



## **Escrow Review and Response Process**

### **Requirements:**

- The Loan Servicing Department (“Servicing”) will respond to borrowers’ requests for cancellation of their escrow/impound account (“escrow”) within five (5) business days of the receipt of the request;
- Requests to remove escrow must be made in writing, verbal requests must be asked to be made in writing;
- The letter date, in-office receipt date, response date and process must be maintained on Servicing director;
- All letters issued throughout this process must be saved onto Doc Velocity; and
- Servicing must develop, store, and maintain a central database of all escrow removal requests.

### **Initial Request:**

Upon receiving the borrowers written request for cancellation of their escrow, the Servicing team member will check the purpose of the borrower’s loan. The following loans **DO NOT** qualify for escrow removal:

- Mix-Use
- Commercial
- Investment Property
- Business purpose
- Non-owner occupied

If the borrowers loan falls under **ANY** of the above purposes or occupancy status, the Servicing team will issue a denial letter to the borrower selecting the option, “the loan is not eligible for escrow removal”. The denial letter must be tracked for compliance purposes and Servicing must store and maintain all letters issued in this process in Doc Velocity, Servicing Director, and Bytepro.

**Note:** The only loans that should proceed beyond this point are owner occupied primary residence loans.

### **Escalation:**

If the borrowers loan meets the qualification of being an owner-occupied primary residence, the following requirements **MUST** be satisfied prior to further escalation in the process:

- LTV on the loan must be below 80%
- Account must have no late payments for the past 12 months
- Account is secured by a first lien
- Escrow is not mandated for minimum of five years

Should the loan fail to meet **ALL** of the above conditions, the Servicing team must issue a denial letter and select the corresponding conditions that the loan fails to meet. The denial letter must be tracked accordingly.



### **Acknowledgement**

If a loan meets all of the requirements previously listed, the Servicing team must issue the standardized acknowledgement letter to the borrower. The acknowledgement letter can be found on Bytepro and must be tracked for compliance purposes. The letter will extend our response time to thirty (30) business days from the date of our receipt of the letter.

### **Accounting Department Review**

Prior to being escalated to Legal and Compliance the Servicing team will issue an email to [accountingescrow@citadelservicing.com](mailto:accountingescrow@citadelservicing.com), providing the loan information and requesting a review of the file for any and all payments due and ensure that the account is current and balanced. The Accounting Department will provide a response to the Servicing team member within three (3) business days.

**If there are any fees and/or payments due**, the Servicing team will issue a denial letter to the borrower, selecting the option, “the loan is not eligible for escrow removal”. The denial letter must be tracked accordingly.

**If the file is cleared**, the Servicing team will escalate the request to Legal and Compliance.

### **Legal and Compliance Review**

Once the loan has been cleared by the Accounting Department, the Servicing team member will escalate the request to Legal and Compliance. The Servicing team member will issue an email, titled “Escrow Removal Request” to: [qwr@citadelservicing.com](mailto:qwr@citadelservicing.com). Legal and Compliance will provide a final review of the file and issue an approval or denial to the Servicing team within five (5) business days.

**If denied**, the Servicing team will issue the denial letter and selecting the option, “the loan is not eligible for escrow removal”. The denial letter must be tracked accordingly

**If approved**, the Servicing team will ensure the following are issued:

- 1) An approval letter to the borrower, informing them that their request has been approved and they can expect a “Escrow Closing Notice” three (3) business days prior to the closing of the escrow account. The approval letter can be found in Bytepro.
- 2) Loan Servicing, Tax & Insurance (“T&I”) must issue an “Escrow Closing Notice” three (3) business days prior to the cancellation of escrow. The Escrow Closing Notice and approval letter must be tracked for compliance purposes. Escrow Closing Notice can be found in Bytepro.
- 3) Servicing must issue a payment change letter after the escrow accounts removal. The notice must be sent thirty (30) days prior to the payment change. The Payment change letter can be found in Bytepro.

Lastly, Servicing must store and maintain all escrow removal approvals, payment change letter, notations, and Escrow Closing Notices issued in this process in Doc Velocity, Servicing Director, and BytePro

**The matter will be closed upon the issuance of a denial letter or the removal of the escrow account.**