

# ESCROW RESERVE ACCOUNT OR WAIVER AGREEMENT

I have applied to (“you”) for a real estate loan ("the Loan") which will be secured by a mortgage, deed of trust or security deed ("the Security Instrument") and repaid as stated in a Promissory Note ("the Note"). An escrow reserve account ("Escrow Account") is  
REQUIRED AND WILL BE OPENED FOR: HAZARD INSURANCE AND PROPERTY TAXES.

If the Escrow Account is REQUIRED, I may not cancel it.

If you WAIVED the Escrow Account, I promise to pay the following Expenses in full when due and send receipts marked "paid" to you. "Expenses" include taxes, assessments, leasehold payments or ground rents on the collateral property (if any), insurance premiums and other expenses relating to the Loan. If I break certain promises in the Security Instrument, you may change a WAIVED Escrow Account to a REQUIRED Escrow Account. For example, if I fail to pay an Expense when due, fail to give you evidence that I have paid any Expense, fail to reimburse you for any Expense you have paid, or fail to make timely Note payments, you, or anyone who buys the Loan from you may change or cancel this Agreement as allowed by law.

If I am opening an Escrow Account or an Escrow Account is later REQUIRED, I agree:

- At the same time I make the Note payments, I will pay you the amount they have calculated for deposit in the Escrow Account. This amount is calculated to approximate the amount of Expenses to enable you to pay them in a timely fashion and maintain a reserve as permitted by my Security Instrument.
- If flood insurance is at any time required for my Loan and an Escrow Account is opened, my Escrow Account deposit will include an amount to pay flood insurance.
- If you determine there will not be enough money to pay the Expenses, you may require me to increase deposits into the Escrow Account. I understand that you may not have to pay the Expenses if my Note payment or Escrow Account deposit is delinquent, and if there is not enough money in the Escrow Account. I understand that I could be in default under the Security Instrument if any of these Expenses are not paid.

FHA/VA FINANCING - I understand that you REQUIRE, as a condition for the Loan, that an Escrow Account be established for taxes, insurance premiums, or other purposes. I will include deposits to the Escrow Account in my monthly payments along with the principal and interest, in conformity with the Security Instrument.

INTEREST ON ESTABLISHED RESERVES - If an Escrow Account is opened,

- I acknowledge that interest will **NOT** be paid on the Escrow Account.
- I acknowledge that interest **WILL** be paid on the Escrow Account.  
You may revise your interest policy, including lowering or stopping interest payments, as allowed by law.

I acknowledge that this Escrow Account is non-transferable except to a new borrower upon an approved assumption, if applicable. I have kept a copy of this Agreement.

By signing below, I accept and agree to the terms and provisions contained in this Agreement. If you and I enter into the Loan, then this Agreement shall be a part of it.

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Date

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Date

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Date

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Date