



Impound Requirements Matrix

This matrix is distributed to provide general information about the subject matter covered and should not be utilized as a substitute for professional advice for your specific situation. If you require such advice, please consult with your own professional advisers.

State	Restrictions	Citations	Fee Restrictions	Citations	Escrow Cushion
Alabama	None.	Ala. Code §§ 5-19-1 et seq.	None; however, such fees may be considered part of the finance charge and subject to rebate on prepayment.	Ala. Code §§ 5-19-1 et seq.	Alabama law does not address escrow cushions.
Alaska	Escrow funds must be kept in accounts segregated from accounts of the licensee, and may not be commingled with other funds of the licensee. A licensee may not require a borrower to pay money into escrow to defray future taxes, to defray insurance premiums, or for another purpose, in connection with a subordinate mortgage loan, unless an escrow account for that purpose is not being maintained for the mortgage loan that is superior to the subordinate mortgage loan. Escrow funds must be deposited into a bank or another recognized depository institution. "Recognized depository institution" means a person who is organized as a financial institution under the laws of a state or the federal government and whose deposits are insured by a federal agency. Licensee shall notify the insurer in writing within 30 days of a change of billing address, or 60 days prior to the renewal date of the insurance policy, whichever is later.	Alaska Stat. § 06.60.360	1. Small Loans Act Loans: Not Permitted; 2. All Other Loans: Permitted as agreed to between parties. No restrictions as to the amount permissible for escrow fees for loans >\$25K.	Alaska Stat. § 06.20.260, 45.45.010 et seq.	Alaska law does not address escrow cushions.
Arizona	Yes; While licensed mortgage bankers must promptly pay monies collected for payment, all lenders must annually account to the borrower regarding impound accounts.	Ariz. Rev. Stat. § 6-115, 6-946	1. Closed-End Loans of <= \$5K and Open-End Loans <= \$10K: Not Permitted; 2. All Other Loans: Permitted as agreed to between parties.	Ariz. Rev. Stat. §§ 6-901 et seq., 6-801 et seq., 44-1205	The escrow cushion cannot exceed one-sixth (1/6) of the estimated total annual payments. [AAC R20-4-1811]
Arkansas	Lender must maintain a segregated escrow or trust account in a FDIC-insured financial institution and not fail to account for or deliver any loan-related funds, documents, or other thing of value to one or more not entitled to retain.	Ark. Code Ann. § 23-39-510, 23-39-511(e)(2), 23-39-513	Escrow fees may be charged and will not be treated as interest for usury purposes provided they are actual out of pocket costs and are reasonable, made in good faith, and paid to establish or protect the lender's security.	Ark. Const. Art. 19, § 13; Ark. Code Ann. § 23-54-104	Arkansas law does not address escrow cushions.
California - CFL	Impound account not required as a condition of making the loan and is voidable, at the option of the borrower, at any time. If required, lender must pay interest to the borrower at least at 2% simple interest per annum on the amount and credit such earned interest to the borrower's account, annually or upon termination. Financial institutions other than a bank that are required by a state or federal regulatory authority to place money in a bank's non-interest bearing demand trust fund account, are not required to pay such interest.	Cal. Civ. Code § 2954, 2954.8	Permitted. The broad definition of "charges" applies to consumer loans of any amount. As a consequence, charging, contracting for or receiving a fee for maintaining an escrow or impound account for taxes or property insurance, where one is permitted to be maintained, falls within the definition of "charges," and will have an impact on the calculation and disclosure of the rate. No financial institution may impose any escrow or impound account fees, that will result in an interest rate of less than 2% per annum being paid on the moneys so received. These requirements do not apply to moneys that are required by a state or federal regulatory authority to be placed by a financial institution other than a bank in a non-interest bearing demand trust fund account of a bank.	Cal. Fin. Code § 22200, 2954.8	Lenders are prohibited from doing the following: 1. requiring in any month an amount in excess of that which would be permitted in connection with a federally related mortgage loans pursuant to Section 10 of RESPA, 2. requiring amounts for the impound account to exceed the amount reasonably necessary to pay the obligations as they become due. Unless otherwise agreed, the



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California - RML	Same as California CFL above.	Cal. Civ. Code § 2954, 2954.8; 10 CA ADC § 2830.1; Cal. Bus. & Prof. Code § 10145(a)(2)	Permitted	Cal. Civ. Code § 2954.8	lender must refund, within 30 days, any sum held in excess of the reasonable billed amount, and 3. lenders cannot pay the taxes or insurance in such a manner as to cause a delinquency or cancellation. [CA Civ. Code § 2954.1]
California - REB/DRE	A real estate broker who accepts loan-related funds from others must deposit them -- if not immediately placed into a neutral escrow depository or into the hands of the broker's principal - into a trust fund account maintained by a broker in a California bank. Finally, a real estate broker who performs loan-related services for investors in connection with loans secured by a first lien on real property may deposit funds received in trust in an out-of-state depository institution insured by the FDIC if the investor or note owner is one of certain recognized institutions (Fannie Mae, Freddie Mac, FHA, VA, banks, trustees of pension funds, etc.). A real estate broker, when acting as agent for a lender, may deposit and maintain funds from or for the account of the borrower for the future payment of impounds relating to real property containing only a one-to-four family residence, in an interest-bearing trust account in a bank or savings and loan association. Also, please see the restrictions for California CFL above.	Cal. Civ. Code § 2954, 2954.8; 10 CA ADC § 2830.1; Cal. Bus. & Prof. Code § 10145;a)(2)	Loans of < \$30K Secured by First Trust Deed or < \$20K Secured by Junior Trust Deed: Permitted subject to a max 5% of the loan amount or \$390 whichever is greater but in no event to exceed \$700, provided that in no event may the maximum amount exceed actual costs and expenses paid, incurred or reasonably earned; customary for all other loans.	Cal. Bus. & Prof. Code § 10242; 10 CA ADC § 2843; Cal. Civ. Code § 2954.8	
Colorado	Excess funds held for payment of ad valorem taxes must be refunded each year.	Colo. Rev. Stat. § 39-1-119	1. First Lien Purchase Money Loans and Loans of <= 12%: Unregulated; 2. All Other Loans: Permitted if charges are bona fide and reasonable closing costs.	Colo. Rev. Stat. § 5-2-202, 5-1-301(8)	Colorado law does not address escrow cushions.
Connecticut	The lender must pay interest on all funds maintained in any required escrow account for taxes and property insurance, at a net rate of interest at least equal to the minimum rate described in Conn. Gen. Stat. §§ 49-2a et seq. and implementing regulations (as that rate is adjusted annually by the Connecticut Department of Banking).	Conn. Gen. Stat. § 36a-716, 49-2a et seq.; CT ADC 49-2a-1 et seq.	Not permitted.	Conn. Gen. Stat. § 36a-716, 49-2a et seq.; CT ADC 49-2a-1 et seq.	Connecticut law does not address escrow cushions.
Delaware	Except in relation to the fees, Delaware law does not regulate the maintenance of escrow or impound accounts for future taxes and insurance.	DE ADC 5 2203	A fee for maintaining an escrow account is permitted if (i) the fee is for services rendered or for reimbursement of expenses incurred in good faith by the licensee or its agents, (ii) the amount of the fee is reasonable, and (iii) the agreement governing the loan provides for the fee.	Del. Code Ann. tit. 5, § 2218, 2231; DE ADC 5 2203.	Delaware law does not address escrow cushions.
District of Columbia	Lender is prohibited from requiring a borrower to provide real estate tax and insurance escrows if, on the date the loan is executed, the borrower owns greater than a 20% equity interest in the fair market value of the real estate. Such borrowers must be furnished with a separate written statement which clearly and conspicuously informs them of their right to pay such taxes and insurance directly. In addition, escrow funds must be kept in accounts segregated from the lender's accounts and may not be commingled with the lender's other accounts.	D.C. Code § 28-3311, 26-1115, 28-3301(f)(2)	Permitted but if the fee is lender-imposed, the fee is deemed interest subject to a usury cap calculated at an APR rate in compliance with the federal Truth in Lending Act.	D.C. Code § 28-3311	DC law does not address escrow cushions.



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Florida	Mortgage lenders who receive escrow payments for taxes and insurance must pay those items promptly when due if escrow funds are available, that way borrower can qualify for specified discounts. If there is insufficient funds to pay those items, lender must notify borrower within 15 days of notice that the bills are due. If lender fails to pay those items on time and borrower incurs a loss, lender is liable for that loss.	Fla. Stat. Ann. § 494.001 et seq.; 501.137	The Mortgage Brokerage and Mortgage Lending Statute does not expressly address any fees or charges typically assessed during the life of the loan or credit agreement. Hence permitted if legitimate and reasonable and supported by actual expenditure, else will be considered interest for all loans.	Fla. Stat. Ann. § 687.03, 494.001 et seq.; Mindlin v. Davis, 74 So.2d 789 (Fla. 1954); Pushee v. Johnson, 166 So.2d 847 (Fla. 1936)	Florida law does not address escrow cushions.
Georgia	There are no statutory restrictions on escrow or impound accounts for real estate secured transactions.	GA ST §§ 7-1-1000 et seq.	Escrow fees are not expressly prohibited or limited. Therefore, escrow fees are permitted if reasonable and agreed to in writing by the borrower The fee should be based on an analysis of the lender's overhead related to its lending function, be properly documented and be applied consistently.	GA ST § 7-4-2(a)(1).(See Georgia Department of Banking & Finance Advisory Opinion, "Interpretations of H.B. 128 - Interest" dated April 22, 1983)	Georgia law does not address escrow cushions.
Hawaii	Lender's license may be suspended for failure to place funds entrusted to the lender in escrow, within a reasonable time pursuant to an Agreement; or failure to deposit the funds in a trust or escrow bank account maintained by the licensee with a bank located and doing business in the state, where the funds shall be kept until disbursement authorized.	HI ST § 454-4	1. Jr. lien loans under the state's Interest & Usury Provisions: Any reasonable fee may be imposed, so long as the rate does not exceed the usury limit; 2. First and Junior Lien Loans Under the Financial Services Loan Companies Provisions: Escrow fees paid to a third party are permitted for services actually rendered, provided no portion is rebated, refunded or paid to the financial services loan company.	HI ST § 478-4, 478-8, 412:9-304.	Hawaii law does not address escrow cushions.
Idaho	Mortgage Company must: 1. conspicuously and specifically, disclose to each borrower all contractual provisions relating to impound or escrow accounts; 2. not keep more than 120% of the amounts necessary on an annual basis to pay expected insurance, taxes or other agreed charges; 3. deliver a statement of the borrower's account to the borrower at least annually during the month of January; 4. provide to the borrower within 30 days a written statement describing policies relating to the reserve account.	Idaho Code § 26-2807, 26-2808, 26-2809.	Escrow fees are not prohibited or limited by the Idaho Credit Code. As such, escrow fees are permitted if agreed to between the lender and the borrower. When imposed by Mortgage Bankers, must be reasonable and customary.	Idaho Code § 28-42-201, 26-3113	The maximum amount that may be maintained in an escrow account is 120% of the amount necessary to pay, on an annual basis, the insurance, taxes or other charges the lender has agreed to pay on behalf of the borrower. [ID Code § 26-2807(2).]



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Illinois	1. Lenders must give notice of the provisions of the Escrow Act to borrowers at loan closing. If lenders are not required to give this notice, a written explanation must be given to the mortgage loan applicant at closing; 2. If the mortgage provides for an escrow account and is a 1st lien loan, at closing, both the lender and the borrower must execute an amendable written Escrow Account Disclosure Agreement that describes the procedures for adjustment to the escrow account and must further provide that, if there is an increase in the amount of the escrow account, the applicant will receive written notice from the licensee at least 30 days prior to the date of such increase; 3. Lender must notify borrower that he may elect to terminate escrow account if the mortgage is reduced to 65% of its original amount; 4. Lender may not commingle funds in the escrow account with lender's other operating funds; 5. Escrow funds must be deposited in a federally insured depository institution, federal home loan or reserve bank, other similar government enterprises, or a financial institution chartered under the IL Savings Association Banking Act; 6. Escrow account cannot exceed 150% of the previous year's assessed real property tax, except in the first year of the mortgage; and 7. Lender must provide borrower with an itemized statement showing the respective amounts of each payment applied to taxes, insurance, and other items.	765 IL CS 910/5 through 765 IL CS 910/11; 38 IL ADC 1050.1360. See also Stern v Northwest Mortgage, Inc. 179 Ill.2d 160, 688 N.E.2d 99 (1997)	1. Closed End High Risk Home Loans: Fees are permitted, but if financed and combined with all other points and fees. Also, may not be in excess of 6% of the total loan amount; 2. All Other Loans: Permitted but escrow fees may not be charged prior to closing.	38 IL ADC 1050.1275; 38 IL ADC 1050.1335;(a)	Any provision requiring the borrower to maintain in a real property tax escrow account an amount greater than 150% of the real property assessment for the previous year, except in the mortgage's first year of life, is prohibited by Illinois escrow law. [765 ILCS 915/1.]
Indiana	Indiana does not impose any restrictions on escrow or impound accounts.	Ind. Code Ann. §§ 24-4.5-1-101 et seq.	1. First Lien Loans: Unregulated; 2. Second Lien Loans: Permitted if treated as part of the loan finance charge; 3. Home Loans: Permitted but escrow fees will be included in the calculation of "points and fees" for high cost calculation.	Ind. Code § 24-4.5-3-109, 24-4.5-3-202, 24-9-1-1, 24-9-2-8, 24-9-2-9, 24-9-2-10, 29-9-3-1, 29-9-4-1	Indiana law does not address escrow cushions.
Iowa	First lien loan lenders must perform and promptly mail to the borrower, annually, a complete escrow analysis. If there is a change in the payment amount, the analysis must be mailed at least 20 days before the effective date of the change. The summary must contain: Lender and borrower names, a summary of the account activity during the year, withdrawals for the following categories: 1. The balance of the escrow account at the beginning of the year; 2. The aggregate amount of deposits to the escrow account during the year; 3. The aggregate amount of withdrawals from the escrow account; 4. Summary of loan principal for the year. There are no restrictions on Jr. lien loans.	Iowa Code § 535B.11, 537.1101 et seq.	1. Home Acquisition Loans and All Open-End Lines of Credit: Not Permitted; 2. ICC Loans (Amount Financed of <= \$25K): Permitted if fees are bona fide and reasonable; 3. All Other Loans: There is no limit on the fees that may be charged.	Iowa Code § 537.2501, 535.8, 535.10	Lenders must maintain escrow accounts in amounts consistent with the contractual agreement and must make refunds where necessary. Section 10 of RESPA establishes a maximum 1/6 cushion but if this is not sufficient to collect the cushion, then the contractual agreement must establish the 1/6 cushion. [Iowa Division of Banking Letter to Licensees concerning escrow practices, dated February 24, 1992]



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Kansas	A lender that acquires servicing rights and requires an escrow account must provide the borrower an annual summary of all transactions on or before February 15th. This summary must include the amount of each transaction and the purpose for which the money was spent. . A transferee servicer failing to comply with this requirement is liable to the borrower for \$100 per occurrence in addition to any actual damages caused by its failure to comply.	Kan. Stat. Ann. § 58-2339, 58-2341	1. First Lien Loans: Permitted if fees are reasonable; 2. All Other Loans: Permitted but must be treated as a prepaid finance charge and subject to an 8% limitation on prepaid finance and a 5% limitation on fees retained by the lender.	Kan. Stat. Ann. § 16-207, 16a-2-501	Kansas law does not address escrow cushions.
Kentucky	Escrow funds must be deposited and maintained in a FDIC-insured account (or other account acceptable to FNMA, HUD, GNMA, or VA) and kept separate from lender's other accounts. Interest earned is the borrower's property. Deposits to the escrow account must be promptly and properly credited, and payments from the account for taxes, insurance and other items must be prompt.	Ky. Rev. Stat. § 294.130	Permitted if fees are reasonable.	Ky. Rev. Stat. § 294.120	Kentucky law does not address escrow cushions.
Louisiana	Louisiana does not impose any restrictions on escrow or impound accounts.	La. Rev. Stat. Ann. §§ 6:1081 et seq.	Permitted if parties agree to in writing.	La. Rev. Stat. Ann. § 6:1097(A); 12 CFR 226.4;(a)	Louisiana law does not address escrow cushions.
Maine	Lender must disclose in writing to the borrower the requirement to pay interest on escrow balance at a rate not less 50% of the 1-year Treasury Note rate - or rate of a comparable instrument if such note is not offered - as published in a national financial newspaper as of the first business day of the year in which the quarterly interest or dividend is paid. Interest must be computed on the daily balances in the account from the date of receipt to the date of disbursement and must be credited to the account as of the last business day of each quarter of a calendar or fiscal year. If the account is closed or discontinued before the last business day of a quarter of a calendar or fiscal year, interest must be computed and credited as of the day the account is closed or discontinued. The lender may take into account debit balances resulting from advances and may elect to compute interest on the basis of the actual number of days in each quarter and year, or on the basis of a 30-day month and a 360-day year Lender must promptly disburse funds from the escrow account according to the terms of the account. At least once a year, the lender must give the borrower a statement showing the interest credited on the account . consequences. A supervised lender, including any of its assignees, that makes loans secured by a mortgage on real estate and which holds funds of a mortgagor in an escrow account for the payment of taxes or insurance premiums, either on its own behalf or on behalf of another mortgagee, shall pay interest on those funds in accordance with Title 9-B, section 429.	2005 ME H.B. 980, which became effective on September 17, 2005,	1. Closed-End Loans that are First Lien or Purchase Money (including Refinance), or Initial Construction: Unregulated; 2. All Other Loans: Permitted as part of the closing costs, if bona fide, reasonable in amount.	Me. Rev. Stat. Ann. tit. 9-A, § 1-202, 1-301, 2-501	Maine law does not address escrow cushions.



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Maryland	Funds in escrow account must not be used to: (1) Reduce the principal; or (2) Pay interest or other loan charges. If there is periodically a balance in the escrow account that exceeds the amount provided for in the loan documents, the borrower shall be given, at least annually, the option of: (1) Receiving a refund of the excess amount; (2) Applying the excess amount to the payment of principal and interest; or (3) Leaving the excess amount in the escrow account. Excess amount must be refunded within 60 days following request for refund by the borrower.		1. First Lien Loans: Expressly disallowed; 2. Second Lien Loans: Not Permitted.	MD COML § 12-109.2(c), 12-405, 12-411, 12-905(b), 12-1005	Maryland law does not address escrow cushions.
Massachusetts	At least once a year, at a rate and in a manner to be determined by the lender, the lender shall pay borrower interest on amounts paid or deposited in advance.	MA ST 183 § 61	Implicitly prohibited because of the lender requirement to pay interest on the impound account.	MA ST 183 § 61	Massachusetts law does not address escrow cushions.
Michigan	Lenders that require escrow payments must provide borrower with an annual statement within 60 days of the close of the calendar year. The statement must detail escrow funds, total receipts, an itemized statement of all expenditures and the balance at the end of the calendar year. Lender must promptly pay taxes out of the escrow account; failure to do so gives rise to liability for any penalty and other costs involved. Although, lender can require a deposit account on which lender is not required to pay borrower any interest, on an interest-bearing escrow account, all interest earned must be credited to the account favoring the borrower.	Mich. Comp. Laws Ann. § 565.161, 565.163, 438.31c(2)(a), 438.31c(13)	Permitted if reasonable, necessary, and lender's actual expense.	Mich. Comp. Laws Ann. § 445.1673, 493.72; 12 U.S.C.A. § 1735f-7(a)	Michigan law does not address escrow cushions.
Minnesota [ILT]	For mortgage loans prior to July 1, 1996, except FHA, HUD, or VA insured loans, or unless an escrow account is required by federal law, mortgagee must pay at least 3% annual interest on escrow accounts and must allow mortgagor to discontinue a tax and insurance escrow account after five years from the date of the mortgage. This right to discontinue escrow accounts does not apply to borrowers who have been more than 30 days delinquent in the previous 12 months or if there is a negative balance on the escrow account. Lender or mortgage broker must notify applicant with a written notice of mortgagor's future right to terminate an escrow account prior to closing the mortgage loan, and within 60 days after the fifth anniversary date of the mortgage of the right to discontinue the escrow account. A mortgagee may require the reestablishment of an escrow account if mortgagor has failed to make timely payments for two consecutive payment periods at any time during the remaining term of the mortgage, or if the mortgagor has failed to pay taxes or insurance premiums when due.	Minn. Stat. § 47.20;(subd. 9); Minn. Stat. § 47.205	1. Section 47.204 First Lien Loans: Permitted; 2. Section 334.01 Mortgage Loans >= \$100K and Section 47.59 Mortgage Loans < \$100K: Not permitted; mortgagee may not charge a direct fee for the administration of the escrow account.	Baughman v. FBS Mortgage Corp., 621 N.W.2d 776 (Minn. App. Jan. 9, 2001); Minn. Stat. § 47.20;(subd. 9(g))	Minnesota law does not address escrow cushions.



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Mississippi	Escrow Accounts must: 1. be opened and maintained in a FDIC or NCUA insured; 2. have funds separate, distinct and apart from funds belonging to the mortgage company; and 3. have funds designated as an "escrow account." A mortgage company must, upon reasonable notice, account to any borrower for any funds which that person has paid for taxes or insurance, and account to the Dept. of Banking for all funds in the company's escrow account. Such accounts are not subject to execution or attachment on any claim against the lender.	Miss. Code Ann. § 81-18-36	1. All Lenders: Permitted without limit. Escrow maintenance fees are not finance charges if such fees are bona fide closing costs; 2. Mortgage Company Licensees and Registrants: Permitted and are excluded from the 7.95% cap if paid to a third party unrelated to the lender or registrant.	Miss. Code Ann. § 81-18-27, 75-17-25	There are no restrictions on escrow cushions or interest to be paid on escrow accounts.
Missouri	Property tax obligations must be paid from escrow accounts in one annual payment before the first day of January of the year following the year for which the tax is levied. Otherwise, Missouri law is silent on escrow administration issues such as annual reconciliation to the borrower, interest on escrowed funds, responses to borrowers' inquiries, etc. Lenders are not required to pay interest to borrowers on their escrowed funds.	Mo. Rev. Stat. § 443.453, 443.800 et seq.; 4 MO ADC 140-30.040;(3); 4 MO ADC 140-30.110(8)	1. Second Lien Loans =>\$25K: Not Permitted; 2. All Other Loans: Permitted, if the fee is a bona fide expense for services actually rendered in connection with the loan.	Mo. Rev. Stat. §§ 408.231 et seq., 408.052, 408.233;(1)	Missouri law does not address escrow cushions.
Montana	Except by an agreement with the lender in writing, the amount of funds on reserve may not exceed 110% of the projected amount needed to pay such expenses. Lender must keep an itemized record of each payment entered into the reserve fund and each disbursement withdrawn from the reserve fund. Lender must annually mail a statement of total receipts and disbursements to each borrower.	Mont. Code Ann. § 71-1-113, 71-1-114, 71-1-115	1. Second Lien Loans: Not Permitted; 2. First Lien Loans: Unregulated, thus, lender may contract for reasonable escrow fees; 3. Loans under Montana's Interest and Usury Statutes: Permitted, if included in finance charge calculation for usury purpose.	SB 454 effective 3/24/05; Mont. Code Ann. § 31-1-104, 31-1-107	Under MT Code Ann § 71-1-113 the amount of funds on reserve for the payment of taxes and insurance may not exceed 110% of the projected amount needed to pay such expenses. The only exception is when the borrower requests the lender to withhold escrow account funds in excess of the 110%. The lender and the borrower must enter into a written contract for the excess reserves. [MT Code Ann § 71-1-114.]
Nebraska	Mortgage bankers must: 1) disburse required funds held in escrow in a timely manner to avoid penalty for such failure and, at least annually, perform a complete escrow analysis; 2) establish and maintain a toll-free telephone number or accept collect calls from borrowers; A telephonic messaging service shall not satisfy this requirement. Prior to or upon settlement, lender may require borrower to deposit a sum not to exceed the total loan amount of attributable impound charges plus a cushion of one-sixth of the estimated total annual payments that will be due during the 12-month period beginning on the date of settlement. If lender determines that a shortage exists or that there will be a deficiency, lender is prohibited from requiring the borrower to deposit in any such escrow account, in any month, a sum greater than one-twelfth of the total annual escrow account payments from the escrow account for such impound-related charges plus a cushion that shall be no greater than one-sixth of the estimated total annual payments.	Neb. Rev. Stat. § 45-101.05, 45-711	Permitted if reasonable and necessary.	Neb. Rev. Stat. § 45-714;(1)(l)	Escrow accounts are not required by Nebraska law but limits the amount that a lender can require a borrower to deposit at closing and allows for a 2-month cushion on escrows for taxes, insurance or other charges. [NE Rev Stat § 45-101.05.]



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Nevada	Lender must: 1. have impound accounts insured, kept separate, distinct, and apart from lender's other accounts; 2. account for these accounts to the borrower and Commissioner; 3. not require borrower to deposit into this account an amount greater than required to pay the obligations as they become due; 4. inform borrower within 30 days after escrow analysis of any possible excess money and required to respond within 20 days with instructions about disposition of such excess; 5. pay borrower interest on excess in any impound account at Prime Rate posted the largest Nevada bank as ascertained by the Commissioner on Jan 1st immediately preceding the date of the transaction plus 2%; 6. pay for the obligations from the impound account in a timely manner to prevent defaults and cancellations (e.g. insurance). Lender may require borrower to cure any deficiency in impound account either by increasing monthly contribution or by an additional lump sum payment. Funds in the impound account are not subject to execution or attachment on any claim by the Lender. The requirements for investors on escrow accounts may be found in Section 645B.175 of the Mortgage Broker Act.	Nev. Rev. Stat. § 645B.170, 645B.175, 645B.180, 100.091, 106.105	Permitted if agreed to in writing.	Nev. Rev. Stat. § 99.050	A lender under NV Rev Stat § 106.105 may only require advance contributions for reasonable amounts for the tax and insurance payments. The lender must pay the taxes and insurance premium as they become due, provided there are sufficient funds, and must provide an escrow analysis statement within 30 days of completion. If there are excess funds, the mortgagor has 20 days to advise of the disposition of the excess funds. The lender must maintain the excess in the account if the borrower fails to specify what to do with the money within the 20 days.
New Hampshire	1. Lender/Servicer must credit account with interest at a rate set for a 6-month period by the Bank Commissioner on February 1 and August 1 of each year, which shall be 1% below the mean interest rate paid by NH chartered banks on regular passbook savings accounts; 2. All payments from impound accounts must be timely and paid to the appropriate authorities; 3. In case of insufficient funds in the escrow account, lender/servicer must pay impound charges from their own funds and then give borrower the option of paying the deficiency over a period of not less than 12 months; 4. Lender shall not charge or collect interest on such deficiency during the 12-month period; 5. Lenders must credit borrowers for interest earned on funds deposited in escrow accounts to the date of an assignment, transfer, or discharge of a mortgage.	NH ST § 397-B:5, 384:16-e; NH ADC BAN 2506.01.	1. First Lien Loans: Not Permitted; 2. Second Lien Loans: Permitted.	NH ST § 397-B:5; NH ST § 384:16-e.	New Hampshire law does not address escrow cushions.
New Jersey	1. Escrow fees must be deposited in a trust or escrow account in a financial institution insured by the FDIC; 2. Each disbursement from the account must be made in a timely manner ; if there is a shortage lender/servicer must promptly notify the borrower; 3. Within 30 days borrower must be notified of penalty or interest charged to his account; 4. Borrower may sue lender/servicer for the penalties and interest or both wrongfully charged to the borrower's impound account.	N.J. Rev. Stat. § 17:16F-15 et seq.	Prohibited. Not listed among the permissible fees.	N.J. Rev. Stat. § 17:11C-23, 17:11C-28.	New Jersey law does not address escrow cushions.
New Mexico	No person shall engage in business as an escrow company unless that person is licensed by the director as an escrow company; Balance in the escrow fund cannot exceed 2 months payment; any excess must be credited to the borrower's principal amount within 60 days of demand to do so.	N.M. Stat. Ann. § 48-7-8, 58-22-3, 58-22-7	Neither the Mortgage Loan Company and Loan Broker Act and its regulations nor the Interest and Usury Provisions limit the fees a licensed mortgage lender may charge; therefore, as agreed to between parties.	N.M. Stat. Ann. § 58-21-18	New Mexico law does not address escrow cushions.



State	Restrictions	Citations	Fee Restrictions	Citations	Escrow Cushion
New York	<p>Insurance Escrow Restrictions: Mortgage Investing Institution (MII) must deposit escrow funds in an FDIC-insured account, pay interest at a minimum 2% per year, and use the funds to make all premium payments in a timely manner. Disclosures must be provided at various times: First when the account is established, then an annual statement, and finally a written notice no later than 10 business days after accounts transfer. The annual disclosure required under this statute must include a statement to the effect that the borrower is obligated to pay 1/12th of the insurance premiums each month unless there is a deficiency or surplus in the account which may require payment of a greater or lesser amount. Although New York does not otherwise expressly prohibit lenders and other MIIs from taking the 2 month cushion permitted by RESPA, the language of the mandated disclosure suggests that there is no cushion.</p> <p>Real Property Tax Escrow Restrictions: MII is required to deposit the funds in an FDIC-insured account, pay interest at a minimum 2% per year and use the funds to make all tax payments on a timely basis. The MII is required to issue a disclosure at the time the account is established (on form approved by the Real Property Services Board, issue an annual disclosure statement, provide written notice no later than 10 business days after the transfer of the account to another MII, and within 21 days following final payment of the loan send a written notice warning the borrower to establish a new escrow account or to begin making tax payments directly. Note the annual disclosure required under this statute must include a statement to the effect that the borrower is obligated to pay 1/12th of the taxes each month unless there is a deficiency or surplus in the account which may require payment of a greater or lesser amount. Although NY does not otherwise expressly prohibit lenders and other MIIs from taking the 2 month cushion permitted by the RESPA, the language of the mandated disclosure suggests that there is no cushion.</p>	<p>NY Gen Oblig § 5-601, 5-602; NY Bank § 6-k; NY Real Prop Tax § 953, 954; NY Real Property Law § 254-d; 3 NY ADC 10; 3 NY ADC 38.7(a)(13)</p>	<p>Permitted without limits provided the property is other than a one-to six-family owner-occupied dwelling; no fee may also be charged to waive a real property tax escrow account requirement (regardless of the type of property) . Any fee to maintain an escrow account or for waiving the need to establish escrow account is prohibited and not permitted. Lenders can charge a one-time charge to pay the actual cost of an independent tax reporting service, provided that cost is disclosed prior to or at commitment.</p>	<p>NY Gen Oblig § 5-601, 5-602; 3 NY ADC Bank 38.7(a)(13)</p>	<p>Lenders may require monthly escrow payments equal to one-twelfth of the total escrowed charges. The lender may also collect an additional one-sixth of the total as a cushion. [NY Banking Dept FAQ]</p>
North Carolina	<p>State law states: "A licensee shall maintain in a segregated escrow fund or trust account any funds which come into the licensee's possession, but which are not the licensee's property and which the licensee is not entitled to retain under the circumstances. The escrow fund or trust account shall be held on deposit in a federally insured financial institution."</p>	<p>N.C. Gen. Stat. § 53-243.13(e)</p>	<p>1. Loans < \$300K: Not Permitted. Escrow fees to be retained by the creditor are not authorized; 2. Loans >= \$300K: There is no limitation on escrow fees.</p>	<p>N.C. Gen. Stat. § 24-8, 24-1.2A</p>	<p>North Carolina law has no provisions for the creation, cushions, or administration of escrow accounts.</p>



State	Restrictions	Citations	Fee Restrictions	Citations	Escrow Cushion
North Dakota	Mortgagees must furnish a detailed statement to borrower showing all debits and credits to the account. A servicer of secondary residential mortgage for a secondary lender must give borrower a notice of excess amount (includes the balance of the escrow account after the annual payment of taxes and special assessment) on or before March 1 for the following year of the escrow status. Within 30 days of receipt of notice, borrower may request in writing that the servicer refund or retain all or part of the excess amount. Servicer than must comply with borrower's request within 30 days. If borrower is current in loan payments and has sufficient funds in the escrow account, borrower may direct servicer to pay property taxes in order to qualify for specified discounts.	N.D. Cent. Code § 47.10.2-01, 47.10.2-02, 47.10.2-04, 47.10.2-3, 57-20-19	Escrow fees may not be demanded or accepted in advance.	N.D. Cent. Code § 47-14-09; ND ADC 13-05-01-01	North Dakota state law does not address escrow cushions but the servicer for a successor mortgagee not residing in North Dakota must provide a notice to the borrower if an excess escrow amount exists. The written notice must be provided on or before March 1st of the following year. [ND Cent Code § 47.10.2-02] [Lender Specific]
Ohio	Cannot knowingly make a disbursement out of an escrow account unless monies have been transferred to the closing or escrow agent and available for disbursement. Escrow agent may advance funds up to \$1K for such incidental fees as recording, conveyance to close the deal.	Ohio Rev. Code §1349.21, 1349.22	1. First Lien Loans: Permitted, but may not be demanded or received in advance; may not receive from third parties in the form of premium, referral or kick back to or from a bona fide third party or other party with a related interest in the transaction. 2. Second Lien Loans: Not Permitted; escrow fees are not an enumerated charge.	Ohio Rev. Code § 1322.08,1322.071, 1321.57, 1321.58	Ohio law does not address escrow cushions.
Oklahoma	No restrictions under Oklahoma law.	OK ST T. 14A § 1-101, et seq.	1. Loans at an APR in > 13%: Not Permitted; 2. All Other Loans: Permitted without any restrictions since unregulated.	OK ST T. 14A § 3-202	Oklahoma law does not address escrow cushions.
Oregon	Lender must pay interest to the borrower on funds deposited in escrow account pursuant to any "lender security provision." Where lender does not require any "lender security provision", parties may agree to the establishment of an escrow account to assist the borrower to make timely payments. Such an arrangement cannot be condition of granting the loan and must be preceded by a written statement whether lender will pay interest on such account and whether lender will charge the borrower any service charge for maintaining such account. Such a statement could be part of the loan application	Or. Rev. Stat. § 86.250, 86.245(1), 86.255	Not permitted when the lender requires the establishment of an escrow account as a condition for making the loan. When the escrow account is opened pursuant to a "Lender's Security Provision" Permitted pursuant to a negotiated Agreement to open an escrow account to assist the borrower to make timely payments. Note: The above provisions do not apply to "a real estate loan agreement which is serviced or held for sale within one year by a mortgage servicing company neither affiliated with nor owned in whole or in part by the purchaser and which is made, extended or held by a purchaser whose principal place of business is outside Oregon; provided that if the purchaser requires a lender's security protection provision, prior to entering into such agreement, the mortgage servicing company must furnish the borrower a statement in writing, which may be set forth in the loan application, that the mortgage servicing company is not required by the laws of Oregon to pay interest on the lender's security protection provision, and specifically informing the borrower why the borrower is not entitled to interest on the account."	Or. Rev. Stat. § 86.250, 86.270	It is prohibited to require a borrower or prospective borrower to deposit in any escrow account prior to or upon the date of settlement, a sum in excess of the estimated total amount of property taxes, insurance premiums, and similar charges which actually will be due and payable on the date of settlement, and the pro rata portion there which has accrued, plus one-sixth of the estimated total amount of the charges which will become due and payable during the 12-month period beginning on the date of settlement. [OR Rev Stat § 86.240(1) (a).] Compliance with the Real Estate Settlement Procedures Act and with Regulation X shall be considered to be in compliance with OR Rev Stat § 86.240.



State	Restrictions	Citations	Fee Restrictions	Citations	Escrow Cushion
Pennsylvania	There are no restrictions on escrow or impound accounts and a lender or servicer is not required to pay interest on escrowed funds. However, lenders are required to refund any money remaining in an escrow account within 30 days of satisfaction of a mortgage. With respect to first lien mortgage loans, a lender must provide for periodic accounting of any escrow accounts held by the licensee to the borrowers not less than annually, showing the amounts received from the borrower and the amounts disbursed.	21 Pa. Stat. § 705; 7 Pa. Stat. § 6121(9)	1. Second Lien Loans >\$5K and <=\$230,110: Not Permitted; 2. First Lien Loans <= \$230,110 and Second Lien Loans of <= \$5K: Permitted, but must be included in the finance charge calculation for usury purposes; 3. Loans > \$230,110: Permitted since unregulated.	41 Pa. Stat. § 101, 301(f), 401; 10 PA ADC § 7.2	Pennsylvania law does not address escrow cushions.
Rhode Island	1. Lender must pay or credit a minimum of 4% on those funds, annually, on December 31st only on mortgages on owner-occupied residential property consisting of more than 4 living units; FHLA, FHA, VA or Private Mortgage Insurance loans are exempt; 2. Interest must be compounded based on the aggregate average daily balance on the escrow account by the lender in the usual course of business; 3. Each lender must provide borrower Notice of the amount of such interest [e.g. 1099].	R.I. Gen. Laws § 19-9-2; RI ADC 02 010 017	Permitted if customary and reasonable. The excess will be construed as interest in Rhode Island.	R.I. Gen. Laws § 6-26-2(c)	Rhode Island law does not address escrow cushions.
South Carolina	South Carolina imposes no restriction on escrow or impound accounts and on "escrow cushion." A lender may collect more money from the borrower for escrow than the amount actually required to pay out of escrow.	S.C. Code Ann. §§ 37-1-101 et seq.	1. First Lien Loans: Permitted since unregulated; 2. Jr. Lien Loans: Permitted if bona fide and reasonable.	S.C. Code Ann. § 37-3-105, 37-3-202;(1)(d)(iii)	South Carolina law does not address escrow cushions.
South Dakota	South Dakota law does not regulate the maintenance of escrow or impound accounts for future taxes and insurance.	S.D. Codified Laws Ann. § 21-49-13(4), 54-14-1 et seq.	Permitted without limit and restrictions since the Mortgage Lender Business Act generally provides that licensees may engage in the business of mortgage banking and contract for and receive the maximum for interest and other charges not contrary to any other lending laws.	S.D. Codified Laws Ann. § 54-14-3, 54-3-1.1	South Dakota law does not address escrow cushions.
Tennessee [ILT & RML]	The Industrial Loan and Thrift Companies Act does not impose any restrictions on escrow or impound accounts. For loans under the residential mortgage lending act, an escrow cushion cannot exceed two months total amount due for a period. Mortgage Servicer is liable to pay penalties imposed for failure to pay real estate taxes on time; and liable for loss of license or registration for failure to pay insurance premium by the expiry date. Compliance with the Federal RESPA with regards to escrow accounting will be deemed compliance with Tennessee Law. Federal law preempts and controls in any conflict.	Tenn. Code Ann. §§ 45-5-101 et seq.; TN ST § 45-13-109.	The Industrial Loan and Thrift Companies Act provides that escrow fees are not expressly authorized, but they may be included as part of a one-time service charge of up to 4% of the principal amount of the loan. The 4% service charge may not be imposed on that portion of a loan used to pay off an existing loan to the same lender. Also, if the 4% service charge is not imposed, lenders may charge "actual, bona fide and reasonable" third-party costs incurred. For loans under the Residential Mortgage Lending Act, escrow fees should be permitted as an acceptable loan charge if "reasonable" in amount and agreed to in writing by the borrower.	Tenn. Code Ann. § 45-5-301(3), 45-5-403, 47-14-113(d)	Tennessee law does not address escrow cushions.



State	Restrictions	Citations	Fee Restrictions	Citations	Escrow Cushion
Texas	1. Second Lien Loans with and Interest Rate > 10%: A licensed regulated lender making a secondary mortgage loan may require a borrower to make payments into an escrow trust account for payment of anticipated tax and property insurance expenses.; 2. All Other Loans: Texas law does not regulate the collection or administration of escrow accounts, except for manufactured housing.	7 TX ADC § 83.707;(c)	1. First Lien Purchase Money Loans: Permitted; 2. First Lien Non-Purchase Money Loans: Permitted if fee is subject to the 3% cap; 3. Second Lien Loans (Purchase and Non-Purchase Money) and Open-End Loans: If interest rate is > 10%, fees are not permitted. If interest rate is <= 10%, fees are permitted as agreed between parties.	Tex. Const. Art. 16 § 50; Tex. Fin. Code § 156.304, 342.307, 342.308, 342.502; 7 TX ADC § 1.707	Texas law does not address escrow cushions.
Utah	1. Lender must, annually, as of December 31, calculate and credit interest to the Reserve Account on the average daily balance of funds at a rate equal to what is found in Utah Code Ann. § 7-17-3(1). Restrictions to the above also found in Utah Code Ann. § 7-17-3(2); 2. Lender must give a written notice of the options to the borrower if reserve account is not required; 3. Lender must furnish to the borrower, without charge, an itemized statement showing amounts received and held in or disbursed from the reserve funds. Lender must provide such statement within 60 days after the end of each calendar year; 4. Lender must make timely payments of taxes, premiums, and other charges, if there are sufficient funds; 5. Utah Code Ann. § 7-17-7 goes over the restrictions of what a lender may not require a borrower to do.	Utah Code Ann. § 7-17-2 thorough 7-17-8	A lender may not require or impose a service charge for the administration of a reserve account [including escrow and impound accounts].	Utah Code Ann. § 7-17-3(3)	Lenders are limited, at or prior to closing, to the amount needed to pay taxes, insurance and other charges, plus the pro rata portion that is due as of the date of closing, plus 1/6th of the total estimated taxes, hazard insurance and other charges that will become due and payable in the year following closing. [UT Code Ann § 7-17-7(1)].
Vermont	Lender must: 1. pay interest at regular savings account rate and credit the same to the borrower's account on the first day of each quarter; 2. not require a borrower to deposit into an escrow account any greater sum than is sufficient to pay taxes, insurance premiums and other charges, subject to the following additional charges: (i) aggregate annual deposits no greater than the reasonably estimated total annual charges plus one-twelfth of such total; and (ii) monthly deposits no greater than one-twelfth of the reasonably estimated total annual charges plus an amount needed to maintain an additional account balance no greater than one-twelfth of such total; 3. make timely payments for impounds from the escrow account; 4. maintain escrow account in an FDIC-insured financial institution; 5. provide an annual statement for the escrow account on a form and in a manner prescribed.	Vt. Stat. Ann. tit. 8, § 10404; Department of Banking, Insurance, Securities & Health Care Administration Banking Division Banking Bulletin No. 17 (Revised) (July 7, 1994.)	The statute does not address whether a lender may charge a fee for maintaining an account. However, because the statute imposes duties and obligations on lenders without authorizing a fee for these services, a lender should not assess a fee.	Vt. Stat. Ann. tit. 8, § 10404; Department of Banking, Insurance, Securities & Health Care Administration Banking Division Banking Bulletin No. 17 (Revised) (July 7, 1994.)	The maximum monthly escrow payment the lender is allowed to charge is 1/12 of the total amount of escrowed items plus an additional amount needed to maintain the annual total needed. The maximum the lender can require the borrower to pay as an aggregate into the escrow account on an annual basis is the annual estimated charges of the escrowed items plus 1/12 of the total. [VT Stat Ann Title 8, § 10404].
Virginia	Escrow funds must be kept in accounts segregated from accounts of the lender, and may not be commingled with other funds of the lender. In connection with a Jr. lien loan, lender shall not require borrower to pay any moneys in escrow except where escrows for such purposes are not being maintained for first lien loan. Mortgage lenders holding money in escrow for insurance premiums shall notify the insurer in writing within 30 days of a change of the mortgage lender's billing address, or 60 days prior to the renewal date of the insurance policy, whichever is later. Lender must give borrower written notice of the payment of penalty or late charge within five days after such payment is made.	Va. Code § 6.1-423, 6.1-2.8, 6.1-330.49 et seq.	1. First Lien Loans: Permitted if fees are reasonable; 2. Second Lien Loans: Not expressly permitted and are therefore impermissible.	Va. Code § 6.1-330.70, 6.1-330.72 (A)	Virginia law does not address escrow cushions.



State	Restrictions	Citations	Fee Restrictions	Citations	Escrow Cushion
Washington	State law does not impose any restrictions on escrow or impound accounts for future taxes and insurance.	WA ST §§ 19.146.005 et seq.	Permitted if reasonable, does not constitute interest, and the borrower agrees to pay.	WA ADC § 208-660-200; WA ST § 19.52.020; Aetna Finance Co. v. Darwin (38 Wash. App. 921, 691 P. 2d 581, 1984)	Washington law does not address escrow cushions.
Washington CLA	Washington Law does not address escrow or impound accounts for future taxes and insurance.	WA ST §§ 31.04.005 et seq.	1. Consumer Loan Act; Not Permitted; 2. General Usury Law: Permitted, but any portion of the fee retained by the lender will be considered a charge for making the loan and will be interest.	WA ST § 31.04.005, 31.04.105, 31.04.115, 19.52.020; Aetna Finance Co. v. Darwin (38 Wash. App. 921, 691 P. 2d 581, 1984)	
West Virginia	West Virginia imposes no escrow account requirements.	See W. Va. Code §§ 31-17-1 et seq.	Permitted but subject to an overall 5 or 6% cap on points, fees and charges.	W. Va. Code § 31-17-8, 46A-3-109	West Virginia law does not address escrow cushions.
Wisconsin	Mortgage bankers, banks, credit unions, savings bank, and savings and loan associations that originate loans on or after January 1, 1994, that require escrow for taxes and insurance must pay mortgagors interest on escrowed funds at a rate established by the Department of Financial Institutions (rate is set annually). Two exceptions to the requirement for interest on escrows if: 1. escrowed funds are held by third party in a non-interest-bearing account; 2. parties agree to waive the interest because 75% of the lender's interest in loan is sold to a third party unrelated to the lender and the funds are held by that third party. Lender must provide borrower written notice stating that the borrower may require the escrow agent to make payments in any specified manner. Trust accounts must be maintained in a bank, savings bank, savings and loan association or credit union which is authorized to do business in Wisconsin. Mortgage banker or broker must: 1. notify the division of the location of its trust accounts; 2. deposit all trust funds within 24 hours of receipt; and 3. release all trust funds in full within 10 calendar days after payment of the loan in full.	Wis. Stat. Ann. § 224.76, 138.052, 138.09, WI ADC § DFI-Bkg. 4203	1. Second Lien Loans <= \$25K: Permitted if fee is reasonable included as part of the finance charge; 2. All Other Loans: Fees and charges are unregulated.	Wis. Stat. Ann. § 138.052, 421.301, 422.201, 422.202	Wisconsin law does not address escrow cushions.
Wyoming	Wyoming does not impose any escrow or impound account requirements.	Wyo. Stat. §§40-14-101 et seq.	Permitted, but for all loans other than simple interest first lien loans (<= 18%), fees must be treated as part of the loan finance charge.	Wyo. Stat. § 40-14-309, 40-14-310, 40-14-348	Wyoming law does not address escrow cushions.