

AN ACT concerning

Escrow Accounts - Mortgages --Trusts - Commingling

FOR the purpose of imposing a trust upon certain consideration received by certain persons for escrow accounts held in connection with a mortgage; requiring that certain payments from those escrow accounts be consistent with the trust; providing that commingling of certain funds is a violation of trust providing that certain funds in any escrow shall be kept separate from and may not be commingled with the funds of the lender; permitting the lender to place certain escrow funds received in connection with more than one mortgage into a single escrow account; providing that, in the event of the bankruptcy of the lender, certain escrow funds may not be considered part of the bankrupt estate of the lender; defining certain terms; and generally relating to escrow account funds held in connection with a mortgage.

BY repealing and reenacting, with amendments,

Article - Commercial Law
 Section 12-109.2
 Annotated Code of Maryland
 (1983 Replacement Volume and 1988 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Commercial Law

12-109.2.

(a) (1) In this section [the term "escrow] THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) "ESCROW account" has the meaning [indicated] STATED in § 12-109 of this subtitle.

(3) "LENDER" INCLUDES A LENDER AND ASSIGNEE OF A LENDER.

(4) "MORTGAGE" INCLUDES A MORTGAGE AND A DEED OF TRUST.

~~(b) ANY CONSIDERATION RECEIVED BY A LENDER IN CONNECTION WITH A MORTGAGE SHALL BE HELD IN TRUST FOR THE BENEFIT OF THE~~