Escrow Analysis FAQs

This is a guide to help answer some of our customer's frequently asked questions regarding their Escrow account and Escrow Analysis. The Gateway Mortgage Escrow Analysis Department's mission is to ensure that all customers who have their mortgage with Gateway have their escrow account maintained fairly and accurately according to the Real Estate Settlement Procedures Act (RESPA).

1. What is an Escrow Payment?

- Escrow, as it relates to your mortgage payment, is the taxes and insurances required for your property. Throughout the life of the loan, the servicer charges a monthly sum that is equal to 1/12 of the total yearly escrow charges that are to be paid out of the customer's account for the upcoming 12 months.

2. Why do I have to have an escrow account?

- There are various regulatory and agency guidelines, along with company policy, that require a loan to have an escrow account. The most common is when the original loan amount is higher than 80% of the property value. These loans require mortgage insurance which, in turn requires an escrow account according to agency guidelines.
- Certain types of loans allow for this escrow requirement to be dropped once it is below an acceptable LTV while others do not.
- All escrows are maintained according to the Real Estate Settlement Procedures Act (RESPA).

3. Can I have my Escrow Waived?

- To apply for a waiver of escrow, a customer may submit a verbal or written request, which will be reviewed by the Servicing Escrow team. Only loans which meet the criteria below may be approved for escrow waiver:
  - The terms of the loan, as described in the note, must allow for an escrow waiver.
  - The loan cannot be any type of government loan; government loans are not eligible for escrow waiver.
  - The loan must have no payments more than 30 days late within the most recent 12 months.
  - The loan must have no payments more than 60 days late within the most recent 24 months.
  - The loan must have 6 months of seasoning from origination of loan or the last repayment plan.
  - Loans identified as "high priced" or HPMLs must have at least 60 months of seasoning.
  - The Loan-to-Value ratio must be 80% or lower.
  - The loan must not be subject to private mortgage insurance (PMI).
  - Flood insurance is not required to protect the loan.
  - The loan must be guaranteed or owned by an entity other than the government, including but not limited to: Veterans Affairs (VA), Federal Housing Administration (FHA), Department of Public and Indian Housing (PIH), or the U.S. Department of Agriculture (USDA).
  - There cannot have been a modification to the loan due to the loss mitigation process.
  - Customer must not have been in bankruptcy in the last 3 years.
  - Escrows cannot have been required due to unpaid taxes or insurance.
  - There is not a negative balance on the escrow account.
  - There are no outstanding fees due.

4. What is an Escrow Analysis?

- Per RESPA, annually, the servicer must provide an accounting of the customer's loan for the following: what happened in the escrow account and what they anticipate happening in the upcoming year in the customer' escrow account. The escrow will adjust yearly to properly maintain funds in the account as the property taxes, homeowner's insurance premiums and other escrow related charges change.
- This is to be submitted to the borrower 30 days prior to the effective date and advises of any changes to payment, existing shortages, surpluses and deficiency's.
- CLICK HERE for information about how to read the Annual Escrow Analysis statement.

5. **Why do I have to have an Escrow Analysis ran?**

- This is a requirement that we must abide by and not an optional item that Gateway may opt out of doing annually. The purposeof it is to at closing and annually itemize the principle, interest, insurance and taxes due from the customer and what is paid by the servicer of their Loan. It is a national standard that ALL servicers must abide by. If the customer has an escrowed loan, they must receive an annual Escrow Analysis.

6. **Why do I have to have a cushion?**

- An escrow cushion is a required reserve amount set by RESPA and cannot exceed 1/6th of your total annual escrow expenses, excluding mortgage insurance premiums, unless state law specifies a lower amount.
- The reason for the cushion is to minimize the impact of the changes (typically increases) of the insurance premiums and taxes due annually. Utilizing funds collected in the cushion can assist in maintaining a positive balance and avoid advances made by the servicer.

7. **Can I opt out of the cushion?**

- Unless your state regulations prohibit the collection of the cushion by the servicer, you cannot opt out of the escrow cushion.

8. **When will my Escrow Analysis be performed?**

- Currently Gateway runs the analysis based on the anniversary of the first monthly mortgage payment due after closing. This will repeat annually at the same time unless the loan is delinquent more than 60 days.
- Gateway may elect to run an interim (2nd) analysis in the same year if there is a significant increase in tax or insurance disbursements. This could be a rise in property taxes, a midterm insurance change that the refund was not returned to Gateway, or other variety of reasons that could cause a change to what was previously disclosed on the annual escrow analysis.

9. **When are Escrow Refunds sent after Payoff?**

- Gateway refunds the escrow balance due back to the customer within 20 days of payoff (excluding legal public holidays, Saturdays and Sundays). Any funds received after payoff are refunded within 30 days.

10. **You ran an Escrow Analysis on my account and I am on auto pay, will it update automatically?**

- Yes, your ACH will automatically update the escrow portion of the payment. It will not update or remove the additional amounts set up, that will need to be corrected by the customer.
- If the loan is paid ahead and set up on auto-pay, the new payment could come out of the customer's bank account almost immediately. The change is effective for the scheduled payment due contractually as shown on the escrow analysis, not the next payment to be made by the customer.

11. **My taxes and insurance went down, why do I have a shortage?**

- Even though both taxes and insurance may have decreased, there can be a shortage due to an insurance switch making the next premium due earlier than anticipated (if a sufficient refund was not returned). We recommend contacting Gateway when any escrow refunds by a taxing authority or insurance company is received by the customer to determine if there would be a shortage and the funds should be put in the customer's escrow account to avoid any future shortages.

12. Why doesn't my escrow payment match what is showing on the Escrow Analysis statement for last year?

- If the customer paid the shortage from the prior Escrow Analysis, then the current payment amount on the newest Escrow Analysis will not match what the actual current payment has been since making the shortage repayment.
- This is not something that Gateway can update on the escrow statements.

13. I have a surplus of less than $50.00, why didn't you send me my money?

- Gateway has elected to credit any surpluses less than $50.00 to the customers upcoming escrow payments, lowering their monthly escrow payment by 1/12 of the surplus. Gateway is only allowed to do this on surpluses of $50.00 or less, and unable to do it on surpluses of $50.01 or more.

14. How did you calculate a shortage on my account?

- Example Calculation: The anticipated starting balance for the upcoming 12-month period is $125.66. The required escrow balance is $693.15, and reflects what your escrow balance must be to ensure your account does not fall below the minimum required balance (escrow cushion) over the next 12 months.
- An escrow cushion is a required reserve amount set by the Real Estate Settlement and Procedures Act (RESPA) and cannot exceed 1/6th of your total annual escrow expenses, excluding mortgage insurance premiums, unless state law specifies a lower amount.
- Your escrow cushion is $198.02, which is 2-month(s) Tax and Insurance only. Since your escrow balance is projected to fall to its lowest point in July 2017, your required escrow balance for this month is equal to your escrow cushion.
- Subtract the anticipated escrow balance from the required escrow balance to determine your escrow surplus or shortage.
- The escrow analysis estimates the account balance for the next 12 months using the monthly escrow deposit and estimated tax and insurance disbursements. The lowest point balance is compared to the required cushion amount. If the lowest point is less than the cushion amount, the difference is a shortage. If the lowest point is more than the cushion amount, the difference is a surplus.

15. What if I don't agree with the taxes or insurance on my account?

- The customer should reach out to their insurance agent or taxing authority if they do not agree with the amount billed. Gateway isresponsible to pay all required incoming bills for an escrowed account. They are not responsible for the amounts billed.

16. Why did I receive 2 Escrow Analysis's in 1 year?

- Gateway may elect to run an interim (2nd) analysis in the same year if there is a significant increase in tax or insurance disbursements. This could be a rise in property taxes, a midterm insurance change that the refund was not returned to Gateway, or other variety of reasons that could cause a change to what was previously disclosed on the annual escrow analysis.

17. **I can't afford this payment, can I spread what is owed out over a longer period?**

- In some cases, Gateway may lengthen the repayment period of your escrow shortage if there is a large shortage due to negligence by Gateway.

- Gateway cannot lower your base escrow payment because you cannot afford it. Shopping for less expensive insurance rates or checking to see if you have all tax exemptions available for your property is the best option to lower your monthly escrow payments.

18. **I'm delinquent but you show I am owed a surplus, can I have it now and use it to catch up my payment?**

- Gateway will not send any surplus funds on accounts that are 30-60 days delinquent. Gateway typically does not analyze loans that are 60+ days delinquent. Escrow Analysis are based on if the loan was current. Sending a surplus on a delinquent account is fronting funds to a customer that have not yet been paid to Gateway.

19. **Can you just not send me a surplus and apply it as a payment?**

- Gateway is required to send all surplus funds to the customer. Once the customer has received the refund, they are welcome to utilize the funds as they choose. This includes returning it with advisement to use the funds towards their mortgage.

20. **Can you take my ex's name off the check and just send to me? We are divorced and I got the house in the divorce decree.**

- Gateway has a legal obligation to make the checks payable to all customers on the loan. We are unable to remove a mortgager due to divorce.

21. **I am in Foreclosure, why didn't you run my Escrow Analysis?**

- Gateway is only required to run an Annual Escrow Analysis on loans that are current.

22. **I am paying off next month, can you not pay my escrows and skip the EA? That will be taken care of at closing.**

- Gateway is required to treat all loans equally up to the time of pay off. Gateway will not stop payments on escrows due for pending payoffs except in the case of the refinancing of a Gateway loan to a new Gateway loan.

23. **Where can I find my Escrow Analysis statement through Gateway's website?**

- This can be found in the E-Documents in your online account.

24. **I have a cease and desist on file for Gateway. Why are you still sending me an escrow analysis?**

- Gateway is required to send you the annual escrow disclosure and it is not included in cease and desist orders. Regulations mandate that we provide an annual escrow analysis to all current customers.

25. **Why isn't the last payment of the analysis cycle showing the Actual Activity of my Escrow Analysis Statement?**

- As of the date that your escrow analysis was performed, the 12th payment had not actually been made yet. If you turn over the analysis to the second page, you will see in the "Anticipated Activity" section that the anticipated escrow balance includes the 12th payment being made.