

ESCROW OR IMPOUND ACCOUNTS AND HOW IT AFFECTS YOUR ESCROW

WHAT IS AN ESCROW OR IMPOUND ACCOUNT?

An escrow account, sometimes called an impound account depending on where you live, is set up by your mortgage lender to pay certain property-related expenses.

The money that goes into the account comes from a portion of your monthly mortgage payment. An escrow account helps you pay these expenses because you send money through your lender or servicer, every month, instead of having to pay a big bill once or twice a year.

Many lenders require that you pay your taxes and insurance using escrow, so they can make sure that the bill gets paid. Your mortgage servicer will manage the escrow account and pay these bills on your behalf. Sometimes, escrow accounts may also be required by law.

Your property taxes and insurance premiums can change from year to year. Your escrow payment—and with it, your total monthly payment will change accordingly.

Source: CFPB - www.consumerfinance.gov

CALIFORNIA TAX IMPOUND CHART

The chart below shows how many months of tax impounds are required, should you choose to have an impound account with your loan.

Closing/ Funding Month	First Payment Month	Impounds Required
January	March	6 months
February	April	1 month
March	May	2 months
April	June	3 months
May	July	4 months
June	August	5 months
July	September	6 months
August	October	7 months
September	November	8 months
October	December	9 months
November	January	4 months
December	February	5 months

First half taxes due November 1 - **Delinquent December 10**

Second half taxes due February 1 - **Delinquent April 10**

- The amount a new lender will require to establish your impound account will vary according to when you close your real estate transaction.
- Keep in mind these are not fees. Impound account set-up costs are your money.
- If you would like to discuss paying impounds or further questions, please contact your loan officer.

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