# ESCROW ACCOUNT / TAX AND INSURANCE ACCOUNT DISCLOSURE STATEMENT FAQ

### What is an escrow account and escrow analysis?

An escrow account is used to hold money collected by your lender to pay your insurance premiums and property taxes when they become due. Your monthly payment includes an amount, approximately 1/12 of the anticipated total annual tax and insurance due. This account also contains a cushion, also referred to as a reserve.

Because your property tax and insurance rates can change over time, so can your monthly escrow payment, so it's important that we perform an annual analysis of your escrow account to make sure you aren't paying too much or too little. In this analysis we review your account for current tax and insurance payments, your escrow account balance, and any recent tax and insurance disbursements that have been made with your escrowed funds. This analysis will inform you if there is a shortage or a surplus in your escrow account as well as any payment changes.

### What is a cushion?

A cushion or reserve is a required dollar amount maintained in your escrow account to cover unanticipated increases in property taxes or insurance premiums. This amount cannot exceed 1/6th of the total amount of items paid out of the escrow annually (required by RESPA).

### What is a deficiency?

A deficiency is when there is a negative balance in your escrow account. Deficiencies can occur when your property taxes or insurances come due and there isn't enough money in your escrow account, so your lender has to pay the difference using their own funds.

### What is a shortage?

A shortage occurs when the escrow account has insufficient funds to make all the necessary payments for property taxes and insurance. Shortages are caused by unexpected increases to items paid through your escrow account. For example: if property taxes increase from the prior year, your escrow account must fund the full amount due. The difference would be included in the shortage in your account.

### What is a surplus?

A surplus is when there is an excess of funds in your escrow account. A surplus may occur when there is a decrease in your property taxes or insurance. If you have a surplus, we will return it to you unless it is less than $50.00, in which case we have the additional option of retaining it and lowering the monthly payment accordingly

### How do I minimize my payment increase?

If you would like to minimize your monthly payment, the best way is to pay your shortage and/or your deficiency amounts due. This amount can be found on page 4, under "Net Balance". This is the total amount due for both your escrow account shortage and deficiency. If paid, your resulting new payment would be the sum of your Current P&I Payment plus 1/12th of your estimated annual escrow disbursements. Your new T&I Payment noted on the right side of the last page of your T&I Disclosure Statement. Please see page 4 of this FAQ for instructions on how to make this additional escrow payment.

# HOW TO READ YOUR ANNUAL T&I DISCLOSURE STATEMENT (ESCROW ANALYSIS)

projected payments into escrow account

actual payments made into escrow account

previously projected disbursements to be made from escrow account

actual disbursements made from escrow account for taxes and insurance

description of disbursement made

projected monthly escrow account balance after payments and disbursements

actual monthly escrow account balance after payments and disbursements

Tax and Insurance Account Disclosure Statement July 19, 2022

Standard Mortgage Corporation
701 Poydras Street, 300 Plaza
New Orleans LA 70139-0300
(800)448-4190

Loan Number 123456
Due Date 08/01/22

Property Address:
123 STREET NAME
CITY, STATE 55555

JOHN DOE
123 STREET NAME
CITY, STATE 55555

Account History for 09/21 Through 08/22

| Month | Projected T&I Pmt | Actual T&I Pmt | Projected T&I Disb | Actual T&I Disb | Disb Desc | Projected T&I Balance | Actual T&I Balance |
|---|---|---|---|---|---|---|---|
| Starting T&I Balance...... | | | | | | 509.55 | 227.55 |
| September | 169.84 | 169.84 | 0.00 | 0.00 | | 679.39 | 397.39 |
| October | 169.84 | 169.84 | 0.00 | 0.00 | | 849.23 | 567.23 |
| November | 169.84 | 169.84 | 0.00 | 0.00 | | 1,019.07 | 737.07 |
| December | 169.84 | 169.84 | 760.11 | 761.07 * | Parish Taxes | 428.80 | 145.84 |
| January | 169.84 | 339.68 * | 0.00 | 0.00 | | 598.64 | 485.52 |
| February | 169.84 | 0.00 * | 0.00 | 0.00 | | 768.48 | 485.52 |
| March | 169.84 | 339.68 * | 0.00 | 0.00 | | 938.32 | 825.20 |
| April | 169.84 | 0.00 * | 0.00 | 0.00 | | 1,108.16 | 825.20 |
| May | 169.84 | 169.84 | 0.00 | 0.00 | | 1,278.00 | 995.04 |
| June | 169.84 | 339.68 * | 0.00 | 0.00 | | 1,447.84 | 1,334.72 |
| | 0.00 | 0.00 | 0.00 | 1,774.00 * | Hazard Insurance | 1,447.84 | -439.28 ** |
| July | 169.84 | 0.00 * | 1,278.00 | 0.00 * | Hazard Insurance | 339.68 | -439.28 ** |
| August | 169.84 | 169.84 E | 0.00 | 0.00 | | 509.52 | -269.44 |
| Totals...... | 2,038.08 | 2,038.08 | 2,038.11 | 2,535.07 | | | |

An asterisk (*) indicates a difference from a previous estimate either in the date or the amount. An "E" indicates estimates for future payments or disbursements.

The mortgage payment, as of the last T&I Account Disclosure Statement, was 810.82. The breakdown was as follows: 640.98 Principal and Interest, 169.84 T&I, 0.00 Miscellaneous Insurance, 0.00 Subsidy.

Last year, we anticipated that disbursements from the T&I account would be made during this period equalling 2,038.11. Under RESPA, the low monthly T&I balance should not have exceeded 339.68, or 1/6 of anticipated disbursements. Under the mortgage contract, the low monthly T&I balance should not have exceeded 339.68. Under the servicers selected low point, the low monthly T&I balance should not have exceeded 339.68. The low balance was -439.28**.

Review the difference in the activity that we projected to occur against the actual history. Possibilities for not reaching the low balance may include:

1. A tax bill, insurance bill, or other T&I item was paid at a lower amount than projected, or was paid later than projected.
2. A surplus from a prior year was not eliminated.
3. Unscheduled deposits were made to the T&I account.
4. Unscheduled disbursements were made from the T&I account.

For further explanation, please call (800)448-4190 or (504)569-3921.

# HOW TO READ YOUR ANNUAL T&I DISCLOSURE STATEMENT (ESCROW ANALYSIS)

Tax and Insurance Account Disclosure Statement

July 19, 2022

Standard Mortgage Corporation
701 Poydras Street, 300 Plaza
New Orleans LA 70139-0300
(800)448-4190

Loan Number 123456
Due Date 08/01/22

Property Address:
123 STREET NAME
CITY, STATE 55555

JOHN DOE
123 STREET NAME
CITY, STATE 55555

projected escrow payments into escrow account based on 1/12th of projected disbursements

projected escrow disbursements for the upcoming year

Account Projection Detail for 09/22 Through 08/23

| Month | Projected T&I Pmt | Projected T&I Disb | Disb Desc | Current Bal Projection | Required Bal Projection |
|---|---|---|---|---|---|
| Starting T&I Balance...... | | | | -269.44 | 633.73 |
| September | 211.26 | 0.00 | | -58.18 | 844.99 |
| October | 211.26 | 0.00 | | 153.08 | 1,056.25 |
| November | 211.26 | 0.00 | | 364.34 | 1,267.51 |
| December | 211.26 | 761.07 | Parish Taxes | -185.47 | 717.70 |
| January | 211.26 | 0.00 | | 25.79 | 928.96 |
| February | 211.26 | 0.00 | | 237.05 | 1,140.22 |
| March | 211.26 | 0.00 | | 448.31 | 1,351.48 |
| April | 211.26 | 0.00 | | 659.57 | 1,562.74 |
| May | 211.26 | 0.00 | | 870.83 | 1,774.00 |
| June | 211.26 | 0.00 | | 1,082.09 | 1,985.26 |
| July | 211.26 | 1,774.00 | Hazard Insurance | -480.65 | 422.52 ** |
| August | 211.26 | 0.00 | | -269.39 | 633.78 |
| Totals...... | 2,535.12 | 2,535.07 | | | |

current escrow balance projection after all deposits and disbursements

required escrow balance projection after all deposits and disbursements

projected low escrow balance. low point = 1/6th of annual projected disbursements ex: $2,535.07 ÷ 6 = $422.52

# HOW TO READ YOUR ANNUAL T&I DISCLOSURE STATEMENT (ESCROW ANALYSIS)

The RESPA required lowpoint = 1/6 of annual projected disbursements ex: $2,535.07 ÷ 6 = $422.52

total escrow shortage and deficiency amount due

actual T&I balance as of the date of this analysis

starting required escrow balance projection

new payment and effective date

this statement can also be viewed on estatus connect

Tax and Insurance Account Disclosure Statement July 19, 2022

Loan Number 123456
Due Date 08/01/22

Account Projection Summary for 09/22 Through 08/23

Projected T&I Payment: 211.26 ( 12 payments )

| | | |
|---|---|---|
| Current Balance Projected Low Point: | | -480.65 |
| Less the lowest of the following: | | |
| RESPA Allowed Low Point: | 422.52 | |
| Mtg Document Allowed Low Point: | 422.52 | |
| Low Point Selected By Servicer: | 422.52 | 422.52 |
| Net Balance: | | 903.17 |
| Plus Deficiency: | | 269.44 |
| Resulting Shortage: | | 633.73 |
| T&I Balance: | | -269.44 |
| Plus Deficiency: | | 269.44 |
| Plus Shortage: | | 633.73 |

| New Payment Information: | |
|---|---|
| Current P&I Payment: | 640.98 |
| T&I Payment: | 211.26 |
| 1/12 of Deficiency: | 22.45 |
| 1/12 of Shortage: | 52.81 |

New Payment Effective: 09/01/22 927.50

| | | |
|---|---|---|
| Required Beginning Balance Projection to Ensure Low Point (incl reserves) of: | 422.52 ** | 633.73 |

There is a deficiency of 269.44. This deficiency may be collected over a period of two months or more unless the deficiency is less than one month's deposit, in which case we have the additional option of requesting payment within 30 days. PLEASE PAY IT OVER 12 PAYMENTS ENDING WITH THE 08/01/23 PAYMENT, AFTER WHICH THE PAYMENT WILL BE REDUCED BY THIS AMOUNT.

After considering the deficiency, a remaining shortage of 633.73. This shortage may be collected over a period of 12 months or more unless the shortage is less than one month's deposit, in which case we have the additional option of requesting payment within 30 days. WE HAVE DECIDED TO COLLECT IT OVER 12 MONTHS.

An "F" indicates a reserve amount held in the account for a future year disbursement.

Reserves held for items yet to be paid are needed in the escrow account to pay for tax and/or insurance items that were due to be paid prior to the T&I computation period, as indicated.

For further explanation, please call (800)448-4190 or (504)569-3921.

Keep this statement for comparison with the actual activity in the account at the end of the next escrow accounting computation year.

## INSTRUCTIONS ON MAKING AN EXTRA PAYMENT FOR YOUR ESCROW SHORTAGE AND/OR DEFICIENCY AMOUNT:

If you choose to **minimize the amount of your payment increase**, you may pay the shortage/deficiency shown as **"Net Balance"** on this page.

If you're registered on eStatus Connect, the amount can be paid by selecting Payment Options/Additional Payment/Enter the amount under T&I Amount.

**MAIL YOUR SHORTAGE/DEFICIENCY PAYMENT TO:**

Standard Mortgage Corporation (Attention: Customer Service)
701 Poydras Street, #300, New Orleans, LA 70139-3000

***Please write your mortgage loan number on your payment to ensure proper credit to your escrow account. Your payment amount will be updated upon receipt of your shortage/deficiency payment.*