WFG National Title Company
a Williston Financial Group company

TAX IMPOUNDS ACCOUNT

Below is a chart showing the amount of months required for Tax Impounds account

Closing Month	1st Payment Month	Impounds Required
Jan	Mar	6 Months
Feb	Apr	1 Month
Mar	May	2 Months
Apr	Jun	3 Months
May	Jul	4 Months
Jun	Aug	5 Months
Jul	Sep	6 Months
Aug	Oct	7 Months
Sep	Nov	8 Months
Oct	Dec	9 Months
Nov	Jan	4 Months
Dec	Feb	5 Months

1st Half Taxes Due November 1st
• Delinquent December 10th

2nd Half Taxes Due February 1st
• Delinquent April 10th

• The amount a new lender will require to establish your impound account will vary according to you when you close your real estate transaction.

Tax impounds have become the standard method for homeowners to pay their property taxes. Most banks prefer that you pay your taxes with your mortgage payment. Almost every mortgage company will actually charge you if you do not want to pay your property taxes with your mortgage. There is a higher risk for the mortgage company if you pay your own property taxes.

So what happens when you send your property tax payment in every month?

Generally taxes are due once or twice a year. An escrow account is created to hold your property tax payments each month until they are due. This account does not make interest for the bank, it is simply a non interest bearing holding account. When the taxes become due the bank or the loan servicing company will pay them for you.

What happens when you refinance?

A refi is a bit more complicated. You will be required to pay your taxes that are coming due within generally 90 days from the day your new loan funds. You will be returned any money that was in the escrow or impound account from your previous loan. This will create the need to start a new property tax impound account. The new account will accrue so that there is enough to pay your property taxes when they become due at the next annual or semi-annual payment date. You may need to provide a couple of months to start the new impound account moving forward, but you are being returned roughly the same amount from your old escrow account.

In summary, when you refi you will start a new escrow account. That account will need about the same amount to start as the amount that is in your current property tax escrow account. It is essentially just moving the money around. If you choose not to escrow your taxes you will be charged by the bank, although they generally will not even mention that to you. It is almost a given that homeowners will escrow both the property taxes and the homeowner’s insurance into their mortgage payment.