



## It's time to start shopping for your Home Insurance Policy

**Note:** Lenders will not issue a loan without an Insurance Declaration from your insurance company

If you are purchasing a home you will need to get quotes for "Hazard Insurance".  
 Make sure to finalize your quote so we can order the Insurance Declaration which covers the lender.  
 For Refinances, please let us know who to contact for your existing Hazard Insurance.

### Option 1: PITI Monthly Payment (Monthly payment includes insurance & taxes) At closing you will pay 1st year's home insurance plus title impound charges

- 1. Your first year's insurance premium** (next year this will be paid from the escrow account)  
*Example: \$1,800 full year of coverage good until next year's purchase anniversary*
- 2. Creation of an insurance escrow account** (3 months of your annual insurance premium)  
*Example: \$1,800 Annual Insurance divided by 12 months = \$150 per month x 3 = \$450*
- 3. Creation of a tax escrow account** (3 to 5 months depending on the month purchased)  
*Example: \$3,600 Annual County Taxes divided by 12 months = \$300 per month x 5 = \$1,500*

**Note: If you choose this option, closing costs from the title company will be larger!**

Each month you make a Principal+Insurance+Taxes+Insurance payment (PITI), the insurance escrow account grows so that your lender will have enough money to pay your hazard insurance on the anniversary of your purchase date (X Date) for your home insurance coverage next year. Your insurance is always paid in advance each year. The reason that you have to pay the 3 months at closing is to have a "Cushion" so there is enough money to pay your insurance in the event your insurance rates go up next year.

### Option 2: P&I Monthly Payment (Monthly payment does not include insurance & taxes) At closing you will only pay 1st year's home insurance

- 1. Your first year's insurance premium** (next year you will pay your insurance agent directly)  
*Example: \$1,800 full year of coverage good until next year's purchase anniversary*
- 2. Pay county taxes when they become due directly to the county**

**In Colorado you have 2 options to pay your county property tax directly**

**Split the County Tax Payments in 2 Payments:**

*1st Half due on February 28th & 2nd Half due on June 15th*

(or)

**Pay the County Taxes in 1 Payment:**

*Payment for the entire year due in full on on April 30th*

**Note: You must be putting at least 5% down on the home to waive the impound accounts**