

286.8-130 Escrow account -- Interest -- Accounting.

- (1) All moneys paid to the mortgage loan company for payment of taxes or insurance premiums on property which secures any loan made or serviced by the mortgage loan company shall be deposited in an account which is insured by the Federal Deposit Insurance Corporation or any other account acceptable to the Federal National Mortgage Association or the United States Department of Housing and Urban Development or the Government National Mortgage Association or the United States Department of Veterans Affairs and kept separate, distinct, and apart from funds that belong to the mortgage loan company. The funds, when deposited, shall be designated as an "escrow account" or under some other appropriate name indicating that the funds are not the funds of the mortgage loan company.
- (2) Any interest earned on funds deposited into an escrow account under subsection (1) shall belong to the borrower and shall be applied to the expenses to be paid from the account.
- (3) The mortgage loan company shall, upon reasonable notice, account to any debtor whose property secures a loan made by the mortgage company for any funds which that person has paid to the mortgage loan company for the payment of taxes or insurance premiums on the property in question.
- (4) The mortgage loan company shall, upon reasonable notice, account to the commissioner for all funds in the company's escrow account.
- (5) Escrow account funds shall not be subject to execution or attachment on any claim against the mortgage company. It shall be unlawful for any mortgage company to knowingly keep or cause to be kept any funds or money in any bank under the heading of "escrow account" or any other name designating the funds or money belonging to the debtors of the mortgage loan company, except actual funds paid to the mortgage loan company for the payment of taxes and insurance premiums on property securing loans made or serviced by the company.
- (6) Payments to the debtor's escrow account shall be promptly and properly credited. All escrowed taxes, insurance, and other items shall be paid in a timely fashion and not later than the statutory or contractual deadline applicable thereto.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 778, effective July 15, 2010. -- Amended 1992 Ky. Acts ch. 77, sec. 9, effective July 14, 1992. -- Created 1980 Ky. Acts ch. 365, sec. 14, effective July 15, 1980.

Formerly codified as KRS 294.130.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286.