

TITLE 2: NATURAL RESOURCES
DIVISION 4: LAND RESOURCES

§ 40306. Tenant-Purchaser Escrow Account.

(a) The mortgage loan documents with respect to a mortgage loan acquired by NMHC pursuant to this chapter shall provide that there shall be retained as additional security for the mortgage loan an amount not less than ten percent of the purchase price stated in the lease-to-own contract. The amount retained shall be disbursed in cash at the mortgage closing to an escrow fund held by the owner of the mortgage. When NMHC becomes the owner of the mortgage loan, NMHC shall receive the escrow amount to be held by the corporation in securities in which NMHC is authorized to invest its own funds. All banks and trusts companies are authorized to give such security for deposits by the corporation of escrowed funds as determined by NMHC. The escrow amounts pertaining to various lease-to-own mortgage loans may be commingled for investment purposes, but NMHC shall keep books of account showing the amount to the credit of each individual escrow account. The investment earning on each individual escrow account shall be credited to the interest payment on the applicable mortgage loan.

(b) NMHC shall advise the seller at periodic convenient intervals of the amount of such escrow earnings with respect to each mortgage loan.

(c) In this event escrow default occurs, the allocation of escrow funds shall be followed by:

(1) NMHC shall allocate of adequate sums of the escrow funds to fully restore the respective housing unit to its original form prior to habitation;

(2) NMHC shall pay for re-advertising, administrative, financial services and other services and severance fees or liabilities caused by the tenant's failure to exercise purchase option on the facility.

(3) Funds remaining in the escrow account after the conditions of subsections (c)(1) and (c)(2) of this section are fully met or satisfied.

Source: PL 12-15, § 7, modified.

Commission Comment: In subsection (c), the word "follows" is revised to read "followed" to correct a manifest typographical error pursuant to the authority of the Commission provided by 1 CMC § 3806.