

CHAPTER 174  
ESCROW ACCOUNTS AND MORTGAGE LOANS  
S. F. 244

AN ACT relating to mortgage loan disclosure, reporting, and recordkeeping.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Chapter 524, division VIII, Code 1981, is amended by adding the following new section:

NEW SECTION. A state bank may act as an escrow agent with respect to real property, and may receive funds and make disbursements from escrowed funds in that capacity. The state bank shall be deemed to be acting in a fiduciary capacity with respect to these funds. A bank which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year. The summary shall be delivered or mailed not later than thirty days following the year to which disclosure relates. The summary shall contain all of the following information:

1. The name and address of the mortgagee.
2. The name and address of the mortgagor.
3. A summary of escrow account activity during the year as follows:
  - a. The balance of the escrow account at the beginning of the year.
  - b. The aggregate amount of deposits to the escrow account during the year.
  - c. The aggregate amount of withdrawals from the escrow account for each of the following categories:
    - (1) Payments against loan principal.
    - (2) Payments against interest.
    - (3) Payments against real estate taxes.
    - (4) Payments for real property insurance premiums.
    - (5) All other withdrawals.
  - d. The balance of the escrow account at the end of the year.
4. A summary of loan principal for the year as follows:
  - a. The amount of principal outstanding at the beginning of the year.
  - b. The aggregate amount of payments against principal during the year.
  - c. The amount of principal outstanding at the end of the year.

Sec. 2. Chapter 533, Code 1981, is amended by adding the following new section:

NEW SECTION. A credit union may act as an escrow agent with respect to real property that is mortgaged to the credit union, and may receive funds and make disbursements from escrowed funds in that capacity. The credit

union shall be deemed to be acting in a fiduciary capacity with respect to these funds. A credit union which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year.

The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

1. The name and address of the mortgagee.
2. The name and address of the mortgagor.
3. A summary of escrow account activity during the year as follows:
  - a. The balance of the escrow account at the beginning of the year.
  - b. The aggregate amount of deposits to the escrow account during the year.
  - c. The aggregate amount of withdrawals from the escrow account for each of the following categories:
    - (1) Payments against loan principal.
    - (2) Payments against interest.
    - (3) Payments against real estate taxes.
    - (4) Payments for real property insurance premiums.
    - (5) All other withdrawals.
  - d. The balance of the escrow account at the end of the year.
4. A summary of loan principal for the year as follows:
  - a. The amount of principal outstanding at the beginning of the year.
  - b. The aggregate amount of payments against principal during the year.
  - c. The amount of principal outstanding at the end of the year.

Sec. 3. Chapter 534, Code 1981, is amended by adding the following new section:

**NEW SECTION.** A savings and loan association may act as an escrow agent with respect to real property that is mortgaged to the association, and may receive funds and make disbursements from escrowed funds in that capacity. The association shall be deemed to be acting in a fiduciary capacity with respect to these funds. A savings and loan association which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year.

The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

1. The name and address of the mortgagee.
2. The name and address of the mortgagor.
3. A summary of escrow account activity during the year as follows:
  - a. The balance of the escrow account at the beginning of the year.

b. The aggregate amount of deposits to the escrow account during the year.

c. The aggregate amount of withdrawals from the escrow account for each of the following categories:

- (1) Payments against loan principal.
- (2) Payments against interest.
- (3) Payments against real estate taxes.
- (4) Payments for real property insurance premiums.
- (5) All other withdrawals.

d. The balance of the escrow account at the end of the year.

4. A summary of loan principal for the year as follows:

- a. The amount of principal outstanding at the beginning of the year.
- b. The aggregate amount of payments against principal during the year.
- c. The amount of principal outstanding at the end of the year.

Sec. 4. Section 535A.1, subsection 4, Code 1981, is amended to read as follows:

4. "Reporting financial institution" means a financial institution with ~~an excess of ten million dollars in assets which during a reporting period accepts mortgage loan applications from persons in any Iowa city with a population in excess of fifty thousand as determined in the most recent regular census or in any standard metropolitan statistical area~~ which is required to file a mortgage loan disclosure statement.

Sec. 5. Section 535A.1, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. "Mortgage loan disclosure statement" means the statement required by the federal Home Mortgage Disclosure Act, 12 U.S.C. secs. 2801 to 2809.

Sec. 6. Section 535A.4, Code 1981, is amended by striking the section and inserting in lieu thereof the following:

535A.4 DISCLOSURE. Each reporting financial institution shall file a copy of its mortgage loan disclosure statement with the Iowa housing finance authority by March 31 following the calendar year covered by the mortgage loan disclosure statement. The filing satisfies all reporting requirements under this chapter. The maintenance of records sufficient to prepare this report satisfies the record-keeping requirements of this chapter.

Sec. 7. Sections 1 through 3 of this Act apply to mortgage loan accounts that are in existence as of the effective date of this Act and those that are established after the effective date of this Act. The disclosures required by sections 1 through 3 of this Act apply only with respect to calendar or fiscal years commencing on or after the effective date of this Act.

Approved May 14, 1981