



**Escrow Account Option**  
**- Information and Acknowledgement Form**

As part of your real estate loan closing you will be given the option to establish an escrow account. Escrow accounts are important in that they put aside 1/12<sup>th</sup> of your annual bill (i.e. real estate taxes, hazard insurance) as part of your monthly loan payment. The loan servicer will set up the account to accumulate funds so that when the bills come due, the loan servicer will pay those bills on your behalf. You will not need to plan for these bills separately as they will be covered by this addition to your monthly loan payment. It is especially important to note that if you do not pay your real estate taxes, loss of your home can result. Escrowing can provide peace of mind as it relates to these important bills associated with your home.

There are two escrow options:

- Escrow for real estate taxes & hazard insurance
- Escrow for real estate taxes only

As part of the loan process you will need to provide a copy of your hazard insurance policy and a copy of your most recent tax bill (dependent on option chosen). NCRC will work with you to designate your preference to escrow or to not escrow and will notify the lender accordingly so that the appropriate paperwork can be put together. If you select to Escrow, escrow set up information will be provided to you to ensure appropriate loan closing.

Once you have chosen to escrow you will not have the option to pay principal and interest only. The full payment with escrow must be paid for this account to be maintained appropriately. It is important to know that your escrow account would be reviewed at least once a year and your escrow payment may be adjusted, up or down, depending on the amount of insurance premium or tax amount due. As long as you pay according to the terms of your contract, the lender will pay the appropriate bills.

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*By signing below, each of the undersigned acknowledges that he or she has read and understand that they have the option to escrow funds in their monthly payment as described above:*

\_\_\_\_\_  
Borrower Name

\_\_\_\_\_  
Borrower Signature & Date

\_\_\_\_\_  
Co-Borrower Name

\_\_\_\_\_  
Co-Borrower Signature & Date

**(Revised 7/10/07)**