

Your Escrow Account



Overview of the Escrow Account

Escrow is an account of money VHDA maintains on your behalf. Funds are disbursed from the escrow account to pay your local real estate taxes, homeowners insurance (also known as hazard insurance), and (in some cases) your mortgage insurance and/or flood insurance. Under the terms of your mortgage, VHDA is required to collect funds from you in order to maintain your escrow account. This ensures your escrow account has funds to pay the expenses.

When you pay your mortgage each month, a portion is applied to your principal and interest. The remainder is placed into the escrow account. This is typically one-twelfth of the total disbursement to pay expenses.

Overview of the Annual Escrow Analysis

Every year, VHDA 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.

The locality where your home resides will determine when VHDA analyzes your escrow account. For some customers it will be in February; for all others it will be in July.

VHDA will always provide you with a summary of the results. The Annual Escrow Disclosure Statement (Figure A) is mailed to you in the same month your analysis is conducted. The information included on the Escrow Disclosure is an estimate based on the prior year's expenses paid. Included with the Escrow Disclosure is a short pamphlet (Figure B) about how to read the statement and understand the information on it.

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. All customers will experience the analysis every year for the life of the mortgage loan.

For some customers, the result of the escrow analysis may cause their total monthly mortgage 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.

FIGURE B

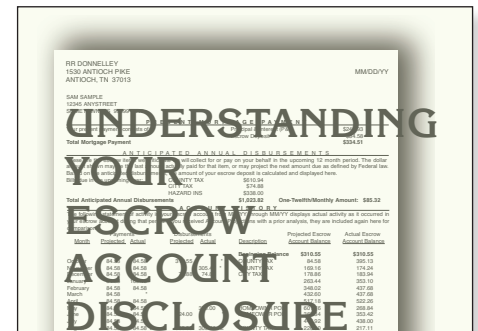


FIGURE A

ANNUAL ESCROW ACCOUNT DISCLOSURE STATEMENT

As you know, we are required to maintain an escrow account which is used to pay your real estate tax and/or insurance premiums. This account must be analyzed annually to determine whether enough funds are being collected monthly, and whether the account has a shortage or surplus based on the anticipate activity.

Your present payment consists of:

Principal & Interest (P&I)	\$502.86
Escrow Deposit	\$227.70
Optional Insurance	\$8.12
Total Mortgage Payment	\$738.68

ANTICIPATED ANNUAL DISBURSEMENTS

These are the escrow items we anticipate we will collect for or pay on your behalf in the upcoming 12 month period. The dollar amount shown may be the last amount actually paid for that item, or may be the next amount due as defined by Federal law. Based on these anticipated disbursements, the amount your escrow deposit is calculated and displayed here.

Bills due in the upcoming year:	MORTGAGE INS	\$179.52
	COUNTY TAX	\$809.28
	HAZARD INS	\$1,905.00
Total Anticipated Annual Disbursements:	\$2,893.80	One-Twelfth Monthly Amount: \$241.15

ACCOUNT HISTORY

The following statement of activity in your escrow account from 09/2017 through 08/2018 displays activity as it occurred in your escrow account during that period. If you received Account Projects with a prior analysis, they are included again here for comparison.

Month	Payments		Disbursements		Projected Escrow Account Balance	Actual Escrow Account Balance
	Projected	Actual	Projected	Actual		
September	208.28	227.70 *	15.76	15.76 *	\$1,328.04	\$1,328.04
September			15.76 *	15.76 *	1,328.04	1,328.04
October	208.28	227.70 *	15.76	15.76 *	1,713.12	1,713.12
October			15.76 *	15.76 *	1,713.12	1,713.12
November	208.28	227.70 *	15.76	15.76 *	1,905.04	1,905.04
November			404.64	404.64	1,500.40	1,500.40
November	208.28	227.70 *	15.76	15.76 *	1,484.64	1,484.64
December	208.28	227.70 *	15.76	15.76 *	1,468.88	1,468.88
December			15.76 *	15.76 *	1,468.88	1,468.88
January	208.28	227.70 *	15.76	15.76 *	1,453.12	1,453.12
January			1,501.00	1,501.00	385.04	385.04
January	208.28	227.70 *	15.76	15.76 *	385.04	385.04
February	208.28	227.70 *	15.76	15.76 *	577.56	577.56
February			15.76 *	15.76 *	577.56	577.56
March	208.28	227.70 *	15.76	15.76 *	770.08	770.08
March			14.21 *	1,906.00 *	770.08	770.08
April	208.28	227.70 *	15.76	15.76 *	862.90	862.90
April			15.76 *	15.76 *	862.90	862.90
May	208.28	227.70 *	15.76	15.76 *	1,155.12	1,155.12
May			404.64 *	404.64 *	750.48	750.48
June	208.28	227.70 *	15.76	15.76 *	943.00	943.00

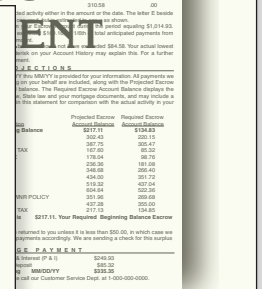
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SHORTAGE

Customer Loan Number: [REDACTED] Shortage Amount: \$648.34

Customer Name: [REDACTED]

If you choose to pay your escrow shortage of \$648.34 in full, your new monthly payment will be \$832.05. Please make your check payable to VHDA and mail this form along with your check to be received within 10 days from date of receipt of this notice. If you are on automatic draft and choose to pay your shortage full, your payment will be adjusted for the effective month indicated on the analysis. If you are on monthly billing, the new escrow amount will be reflected in your next statement.



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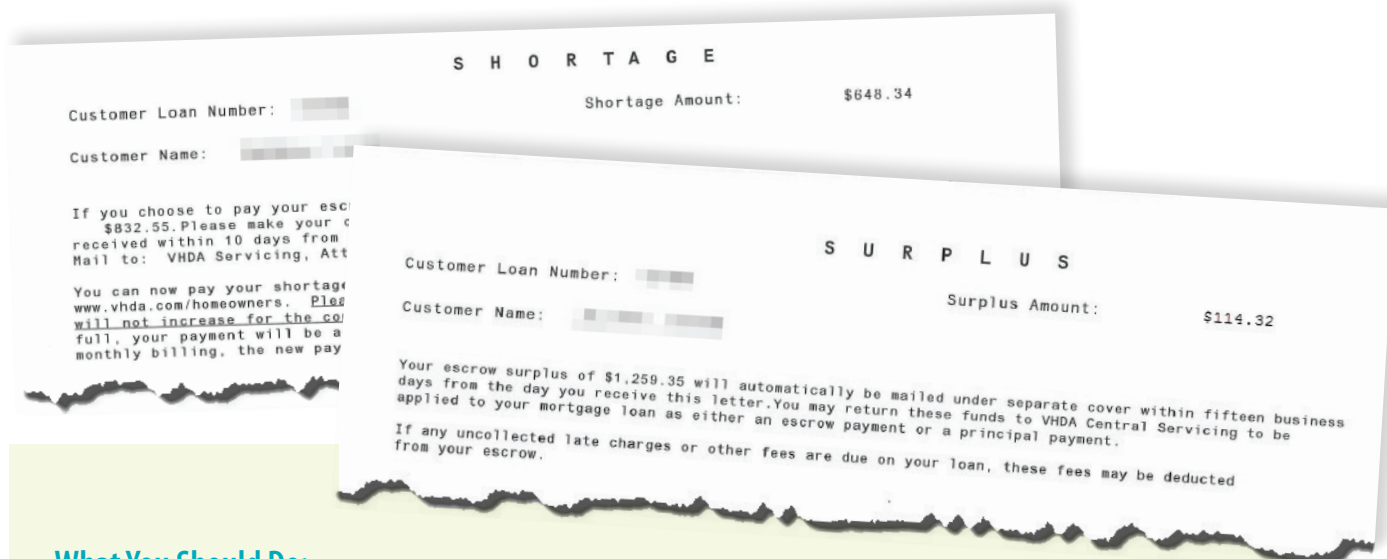
Remember, your Escrow Disclosure will list the results of the analysis at the bottom of the first page. There are two possible results: **shortage** or **surplus**.

Shortage means the amount of money in the escrow account is not enough to pay the anticipated expenses. You must send VHDA a payment for the shortage amount.

- ▶ **Option 1:** Pay the shortage amount in full in one payment. You would make this payment separately from your regular monthly mortgage payment.
- ▶ **Option 2:** Pay a portion of the shortage amount each month over a 12-month period. The shortage payments are added onto your regular monthly mortgage payment, which will cause the total payment amount to increase.

Surplus means the amount of money in the escrow account is more than what is required to pay the anticipated expenses. VHDA will refund the surplus amount in one of two ways.

- ▶ **Refund Method 1:** If the surplus amount is greater than \$50, VHDA will mail a check to you within 30 days of when you received the Escrow Disclosure.
- ▶ **Refund Method 2:** If the surplus amount is less than \$50, VHDA would apply the amount as a credit to your mortgage account. This means your regular monthly mortgage payments would decrease temporarily until the credit was applied in full.



What You Should Do:

- ▶ **Review your Escrow Disclosure** when it arrives every year to verify the information on it and to identify how your total monthly mortgage payment amount might change.
- ▶ **For Frequently Asked Questions**, visit vhda.com/Homeowners. To learn more about the history of your escrow account or to view information about your mortgage, visit VHDA's secure portal, Customer CareNet, at vhda.CustomerCareNet.com.

For More Information, Visit:

vhda.com/Homeowners | vhda.CustomerCareNet.com