

119TH CONGRESS
2D SESSION

S. _____

To amend the Real Estate Settlement Procedures Act of 1974 to provide for interest on escrow balances.

IN THE SENATE OF THE UNITED STATES

Mr. BLUMENTHAL introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Real Estate Settlement Procedures Act of 1974 to provide for interest on escrow balances.

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 BALANCES.**

4 The Real Estate Settlement Procedures Act of 1974
5 (12 U.S.C. 2601 et seq.) is amended—

6 (1) in section 3 (12 U.S.C. 2602)—

7 (A) in paragraph (8), by striking “and” at
8 the end;

9 (B) in paragraph (9), by striking the pe-
10 riod at the end and inserting “; and”; and

1 (C) by adding at the end the following:

2 “(10) the term ‘reasonably anticipated’ means,
3 with respect to estimated taxes—

4 “(A) any reassessment of the property
5 value that may be anticipated based the experi-
6 ence of the servicer or local custom;

7 “(B) any significant improvements made
8 or to be made to the property;

9 “(C) any known future changes in the ap-
10 plicable tax rate;

11 “(D) any exemptions or other adjustments
12 for which—

13 “(i) the borrower may be eligible; and

14 “(ii) the borrower has notified the
15 servicer;

16 “(E) any other relevant information avail-
17 able to the servicer; and

18 “(F) any other factor that the Bureau may
19 require.”; and

20 (2) in section 10 (12 U.S.C. 2609)—

21 (A) in subsection (c), by adding at the end
22 the following:

23 “(3) ACCURACY.—Any statement required
24 under this subsection shall be as accurate as pos-

1 sible, based on information reasonably known or ac-
2 cessible to the servicer.”;

3 (B) by redesignating subsection (d) as sub-
4 section (e); and

5 (C) by inserting after subsection (c) the
6 following:

7 “(d) PAYMENT OF INTEREST ON FUNDS IN ES-
8 CROW.—

9 “(1) IN GENERAL.—Any servicer that has es-
10 tablished an escrow account in connection with a
11 Federally related mortgage loan shall pay interest to
12 the borrower on the funds in the escrow account in
13 accordance with paragraph (2).

14 “(2) CALCULATION.—

15 “(A) IN GENERAL.—The interest described
16 in paragraph (1) shall be determined by multi-
17 plying the actual average daily balance for each
18 month, by the quotient obtained by dividing the
19 annual rate described in subparagraph (B) by
20 12.

21 “(B) ANNUAL RATE.—The annual rate de-
22 scribed in this subparagraph shall be not less
23 than the weekly average yield on 1-year United
24 States Treasury securities for such year and

1 rounded to the nearest tenth of a percentage
2 point.

3 “(3) CREDIT.—Any interest credited under this
4 subsection shall be credited to the escrow account
5 when the servicer issues the statement required by
6 subsection (c)(2).

7 “(4) EFFECT ON STATE LAW.—Nothing in this
8 subsection may be construed to preempt or super-
9 sede any State law that requires—

10 “(A) an interest rate higher than the inter-
11 est rate calculated under this subsection; or

12 “(B) the payment of interest in a different
13 manner, including by check or as a credit to the
14 loan balance, that provided by this subsection.”.