

PAYMENT CHANGES DUE TO ESCROW

It's Common.

Escrow is an often-misunderstood topic, but **you can get ahead of any confusion.**



Understand Your Escrow Analysis

We run an escrow analysis annually to determine the following amounts for the upcoming year:

- **Estimated annual cost for taxes and insurance** - determined by using the previous year's actual costs.
- **Monthly base escrow payment** - the estimated annual cost ÷ 12 months.
- **Minimum required escrow account balance** (aka "cushion") - covers unexpected increases and is generally two months of base escrow payments.

SHORTAGE

When there is not enough money in the account to meet the required minimum balance.

Why Your Payment May Change

Most common reasons:

- **Your taxes and/or insurance costs went up**, which increases your base escrow payment.
- **A shortage was identified.** This means there are not enough funds to maintain the minimum required balance.

We'll send an Escrow Analysis Statement with all the details at least 30 days prior to the payment-change date.

Options to Pay Shortage

1 - Spread it out over 12 monthly payments* – We'll do this automatically unless you go with option 2.

2 - Pay it all at once (or as much as you can) – but remember, even if you do, your payment may still increase due to the base escrow payment.

Can't afford the new payment? Contact us ASAP to discuss options.

**Depending on the amount of the payment increase, the monthly spread may exceed 12 months.*