

Flood-HPML Escrow Requirements Guide

	Flood Insurance Escrow Requirements (12 CFR 339.5(c))	HPML Escrow Requirements (1026.35)
Collateral Triggers	<ul style="list-style-type: none"> Structure in special flood hazard area In participating community Detached structure exemption NOT used 	<ul style="list-style-type: none"> First lien on borrower’s principal dwelling APR exceeds APOR plus threshold <ul style="list-style-type: none"> 1.5% for first liens 2.5% for jumbo first liens 3.5% for subordinate liens
Creditor Exemptions	<ul style="list-style-type: none"> Less than \$1 billion in assets in either two prior calendar years (not including affiliates) On/before 7/6/12: <ul style="list-style-type: none"> Was not required by law to escrow for entire term of loan; AND Did not have policy of consistently and uniformly requiring escrow on residential improved real estate or mobile home (other than HPML or collecting initial escrow deposit and forwarding to investor) 	<p><u>Small Creditor:</u></p> <ul style="list-style-type: none"> Less than \$2.236 billion¹ in assets as of preceding 12/31 (including affiliates) Originated at least one first lien loan in rural/underserved area in prior year Originated with affiliates less than 2,000 first lien loans secured <u>by a dwelling</u> in either of the two preceding years that are <u>sold or under commitment to sell</u> Neither creditor or affiliate <i>maintains an escrow</i> other than for HPMLs <i>established between 4/1/10-6/17/21</i> or those established after consummation to assist customer to avoid default <p><u>EGRRCPA² Section 108:</u></p> <ul style="list-style-type: none"> \$10.473 billion¹ or less in assets as of preceding 12/31 (including affiliates) Originated at least one first lien loan in rural/undeserved area in prior year Originated with affiliates 1,000 or fewer first lien loans secured <u>by borrower’s principal dwelling, including portfolio and sold loans</u> Neither creditor or affiliate <i>maintains an escrow</i> other than for HPMLs <i>established between 4/1/10-6/17/21</i> or those established after consummation to assist customer to avoid default
Loan Exemptions	<ul style="list-style-type: none"> Subordinate lien loan and borrower has insurance through first lien (sufficient to cover all liens) Loan is for primarily business, commercial or ag purpose Insurance is provided and paid by condo association, coop, or HOA Loan is past due 90 days or more³ Home equity line of credit Loan term of 12 months or less 	<ul style="list-style-type: none"> Secured by shares in Coop To finance initial construction of dwelling Temporary or bridge loan with term of 12 months or less Reverse Mortgage Condos or planned unit developments in which governing association maintains master policy insuring all units (insurance premiums only)

¹ Asset size adjusted annually.

² Economic Growth, Regulatory Relief, and Consumer Protection Act

³ Exception only applies to nonperforming loans (90 or more days past due) until permanently modified or until entire amount past due (principal, accrued interest, penalty interest, etc.) is collected or otherwise discharged in full.

Escrow Requirements	<ul style="list-style-type: none"> Escrow for <i>flood insurance premiums and related fees</i> 	<ul style="list-style-type: none"> Escrow for <i>property taxes and premiums</i> for mortgage related insurance required by creditor (unless amounts are paid by condo association, HOA or similar arrangement)
Escrow Timing	<ul style="list-style-type: none"> Before consummation MIRE event (making, increasing, renewing, extending) 	<ul style="list-style-type: none"> Before consummation
Length of Escrow Account	<ul style="list-style-type: none"> Entire term of loan subject to rule 	<ul style="list-style-type: none"> Five years after loan origination⁴ (as long as unpaid principal is less than 80% of original value and loan is not delinquent or in default) OR Termination of loan

⁴ At consumer's request