May 06, 2024

T&I Disclosure Explanation Page

What is an Escrow Analysis?

An Escrow Analysis, also called a "Tax and Insurance Account Disclosure Statement," evaluates the escrow account to determine if there is enough money to pay your real estate taxes and home insurance premiums. The analysis includes a review of the prior year's escrow account history that compares projected account activity with actual escrow activity and a projected page of the future year's escrow payments and escrow disbursements.

Why has my Tax & Insurance payment change?

The Tax & Insurance (T&I) payment is calculated by adding the projected amounts of the real estate taxes and home insurance premiums for the projected year and dividing by 12. If the total of your projected real estate taxes and home insurance premiums increases, your payment will go up. If the total of your projected real estate taxes and home insurance premiums decreases, your payment will go down.

What is a cushion?

The real estate taxes and home insurance premiums added together and divided by 12 equals a one-month cushion. Servicers can require up to a two-month cushion. This amount does not include private mortgage insurance (PMI).

What is the Minimum Balance or Low Point?

On the projection page, it is the lowest balance under the "Required Balance Projection," which is identified with two asterisks on the "Tax and Insurance Account Disclosure Statement."

What is the Current Balance Projection?

This is the projected month-end balance calculated by adding the projected T&I payments and subtracting the projected T&I disbursements from the month-end balance. The "Starting T&I Balance" is the calculated "Current T&I Balance" at the end of the month prior to the "Beginning Projection Date."

What is the Required Balance Projection?

This is the projected month-end balance calculated by adding the projected T&I payments and subtracting the projected T&I disbursements. The "Starting T&I Balance" is calculated by determining the lowest balance from the "Current Balance Projection" month end balances. If the lowest balance is less than the cushion amount multiplied by the number of months cushion, the amount is added to the "Starting T&I Balance" of the "Current Balance Projection." If the lowest balance is greater than the cushion amount multiplied by the number of months cushion, the amount is subtracted from the "Starting T&I Balance" of the "Current Balance Projection."

Why do I have a shortage?

A shortage occurs when the projected minimum balance under the "Current Balance Projection" is less than the projected required minimum balance under the "Required Balance Projection." This is caused by an increase in the real estate taxes and/or home insurance premiums from the previous year, unexpected disbursements that were paid for the previous year, or not enough was applied to the "Current T&I Balance." If you have a shortage, you may pay this amount in full, or you can spread it over 12 months.

Why do I have a deficiency?

A deficiency occurs when the "Starting T&I Balance" of the "Current Balance Projection" is a negative balance. This is caused by an increase in the real estate taxes and/or home insurance premiums from the previous year, unexpected disbursements that were paid for the previous year, or not enough was applied to the "Current T&I Balance." If you have a deficiency, you may pay this amount in full, or you can spread it over 12 months.

Why do I have a surplus?

A surplus occurs when the projected minimum balance under the "Current Balance Projection" is greater than the projected required minimum balance under the "Required Balance Projection." If the surplus is $50 or more, a disbursement voucher (check) will be included with your "Tax and Insurance Account Disclosure Statement." If your surplus is less than $50, your money will be left in your "Current T&I Balance."