

## Annual Escrow Analysis Guide

### Overview of the Escrow Account

Escrow is an account of money Volunteer Mortgage Loan Servicing (VMLS) maintains on your behalf. Funds are disbursed from the escrow account to pay your local real estate taxes, homeowner's insurance, and (in some cases) mortgage insurance and/or flood insurance. Under the terms of your mortgage, VMLS is required to collect funds from you with your monthly payment to maintain your escrow account. This ensures your escrow account has the funds needed to pay the expenses.

### Overview of the Annual Escrow Analysis

Every year, VMLS conducts an analysis of your escrow account. We do this to ensure the account has the required amount of funds in it so we can disburse upcoming payments on your behalf.

All loans not more than 30 days delinquent, and not included in a Bankruptcy filing will be analyzed at the end of February with a new payment effective date of April 1. VMLS will provide you with a summary of the results by mail the same month the analysis is conducted.

The information included on the Annual Escrow Analysis Disclosure Statement is an estimate based on the prior year's expenses paid.

### Impact of the Annual Escrow Analysis

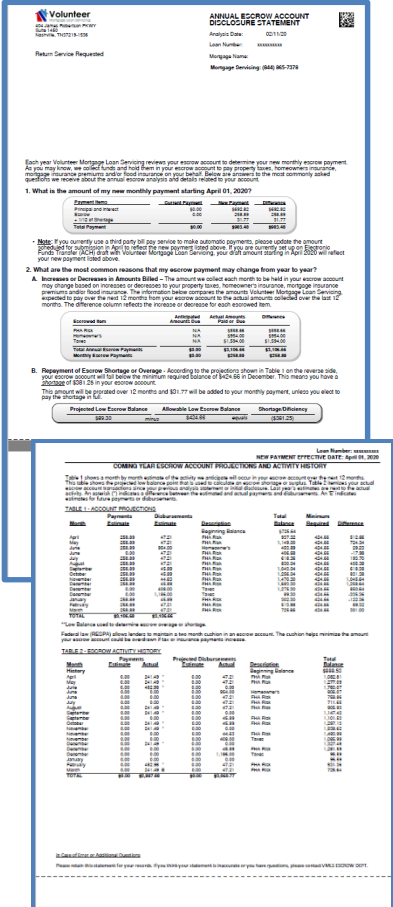
Due to the annual analysis, the amount of money deposited into your escrow account may change every year. As a result, it is normal that your total monthly mortgage payment amount may change after the escrow analysis is completed.

For some customers, the result of the escrow analysis may cause their total monthly payment amount to decrease, while other customers may see it increase. However, the total amount changes only because the portion of the payment which is placed in the escrow account has changed. The amounts you owe for the principal and interest will never change because of the escrow analysis.

### What You Should Do

Review your escrow analysis when it arrives to verify the information on it and identify how your total monthly mortgage payment might change.

You have the right to shop for Homeowner's Insurance by contacting Insurance companies and requesting quotes. If you decide to obtain different Insurance, please notify VMLS immediately.



**Volunteer**  
Mortgage Loan Servicing  
Return Service Requested

**ANNUAL ESCROW ACCOUNT DISCLOSURE STATEMENT**

Analysis Date: 02/11/20  
Loan Number: 0000000000  
Mortgage Type: 30 Year Fixed Rate  
Mortgage Servicing: (844) 865-7379

Each year Volunteer Mortgage Loan Servicing reviews your escrow account to determine your new monthly escrow payment. As you may know, we collect funds and hold them in your escrow account to pay property taxes, homeowner's insurance, mortgage insurance, and/or flood insurance on your behalf. Before we project the most commonly asked questions we receive about the annual escrow analysis and details related to your account.

1. What is the amount of my new monthly payment starting April 1, 2020?

Payment Item	Current Payment	New Payment	Difference
Principal & Interest	\$100.00	\$100.00	\$0.00
Escrow	\$100.00	\$100.00	\$0.00
Total Payment	\$200.00	\$200.00	\$0.00

2. What are the most common reasons that my escrow payment may change from year to year?

A. Increase or Decrease in Amounts Billed - The amount we collect each month to be held in your escrow account may change based on increases or decreases to your property taxes, homeowner's insurance, mortgage insurance premium and/or flood insurance. The information below compares the amounts Volunteer Mortgage Loan Servicing escrowed to pay over the next 12 months from your escrow account to the actual amounts collected over the last 12 months. The difference column reflects the increase or decrease in total payments due.

Payment Item	Actual Amount Collected	Amount to be Escrowed	Difference
Property Taxes	\$100.00	\$100.00	\$0.00
Homeowner's Insurance	\$100.00	\$100.00	\$0.00
Total	\$200.00	\$200.00	\$0.00

B. Replacement of Escrow Budget or Change - According to the regulations (effective 12/1/19), the escrow rule, replacement of the 12% in your escrow account. This amount will be prorated over 12 months and \$21.77 will be added to your monthly payment, unless you elect to pay the difference in full.

Projected Low Escrow Balance	Allowable Low Escrow Balance	Shortage/Overage
\$0.00	\$21.77	\$21.77

**COMING YEAR ESCROW ACCOUNT PROJECTIONS AND ACTIVITY HISTORY**

Table 1 shows a month by month projection of the activity we anticipate will occur in your escrow account from April 1, 2020 through March 31, 2021. The total amount we anticipate will be collected from your escrow account over the next 12 months is \$2,400.00. The total amount we anticipate will be disbursed from your escrow account over the next 12 months is \$2,400.00. The difference between the total amount collected and the total amount disbursed is \$0.00. This amount will be used to pay the difference between the total amount collected and the total amount disbursed.

Month	Payments Collected	Disbursements	Disposition	Total Balance	Maximum Balance	Difference
April	\$200.00	\$200.00	Pay Property Taxes	\$0.00	\$0.00	\$0.00
May	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
June	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
July	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
August	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
September	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
October	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
November	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
December	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
January	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
February	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
March	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00	\$0.00	\$0.00
TOTAL	\$2,400.00	\$2,400.00		\$0.00	\$0.00	\$0.00

**TABLE 2 - ESCROW ACTIVITY HISTORY**

Month	Payments Collected	Actual Disbursements	Projected Disbursements	Disposition	Total Balance
January	\$200.00	\$200.00	\$200.00	Pay Property Taxes	\$0.00
February	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
March	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
April	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
May	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
June	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
July	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
August	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
September	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
October	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
November	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
December	\$200.00	\$200.00	\$200.00	Pay Homeowner's Insurance	\$0.00
TOTAL	\$2,400.00	\$2,400.00	\$2,400.00		\$0.00

In Case of Error or Additional Questions  
Please contact us immediately for your records. This document is intended to provide you with general information only. It does not constitute an offer of insurance or any other financial product. For more information, please contact VMLS (844) 865-7379.

## Important Sections of the Annual Escrow Analysis

**Section 1** shows your new monthly payment effective April 1.


**Section 2.A** lists your Escrowed Items, the Anticipated Amounts Due (itemization of your current Escrow payment), and the Actual Amounts Paid or Due (itemization of your new Escrow payment). Notice the final line in section 2.A “Monthly Escrow Payments” matches the Escrow Payments in Section 1.

**Section 2.B** identifies if you have a Shortage or Overage (Surplus). Your escrow account has a minimum allowed balance (Low Point). To maintain a healthy account, we require a two month cushion reserved in your escrow account. If your escrow balance is projected to dip below the required cushion, you will have a Shortage. If your escrow balance is projected to always stay above the required two month cushion, you will have an Overage (Surplus). A full accounting of this is shown on the back of the escrow analysis.

### SHORTAGE

A shortage means the amount of money in the escrow account is not enough to pay the anticipated expenses and maintain the cushion. This can occur due to increases in your Taxes or Insurance, changing the timing of your Insurance payment, or switching Insurance companies causing two disbursements in a single year. This amount must be paid to your escrow account.

- **Pay Option 1:** Pay the shortage over the next 12 months. No action is needed, the 1/12 shortage amount has been added in to your payment amount starting April 1.
- **Pay Option 2:** Pay the shortage amount in full. A letter will be mailed separately with a coupon to pay your shortage before May 1. If you choose to pay your shortage in full before May 1, your payment amount will be reduced to the amount as shown on the coupon.

Please write your loan number on your check and mail this portion with your payment.	
Loan Number:	<b>ESCROW SHORTAGE COUPON</b>
Name:	<b>You have the following options to repay your Escrow Shortage:</b>
Shortage Amount: \$32.82	A. <b>Do Nothing</b> – The total shortage has been divided over 12 months and \$2.74 will automatically be added to your monthly payment beginning April 01, 2021.
 404 James Robertson PKWY Suite 1450 Nashville, TN 37219-1536	B. <b>Repay the Escrow Shortage in Full</b> – Please submit a check in the amount of \$32.82 along with this coupon to the address listed. <b>Your new monthly payment will be \$398.37</b> once the full escrow shortage / deficiency is paid in full.
	Amount Enclosed \$ _____

If you cannot afford either option, please contact VMLS for additional payment assistance.

### SURPLUS

A surplus means the amount of money in the escrow account is more than what is required to pay the anticipated expenses. A surplus will be refunded to you in one of two ways.

- **Refund Option 1:** If the surplus is less than \$50, VMLS will temporarily reduce your monthly escrow payment by using 1/12 of the surplus to credit your escrow payment each month.
- **Refund Option 2:** If the surplus is more than \$50 a check will be mailed to you within 30 days of the date of the escrow analysis.