 conjunction with a residential real estate loan that is intended for
17 the placement of funds, on an incremental basis, for the purpose of
18 paying property taxes, hazard insurance, and other obligations of the
19 residential real estate loan customer in relation to the residential
20 real estate loan.

21 (4) The director of financial institutions may adopt rules
22 necessary to carry out this section.

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