

# Demystifying Mortgage Escrow: Only Slightly Less Complicated Than The BCS System

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Michael J. McCormick



W. Jeffrey Collier

## Demystifying Mortgage Escrow

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## RESPA - Introduction

- RESPA places limits on the amount a lender or servicer may require a mortgagor to keep in his or her escrow account to cover the payment of taxes, insurance or other disbursements



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## RESPA - Introduction

- RESPA governs servicer's obligations to provide annual escrow account statement (i.e., escrow analysis) and notice "not less than annually" of any shortage in the escrow account
- RESPA regulation: 24 CFR § 3500
  - Sometimes referred to as Regulation X



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## Escrow Account – Definition(s)

- Any account servicer establishes or controls on behalf of borrower to pay taxes, insurance premiums (including flood insurance), or other charges with respect to a federally related mortgage loan
  - Including charges borrower and servicer have voluntarily agreed servicer should collect and pay
  - Definition encompasses any account established for this purpose, including a "trust account", "reserve account", "impound account", or other term in different localities



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## Escrow Account – Definition(s)

- "Escrow Account" includes any arrangement where servicer adds a portion of the borrower's payments to principal and subsequently deducts from principal the disbursements for escrow account items
- The term "Escrow Account" does not include any account that is under the borrower's total control



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## Escrow Statements

- A servicer who establishes an escrow account in connection with a "federally related mortgage" must provide borrower a statement which clearly itemizes the estimated taxes, insurance premiums, and other charges that are reasonably anticipated to be paid from the escrow account during the first twelve months after the escrow account is created.
  - This statement must be provided to borrower either at closing, or within 45 days after creation of escrow account
  - If loan documents do not specifically establish an escrow account, whether a servicer may establish an escrow account for the loan is determined by State law

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## Escrow Statements

- A servicer who has established or continued an escrow account must provide the borrower with statement at least once for each 12-month period
  - Otherwise known as the "escrow account computation year"
    - Regulation X defines the term "escrow account computation year" as a 12-month period that a servicer establishes for the escrow account beginning with the borrower's initial payment date. The term includes each 12-month period thereafter, unless a servicer chooses to issue a short year statement under the conditions stated in § 3500.17(i)(4).



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## Escrow Statements

- An escrow statement should clearly itemize:
- amount of borrower's current monthly payment
  - portion of monthly payment being placed in escrow account
  - total amount paid into escrow account during the period
  - total amount paid out of escrow account during the period for taxes, insurance premiums and other charges (as separately identified)
  - the balance in the escrow account at the end of the period
  - an explanation of how any surplus is being handled by the servicer
  - an explanation of how any shortage or deficiency is to be paid by the borrower; and
  - if applicable, the reason(s) why the estimated low monthly balance was not reached, as indicated by noting differences between the most recent account history and last year's projection

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## Escrow Analysis Definition

An escrow analysis is the accounting servicer conducts in the form of a trial running balance for an escrow account to:

- Determine appropriate target balances
- Compute borrower's monthly payments for the next escrow account computation year and any deposits needed to establish or maintain the account; and
- Determine whether shortages, surpluses or deficiencies exist

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## Escrow Analysis

**There are five steps to complete an escrow analysis:**

**Steps 1-3**

- Servicer projects a trial balance for the account as a whole over the next computation year (a trial running balance).
- In doing so servicer assumes that it will make estimated disbursements on or before the earlier of the deadline to take advantage of discounts (if available) or the deadline to avoid a penalty.
- Servicer also assumes borrower will make monthly payments equal to one-twelfth of the estimated total annual escrow account disbursements.

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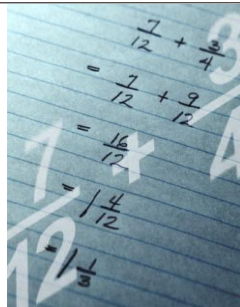
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## Escrow Analysis

**Step 4**

- Servicer examines monthly trial balances
  - Adds to the first monthly balance an amount *just* sufficient to bring the lowest monthly trial balance to zero
  - Adjusts all other monthly balances accordingly.



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## Escrow Analysis

### Step 5

- ☐ Servicer adds to the monthly balances the permissible cushion.
- ☐ Cushion is:
  - ☐ Two months of borrower's escrow payments to servicer
  - ☐ Or a lesser amount specified by State law
  - ☐ Or a lesser amount specified by the mortgage document



Mike McCormick



Jeff Collier

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## Escrow Analysis – Step 1

- The first step in the analysis is to list all anticipated disbursements to be paid out of escrow account over the next 12 months
- Example assumes \$1200 for property taxes (\$500 paid July 25 and \$700 paid December 10) and \$360 for hazard insurance on September 20.

County Taxes	\$1,200.00
Homeowner's Insurance	\$ 360.00
Total	<u>\$1,560.00</u>

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## Escrow Analysis – Step 1

How does a servicer estimate disbursements for next year?

- If servicer knows the charge for an escrow item in the next computation year, then servicer uses that amount in estimating disbursement amounts
- If the charge is unknown to servicer, servicer may base the estimate on:
  - Preceding year's charge
  - Or preceding year's charge as modified by an amount not exceeding the most recent year's change in the national Consumer Price Index for all urban consumers (CPI, all items)

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## Escrow Analysis – Step 2

Second step in analysis is to calculate the regular monthly escrow component (i.e., what is needed on a monthly basis to cover the anticipated disbursements over the next 12 months)

- This is done by dividing the total from Step 1 by twelve (12) monthly payments
- In our example:



$$\$1,560 / 12 = \$130$$



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## Escrow Analysis – Step 3

Third step in escrow analysis requires servicer to create trial running balance for the next twelve (12) months

- This requires listing:
  - All payments into escrow account
  - All payments out of account
  - When the anticipated disbursements from Step 1 are expected to be paid

In preparing the statement, servicer *may* assume scheduled payments/disbursements will be made for the final 2 months of escrow account computation year (the operative word is "may")

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## Escrow Analysis – Step 4

Step 4 requires servicer to increase all monthly balances to bring the lowest point in the account up to zero

- This is sometimes referred to as the "theoretical low point"
- Usually low point comes in the month property taxes have been paid
- In our example, the low point comes in December (-780)



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## Escrow Analysis – Step 5

Step 5 directs servicer to add any cushion lender requires to the monthly balances

- The cushion may be a maximum of one-sixth of the total escrow charges anticipated over the next 12 months
  - If loan documents provide for lower cushion limits than under the Regulation, then the terms of the loan documents apply



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## Escrow Analysis – Step 5

If loan document is silent on escrow account limits, and servicer establishes an escrow account under State law, then the limitations under the Regulation apply unless State law provides for a lower amount.



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## Escrow Analysis – Step 5

If the loan documents provide for escrow accounts up to the RESPA limits, then the servicer may require the maximum amounts consistent with the Regulation, unless an applicable State law sets a lower amount

- In our example,  $1/6$  of \$1,560 = \$260.00
- Following the RESPA / HUD guidelines, the maximum the servicer could require in the escrow account is \$1,040



Michael J.  
McCormick

W. Jeffrey  
Collier



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	payment	disbursement	balance
Jun	-	-	1040
Jul	130	500	670
Aug	130	0	800
Sep	130	360	570
Oct	130	0	700
Nov	130	0	830
DEC	130	700	* 260
Jan	130	0	390
Feb	130	0	520
Mar	130	0	650
Apr	130	0	780
May	130	0	910
Jun	130	0	1040

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## Escrow Analysis – Step 5

Is servicer required to have borrower maintain a reserve or cushion?

- ☐ NO. See Reg. X Section (c)(1)(ii).
  - Throughout the life of an escrow account, the servicer **may** charge the borrower a monthly sum equal to one-twelfth ( $1/12$ ) of the total annual escrow payments which the servicer reasonably anticipates paying from the account. **In addition**, the servicer **may add** an amount to maintain a cushion no greater than one-sixth ( $1/6$ ) of the estimated total annual payments from the account
- ☐ The operative word in this paragraph is “may”

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## Escrow Analysis – Surpluses

### Surpluses

After analysis is performed, servicer then compares “required” amount (otherwise known as the “target balance”) to the actual account at the time the escrow analysis was being performed

- If the amount in the escrow account exceeds required amount, then there is a “surplus” in the escrow account
  - If surplus is less than \$50, servicer may:
    - Apply surplus to reduce amount of escrow payment
    - Or may choose to return surplus to borrower



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## Escrow Analysis – Surpluses

### Surpluses

If surplus is more than \$50, servicer must return surplus to borrower within 30 days of performing escrow analysis

- **These rules for handling a surplus only apply if borrower is current at the time of the escrow analysis**
  - Borrower is considered current if servicer receives borrower's payments within 30 days of payment due date
- If servicer does not receive borrower's payment within 30 days of payment due date, then servicer may retain surplus in the escrow account pursuant to terms of the loan documents



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## Escrow Analysis –Shortages

### Shortages

If amount in escrow account is **positive, but less than the required amount**, there is an escrow shortage

- If amount of escrow shortage is less than one month's escrow payment, servicer *may* ask borrower to pay shortage within 30 days, or servicer *may* spread it out over 12 months
- If shortage is greater than one month's escrow payment, servicer must spread the shortage out over at least 12 months
- Servicer *may* also do nothing and allow an escrow shortage to exist

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## Escrow Analysis –Deficiencies

### **Deficiencies**

If amount in escrow account not only falls below the required amount, but is **negative**, then there is an escrow **deficiency**

- If amount of deficiency is less than one monthly escrow payment, servicer *may* require borrower to pay deficiency within 30 days
- If amount of deficiency is equal to or greater than one monthly escrow payment, servicer *may* require borrower to repay amount over 2-12 months
- Servicer also has the option to allow the deficiency to exist and do nothing to change it.

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## Escrow Analysis – Deficiencies

### **Deficiencies**

The provisions regarding deficiencies apply only if borrower is current at the time servicer is performing escrow account analysis

- Borrower is considered current under the Regulation if servicer receives borrower's payments within 30 days of payment due date
- If servicer does not receive borrower's payment within 30 days of payment due date, servicer may recover deficiency pursuant to terms in loan documents

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## Escrow Analyses During A Bankruptcy Case

Section (f)(5) requires servicer to provide borrower notice of any shortage or deficiency in escrow account on at least an annual basis

- Therefore, any exception or exemption from having to provide an annual escrow statement, such as delinquency of loan or bankruptcy of borrower, does not excuse servicer from obligation to provide notice of escrow shortage or deficiency on at least an annual basis
- The Regulation also provides that if servicer advances funds for borrower, then servicer must perform an escrow account analysis before seeking repayment of deficiency

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# RESPA and Regulation X vs. The United States Bankruptcy Code

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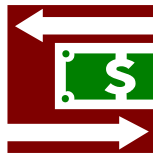


## Escrow Analyses During A Bankruptcy Case

Traditionally (i.e., since the mid-90s), servicers have included only escrow deficiency in Proofs of Claim

- This practice resulted from several cases\* which vaguely required servicers to bring escrow account up to zero
  - Bringing escrow account to zero is only half the battle – still need to fund next year's disbursements/required cushions

**Now**, the trend is to include at least part of shortage in the claim.



\*In re Daviditz, 1995 WL 912451 (Bkrtcy. D.N.H.)

\*In re McCormack, 1996 WL 753938 (D.N.H.)

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## First Example

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For informational purposes

Escrow account disclosure statement and notice of new mortgage payment

Last number: [REDACTED]

Next payment due date: June 01, 2013

New payment effective date: 6/01/13

New payment amount: \$876.00

Principal balance: \$137,572.54

Interest rate: 5.10%

Statement date: May 14, 2013

Account review period: 2nd 2013 - May 30/13

Customer service: 800.855.1234 x1000

Customer service hours: 9:00 a.m. - 7:00 p.m.

We accept telecommunications relay service calls.

Property address: [REDACTED]

Date: [REDACTED]

Each year, we review your escrow account to make sure the escrow portion of your scheduled mortgage payment covers your property taxes and/or insurance premiums. Increases or decreases in your annual taxes and/or insurance premiums may cause your mortgage payment amount to change. Please see the details of your most recent escrow account review.

Note: This notice is for informational purposes only and is being provided as a courtesy should you voluntarily decide to make any escrow shortage payment, if applicable. This notice should not be construed as an attempt to collect a debt or a demand for payment contrary to any protection you may have received pursuant to your bankruptcy case.

New escrow and mortgage payment amount		
New payment effective date	Current payment (\$)	New payment (\$)
June 01, 2013 <sup>1</sup>		
Principal and/or interest	\$87.75	\$87.75
Escrow payment	199.21	205.25
New escrow shortage/impayment <sup>2</sup>		0.00
Optional insurance	15.06	15.06
<b>Total payment amount</b>	<b>\$282.02</b>	<b>\$288.06</b>

1. We will adjust your electronic withdrawal(s) to ensure your June 01, 2013 payment is made in full.
2. If your current payment includes an amount to cover a previous escrow shortage, this amount will be added. If your current payment includes an adjustment for over-funds you deposited to your escrow account, this amount will be deducted.
- Your account is in balance. Our calculation has resulted in no projected shortage or savings in your escrow account.

For informational purposes

Loan number: [REDACTED]

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The following information covers your projected escrow account activity from Jun 2013 to May 2014

Projected escrow account disbursements

Amounts due to be paid from your escrow account (\$):

HAZARD INSURANCE 200.00

COUNTY TAX 5,008.17

Total disbursements 5,208.17

Scheduled escrow payment 205.30<sup>1</sup>

1. Your escrow payment is calculated by dividing the total disbursements by 12.

Projected escrow account activity for the next 12 months

Date	Anticipated payments (\$)		Description	Escrow balance (\$)	
	To escrow	From escrow		Projected	Revised
Jun 2013			Starting balance	1,084.72	2,004.08
Jul 2013	205.30	0.00		1,289.02	2,008.40
Aug 2013	205.30	308.52	USAA GROUP	1,000.00	2,008.40
Sep 2013	205.30	0.00		1,205.30	2,003.49
Oct 2013	205.30	2,078.17	COBB COUNTY	368.48	1,000.00
Nov 2013	205.30	0.00		573.78	814.68
Dec 2013	205.30	0.00		368.48	610.00
Jan 2014	205.30	0.00		1,653.66	1,300.00
Feb 2014	205.30	0.00		1,858.96	1,487.54
Mar 2014	205.30	0.00		1,653.66	1,642.00
Apr 2014	205.30	0.00		1,779.40	1,847.88
May 2014	205.30	0.00		1,984.72	2,053.20
<b>Total</b>	<b>2,465.84</b>	<b>2,465.84</b>			

The projected escrow account activity is based on the most recent tax and/or insurance information available as well as the assumption that your payments will be received as agreed.

1. Projected low point: The point during the annual period at which the projected escrow balance will reach its lowest point.

2. Required escrow balance: To cover anticipated disbursements, including increases in tax or insurance payments, there is a 2 month minimum escrow balance allowable by state law and/or your mortgage contract. This amount does not include mortgage insurance.

3. Your 2 month minimum escrow balance is \$410.84.

4. State law requires that this minimum escrow balance not exceed \$420.84.

5. Note: If you have an adjustable rate mortgage (ARM), you will receive a notice about your new mortgage payment when your ARM rate is scheduled to change.

Information about your escrow account

Your lowest projected escrow account balance (low point) (\$)

Plus escrow adjustment (+ \$)

Less your required minimum escrow account balance (\$)

**This means your escrow account is in balance**

1. An Escrow Adjustment of \$10.84, scheduled to be repaid through the bankruptcy, is included in this calculation.

The following information covers your escrow account history activity from Jul 2012 to May 2013

Date	Payments to escrow (\$)		Payments from escrow (\$)		Description	Escrow balance (\$)	
	Projected	Actual	Projected	Actual		Projected	Actual
Jul 2012					Starting balance	2,191.26	1,875.61
Jul 2012	199.21	199.21	308.52	0.00 <sup>1</sup>	USAA GROUP	2,081.95	2,004.82
Aug 2012	199.21	199.21	0.00	0.00		2,281.16	2,204.03
Sep 2012	199.21	199.21	2,081.95	2,078.17 <sup>1</sup>	COBB COUNTY	368.42	325.07
Oct 2012	199.21	199.21	0.00	0.00		567.63	524.28
Nov 2012	199.21	199.21	0.00	0.00		766.84	723.49
Dec 2012	199.21	265.16 <sup>1</sup>	0.00	0.00		966.05	988.65
Jan 2013	199.21	199.21	0.00	0.00		1,165.26	1,187.86
Feb 2013	199.21	199.21	0.00	0.00		1,364.47	1,387.07
Mar 2013	199.21	199.21	0.00	0.00		1,563.68	1,586.28
Apr 2013	199.21	199.21	0.00	0.00		1,762.89	1,785.49
May 2013	199.21	199.21	0.00	0.00		1,962.10	1,984.70
<b>Totals</b>	<b>2,191.31</b>	<b>2,257.26</b>	<b>2,390.47</b>	<b>2,078.17</b>			

1. Indicates where a difference exists between the projected and actual account activity.

[illegible]

This Year: March 2013 to May 2013

Date	Activity	Estimated Amount	Actual Amount	Estimated Escrow Balance	Actual Escrow Balance
	Starting Balance			\$1,354.33	\$325.23
03/2013	Deposit	\$316.07	\$388.11 *	\$1,580.40	\$787.54
04/2013	Deposit	\$316.07	\$558.16 *	\$1,896.47	\$1,516.10
05/2013	Deposit	\$316.07	\$0.00 *	\$2,212.54	\$1,516.10
06/2013	Deposit	\$316.07	\$0.00 E	\$2,528.61	\$1,516.12
07/2013	Deposit	\$316.07	\$0.00 *	\$2,844.68	\$0.00
08/2013	Deposit	\$316.07	\$0.00 *	\$3,160.75	\$0.00
09/2013	Deposit	\$316.07	\$0.00 *	\$3,476.82	\$0.00
10/2013	Deposit	\$316.07	\$0.00 *	\$3,792.89	\$0.00
11/2013	Deposit	\$316.07	\$0.00 *		
	Withdrawal - HOMEOWNER IN	\$1,717.00	\$0.00 *	\$2,281.96	\$0.00
12/2013	Deposit	\$316.07	\$0.00 *		
	Withdrawal - COUNTY TAX	\$2,075.89	\$0.00 *	\$632.14	\$0.00
01/2014	Deposit	\$316.07	\$0.00 *	\$948.21	\$0.00
02/2014	Deposit	\$316.07	\$0.00 *	\$1,264.28	\$0.00
	Total Deposits	\$3,792.84	\$946.29		
	Total Withdrawals	\$3,792.89	\$0.00		
	Account Balance as of 05/2013				\$1,516.12

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Planned Taxes and Insurance Schedule

Loan Number:

Payment Method:

Payment Type:

Payment Amount:

\$1,516.12 to \$1,516.12

Payment Frequency:

1 2 3 4 5 6 7 8 9 10 11 12

Expected Escrow Account Activity

The table below displays your escrow account balance for the next 12 months with your new monthly income, accompanied by 2013 and 2014 anticipated deposits. The table does not include your scheduled escrow account balance as of 05/2013 (the previous 2013 anticipated balance). This is equal to your current anticipated balance of \$1,516.12.

Next Year: June 2013 to May 2014

Date	Activity	Estimated Amount	Actual Amount	Estimated Escrow Balance	Actual Escrow Balance
	Starting Balance			\$1,516.12	
06/2013	Deposit	\$1,516.12	\$1,516.12	\$3,032.24	
07/2013	Deposit	\$1,516.12	\$1,516.12	\$4,548.36	
08/2013	Deposit	\$1,516.12	\$1,516.12	\$6,064.48	
09/2013	Deposit	\$1,516.12	\$1,516.12	\$7,580.60	
10/2013	Deposit	\$1,516.12	\$1,516.12	\$9,096.72	
11/2013	Deposit	\$1,516.12	\$1,516.12	\$10,612.84	
12/2013	Deposit	\$1,516.12	\$1,516.12	\$12,128.96	
01/2014	Deposit	\$1,516.12	\$1,516.12	\$13,645.08	
02/2014	Deposit	\$1,516.12	\$1,516.12	\$15,161.20	
03/2014	Deposit	\$1,516.12	\$1,516.12	\$16,677.32	
04/2014	Deposit	\$1,516.12	\$1,516.12	\$18,193.44	
05/2014	Deposit	\$1,516.12	\$1,516.12	\$19,709.56	
06/2014	Deposit	\$1,516.12	\$1,516.12	\$21,225.68	
07/2014	Deposit	\$1,516.12	\$1,516.12	\$22,741.80	
08/2014	Deposit	\$1,516.12	\$1,516.12	\$24,257.92	
09/2014	Deposit	\$1,516.12	\$1,516.12	\$25,774.04	
10/2014	Deposit	\$1,516.12	\$1,516.12	\$27,290.16	
11/2014	Deposit	\$1,516.12	\$1,516.12	\$28,806.28	
12/2014	Deposit	\$1,516.12	\$1,516.12	\$30,322.40	
01/2015	Deposit	\$1,516.12	\$1,516.12	\$31,838.52	
02/2015	Deposit	\$1,516.12	\$1,516.12	\$33,354.64	
03/2015	Deposit	\$1,516.12	\$1,516.12	\$34,870.76	
04/2015	Deposit	\$1,516.12	\$1,516.12	\$36,386.88	
05/2015	Deposit	\$1,516.12	\$1,516.12	\$37,903.00	
06/2015	Deposit	\$1,516.12	\$1,516.12	\$39,419.12	
07/2015	Deposit	\$1,516.12	\$1,516.12	\$40,935.24	
08/2015	Deposit	\$1,516.12	\$1,516.12	\$42,451.36	
09/2015	Deposit	\$1,516.12	\$1,516.12	\$43,967.48	
10/2015	Deposit	\$1,516.12	\$1,516.12	\$45,483.60	
11/2015	Deposit	\$1,516.12	\$1,516.12	\$46,999.72	
12/2015	Deposit	\$1,516.12	\$1,516.12	\$48,515.84	
01/2016	Deposit	\$1,516.12	\$1,516.12	\$50,031.96	
02/2016	Deposit	\$1,516.12	\$1,516.12	\$51,548.08	
03/2016	Deposit	\$1,516.12	\$1,516.12	\$53,064.20	
04/2016	Deposit	\$1,516.12	\$1,516.12	\$54,580.32	
05/2016	Deposit	\$1,516.12	\$1,516.12	\$56,096.44	
06/2016	Deposit	\$1,516.12	\$1,516.12	\$57,612.56	
07/2016	Deposit	\$1,516.12	\$1,516.12	\$59,128.68	
08/2016	Deposit	\$1,516.12	\$1,516.12	\$60,644.80	
09/2016	Deposit	\$1,516.12	\$1,516.12	\$62,160.92	
10/2016	Deposit	\$1,516.12	\$1,516.12	\$63,677.04	
11/2016	Deposit	\$1,516.12	\$1,516.12	\$65,193.16	
12/2016	Deposit	\$1,516.12	\$1,516.12	\$66,709.28	
01/2017	Deposit	\$1,516.12	\$1,516.12	\$68,225.40	
02/2017	Deposit	\$1,516.12	\$1,516.12	\$69,741.52	
03/2017	Deposit	\$1,516.12	\$1,516.12	\$71,257.64	
04/2017	Deposit	\$1,516.12	\$1,516.12	\$72,773.76	
05/2017	Deposit	\$1,516.12	\$1,516.12	\$74,289.88	
06/2017	Deposit	\$1,516.12	\$1,516.12	\$75,806.00	
07/2017	Deposit	\$1,516.12	\$1,516.12	\$77,322.12	
08/2017	Deposit	\$1,516.12	\$1,516.12	\$78,838.24	
09/2017	Deposit	\$1,516.12	\$1,516.12	\$80,354.36	
10/2017	Deposit	\$1,516.12	\$1,516.12	\$81,870.48	
11/2017	Deposit	\$1,516.12	\$1,516.12	\$83,386.60	
12/2017	Deposit	\$1,516.12	\$1,516.12	\$84,902.72	
01/2018	Deposit	\$1,516.12	\$1,516.12	\$86,418.84	
02/2018	Deposit	\$1,516.12	\$1,516.12	\$87,934.96	
03/2018	Deposit	\$1,516.12	\$1,516.12	\$89,451.08	
04/2018	Deposit	\$1,516.12	\$1,516.12	\$90,967.20	
05/2018	Deposit	\$1,516.12	\$1,516.12	\$92,483.32	
06/2018	Deposit	\$1,516.12	\$1,516.12	\$93,999.44	
07/2018	Deposit	\$1,516.12	\$1,516.12	\$95,515.56	
08/2018	Deposit	\$1,516.12	\$1,516.12	\$97,031.68	
09/2018	Deposit	\$1,516.12	\$1,516.12	\$98,547.80	
10/2018	Deposit	\$1,516.12	\$1,516.12	\$100,063.92	
11/2018	Deposit	\$1,516.12	\$1,516.12	\$101,580.04	
12/2018	Deposit	\$1,516.12	\$1,516.12	\$103,096.16	
01/2019	Deposit	\$1,516.12	\$1,516.12	\$104,612.28	
02/2019	Deposit	\$1,516.12	\$1,516.12	\$106,128.40	
03/2019	Deposit	\$1,516.12	\$1,516.12	\$107,644.52	
04/2019	Deposit	\$1,516.12	\$1,516.12	\$109,160.64	
05/2019	Deposit	\$1,516.12	\$1,516.12	\$110,676.76	
06/2019	Deposit	\$1,516.12	\$1,516.12	\$112,192.88	
07/2019	Deposit	\$1,516.12	\$1,516.12	\$113,709.00	
08/2019	Deposit	\$1,516.12	\$1,516.12	\$115,225.12	
09/2019	Deposit	\$1,516.12	\$1,516.12	\$116,741.24	
10/2019	Deposit	\$1,516.12	\$1,516.12	\$118,257.36	
11/2019	Deposit	\$1,516.12	\$1,516.12	\$119,773.48	
12/2019	Deposit	\$1,516.12	\$1,516.12	\$121,289.60	
01/2020	Deposit	\$1,516.12	\$1,516.12	\$122,805.72	
02/2020	Deposit	\$1,516.12	\$1,516.12	\$124,321.84	
03/2020	Deposit	\$1,516.12	\$1,516.12	\$125,837.96	
04/2020	Deposit	\$1,516.12	\$1,516.12	\$127,354.08	
05/2020	Deposit	\$1,516.12	\$1,516.12	\$128,870.20	
06/2020	Deposit	\$1,516.12	\$1,516.12	\$130,386.32	
07/2020	Deposit	\$1,516.12	\$1,516.12	\$131,902.44	
08/2020	Deposit	\$1,516.12	\$1,516.12	\$133,418.56	
09/2020	Deposit	\$1,516.12	\$1,516.12	\$134,934.68	
10/2020	Deposit	\$1,516.12	\$1,516.12	\$136,450.80	
11/2020	Deposit	\$1,516.12	\$1,516.12	\$137,966.92	
12/2020	Deposit	\$1,516.12	\$1,516.12	\$139,483.04	
01/2021	Deposit	\$1,516.12	\$1,516.12	\$140,999.16	
02/2021	Deposit	\$1,516.12	\$1,516.12	\$142,515.28	
03/2021	Deposit	\$1,516.12	\$1,516.12	\$144,031.40	
04/2021	Deposit	\$1,516.12	\$1,516.12	\$145,547.52	
05/2021	Deposit	\$1,516.12	\$1,516.12	\$147,063.64	
06/2021	Deposit	\$1,516.12	\$1,516.12	\$148,579.76	
07/2021	Deposit	\$1,516.12	\$1,516.12	\$150,095.88	
08/2021	Deposit	\$1,516.12	\$1,516.12	\$151,612.00	
09/2021	Deposit	\$1,516.12	\$1,516.12	\$153,128.12	
10/2021	Deposit	\$1,516.12	\$1,516.12	\$154,644.24	
11/2021	Deposit	\$1,516.12	\$1,516.12	\$156,160.36	
12/2021	Deposit	\$1,516.12	\$1,516.12	\$157,676.48	
01/2022	Deposit	\$1,516.12	\$1,516.12	\$159,192.60	
02/2022	Deposit	\$1,516.12	\$1,516.12	\$160,708.72	
03/2022	Deposit	\$1,516.12	\$1,516.12	\$162,224.84	
04/2022	Deposit	\$1,516.12	\$1,516.12	\$163,740.96	
05/2022	Deposit	\$1,516.12	\$1,516.12	\$165,257.08	
06/2022	Deposit	\$1,516.12	\$1,516.12	\$166,773.20	
07/2022	Deposit	\$1,516.12	\$1,516.12	\$168,289.32	
08/2022	Deposit	\$1,516.12	\$1,516.12	\$169,805.44	
09/2022	Deposit	\$1,516.12	\$1,516.12	\$171,321.56	
10/2022	Deposit	\$1,516.12	\$1,516.12	\$172,837.68	
11/2022	Deposit	\$1,516.12	\$1,516.12	\$174,353.80	
12/2022	Deposit	\$1,516.12	\$1,516.12	\$175,869.92	
01/2023	Deposit	\$1,516.12	\$1,516.12	\$177,386.04	
02/2023	Deposit	\$1,516.12	\$1,516.12	\$178,902.16	
03/2023	Deposit	\$1,516.12	\$1,516.12	\$180,418.28	
04/2023	Deposit	\$1,516.12	\$1,516.12	\$181,934.40	
05/2023	Deposit	\$1,516.12	\$1,516.12	\$183,450.52	
06/2023	Deposit	\$1,516.12	\$1,516.12	\$184,966.64	
07/2023	Deposit	\$1,516.12	\$1,516.12	\$186,482.76	
08/2023	Deposit	\$1,516.12	\$1,516.12	\$187,998.88	
09/2023	Deposit	\$1,516.12	\$1,516.12	\$189,515.00	
10/2023	Deposit	\$1,516.12	\$1,516.12	\$191,031.12	
11/2023	Deposit	\$1,516.12	\$1,516.12	\$192,547.24	
12/2023	Deposit	\$1,516.12	\$1,516.12	\$194,063.36	
01/2024	Deposit	\$1,516.12	\$1,516.12	\$195,579.48	
02/2024	Deposit	\$1,516.12	\$1,516.12	\$197,095.60	
03/2024	Deposit	\$1,516.12	\$1,516.12	\$198,611.72	
04/2024	Deposit	\$1,516.12	\$1,516.12	\$200,127.84	
05/2024	Deposit	\$1,516.12	\$1,516.12	\$201,643.96	

The lender offers the estimated value expected under the loan contract. The "Loan To Business Identity Reported Above" will be subject to the lender's own review and approval, and is not a guarantee.

Yes

No

Date	Amount	Account Number	Amount	Date	Amount	Account Number
01/2013	\$1,516.12	0123456789012345	\$1,516.12	01/2013	\$1,516.12	0123456789012345
02/2013	\$1,516.12	0123456789012345	\$1,516.12	02/2013	\$1,516.12	0123456789012345
03/2013	\$1,516.12	0123456789012345	\$1,516.12	03/2013	\$1,516.12	0123456789012345
04/2013	\$1,516.12	0123456789012345	\$1,516.12	04/2013	\$1,516.12	0123456789012345
05/2013	\$1,516.12	0123456789012345	\$1,516.12	05/2013	\$1,516.12	0123456789012345
06/2013	\$1,516.12	0123456789012345	\$1,516.12	06/2013	\$1,516.12	0123456789012345
07/2013	\$1,516.12	0123456789012345	\$1,516.12	07/2013	\$1,516.12	0123456789012345
08/2013	\$1,516.12	0123456789012345	\$1,516.12	08/2013	\$1,516.12	0123456789012345
09/2013	\$1,516.12	0123456789012345	\$1,516.12	09/2013	\$1,516.12	0123456789012345
10/2013	\$1,516.12	0123456789012345	\$1,516.12	10/2013	\$1,516.12	0123456789012345
11/2013	\$1,516.12	0123456789012345	\$1,516.12	11/2013	\$1,516.12	0123456789012345
12/2013	\$1,516.12	0123456789012345	\$1,516.12	12/2013	\$1,516.12	0123456789012345
01/2014	\$1,516.12	0123456789012345	\$1,516.12	01/2014	\$1,516.12	0123456789012345
02/2014	\$1,516.12	0123456789012345	\$1,516.12	02/2014	\$1,516.12	0123456789012345
03/2014	\$1,516.12	0123456789012345	\$1,516.12	03/2014	\$1,516.12	0123456789012345
04/2014	\$1,516.12	01				



ANNUAL ESCROW ACCOUNT DISCLOSURE  
STATEMENT AND NEW MORTGAGE  
PAYMENT NOTIFICATION

Disclosure Statement Date: 01/17/2013  
New Payment Effective Date: 03/01/2013

LOAN NUMBER:

Customer Service:  
Customer Service Hours:  
Monday - Thursday: 8:30 am to 5:00 pm  
Friday: 8:30 am to 5:00 pm

Payment Information

Current Monthly Payment	New Monthly Payment
Principal & Int 887.73	887.73
Escrow Payment 201.32	247.33
Over/Short Amt 0.00	65.18
<b>Total Payment 1,089.05</b>	<b>1,193.24</b>

\*Include escrow amount if applicable

If you use our automatic payment option, your monthly disbursement will be charged automatically.

Anticipated Escrow Disbursements

Month	Amount
MAR 2013	459.00
APR 2013	459.00
MAY 2013	459.00
JUN 2013	459.00
JUL 2013	459.00
AUG 2013	459.00
SEP 2013	459.00
OCT 2013	459.00
NOV 2013	459.00
DEC 2013	459.00
JAN 2014	459.00
FEB 2014	459.00

Monthly Escrow Deposit: 247.33

Your Monthly Escrow Deposit was calculated by dividing the Total Disbursements by 12.

Escrow Balance Comparison

Month	Projected	Actual
Beginning Balance	454.50	1,236.64
Payments To Escrow	2,468.95	2,468.95
Disbursements	(459.00)	(459.00)
Projected Low Point	207.45	207.45
Required Low Point	(1)	454.50
Escrow Shortage		762.14

Review your escrow account annually to determine if the current monthly payment amounts are sufficient to cover your principal property taxes and/or insurance premiums. Increases or decreases in these annual amounts may cause your monthly mortgage payment to change. Your monthly mortgage payment may also change if your loan includes an adjustable rate feature or buydown assistance.

The following section reflects the anticipated escrow activity for the next 12 months. See the inverse side for actual mortgage activity. Projected figures are based on the best- or worst-case scenario or figures provided by the lender or your closing agent.

Escrow Account Projections

Month	Payments To Escrow	From Escrow	Description	Projected Balance	Required Balance
MAR 2013	247.33	0.00	Beginning Balance	454.50	1,236.64
APR 2013	247.33	0.00		701.83	1,483.97
MAY 2013	247.33	0.00		949.16	1,731.30
JUN 2013	247.33	0.00		1,196.49	1,978.63
JUL 2013	247.33	459.00		1,453.82	2,225.96
AUG 2013	247.33	459.00		1,711.15	2,473.29
SEP 2013	247.33	459.00		1,968.48	2,720.62
OCT 2013	247.33	459.00		2,225.81	2,967.95
NOV 2013	247.33	2,468.95	County Tax	2,473.14	3,215.28
DEC 2013	247.33	0.00		2,720.47	3,462.61
JAN 2014	247.33	0.00		2,967.80	3,709.94
FEB 2014	247.33	0.00		3,215.13	3,957.27

These calculations indicate the Projected Low Point (PLP) will be less than the Required Low Point (RLP). The resulting shortage is \$762.14. If you choose to pay your shortage in full, your new monthly payment will be \$1,193.24.

Continuation of  
ESCROW ACCOUNT DISCLOSURE STATEMENT

Escrow Account History

The following is a review of your escrow account activity. It also compares the projections from your last review with the actual payments made from your escrow account.  
(\*) An asterisk indicates a difference between your projected and actual account activity.  
(E) The payment or disbursement has not yet occurred, but is estimated to occur as shown.

Payments to Escrow		Payments from Escrow		Escrow Balance	
Month	Projected	Actual	Description	Projected	Actual
MAR 2013	201.32	201.32		1,006.61	1,006.61
APR 2013	201.32	201.32		1,207.93	1,207.93
MAY 2013	201.32	201.32		1,409.25	1,409.25
JUN 2013	201.32	201.32		1,610.57	1,610.57
JUL 2013	201.32	201.32		1,811.89	1,811.89
AUG 2013	201.32	201.32		2,013.21	2,013.21
SEP 2013	201.32	201.32		2,214.53	2,214.53
OCT 2013	201.32	201.32		2,415.85	2,415.85
NOV 2013	201.32	201.32		2,617.17	2,617.17
DEC 2013	201.32	201.32		2,818.49	2,818.49
JAN 2014	201.32	201.32		3,019.81	3,019.81
FEB 2014	201.32	201.32		3,221.13	3,221.13



Escrow Analyses  
During A Bankruptcy Case

Trustees should expect servicers to run an escrow analysis each year while the case is pending and raise/decrease the payment\* as necessary because of shortages or changes in the disbursement amounts.



W. Jeffrey Collier  
Attorney Representing  
Chapter 13 Trustee for the  
Northern District of Mississippi  
Locke D. Barkley (Jackson, MS)

\*In re Hosley, 2008 WL 5169552 (N.D.N.Y.)  
\*In re Cole, 202 B.R. 375 (Bankr. E.D. Pa. 1996)





Michael J.  
McCormick



W. Jeffrey  
Collier

Demystifying Mortgage Escrow

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Demystifying Mortgage Escrow

This and other resources can be found at  
**ConsiderChapter13.org**

Thank you for joining the webinar.

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