

1993 Senate Bill 249

Date of enactment: **November 18, 1993**

Date of publication\*: **December 2, 1993**

## 1993 WISCONSIN ACT 68

AN ACT *to amend* 138.052 (5) (a) and 138.052 (5) (b); and *to create* 138.052 (5) (am) of the statutes, **relating to:**  
interest on escrow accounts.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 138.052 (5) (a) of the statutes is amended to read:

138.052 (5) (a) Except as provided in ~~par. pars. (am) and~~ (b), a bank, credit union, savings bank, savings and loan association or mortgage banker which originates a loan after January 31, 1983, and before the effective date of this paragraph .... [revisor inserts date], and which requires an escrow to assure the payment of taxes or insurance shall pay interest on the outstanding principal balance of the escrow of not less than 5.25% per year, unless the escrow funds are held by a 3rd party in a noninterest-bearing account.

**SECTION 2.** 138.052 (5) (am) of the statutes is created to read:

138.052 (5) (am) 1. Except as provided in par. (b) and unless the escrow funds are held by a 3rd party in a noninterest-bearing account, a bank, credit union, savings bank, savings and loan association or mortgage banker which originates a loan on or after the effective date of this subdivision .... [revisor inserts date], or a loan subject to subd. 3 and which requires an escrow to assure the payment of taxes or insurance shall pay interest on the outstanding principal balance of the escrow at the variable interest rate established under subd. 2.

2. a. On the first day of the first month beginning after the effective date of this subdivision .... [revisor inserts date], and annually thereafter, the commissioner of banking for banks, the commissioner of savings and loan for savings and loan associations and savings banks, and the

commissioner of credit unions for credit unions shall determine the interest rate that is the average of the interest rates paid, rounded to the nearest one-hundredth of a percent, on regular passbook deposit accounts by institutions under the commissioner's jurisdiction at the close of the last quarterly reporting period that ended at least 30 days before the determination is made.

b. Each commissioner shall report the rate calculated to the commissioner of savings and loan within 5 days after the date on which the determination is made. The commissioner of savings and loan shall calculate the average, rounded to the nearest one-hundredth of a percent, of the 3 rates and report that interest rate to the revisor of statutes within 5 days after the date on which the determination is made.

c. The revisor of statutes shall publish the average rate in the next publication of the Wisconsin administrative register. The published interest rate shall take effect on the first day of the first month following its publication and shall be the interest rate used to calculate interest on escrow accounts that are subject to this subdivision until the next year's interest rate is published under this subd. 2. c.

3. The interest rate published under subd. 2. c. also applies to loans originated after January 31, 1983, and before the effective date of this subdivision .... [revisor inserts date], if an interest rate is not specified in the loan agreement.

**SECTION 3.** 138.052 (5) (b) of the statutes is amended to read:

138.052 (5) (b) The parties may agree to waive payment of all or part of the interest required under par. (a)

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or (am) if more than 75% of the lender's interest in the loan is sold to a 3rd party who is not a person related to the lender and the escrow funds are held by the 3rd party.

**SECTION 4. Effective date.** The treatment of section 138.052 (5) (a), (am) 1 and 3 and (b) of the statutes takes

effect on the first day of the first month following the publication, in the Wisconsin administrative register, of the interest rate described in section 138.052 (5) (am) 2. b. of the statutes, as created by this act.

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