

Understanding the HOW and WHY of Escrow Accounts

Escrow accounts provide for the timely payment of taxes and insurance on your home. This prevents tax liens, loss of property and any lapse of insurance coverage.



HOW DOES IT WORK? As part of your regular mortgage payment, 1/12th of the annual cost is collected. These funds are held and paid out as bills come due. If taxes are \$5,000 and insurance is \$1,000 for a total of \$6,000, you'll pay \$500 into escrow each month. The balance will build until an outgoing payment is made.

WHAT IS THE MINIMUM REQUIRED BALANCE?

It is usually a two month cushion to assure that sufficient funds are in the account even if payments are interrupted.

WHY IS THE MINIMUM DIFFERENT FROM THE STARTING AMOUNT?

To begin, you need your minimum plus sufficient funds to make the first tax or insurance payment when due.

HOW DOES AN ESCROW ACCOUNT HELP YOU?

- You have a consistent monthly expense instead of large bills a few times per year.
- The money in the account is always yours. You receive any remaining balance at sale or refinance.
- You might enjoy more competitive interest rates. Loans without an escrow account will often incur a price adjustment.

If you have questions about escrow accounts or mortgages in general, please give us a call. We're here to help.



Michael Creed
Sales Manager & Sr Loan Officer

NMLS 50441
(262) 293-5144

mcreed@envoymortgage.com
www.CloseWithMichael.com

19395 W Capitol Dr; Suite 201
Brookfield, WI 53045



All applications are subject to credit approval. Program terms and conditions are subject to change without notice. Some products may not be available in all states. Other restrictions and limitations may apply. This is not a commitment to lend. Envoy Mortgage Ltd. - NMLS # 6666, 5100 Westheimer Road, Suite 320, Houston, TX 77056, Phone # - 877-232-2461 - These licenses represent Envoy Mortgage, Ltd. Arkansas Mortgage Banker/Broker/Service License # 103315; Colorado LO license # 236548. To check the license status of your mortgage loan originator, visit <http://www.dora.state.co.us/real-estate/index.htm>. Illinois Residential Mortgage Licensee - License # MB.6759338; Kansas Licensed Mortgage Company - License # MC.0001690; Massachusetts Mortgage Lender Licensee - License # MC6666; Licensed by the Mississippi Department of Banking and Consumer Finance - License #ML/004295/2009; Licensed by the N.J. Department of Banking and Insurance NMLS #6666; Nevada License #3619 - Envoy originates first lien residential loans; Oregon Mortgage Banker Licensee - License #ML3933; Licensed by the Pennsylvania Department of Banking - License #28942; Licensed by the Virginia State Corporation Commission - License #MC3021; Washington Consumer Loan Act Licensee - License #CL-8666. Envoy Mortgage, L.P. - Arizona Mortgage Banker License #0908096; Licensed by the Department of Corporations under the California Residential Mortgage Lending Act - NMLS#6666; Georgia Residential Mortgage Licensee - License # L23619; Missouri Mortgage Broker Licensee - License #10-1845, 10212 Paget Drive, St. Louis, MO 63132; Rhode Island Lender Licensee - License #20092627LL. Envoy Mortgage Limited Partnership is licensed by the New Hampshire Banking Department - License # 14552MB.

