ESCROW RESERVE ACCOUNT OR WAIVER AGREEMENT

I have applied to Your Favorite Mortgage Corporation ("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") may be **optional** or **required**.

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.

Borrower	Date	
Borrower	Date	
By signing below, I ac enter into the Loan, then		terms and provisions contained in this Agreement. If you and loe a part of it.
I acknowledge that thi assumption, if applicable		non-transferable except to a new borrower upon an approved fthis Agreement.
		be paid on the Escrow Account. You may revise your interest payments, as allowed by law.
I acknowledg	e that interest will NO	Γ be paid on the Escrow Account.
INTEREST ON ESTAB	<u>BLISHED RESERVES</u>	- If an Escrow Account is opened,