

ESCROW ANALYSIS GUIDE

The purpose of this guide is to help provide support and clarity on our annual review of your escrow account.

What is an escrow account and what is the purpose of the annual analysis?

An escrow account is used by homeowners and mortgage servicers to ensure accurate payments are remitted on homeowners' insurance and real estate taxes (Private Mortgage Insurance, or PMI, as well, if applicable). Property tax and home insurance rates change over time; therefore, it is important that an annual analysis of the escrow account is performed to make sure the homeowner is paying an accurate amount monthly.

Once a year, your escrow account will be reviewed for current tax and insurance payments, the account balance, and any recent tax or insurance disbursements made from the escrow account. An escrow analysis statement will be sent to the homeowner which states whether the monthly payment will remain the same or change for the next 12 months. The analysis statement will also include information regarding any shortages or surpluses in the account.

How is the escrow portion of the monthly payment calculated?

The annual tax amount and insurance premium(s) (and mortgage insurance, if applicable) are divided by 12 to determine the amount that will need to be deposited into the escrow account each month to ensure its proper funding. This amount is then combined with your monthly principal and interest portion of the payment to then become your required monthly mortgage payment.

What does it mean if there is a shortage or surplus in the escrow account?

If the escrow analysis statement shows the lowest projected balance in the year ahead is less than the minimum required balance (cushion), there is a shortage. This either means the tax or insurance payments have increased or there was an unplanned escrow disbursement; therefore, the monthly payments over the next 12 months will also need to increase.

If the lowest projected balance is more than the minimum required balance, there is a surplus. The surplus funds are returned to you via check once the analysis is complete. You should expect to receive this check within 30 days of the completion of the analysis.

What are the options for repaying a shortage?

If the analysis results in a shortage, it is automatically spread over your next 12 mortgage payments. However, some customers prefer to make a lump sum payment for the shortage to help minimize (but not always eliminate) the impact to their monthly payment. This lump sum payment can be made by phone with a customer service representative at 1-855-979-1084, or online at www.Movement.com/PayMyMortgage (click on the "Payment" section and ensure the funds are placed in the "Additional Escrow" box).

*It is important to note, paying the shortage in full does **not** necessarily lower the payment back to the **original** amount. If your annual tax or insurance premium has increased, your base escrow payment must also increase.*

Is it possible to receive a check for the surplus in my escrow account as well as experience a payment increase at the same time?

Since we are not allowed to keep any “extra” funds in the escrow account above the required minimum balance during the lowest projected month, this surplus must be returned to you. However, if there is an increase for taxes or insurance, the base monthly escrow payment must also increase. This scenario can be common in new construction homes where taxes are cheaper for the first year of homeownership or in situations where a planned disbursement did not occur.

What if I cannot afford the new monthly payment due to an escrow shortage after my escrow analysis?

If you are experiencing a financial burden due to the increase of your monthly payment as the result of an escrow shortage, you can contact customer service to request that the shortage be spread over a greater period (such as 24 months instead of 12). Other loss mitigation assistance options are available as well should the increase in payment cause true financial hardship for you.

How can I avoid an escrow shortage?

While it can be difficult to plan for annual increases to the tax rate or insurance premiums, the easiest way to avoid a shortage is to avoid unplanned disbursements from your escrow account. Unplanned disbursements typically occur when a homeowner switches insurance policies mid-term and the premium is paid from the escrow account without an offsetting deposit being made. Unplanned disbursements can also occur when requests are made by the homeowner to pay supplemental tax bills. Supplemental tax bills should always be paid out of pocket by the homeowner to minimize any potential escrow shortages.

Does an escrow analysis only occur once a year?

The escrow analysis is performed and a statement is mailed to our customers annually. However, it is possible for an “off-cycle” analysis to be completed if there was an error with the first analysis or upon customer request based on recent escrow activity.

Who can I contact to discuss further questions I may have?

We are always here to help! Please do not hesitate to reach out to our teams with any further questions (servicing@movement.com or 855-979-1084; M-F 8:30 am – 7 pm EST).

Escrow Analysis Statement Breakdown

Representation of Printed Document ANNUAL ESCROW ACCOUNT Page 1
DISCLOSURE STATEMENT

MM MOVEMENT
MORTGAGE
RETURN SERVICE ONLY
Please do not send mail to this address
PO BOX 100081, Duluth, GA 30096-9377
8-834-04248-0000329-001-000-010-000-000

Contact Us

Customer Service: 855-979-1084
Property Tax: 844-580-3676
Property Insurance: 833-811-3064

NMLS #39179

Correspondence Address: PO BOX 100077
Duluth, GA 30096-9377

www.movement.com/paymortgage

Loan Number: [REDACTED]
Property Address: [REDACTED]
Statement Date: 10/04/21

Why am I receiving this statement?

You are receiving this statement because we have completed an analysis of your escrow account. Your escrow account is the account that we use to pay property costs, such as property taxes, homeowners insurance, and mortgage insurance. At least once a year, we are required to analyze your escrow account to ensure your monthly payment is sufficient to pay your escrowed property costs.

1. Based on our review, you have a shortage of \$928.42.

Your payment may be changing, please see the chart below for more information.

This means that we do not expect to have sufficient funds in your escrow account over the next 12 months to pay your escrowed property costs. Don't worry, even if there aren't enough funds in your account, we will still complete these payments on your behalf. This shortage was caused by changes in your taxes, insurance, or escrow deposits. Your Escrow Account History shows the most recent transactions on your account. Your Escrow Account Projections show anticipated payments over the next 12 months.

Your New Mortgage Payment

<p>Pay the shortage of \$928.42 over the next 12 payments.</p>	<p>Principal & Interest: Escrow Payment: Shortage: Total Payment:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; padding: 5px;">Current Monthly Payment</th> </tr> <tr> <td style="padding: 5px;">\$944.65</td> </tr> <tr> <td style="padding: 5px;">\$334.75</td> </tr> <tr> <td style="padding: 5px;">\$0.00</td> </tr> <tr> <td style="padding: 5px;">\$1,279.40</td> </tr> </table>	Current Monthly Payment	\$944.65	\$334.75	\$0.00	\$1,279.40	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; padding: 5px;">New Monthly Payment beginning on 12/1/2021</th> </tr> <tr> <td style="padding: 5px;">\$944.65</td> </tr> <tr> <td style="padding: 5px;">\$406.17</td> </tr> <tr> <td style="padding: 5px;">\$77.37</td> </tr> <tr> <td style="padding: 5px;">\$1,428.19*</td> </tr> </table>	New Monthly Payment beginning on 12/1/2021	\$944.65	\$406.17	\$77.37	\$1,428.19*
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\$77.37													
\$1,428.19*													

2. →

3. →

1. Total amount of the overage or shortage determined by the escrow analysis.
2. Breakdown of the homeowner's current monthly payment *prior* to the analysis.

- Breakdown of the homeowner’s NEW monthly payment amount and includes the effective date of the payment increase/decrease. The amount of the shortage spread over 12 months (if applicable) will also be indicated in this box.

If you decide to pay the shortage in full as a lump sum payment, the “shortage” portion of the new payment breakdown will be removed from the new monthly payment total.

*In this example, if the homeowner pays the shortage amount of \$928.42 in full (see #1), the \$77.37 portion of the payment increase will be removed from their new monthly payment total within 10 business days. This will result in a new total payment amount of **\$1,350.82** (as opposed to the projected amount of \$1,428.19)*

4. **Your Escrow Account History**

The following statement displays actual activity as it occurred in your escrow account from July 2021 to November 2021.

Month	Projected Payment to Escrow	Actual Payment to Escrow	Description	Projected Disbursement	Actual Disbursement	Projected Balance	Actual Balance
Beginning Balance						\$2,678.01	\$2,678.01
Jul 21	\$334.75	\$334.75				\$3,012.76	\$3,012.76
Aug 21	\$334.75	\$334.75				\$3,347.51	\$3,347.51
Sep 21	\$334.75	\$334.75	HAZARD INS		-\$3,390.00 *	\$3,682.26	\$292.26
Oct 21	\$334.75	\$334.75	E HAZARD INS	-\$2,533.00	*E	\$1,484.01	\$627.01 E
Nov 21	\$334.75	\$334.75	E		E	\$1,818.76	\$961.76 E
Account balance as of November 2021:						\$961.76	

- An asterisk (*) indicates a difference from a previous estimate either in the date or the amount of the deposit/disbursement.
**An 'E' indicates anticipated escrow activity that has not yet occurred prior to the effective date of this analysis.

During the history period of July 2021 to November 2021

Total Escrow Payments Received:	\$1,673.75
Total Escrow Disbursements:	-\$3,390.00
Interest on Escrow Deposited to your Account:	\$0.00

- This page represents the previous escrow history up to the effective date of the analysis.
- An “E” represents a planned disbursement that has not yet occurred but is scheduled prior to the effective date of the analysis.

6. **Your Escrow Account Projections**

Projected Escrow Summary					
	Anticipated Annual Disbursement	÷	12	=	New Monthly Escrow Payment
Property Tax*:	\$1,484.01	÷	12	=	\$123.67
Hazard Insurance*:	\$3,390.00	÷	12	=	\$282.50
Total:	\$4,874.01	÷	12	=	\$406.17

*These amounts are based on any escrow items that may have been paid in the past and any future payments that we expect to make.

The following summary shows projected activity in your escrow account for the next twelve months, which was used to calculate your payment above.

Month	Monthly Escrow Payment	Amount Estimated to be Paid	Description	Projected Escrow Balance	Required Escrow Balance
			Beginning Balance	\$961.76	\$1,890.18
Dec 21	\$406.17	-\$1,484.01	PROPERTY TAX	-\$116.08	\$812.34
Jan 22	\$406.17			\$290.09	\$1,218.51
Feb 22	\$406.17			\$696.26	\$1,624.68
Mar 22	\$406.17			\$1,102.43	\$2,030.85
Apr 22	\$406.17			\$1,508.60	\$2,437.02
May 22	\$406.17			\$1,914.77	\$2,843.19
Jun 22	\$406.17			\$2,320.94	\$3,249.36
Jul 22	\$406.17			\$2,727.11	\$3,655.53
Aug 22	\$406.17			\$3,133.28	\$4,061.70
Sep 22	\$406.17			\$3,539.45	\$4,467.87
Oct 22	\$406.17	-\$3,390.00	HAZARD INS	\$555.62	\$1,484.04
Nov 22	\$406.17			\$961.79	\$1,890.21

7. →

Here is how we calculated your shortage based on the highlighted line above:

Projected Low Balance	-\$116.08
- Required Minimum Balance	\$812.34
= Shortage Amount	-\$928.42

8.

Your required minimum balance for the next 12 months is \$812.34, which equals a reserve of 2 month escrow deposit. Federal law allows us to include a minimum balance cash reserve to help cover any increases in your property costs. In order to reach this low point, your required escrow balance after your November payment should be \$1,890.18, while your actual escrow balance is estimated to be \$961.76. The difference, \$928.42, represents an escrow shortage and will be spread over the next 12 payments unless your shortage is paid in full.

Please remember, as your taxes and/or insurance change, the escrow portion of your payment may change. If you have any questions about this Escrow Analysis, please call our Customer Service Department toll free at 855-979-1084.

- This page represents the projected escrow activity over the next 12 months.
- The peach highlighted line represents the projected low point of the escrow account over the next 12 months which is then compared to the required minimum balance to determine any overages/shortages. This is further broken down in the peach box below the projections.
- Explanation of shortage to the homeowner.

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