



## **ESCROW ANALYSIS PROCEDURES**

### **General Information**

It is the Bank's policy to escrow for insurance and real estate taxes on all real estate secured loans.

An Initial Escrow Analysis is prepared by the Pre-Closing Dept., prior to funding.

- Initial Escrow Account Disclosure Statement is provided and signed by the Borrower at closing and is included in the closing package provided to the Loan Administration Department.
- The escrow information is then added to the Bank Core system Horizon as part of the loan boarding process.
  - Each loan is assigned an "escrow cycle code" corresponding to the month it was originated. This instructs the system to automatically run an escrow analysis every 12 months for the loan on the last day business day of the appropriate month.
  - The automatic system run will make the appropriate changes to the escrow payments of the analyzed loans.

At least 10 days prior to the end of every month, Loan Administration will run an escrow analysis projection for the current month's cycle code. This allows the Bank to create an escrow analysis for the month's cycle code without affecting the escrow account.

- An administrator will then check the escrow analysis report for accuracy and make any required adjustments or corrections with the approval of designated management.
- After all loans on the projection run are verified and all corrections are made on the bank's core system, another Projection Analysis is performed. Again, this does not affect any figures on the Bank's core system. The new projection analysis report is again verified for accuracy and any further corrections are made. A projection analysis may be run as many times as required to verify and correct any discrepancies.
- A copy of the final, corrected projection is then saved to the designated loan administration drive

At the beginning of the month, the automatic escrow analysis run by the system for the previous month is reviewed for accuracy.

- Accounts with a substantial surplus are identified and the cause of the surplus is investigated to confirm accuracy. A surplus is usually a result of lower tax/insurance amounts disbursed by the Bank.
- The system automatically disburses any surplus of \$50.00 or more. The disbursements are then verified against the escrow analysis. Surplus checks are issued to the borrowers based on the check approval process.

### **Short Escrow Analysis/Statement**

A Short Escrow Analysis/Statement is produced for all consumer loans by the Bank's core system if a borrower pays off a mortgage loan during the escrow account computation year. The day after the payoff is processed on the Bank's core system, the analysis is printed and is mailed to the borrower no later than 30 days after receiving the payoff funds.