



General Assembly

February Session, 2012

Raised Bill No. 5414

LCO No. 1315

* _____HB05414BA_____032012_____*

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING THE ELIMINATION OF THE INTEREST RATE FLOOR FOR TAX AND INSURANCE ESCROW ACCOUNTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 49-2a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2012*):

4 (a) On and after July 1, 1993, each state bank and trust company,
5 national banking association, state or federally chartered savings and
6 loan association, savings bank, insurance company and other
7 mortgagee or mortgage servicing company holding funds of a
8 mortgagor in escrow for the payment of taxes and insurance premiums
9 with respect to mortgaged property located in this state shall pay
10 interest on such funds, except as provided in section 49-2c, at a rate of
11 not less than the average rate paid, as of December 30, 1992, on savings
12 deposits by insured commercial banks as published in the Federal
13 Reserve Board Bulletin and rounded to the nearest one-tenth of one
14 percentage point. [, except in no event shall the rate be less than one
15 and one-half per cent.] On and after January 1, 1994, the rate for each
16 calendar year shall be not less than the deposit index as defined in

17 subsection (c) of this section for that year and rounded to the nearest
18 one-tenth of one percentage point. [, except in no event shall the rate be
19 less than one and one-half per cent.] Interest payments shall be
20 credited on the thirty-first day of December annually toward the
21 payment of taxes or insurance premiums as the case may be, on such
22 mortgaged property in the ensuing year. If the mortgage debt is paid
23 prior to December thirty-first in any year, the interest to the date of
24 payment shall be paid to the mortgagor. The provisions of this section
25 shall apply only with respect to mortgages on owner-occupied
26 residential property consisting of not more than four living units and
27 housing cooperatives occupied solely by the shareholders thereof. Any
28 mortgagee or mortgage servicing company violating the provisions of
29 this section shall be fined not more than one hundred dollars for each
30 offense.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	49-2a(a)

BA *Joint Favorable*