

# EXPRESS MORTGAGE DECISIONS, INC

350 PFINGSTEN ROAD, SUITE #104

NORTHBROOK, IL 60062

LICENSE # 5974

(847) 205-1600 PHONE

(847) 205-1632 FAX

## To Our Borrowers:

The accumulation of funds for payment of property taxes and insurance has typically been accomplished by establishing an escrow account. Accordingly, funds are accumulated as part of your regular payment. As an option to this escrow account, you may pledge an interest bearing savings account. The terms and conditions of this option, and other notices are provided below.

### MORTGAGE ESCROW ACCOUNT ACT

- Sec. 2. As used in this Act, unless the context requires otherwise:
- (a) "Escrow Account" means any account established by the mortgage lender in conjunction with a mortgage loan on a residence, into which the borrower is required to make regular periodic payments and out of which the lender pays the taxes on the property covered by the mortgage.
  - (b) "Borrower" means the person obligated under the mortgage loan.
  - (c) "Mortgage Lender" means the bank, savings and loan association, building and loan association or other institution, association, partnership, corporation or person who extends the loan of monies for the purpose of enabling another to purchase a residence.
  - (d) "Escrow-like Arrangement" means any arrangement the intent of which is to serve the same purposes as an Escrow Account but which does not require the formal establishment of an account.
- Sec. 3. Escrow Accounts or Escrow-like arrangements established after the effective date of this Act in conjunction with mortgage agreements for single-family owner occupied residential property and hereby declared separate and distinct transactions from mortgage and, hence, subject to the laws and regulations of the State.
- Sec. 4. On or after the effective date of this Act, each Mortgage Lender in conjunction with the granting of a mortgage on a single-family owner occupied residential property, shall comply with the provisions of the act.
- Sec. 5. When the mortgage is reduced to 65% of its original amount by payments of the Borrower, timely made according to the provisions of the loan agreement secured by the mortgage, and the Borrower is otherwise not in default on the loan agreement, the Mortgage Lender must notify the Borrower that he may terminate Escrow Account or that he may elect to continue it until he requests a termination thereof, or until the mortgage is paid in full, whichever occurs first.
- Sec. 6. In lieu of the Mortgage Lender establishing an Escrow Account or an Escrow-like Arrangement, a Borrower may pledge an interest bearing savings account with Mortgage Lender in an amount sufficient to secure the payment of anticipated taxes.
- Sec. 7. The Borrower shall not have the right to terminate and such arrangement under Section 5 in conjunction with mortgage insured, guaranteed, supplemented, or assisted by the State of Illinois or the federal government that require an Escrow Arrangement for their continuation.
- Sec. 8. If after terminating an Escrow Arrangement under the conditions of this Act, the Borrower does not furnish to the Lender sufficient evidence of the payment of the taxes when due the residence covered by the mortgage with respect to the Escrow Arrangement notwithstanding the provisions of this Act.
- Sec. 9. Failure of any Mortgage Lender operating within this State to comply with the provisions of this Act shall entitle the Borrower to actual damages in a court action.
- Sec. 10. The provisions of this Act shall not be applicable to Mortgage Lender using the capitalization method of accounting for the receipt of payments for taxes. The capitalization method shall mean crediting such tax payments directly to the loan principle upon receipt and increasing the loan balance when the taxes are paid
- Sec. II. Notice of the requirements of the Act shall be Furnished in writing to the Borrower at the date of the closing.
- Sec. 12. This Act takes effect on January 1, 1976.

*THE UNDERSIGNED BORROWERS HAVE READ THE FOREGOING STATUTORY PROVISIONS AND HEREBY ELECT TO PLEDGE A SAVINGS ACCOUNT IN LIEU OF ESTABLISHING A REAL ESTATE PROPERTY ESCROW ACCOUNT*

\_\_\_\_\_ YES \_\_\_\_\_ NO

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date