

OREGON ESCROW ACCOUNT OPTION NOTICE

Borrower(s):

Date:

Loan Number:

Property Address:

Lender:

Loan Originator:

This disclosure is provided to you pursuant to Or. Rev. Stat. § 86.255.

Escrow Account Required

I (We) understand that an escrow account is required for the payment of real estate taxes, hazard insurance, mortgage insurance, and flood insurance (if applicable) in connection with the loan being obtained on the property described above. The Lender will pay interest on funds deposited in the escrow account at a rate not less than the discount rate* computed on the average monthly balance in the account. Interest will be paid quarterly by crediting the escrow account the amount of the interest due. The Lender will service this escrow account at no charge to me (us).

Escrow Account Optional

I (We) understand that an escrow account is not required for the payment of real estate taxes, hazard insurance, and flood insurance (if applicable) in connection with the loan being obtained on the property described above. I (We) acknowledge my (our) legal responsibility for the payment of taxes and insurance. I (We) select the following option:

I (We) elect to manage the payment of insurance premiums, taxes and other charges for my (our) own account. I (We) acknowledge that the lender may require the establishment of an escrow account for the payment of taxes and insurance if I (we) fail to pay the taxes, insurance premiums or other charges pertaining to the property securing the loan prior to the delinquency date for such payments.

I (We) elect to maintain an escrow account for the payment of real estate taxes, hazard insurance, and/or flood insurance to be serviced by the lender at no charge to me (us). I (We) understand that the costs of real estate taxes, hazard insurance, and flood insurance (if applicable) may increase in the future and that our monthly payment will be adjusted to reflect those increases. The Lender will pay interest on funds deposited in the escrow account at a rate not less than the discount rate* computed on the average monthly balance in the account. Interest will be paid quarterly by crediting the escrow account the amount of the interest due.

* Discount Rate is the discount rate on 13-Week United States Treasury bills sold at a discount from face value in the units of \$10,000 to \$1 million, as established by the most recent auction of such Treasury bills, as reported in the Federal Reserve's Statistical Release H.15, less 100 basis points. The rate of interest payable on the account shall be adjusted semiannually to reflect changes in the discount rate. The discount rate shall be determined as of May 15 and shall take effect on the following July 1; and then determined on November 15 and shall take effect on the following January 1.

I (We) understand that I (we) may select a different option at any time. Any request to change the escrow account status of my (our) loan must be made in writing. This arrangement is not a condition to the real estate loan agreement.

ACKNOWLEDGEMENT

By signing below, you hereby acknowledge reading and understanding all of the information disclosed above, and receiving a copy of this disclosure on the date indicated below.

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