

Escrow or Impound Accounts

What is an Escrow Account?

An escrow account, also called an “impound” account in some states, is an account that is used to pay taxes and insurance on your behalf and may be required when you take out a mortgage loan.

Do I Have to Have an Escrow Account?

Escrow accounts may be required for various reasons, such as:

- The investor that owns your note requires you to have an escrow account
- Your loan was made as part of a government program for which escrow accounts are required
- Federal law requires an escrow account for your loan
- Because an escrow account may be required for your type of loan, you may not be able to cancel it!

How Does an Escrow Account Work?

You will make an initial deposit into your escrow account when you take out your loan. Then you will make payments into your account as part of the Regular Monthly Payment that is shown on your monthly billing statement. The funds in your account will then be used to pay property taxes, hazard insurance premiums, and flood insurance premiums (if required) on your behalf for the home that secures your loan.

You will also receive detailed information about your escrow account in an Escrow Analysis Statement that will be sent to you at least annually.

To find out more about your escrow account, or determine if you can cancel it, please contact us at: CustomerCare@naf.com or +1 (800) 893-5304.