

## LEGISLATIVE BILL 554

Approved by the Governor April 2, 1997

Introduced by Landis, 46

AN ACT relating to mortgage loans; to amend section 45-101.05, Reissue Revised Statutes of Nebraska; to change provisions relating to escrow accounts; to repeal the original section; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 45-101.05, Reissue Revised Statutes of Nebraska, is amended to read:

45-101.05. No lender, in connection with a mortgage loan, shall require the borrower or prospective borrower, ~~to do the following:~~

(1) To deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes, and insurance premiums, ~~or other charges~~ with respect to the property, prior to or upon the date of settlement, an aggregate sum in excess of-

~~(a) In any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes, and insurance premiums, and other charges which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued are attributable to the period beginning on the last date on which each such charge would have been paid under the normal lending practice of the lender if the selection of each such date constitutes prudent lending practice and ending on the due date of its first full installment payment under the mortgage plus a cushion that shall be no greater than one-sixth of the estimated total annual payments to be made from the escrow account for such taxes, insurance premiums, and other charges during the twelve-month period beginning on the date of settlement; or~~

~~(b) In any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of payment to the date of settlement, plus one-twelfth of the estimated total amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or~~

(2) To deposit in any such escrow account in any month beginning after the date of settlement a sum for the purpose of assuring payment of taxes, and insurance premiums, ~~or other charges~~ with respect to the property in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month ~~annual escrow account payments which the lender reasonably anticipates paying from the escrow account for such taxes, insurance premiums, and other charges plus a cushion that shall be no greater than one-sixth of the estimated total annual payments to be made from the escrow account for such taxes, insurance premiums, and other charges, except that if the lender determines that a shortage exists or that there will be a deficiency on the due date he the lender shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the shortage or deficiency corresponding to the number of months from the date of the lender's determination of such shortage or deficiency to the date upon which such taxes, insurance premiums, and other charges would be paid under the normal lending practice of the lender if the selection of each such date constitutes prudent lending practice, and insurance premiums become due and payable.~~

Sec. 2. Original section 45-101.05, Reissue Revised Statutes of Nebraska, is repealed.

Sec. 3. Since an emergency exists, this act takes effect when passed and approved according to law.