**Section 1050.1360 Escrow Account Agreements at Closing**

a) If the mortgage is not FHA-insured or VA-guaranteed and relates to the purchase of owner-occupied, single-family security real estate:

1) A document shall be executed by the residential mortgage loan applicant at closing to indicate his or her acceptance or rejection of the use of a pledged time deposit account in lieu of an escrow account pursuant to the Mortgage Escrow Account Act [205 ILCS 910]; or

2) In the case of a lender who is not required by law to comply with the Mortgage Escrow Account Act, the licensee shall furnish a written explanation, including citations, to the authority for noncompliance to be given to the mortgage loan applicant at closing, with a copy to be signed by the applicant acknowledging receipt.

b) If the mortgage represents a first-lien position and provides for an escrow account to be maintained for payment of taxes and/or insurance premiums, an Escrow Account Disclosure Agreement shall be required between the licensee and the residential mortgage loan applicant. The agreement shall be in writing and executed at the closing. The agreement shall describe the procedures for adjustment to the escrow account and shall provide that, if there is an increase in the amount of the escrow account, the applicant shall receive written notice from the licensee at least 30 days prior to the date of the increase. The agreement may be amended from time to time as agreed upon by the parties, except that the 30 day notice requirement shall not be amended.

c) This Section does not apply to any mortgage for which the lender elects not to require maintenance of an escrow account or other specific arrangement for the payment of taxes.

(Source: Amended at 29 Ill. Reg. 14808, effective September 26, 2005)