

HOW TO READ YOUR ANNUAL ESCROW DISCLOSURE STATEMENT

What is an Annual Escrow Disclosure Statement? Each year, we review your escrow account to make sure the escrow portion of your scheduled payment covers your property taxes and/or insurance premiums. Increases or decreases in your annual taxes and/or insurance premiums may cause your payment to change. Your disclosure will include three pages: Projections for the Upcoming Year (Pg 1), Account History Statement from the Current Year (Pg 2), and Historical Projections from the Previous Year (Pg 3). The images below are taken from an actual Escrow Disclosure Statement to further explain how to read the documents.

PAGE 1 - UPCOMING YEAR PROJECTIONS

ANNUAL ESCROW ACCOUNT DISCLOSURE STATEMENT
PROJECTIONS FOR
10/01/22 through 9/30/23

CITIZENS NATIONAL BANK OF SOMERSET
44 PUBLIC SQUARE
SOMERSET KY 42502
(606) 579-6341

Loan Account No. [REDACTED]
Date Printed... 9/09/22

Payment Information	Principal and Interest	④	Escrow	Total Payment
Current payment	1,512.74		349.83	1,862.57
New payment	1,512.74		541.05	2,053.79

New payment effective 10/01/22
Your monthly mortgage payment, if needed, will have been adjusted for the coming year as indicated above. The following is an estimate of activity in your escrow account during the coming year based on payments and disbursements anticipated to be made from your account.

Month	Payments to Escrow Account	Payments from Escrow Account	Description	Escrow Account Balance
Starting balance:.....				2,688.42
October	541.05	3,390.01	COUNTY TAXES	160.54-
November	541.05	.00		380.51
December	541.05	.00		921.56
January	541.05	1,617.85	HAZARD INSURANCE	155.24-
February	541.05	.00		385.81
March	541.05	.00		926.86
April	541.05	.00		1,467.91
May	541.05	.00		2,008.96
June	541.05	.00		2,550.01
July	541.05	.00		3,091.06
August	541.05	.00		3,632.11
September	541.05	.00		4,173.16
TOTAL	6,492.60	5,007.86		

Your ending balance, from the last month of your history is \$2,688.42
Your starting balance according to this analysis should be \$4,173.22

This means you have a shortage of \$1,484.80
This shortage may be collected from you over a period of 12 months or more unless the shortage is less than one month's deposit, in which case we have the additional option of requesting payment within 30 days.
We have decided to collect it over 12 months.

Please keep this statement for comparison with the actual activity in your account at the end of the next escrow accounting computation year. If you have any questions please feel free to give us a call.



PAGE 1 - PROJECTIONS FOR THE UPCOMING YEAR

1. PROJECTIONS FOR THE UPCOMING YEAR: This section contains the projected activity in your escrow account for the upcoming year.

Month	Payments to Escrow Account	Payments from Escrow Account	Description	Escrow Account Balance
Starting balance:				2,688.42
October	541.05	3,390.01	COUNTY TAXES	160.54-
November	541.05	.00		380.51
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September	541.05	.00		4,173.16
TOTAL	6,492.60	5,007.86		

2. ENDING & TARGET ESCROW BALANCE: This area contains the actual ending balance in your escrow account compared to the target escrow balance which is the amount of money required in your escrow account on the effective date of the analysis in order to bring your escrow account balance to its lowest point over the coming 12 months.

Your ending balance, from the last month of your history is	\$2,688.42
Your starting balance according to this analysis should be	\$4,173.22

3. SHORTAGE/ SURPLUS: The anticipated escrow balance is subtracted from the target escrow balance to determine your escrow shortage or surplus. This section also describes how the shortage or surplus will be handled.

This means you have a **shortage** of **\$1,484.80**. This shortage may be collected from you over a period of 12 months or more unless the shortage is less than one month's deposit, in which case we have the additional option of requesting payment within 30 days. We have decided to collect it over 12 months.

4. NEW MONTHLY PAYMENT AND EFFECTIVE DATE: This section displays your current and new payment along with a breakdown of Principal and Interest and the escrow portion of your payment. The effective date of your new payment is also listed.

Payment Information	Principal and Interest	Escrow	Total Payment
Current payment	1,512.74	349.83	1,862.57
New payment	1,512.74	541.05	2,053.79
New payment effective 10/01/22			



PAGE 2 - ACCOUNT HISTORY

ANNUAL ESCROW ACCOUNT DISCLOSURE STATEMENT
ACCOUNT HISTORY
October 2021 through September 2022

CITIZENS NATIONAL BANK OF SOMERSET
44 PUBLIC SQUARE
SOMERSET KY 42502
(606) 679-6341

Loan Account No. [REDACTED]
Date Printed.... 9/09/22

[REDACTED]

This is a statement of actual activity in your escrow account from October 2021 through September 2022. Compare it to the annual escrow account disclosure statement - Projections for coming year - which was sent to you last year on September 22 (Another copy is enclosed).

Your monthly mortgage payment for the past year was \$1862.57 of which \$1512.74 was for principal and interest and \$349.83 went into your escrow account.

Month	Payments to Escrow Account	Payments from Escrow Account	Description	Escrow Account Balance
Starting balance				3,498.32
October	349.83	3,390.01*	COUNTY TAXES	458.14
November	349.83	.00*	COUNTY TAXES	807.97
December	349.83	.00		1,157.80
January	349.83	1,617.85*	HAZARD INSURANCE	110.22
February	349.83	.00		239.61
March	349.83	.00		589.44
April	349.83	.00		939.27
May	349.83	.00		1,289.10
June	699.66*	.00		1,988.76
July	.00*	.00		1,988.76
August	349.83	.00		2,338.59
September	349.83	.00		2,688.42
TOTAL	4,197.96	5,007.86		

An asterisk (*) indicates a difference from a previous estimate either in the date or the amount.

Last year we anticipated that payments from your account would be made during this period equaling \$4197.96. Under Federal law, your lowest monthly balance should not have exceeded \$699.66, or 1/6 of anticipated payments from the account, unless your mortgage contract or State law specifies a lower amount. Your mortgage contract and State law are silent on this issue.

If you want a further explanation, please call our toll-free number.

PAGE 3 - PREVIOUS YEAR PROJECTION

PROJECTIONS FOR
10/01/21 through 9/30/22

CITIZENS NATIONAL BANK OF SOMERSET
44 PUBLIC SQUARE
SOMERSET KY 42502
(606) 679-6341

Loan Account No. [REDACTED]
Date Printed.... 9/22/21

[REDACTED]

Month	Payments to Escrow Account	Payments from Escrow Account	Description	Escrow Account Balance
Starting balance				3,498.32
October	349.83	.00		3,848.15
November	349.83	2,802.30	COUNTY TAXES	1,395.68
December	349.83	.00		1,745.51
January	349.83	1,395.68	HAZARD INSURANCE	699.66
February	349.83	.00		1,049.49
March	349.83	.00		1,399.32
April	349.83	.00		1,749.15
May	349.83	.00		2,098.98
June	349.83	.00		2,448.81
July	349.83	.00		2,798.64
August	349.83	.00		3,148.47
September	349.83	.00		3,498.30
TOTAL	4,197.96	4,197.98		

Your ending balance, from the last month of your history is \$3,567.78
Your starting balance according to this analysis should be \$3,498.32

This means you have a surplus of \$69.46
This surplus must be returned to you unless it is less than \$50, in which case we have the additional option of keeping it and lowering your monthly payments accordingly.
We are sending you a check for the surplus.

Please keep this statement for comparison with the actual activity in your account at the end of the next escrow accounting computation year. If you have any questions please feel free to give us a call.

PAGE 2 & PAGE 3 - ACCOUNT HISTORY VS PROJECTIONS

5. ACCOUNT HISTORY VS LAST YEAR'S PROJECTIONS: The second page of your escrow disclosure statement will show you last year's actual activity (i.e. Account History), and page three shows you what last year's activity was projected to be (i.e. Projections For). To identify what has caused your payment to change, you would compare the amounts listed in these two documents to identify the change; this would be done by looking in the "Payments for Escrow Account" column of the table in the middle of each page.

PAGE 2 - ACCOUNT HISTORY

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PAGE 3 - PROJECTIONS

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TOTAL	4,197.96	4,197.98		

Your ending balance, from the last month of your history is \$3,567.78
Your starting balance according to this analysis should be \$3,498.32

The bills to be disbursed were projections - as a result, the actual amounts paid may be different between the projected amounts and the actual amounts will affect the total escrow account shortage or surplus.



IF YOUR PAYMENT IS INCREASING:

Increases in your monthly payment as a result of an escrow analysis are most commonly due to increases in property taxes and or homeowners insurance.

- If you have questions about an increase in your property taxes, please contact your local tax authority; they are the best source for information to explain any changes in your tax bill.
- If you have questions about an increase in your homeowner's insurance premiums, please contact your insurance company or their local agent; they are the best source for information to explain any changes in your annual premium amount.

IF YOUR PAYMENT IS DECREASING:

An Escrow Analysis may result in a surplus for many reasons. Under certain conditions, you may wish to return the surplus to your escrow account or apply it to your loan. The most common reasons are:

- **Initial escrow deposit collected at closing, if your loan closed within the last 18 months.** Frequently, lenders must estimate the amounts for escrow because the actual amounts are not available at the time of closing. If the actual bills paid are lower than the estimated cost or the initial escrow deposit collected is more than the amount needed, a surplus may result.
- **Land value/partially assessed real estate tax amounts for newly constructed homes.** A surplus may result if the initial escrow deposit collected at closing is based on an estimate of the fully assessed property value and the actual tax payment for the first year is based on land value only.
- **Decrease in escrow bill amount.** If the amount of your real estate taxes or insurance decreased since the date of your last escrow analysis, a surplus may result.

