

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2208

To amend the Real Estate Settlement Procedures Act of 1974 to require the payment of interest on escrow and impoundment accounts established for the payment of taxes and fire and hazard insurance premiums on property securing a federally related mortgage loan.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 14, 2001

Mr. WATT of North Carolina (for himself, Ms. WATERS, and Mr. FRANK) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Real Estate Settlement Procedures Act of 1974 to require the payment of interest on escrow and impoundment accounts established for the payment of taxes and fire and hazard insurance premiums on property securing a federally related mortgage loan.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. INTEREST ON ESCROW ACCOUNTS.**

4       (a) IN GENERAL.—Subsection (g) of section 6 of the  
5       Real Estate Settlement Procedures Act of 1974 (12  
6       U.S.C. 2605(g)) is amended—

1 (1) by striking “ESCROW ACCOUNTS.—If the  
2 terms” and inserting “ESCROW ACCOUNTS.—

3 “(1) IN GENERAL.—If the terms”; and

4 (2) by inserting after paragraph (1) (as so des-  
5 ignated by paragraph (1) of this subsection) the fol-  
6 lowing new paragraphs:

7 “(2) OTHER PROVISIONS APPLICABLE TO CER-  
8 TAIN ESCROW ACCOUNTS.—

9 “(A) IN GENERAL.—Except as otherwise  
10 provided in this paragraph, if the terms of any  
11 federally related mortgage loan require the bor-  
12 rower to make payments to the servicer of the  
13 loan for deposit into an escrow or impoundment  
14 account for the purpose of assuring payment of  
15 taxes and fire and hazard insurance premiums  
16 with respect to the property, the lender,  
17 servicer, or other person maintaining such es-  
18 crow or impoundment account shall pay interest  
19 to the borrower on any balance in the account  
20 at an annual percentage rate of not less than  
21 3.5 percent.

22 “(B) NO PREEMPTION OF STATE LAW  
23 WITH INTEREST PAYMENT REQUIREMENT.—  
24 Notwithstanding subsection (h), subparagraph  
25 (A) shall not apply in any State the laws of

1           which require the payment of interest on escrow  
2           or impoundment accounts described in such  
3           paragraph.

4           “(C) RULE OF CONSTRUCTION.—No provi-  
5           sion of this paragraph shall be construed as ap-  
6           plying to any escrow account that is established  
7           in connection with a real estate transaction and  
8           is not subject to the terms of a federally related  
9           mortgage loan.”

10          (b) EFFECTIVE DATE.—The amendment made by  
11          subsection (a) shall apply with respect to escrow or im-  
12          poundment accounts described in such paragraph that are  
13          established pursuant to the terms of a federally related  
14          mortgage loan after the end of the 6-month period begin-  
15          ning on the date of the enactment of this Act.

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