



## Office of the Madison City Clerk

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### **Notice of Interest Rate on Required Residential Mortgage Loan Escrow Accounts**

Under Section 138.052 (5) (a), Stats., with some exceptions, a bank, credit union, savings bank, savings and loan association, or mortgage banker, which originates a residential mortgage loan requiring an escrow account to assure the payment of taxes or insurance, shall pay interest on the outstanding principal of the escrow.

Section 138.052 (5) (am) 2., Stats., directs the division of banking to determine annually the required interest rate. The rate is based on the average of interest rates paid on regular passbook deposit accounts by institutions under the division of banking's or office of credit unions' jurisdiction.

The Department of Financial Institutions, Division of Banking has calculated the interest rate required to be paid on escrow accounts under Section 138.052 (5), Stats. to be as follows:

2010 – 0.46%  
2009 – 0.75%  
2008 – 0.94%  
2007 – 0.94%  
2006 – 0.83%  
2005 – 0.72%  
2004 – 0.81%

For rental agreements entered into prior to January 1, 2004, the interest rate required by Madison General Ordinance was 5 percent.

The annual interest rate remains in effect through December 31<sup>st</sup> of the respective calendar year.