



WHAT IS ESCROW?

A portion of your monthly mortgage payment is deposited into your “escrow account” to assure that property taxes, fire hazard insurance premiums and mortgage insurance premiums (if applicable) are paid on time.

Mortgage escrow accounts date back to 1934 and are now governed by the Real Estate Settlement Procedures Act of 1974 (RESPA) that is administered by the U.S. Government Department of Housing and Urban Development (HUD). Your Lender is responsible for managing the escrow account, ... seeing that funds are collected and notifying you if the amount being collected needs to be adjusted. This is known as “mortgage servicing.” If your mortgage loan servicing is sold to another lender, the new lender assumes responsibility for managing your escrow account. Sometimes the servicing of a mortgage loan can be sold multiple times. What sets Colonial National Mortgage apart from most lenders is that we retain servicing on 98% of all loans we make. That means that your loan servicing won't be sold time after time, and you'll always know who to call with questions or when it's time to refinance.

Escrows protect both the borrower and the lender by guaranteeing there's adequate money for payment of property taxes and insurance premiums, thus avoiding delinquent tax penalties or lapsed insurance coverage. Escrow accounts are often required, but not always. Your Loan Officer can advise you when and if an escrow account is mandatory on different types of loans. If it is optional with your loan program, carefully weigh how important this payment protection is to you. For most homeowners, collection of funds for insurance and property taxes in smaller increments over the course of a year — and the peace of mind from knowing these are covered — is easier than paying a large tax or insurance bill at one time, each year.



Colonial is here to help every step of the way. Contact your Loan Officer to buy, build or refinance. Call 1.800.937.6001 or visit our website: GoColonial.com

