

A Guide to your Annual Escrow Account Disclosure Statement

The Department of Housing and Urban Development (HUD) governs escrow accounting procedures under the Real Estate Settlement Procedures (RESPA). The Act requires that we use specific language on the disclosure and specific methodology to determine your payment.

Summary of Information

The Annual Escrow Account Disclosure Statement (Escrow Analysis) is divided into sections to better explain your escrow activity and show you how your monthly payment is determined.

At a Glance: This section is a comparison of your prior and new payment amount of principle and interest, total escrow deposit, and repayment of any shortage or deficiency that may exist.

Section 1-Anticipated Activity: This section lists a 12-month running escrow balance to determine the appropriate target balance, and to determine if a shortage or surplus exists. This is a projection of the activity in your escrow account for the following 12 months. This section also includes the optional payment coupon if you wish to repay the shortage in one lump sum. This shortage repayment is automatically prorated over 12 months and is included in the payment that is quoted on the Escrow Account Disclosure Statement. If you repay the shortage in full, your payment will be reduced by the amount shown on the deficiency/shortage/surplus line. If you have a surplus greater than \$50.00 and your account is current, a check will be attached to this portion. If your surplus is less than \$50.00, your payment had been adjusted.

Section 2- Prior Year Escrow Activity: This section is a review of the actual activity in your escrow account since your last analysis.

Understanding your new monthly payment: This section shows you in steps how your new monthly mortgage payment was calculated in an easy to understand format.

Frequently Asked Questions

1. Why did my payment change?

Hazard Insurance Premium

Your hazard insurance premium may have increased if you changed the type or extent of your insurance coverage, or your insurance company may have increased your insurance rate. If you have any questions concerning your insurance, please contact your Insurance Agent for further assistance.

Special Assessment Tax Bill

A special assessment may be charged against your property because of improvements from which you benefit, including street and sidewalk repair or sewer construction. If you received this interim tax bill, it is very important that you pay it because Florida Credit Union had no knowledge of this interim bill and did not plan for collection.

Real Estate Taxes

Your Real Estate taxes may have increased as a result of your property being reassessed or the tax rate itself may have increased.

New Construction

Typically, the first tax bill for new property is for the lot/land itself. You may receive an interim tax bill for the fully assessed value which includes land and house. It is very important that you pay this interim bill.

2. Can Florida Credit Union provide me with information concerning my real estate tax rates or assessments?

Unfortunately, Florida Credit Union does not have access to this information. Questions should be directed to your local taxing authority.

Definitions

Annual escrow account statement means a statement containing all of the information set forth in Sec. 3500.17(i). As noted in Sec. 3500.17(i), a servicer shall submit an annual escrow account statement to the borrower within 30 calendar days of the end of the escrow account computation year, after conducting an escrow account analysis.

Cushion or reserve (hereafter cushion) means funds that a servicer may require a borrower to pay into an escrow account to cover unanticipated disbursements made before the borrower's payments are available in the account, as limited by Sec. 3500.17(c).

Deficiency is the amount of negative balance in an escrow account. As noted in Sec. 3500.17(f), if a servicer advances funds for a borrower, then the servicer must perform an escrow account analysis before seeking repayment of the deficiency.

Disbursement date means the date on which the servicer actually pays an escrow item from the escrow account.

Escrow account means any account that a servicer establishes or controls on behalf of a borrower to pay taxes, insurance premiums (including flood insurance), or other charges with respect to a federally related mortgage loan, including charges that the borrower and servicer have voluntarily agreed that the servicer should collect and pay.

Escrow account analysis means the accounting that a servicer conducts in the form of a trial running balance for an escrow account to:

(1) Determine the appropriate target balances; (2) Compute the borrower's monthly payments for the next escrow account computation year and any deposits needed to establish or maintain an account; and (3) Determine whether shortages, surpluses or deficiencies exist. Escrow account computation year is 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 Sec. 3500.17(i)(4).

Escrow account item or separate item means any separate expenditure category, such as "taxes" or "insurance," for which funds are collected in the escrow account for disbursement. An escrow account item with installment payments, such as local property taxes, remains one escrow account item regardless of multiple disbursement dates to the tax authority.

Initial escrow account statement means the first disclosure statement that the servicer delivers to the borrower concerning the borrower's escrow account.

Installment payment means one of two or more payments payable on an escrow account item during an escrow account computation year. An example of an installment payment is where a jurisdiction bills quarterly for taxes.

Shortage means an amount by which the current escrow account balance falls short of the target balance at the time of escrow analysis.

Surplus means an amount by which the current escrow account balance exceeds the target balance for the account.

Target balance means the estimated month end balance in an escrow account that is just sufficient to cover the remaining disbursements from the escrow account in the escrow account computation year, taking into account the remaining scheduled periodic payments, and a cushion, if any.