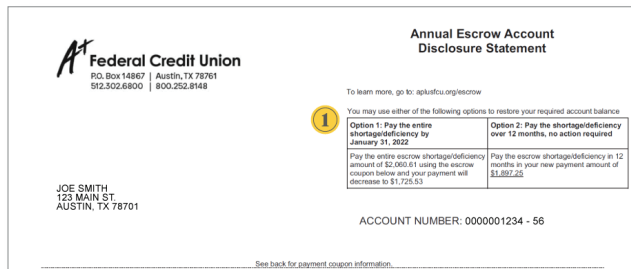


# Understanding Your Annual Escrow Account Disclosure Statement

Your Annual Escrow Account Disclosure Statement provides you with details about your escrow account and the changes to your monthly escrow payment. When you receive your statement, be sure to review it for accuracy.

If you have any questions or if there are any discrepancies with the statement, please contact the A+FCU Mortgage Servicing team at 800.252.8148, ext. 2884, as soon as possible to allow time for any adjustments prior to your first payment due date.

## Understanding Your Statement



### Options to Restore Your Required Account Balance

These are the two options available regarding the mortgage payment.

**Option 1:** Gives the option to cover any shortage/deficiency, if applicable. If option one is chosen, please make sure to include the coupon on the back of the Escrow Account Disclosure Statement. Your shortage/deficiency payment will be deposited to your escrow account and the calculated monthly payment will be adjusted accordingly.

**Option 2:** Does not require any action. You will pay the new total monthly payment listed on your Escrow Statement.



### Projections for the Next 12 Months

Federal law requires that we analyze your account each year to determine whether the current balance and the amount of money we collect each month is appropriate based on the bills that we expect to pay over the next 12 months.

This section contains a projection of escrow activity for the coming year. Projections include monthly payments into the escrow account and escrow disbursements out of the account based on last year's activity. Please note that if Property Taxes or Insurance Premiums increase during the year, your escrow balance may reflect a shortage the following year.

| Month/Year       | Est. Escrow Payment(+) | Est. Escrow Disbursement(-) | Est. Escrow Balance |
|------------------|------------------------|-----------------------------|---------------------|
| Starting Balance |                        |                             | \$315.21            |
| Feb 20           | \$963.66               | \$0.00                      | \$1,278.87          |
| Mar 20           | \$963.66               | \$0.00                      | \$2,242.53          |
| Apr 20           | \$963.66               | \$0.00                      | \$3,206.19          |
| May 20           | \$963.66               | \$0.00                      | \$4,169.85          |
| Jun 20           | \$963.66               | \$0.00                      | \$5,133.51          |
| Jul 20           | \$963.66               | \$0.00                      | \$6,097.17          |
| Aug 20           | \$963.66               | HOMEOWNERS INS \$2,553.00   | \$4,507.83          |
| Sep 20           | \$963.66               | \$0.00                      | \$5,471.49          |
| Oct 20           | \$963.66               | \$0.00                      | \$6,435.15          |
| Nov 20           | \$963.66               | \$0.00                      | \$7,398.81          |
| Dec 20           | \$963.66               | TAX - COUNTY \$6,950.28     | \$1,412.19          |
| Jan 21           | \$963.66               | \$0.00                      | \$2,375.85          |
| Total            | \$11,563.92            | \$9,500.28                  |                     |



### New Total Monthly Payment

If applicable, this section reflects your **new** total monthly mortgage payment.

The effective date represents the starting due date of the **new** total monthly payment.

The statement date reflects the date we ran the analysis prior to the due date for your projected mortgage payment for the next 12 months.

**Notice:** Please contact us if you know of any bills that should be added to or removed from this section, or if the amounts and/or due dates are incorrect.





## New Monthly Escrow Payment Breakdown

This section contains a complete breakdown of your New Monthly Escrow Payment.

### Low Balance – Your Mortgage Allows the Lowest Balance of Your Escrow Account to be No More than 1/6th of the Total Disbursements

The low point equals the lowest monthly escrow balance during the 12-month projection. An escrow balance is projected for a 12-month period, assuming that A+FCU receives scheduled payments and makes scheduled disbursements (pay property taxes, insurance premiums, etc.).

| 4 New Monthly Escrow Payment Breakdown  |            |
|---|------------|
| LOW BALANCE - YOUR MORTGAGE ALLOWS THE LOWEST BALANCE OF YOUR ESCROW ACCOUNT TO BE NO MORE THAN 1/6TH OF THE TOTAL DISBURSEMENTS WHICH IS: \$1,583.88 |            |
| STARTING BALANCE NEEDED TO ENSURE LOW POINT:  | \$2,375.82 |
| ESCROW ACCOUNT SHORTAGE TO BE SPREAD IN (EXCESS OF \$50):   | \$2,060.61 |
| SHORTAGE SPREAD MONTHS:   | 12         |
| SHORTAGE SPREAD ESCROW PAYMENT AMOUNT:  | \$171.72   |
| ESCROW ACCOUNT DEFICIENCY TO BE SPREAD:   | \$0.00     |
| DEFICIENCY SPREAD MONTHS:   | 12         |
| DEFICIENCY SPREAD ESCROW PAYMENT AMOUNT:  | \$0.00     |
| ESTIMATED ESCROW DISBURSEMENTS (TAXES/INSURANCE) IN THE NEXT 12 MONTHS:   | \$9,503.28 |
| ESCROW DISBURSEMENTS SPREAD MONTHS:   | 12         |
| ESCROW DISBURSEMENTS PAYMENT AMOUNT:  | 791.94     |

### Starting Balance Needed to Ensure Low Point

The starting balance needed to ensure the account has enough funds to cover all property taxes, insurance premiums, etc.

### Escrow Account Surplus, Shortage, or Deficiency to Be Spread In (Surplus in Excess of \$50)

A surplus is the portion of the projected escrow balance that is greater than the cushion amount.

A shortage is the amount by which the escrow balance falls short of the cushion amount.

A deficiency is the amount by which the balance goes below zero. When the account has a deficiency, it will also have a shortage.

A surplus in the amount of \$50 or more is refunded in the form of a check sent via mail, while surplus amounts under \$50 are returned by lowering the monthly escrow payment due.

*Example: \$48 surplus divided by 12 months = \$4 decrease to the monthly escrow portion*

### Surplus, Shortage, or Deficiency Spread Months

Number of months the surplus, shortage, or deficiency will be divided by. Shortages and deficiencies are divided by 12 months and added to the monthly payment.

*Example: \$1,200 shortage divided by 12 months = \$100 added to the monthly escrow portion*

Please refer to the above paragraph to go over surplus amounts.

### Surplus, Shortage, or Deficiency Spread Escrow Payment Amount

Monthly payment amount reduced or added to the monthly escrow based on the surplus, shortage, or deficiency divided over 12 months.

*Example: \$1,200 shortage divided by 12 months = \$100 added to the monthly escrow portion*

### Estimated Escrow Disbursements

Total estimated amount of any tax, insurance, and any other escrowed items anticipated to be dispersed from the escrow account.

### Escrow Disbursement Spread Months

Number of months the escrow disbursement(s) will be divided by. Disbursements are divided by 12 months and added to the monthly payment.

*Example: \$5,100 for tax, insurance, etc. divided by 12 months = \$425 per month*

### Escrow Disbursements Payment Amount

Monthly payment amount of the total estimated escrow disbursements.

*Example: \$5,100 for tax, insurance, etc. divided by 12 months = \$425 per month*



# 5

## New Monthly Payment Summary

### Current Payment Amount

This is the principal and interest portion of your mortgage payment. This amount does not change throughout the life of the loan unless your loan is an Adjustable Rate Mortgage.

| 5 New Monthly Payment Summary                  |            |
|--|------------|
| CURRENT PAYMENT AMOUNT (Principal + Interest): | \$933.59   |
| ESTIMATED ESCROW PAYMENT AMOUNT:               | \$963.66   |
| TOTAL NEW PAYMENT AMOUNT:                      | \$1,897.25 |

### Estimated Escrow Payment Amount

The new total escrow portion of your monthly mortgage payment. This amount includes any taxes, insurance, and/or other payments needed.

### Total New Payment Amount

The new monthly payment which is composed of principal and interest, the escrow collection for taxes and insurance and any additional collection(s) that may be required to cover a shortage/deficiency in the escrow account.

### Reminders:

- If your payment has changed and you make your payments through a bill pay service, please be sure to update the payment amount.
- If your payment is set up on auto-transfer (also known as a recurring transfer) through A+ Online Banking, please make sure to update the payment amount.
- If your payments are set up directly with A+FCU, then no further action is required. The payment will automatically adjust.

**Escrow Payment Coupon**

Your escrow analysis indicated a shortage of \$2,060.61.

FOR YOUR CONVENIENCE, WE HAVE SPREAD THIS AMOUNT OVER 12 MONTHS AND INCLUDED IT IN YOUR MONTHLY PAYMENT. IF YOU PREFER, YOU CAN PAY THE SHORTAGE/DEFICIENCY IN FULL BY SENDING A CHECK AND THIS COUPON TO:

|                |                |                         |
|----------------|----------------|-------------------------|
| Name           | JOE SMITH      | A+ Federal Credit Union |
| Account Number | 000001234 - 56 | P.O. Box 15384          |
| Payment Amount | \$1,897.25     | Austin, TX 78761-5384   |

# 6

## Escrow Payment Coupon

Use this coupon to make the shortage/deficiency payment. This is the coupon for Option 1 on page 1.

**7 Escrow Account History For The Prior Period**

This is a statement of actual activity in your escrow account from 12-31-2018 to 12-28-2019. Compare it to the annual escrow projections for the prior year which was sent to you on 12-31-2018.

| Month/Year                | Escrow Payment (+) | Escrow Disbursement (-)       | Escrow Balance |
|---------------------------|--------------------|-------------------------------|----------------|
| Starting Balance          |                    |                               | \$333.62       |
| Dec 18 (As of 12-31-2018) | \$0.00             | \$0.00                        | \$333.62       |
| Jan 19                    | \$285.58           | \$0.00                        | \$619.20       |
| Feb 19                    | \$315.21           | \$0.00                        | \$934.41       |
| Mar 19                    | \$315.21           | \$0.00                        | \$1,249.62     |
| Apr 19                    | \$315.21           | \$0.00                        | \$1,564.83     |
| May 19                    | \$315.21           | \$0.00                        | \$1,880.04     |
| Jun 19                    | \$315.21           | \$0.00                        | \$2,195.25     |
| Jul 19                    | \$315.21           | \$0.00                        | \$2,510.46     |
| Aug 19                    | \$315.21           | * HOMEOWNERS INS \$2,563.00 * | \$272.67       |
| Sep 19                    | \$315.21           | \$0.00                        | \$587.88       |
| Oct 19                    | \$315.21           | \$0.00                        | \$903.09       |
| Nov 19                    | \$315.21           | \$0.00                        | \$1,218.30     |
| Dec 19                    | \$315.21           | TAX - COUNTY \$8,950.28 *     | \$-5,416.77    |
| Dec 19                    | \$5,416.77         | Other Tran \$0.00 *           | \$0.00         |
| Jan 20                    | \$315.21 P         | \$0.00 P                      | \$315.21       |
| <b>Total</b>              | <b>\$9,484.87</b>  | <b>\$9,503.28</b>             |                |

A letter (P) indicates the activity has not yet occurred but is projected to occur as shown.  
An asterisk (\*) indicates a difference from a previous estimate either in the date or the amount.

Your monthly mortgage payment for the prior period was \$1,248.80, of which \$933.59 was applied to principal and interest and \$315.21 was applied to escrow.

# 7

## Escrow Account History for the Prior Period

This section shows monthly transaction details of payments to and disbursements from your escrow account since the last escrow analysis calculation date.

# 8

## Previous Monthly Mortgage Payment

This section shows the total monthly mortgage payment from the last computation period. There is also a breakdown of the total monthly payment to show what amount went to principal and interest and the amount applied to escrow.

**Note:** If your mortgage recently transferred to us from another servicer, the projected deposits and payments from your previous statement may not be available.

A+FCU does not control the actual amount of your tax and insurance bills. Please contact your insurance company or your local insurance agent if you have questions about changes to your premium. Please contact your local tax office if you have questions about your tax amount.

# Escrow Statement FAQs

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## Why did I receive an Escrow Account Disclosure Statement?

At least once a year, we review your Escrow Account to determine if the escrow portion of your monthly payment is sufficient to cover the annual requirements of your Escrow Account. 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 its effect on your monthly mortgage payment. Occasionally, we may provide you with an interim statement, if needed.

## What is an Escrow Account?

Every time you make a mortgage payment, a set amount of your payment (escrow portion) is deposited into your Escrow Account. We maintain this account on your behalf to ensure timely payment of your real estate taxes and homeowners insurance. Any applicable flood insurance and/or mortgage insurance premiums are also paid from this account. In addition to funds to cover these escrow bills, your Escrow Account also holds funds to cover your “required Escrow Account minimum balance.”

## What is a required Escrow Account minimum balance and how is it calculated?

Federal law allows us to maintain up to a two month minimum balance or cushion of funds in your Escrow Account. It serves as a safeguard in the event of an increase in your escrow bills. No more than one sixth of your total projected payments (or two months of escrows) for taxes and insurance constitute this cushion unless your mortgage contract or state law specifies a lower amount.

## Why do escrow-related bills change over time?

Here are some potential explanations for increases and decreases to the escrow portion of your monthly payment.

**Hazard Insurance:** Insurance premium can change due to changes to your coverage or your rate. Please contact your insurance company or your local insurance agent with questions about changes to your premium.

**Real Estate Taxes:** Real Estate Taxes can change as a result of your property reassessment, a change in your tax rate, or a special assessment. Please contact your local tax office for any questions regarding changes to your real estate taxes.

**New Construction:** Typically, the first tax bill for a new construction only covers the lot/land. A subsequent bill is generally higher and is based on the fully assessed value which includes the land and the house.

**Initial Escrow Deposit:** Prior to closing, the escrow portion of the monthly mortgage payment is calculated based on the information available. Available information is usually an insurance quote or premium amount for existing coverage, and tax bill information from the previous year. This amount may turn out to be more or less than the actual bills, resulting in a change to your monthly mortgage payment.

## What happens when my escrow-related bills come in lower than expected?

This results in a surplus. In case of a surplus, you typically receive a refund check if the surplus amount is \$50 or more and the escrow portion of your monthly mortgage payment is adjusted according to your new escrow bills. Details of these changes are sent to you in your Escrow Account Disclosure Statement. Your loan must be current when the escrow analysis is performed to receive a credit or refund of any surplus funds.

## What happens when my escrow-related bills come in higher than expected?

This results in a shortage. We spread your shortage over the next 12 months in addition to adjusting the escrow portion of your monthly payment amount, or you can choose to pay the shortage in full by the date listed in the Escrow Analysis Disclosure Statement. Please include the coupon from the statement when sending in the check.

## Can my payment increase if I pay the shortage in a lump sum?

Yes, it can. Even if you pay the shortage resulting from last year’s escrow payments, an increase in your projected tax bill or hazard premiums for the coming year could result in your payment increasing.

