

080067736

**HOUSE BILL NO. 1091**

Offered January 9, 2008

Prefiled January 9, 2008

A *BILL to amend the Code of Virginia by adding a section numbered 6.1-2.8:1, relating to escrow accounts for taxes and insurance for certain mortgage loans.*

Patron—Sickles

Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding a section numbered 6.1-2.8:1 as follows:**

*§ 6.1-2.8:1. Escrow accounts required for certain mortgage loans.*

*A. As used in this section:*

*"Mortgage loan" means a loan made to an individual domiciled in the Commonwealth, the proceeds of which are to be used as purchase money for a single-family residential owner-occupied property located in the Commonwealth, regardless of where the loan is made, which loan is secured by a first deed of trust or mortgage on such property.*

*"Subprime adjustable rate mortgage loan" means a mortgage loan:*

*1. For which the rate of interest charged thereon at one or more times is subject to adjustment based on changes in a specified index; and*

*2. That bears interest at a rate that is at least two percentage points higher than the average interest rate on similar adjustable mortgage loans that, at the time the loan was made, were being made in the Commonwealth to individuals with a FICO credit score of not less than 620, as determined by the Commission.*

*B. No lender (i) subject to the general supervision of or subject to examination by the Commissioner pursuant to Chapter 2 (§ 6.1-3 et seq.), Chapter 3.01 (§ 6.1-194.1 et seq.), Chapter 4.01 (§ 6.1-225.1 et seq.), Chapter 5 (§ 6.1-227 et seq.) or Chapter 13 (§ 6.1-381 et seq.), (ii) authorized to engage in business as a bank, savings institution, or credit union under the laws of the United States, any state or territory of the United States, or the District of Columbia, and subsidiaries and affiliates of such entities, or (iii) subject to the provisions of Chapter 16 (§ 6.1-408 et seq.), shall make a subprime adjustable rate mortgage loan to a borrower unless the terms of the loan require an escrow account to be established whereby the borrower is obligated to make periodic payments into the account for real estate taxes and insurance premiums with respect to the real property that secures repayment of the loan.*

*C. Any lender maintaining escrow accounts for the payment of real estate taxes and insurance pursuant to subsection B shall be subject to the requirements of § 6.1-2.8.*

INTRODUCED

HB1091