

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

SENATE BILL NO. 2263
(Senators Meyer, Lee)
(Representative Louser)

AN ACT to amend and reenact sections 47-10.2-01, 47-10.2-02, 47-10.2-03, and 47-10.2-05 of the North Dakota Century Code, relating to escrow accounts.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 47-10.2-01 of the North Dakota Century Code is amended and reenacted as follows:

47-10.2-01. Definitions.

In sections 47-10.2-01 through 47-10.2-03, unless the context or subject matter otherwise requires:

1. "Borrower" means the obligor under a residential mortgage held by a ~~secondary~~ mortgagee.
2. ~~"Excess amount~~Servicer" means ~~any amount received in an escrow account during a calendar year in excess of three hundred dollars plus the amount necessary to pay real estate taxes, special assessments, and insurance premiums during that calendar year~~ a person or entity maintaining an escrow account for a residential mortgagee.
3. ~~"Secondary mortgagee" means a successor mortgagee not residing or domiciled in this state who purchased the interest originally belonging to the mortgagee who originated a loan, under which an escrow is required to assure payment of obligations including property taxes, special assessments, and insurance premiums, if that loan is secured by a first lien real estate mortgage or equivalent security interest in a dwelling that the borrower uses as a principal place of residence in this state, not including a mobile home.~~
4. ~~"Servicer~~Surplus amount" means ~~a person or entity maintaining an escrow account for a secondary residential mortgagee~~ from the annual escrow account analysis, any amount greater than or equal to fifty dollars, excluding any escrow cushion required by the servicer.

SECTION 2. AMENDMENT. Section 47-10.2-02 of the North Dakota Century Code is amended and reenacted as follows:

47-10.2-02. Notice of ~~excess~~surplus escrow payments.

If an escrow account is maintained by the servicer of a ~~secondary~~ residential mortgage for a ~~secondary~~ mortgagee, and the account contains ~~an excess~~ surplus amount, the servicer shall provide written notice to the borrower, ~~on or before March first of the following year, of the escrow account status~~ within thirty calendar days following the end of the escrow account computation year. The information provided to the borrower must include the balance in the escrow account after the annual payment of taxes and special assessments.

SECTION 3. AMENDMENT. Section 47-10.2-03 of the North Dakota Century Code is amended and reenacted as follows:

47-10.2-03. ~~Application~~Refunding of excesssurplus escrow payments.

Upon receipt ~~creation~~ of the written notice under section 47-10.2-02, the borrower may, within thirty days after the date of the notice, elect in a written request to the servicer one of the following options:

1. Refund of all or part of the ~~excess~~ amount; or

2. ~~Retention of all or part of the excess amount in the escrow account.~~

~~If the borrower does not advise the servicer in writing within the time provided in this section, the servicer may continue maintenance of the escrow account in the same manner until the next report to the borrower under sections 47-10.2-01 through 47-10.2-03. If the borrower advises the servicer of an election within the time prescribed in sections 47-10.2-01 through 47-10.2-03, the servicer must comply with the borrower's election within thirty days of the election.~~ the servicer shall refund any surplus amount to the borrower within thirty calendar days following the end of the escrow account computation year. The notice required under section 47-10.2-02 must be included when surplus escrow funds are refunded under this section.

SECTION 4. AMENDMENT. Section 47-10.2-05 of the North Dakota Century Code is amended and reenacted as follows:

47-10.2-05. Annual escrow account statement.

Each residential mortgagee, including any insurance company with articles of incorporation filed under section 26.1-01-03 ~~or which is required to obtain a certificate of authority under section 26.1-04-05~~, intending to maintain an escrow account for the payment of taxes, assessments, insurance premiums, and other charges upon the mortgagor's residence shall furnish annually each mortgagor with a detailed statement showing all debits and credits to the account.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2263.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 93 Nays 0 Absent 1

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2023.

Approved at _____ M. on _____, 2023.

Governor

Filed in this office this _____ day of _____, 2023,

at _____ o'clock _____ M.

Secretary of State