CHECKLIST

Escrow Removal Request Prep Checklist

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PREPARE REQUEST

Prepare the facts a servicer may ask for before considering an escrow waiver or cancellation request. This does not assume that any borrower has a right to remove escrow.

WHEN TO USE	FEDERAL / PRIMARY REFERENCE
Prepare the facts a servicer may ask for before considering an escrow waiver or cancellation request. This does not assume that any borrower has a right to remove escrow.	12 CFR § 1026.35(b)(3) · Loan/investor documents may control

Federal baseline to check

☐ The 5-year / below-80% / current-status cancellation test in 12 CFR § 1026.35 applies to escrow accounts required for certain higher-priced mortgage loans (HPMLs); it is not a universal right to remove escrow from every conventional mortgage.

☐ For an HPML escrow required by that rule, a consumer request generally cannot be made earlier than 5 years after consummation, and cancellation also requires unpaid principal below 80% of original value and no current delinquency/default.

☐ Mortgage documents, state law, loan program rules, and investor/servicer policy can independently require or restrict escrow after the federal minimum period.

BORROWER AND LOAN

Borrower name ______________________________	**Property address** ______________________________
Loan/account number ______________________________	**Servicer name** ______________________________

Loan facts

Loan type / investor (if known): ___________________ Why escrow exists (if known): ___________________

Notes: ____

Possible federal/program restrictions

HPML rule potentially applicable? Yes / No / Unsure Consumption: __________ 5-year date: __________

Notes: ____

Servicer/investor conditions

Original value (if HPML test applies): $__________ Current UPB: $__________ Current/delinquent/default: __________

Notes: ____

Tax and insurance readiness

Next tax due: __________ Insurance renewal: __________ Plan for direct payment: ____________________

Notes: ____

Questions to ask

Servicer/investor waiver conditions, fee, refund timing, or documents requested: ____________________

Notes: ____

Attachment checklist

☐ Mortgage note/security instrument if available

☐ Recent mortgage statement

☐ Evidence of current tax and insurance status

☐ Servicer escrow-waiver policy if published

☐ Copy of this completed template retained for your records

☐ Mailing / delivery confirmation retained if sent formally

Use notes

☐ First determine why escrow exists: loan contract, state law, federal HPML rule, or investor/servicer policy. The answer changes which removal test matters.

☐ Do not use current appraised value in place of 'original value' for the HPML federal test unless the applicable rule or program specifically calls for it.

☐ Before removal, confirm who will pay taxes and insurance, their due dates, and whether any partial-year escrow balance will be refunded or applied.

☐ Keep a complete copy of the completed template and supporting records; send copies rather than irreplaceable originals when copies are sufficient.

PRIMARY SOURCES TO CHECK

12 CFR § 1026.35(b)(3) • Loan/investor documents may control

Official links: https://www.consumerfinance.gov/rules-policy/regulations/1026/35/