



ANNUAL ESCROW ANALYSIS

Frequently Asked Questions

Q: What is an escrow account and why do you maintain one for my loan?

A: An escrow account acts like a savings account for payment of your real estate taxes and/or insurance. As each mortgage payment is made, a dedicated portion of the funds are deposited into the escrow account to pay your taxes and/or insurance. Projected tax and/or insurance amounts are equal to last year's actual tax and/or insurance payments. In other words, we estimate that your tax and/or insurance bills for the upcoming year will be the same as they were the prior year. We use the funds from your escrow account to pay your tax and/or insurance bills when we receive billing information from the taxing authority or insurance company.

Q: Why did I receive an Annual Escrow Account Disclosure Statement and Change of Payment Notice (Escrow Analysis)?

A: At least once a year, we review your escrow account to determine if the escrow portion of your monthly mortgage payment is enough to cover your real estate taxes and any applicable insurance. We are required under the Real Estate Settlement Procedures Act (RESPA) to disclose to you in an Escrow Account Disclosure Statement the results of this review and how it affects your monthly mortgage payment.

Q: Why did my monthly mortgage payment change?

A: Increases and decreases to the escrow portion of your monthly mortgage payment are typically the result of changes in your real estate taxes and/or insurance. Some possible reasons are:

- **Homeowners Insurance:** your premium may be different as a result of changes to the type or extent of your insurance coverage, your insurance company changed your insurance rate. Please contact your insurance agent or company for any questions regarding changes to premiums.
- **Real Estate Taxes:** your real estate taxes may be different as a result of your property being reassessed or if the tax rate has changed. Tax bills for special assessments charged by your local tax authority will also impact the amount we collect for your real estate taxes. Anticipated tax payment time frames may change per local authority as well. Please contact your local taxing authority for any questions regarding changes to your real estate taxes.
- **New Construction:** a difference may occur with partially assessed real estate tax bills for new construction properties. Typically, the first tax bill for a new property is only for the land/lot. Then as the property is assessed, the real estate tax bill will be increased to eventually include the land and the structures.
- **Initial Escrow Deposit:** escrow is sometimes estimated at loan closing because information may not be available at that time. If the amount collected for the setup of your escrow



account was more or less than the actual bills received for real estate taxes and/or insurance premiums, this will cause your monthly mortgage payment to change.

Q: Will my automatic payment be adjusted?

A: Yes, if you are currently set up on automatic payment withdrawal, your automatic payment will be adjusted starting with the New Payment Effective Date on your escrow analysis. If you have an online transfer setup for your mortgage payment, you will need to update your payment amount.

Q. What are my options to pay for a shortage?

A: You have several options if your escrow has a shortage:

- Option 1: take no action. The shortage will be automatically spread over the indicated number of months outlined in the Escrow Account Projection for the Coming Year section of your analysis.
- Option 2: pay your shortage in full at a local branch or mail to the Mortgage Servicing Department at P.O. Box 50738, Indianapolis, Indiana, 46250-0738. Please note that if the shortage is paid in full, your payment may still increase. You may now also pay your shortage online.
- Option 3: keep your payments the same. To do this, take your new total payment amount and subtract your old total payment amount, then multiply that figure by 12. Then, submit payment for that amount to us.

Q: Why are you holding a reserve balance?

A: Your mortgage documents allow us to maintain an escrow cushion equal to two escrow payments. This “cushion” is the minimum balance of the escrow account and acts like a savings account to help if your taxes or insurance increase.

Q: How did you determine my required starting escrow balance?

A: Your required starting balance is determined by calculating what your balance would need to be as of today to prevent the escrow balance from falling below the minimum required balance (cushion) at the lowest point in your account projection. This is a mathematical calculation.

Q: Can I close my escrow account?

A: There are various requirements that must be met in order to close your escrow account. If you would like your account to be reviewed to determine if it meets the requirements to close escrow, please contact our Mortgage Servicing Department at 800-382-5414.