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# Escrow Processing with CU\*BASE

## Using the CU\*BASE Escrow Tracking and Payables System

### INTRODUCTION

CU\*BASE Escrow Processing tools let you set up escrow accounts tied to CU\*BASE loans, record escrow payment information (taxes, insurance, fees, etc.), automatically process incoming loan payments to fund the escrow, and pay funds out of the escrow account quickly and efficiently.

The system includes features such as configurable codes for escrow payees (vendors) and escrow types (i.e., summer taxes, winter taxes, insurance, etc.), an automated process for opening the escrow account and linking to the loan upon loan creation, and quick, simple procedures for adding escrow payable information.

The **Escrow “Accounts Payable”** system is designed to streamline the process of processing payments from escrow savings to payees such as tax authorities or insurance companies. Patterned after payroll processing, this tool lets you quickly gather all records for a particular payee (such as when you need to pay winter taxes for a local municipality), withdraw funds from member accounts, and cut a single check (or transfer to a G/L account), with a reconciliation report showing all members included in the payment.

The **Escrow Analysis tool** completes the escrow processing system. Designed in accordance with RESPA regulations, escrow account deposits and disbursements are analyzed on an annual basis, or on demand as loans are paid out. Based on results of the analysis which forecasts activity for the coming year, mortgage payments are adjusted, members are notified, and reports generated to fulfill reporting requirements.

Although most commonly used with mortgages, CU\*BASE escrow processing is flexible enough to be used with your home equity lines of credit and other open-credit loan products as well.

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For an updated copy of this booklet, check out the Reference Materials page of our website:  
[http://www.cuanswers.com/client\\_reference.php](http://www.cuanswers.com/client_reference.php)  
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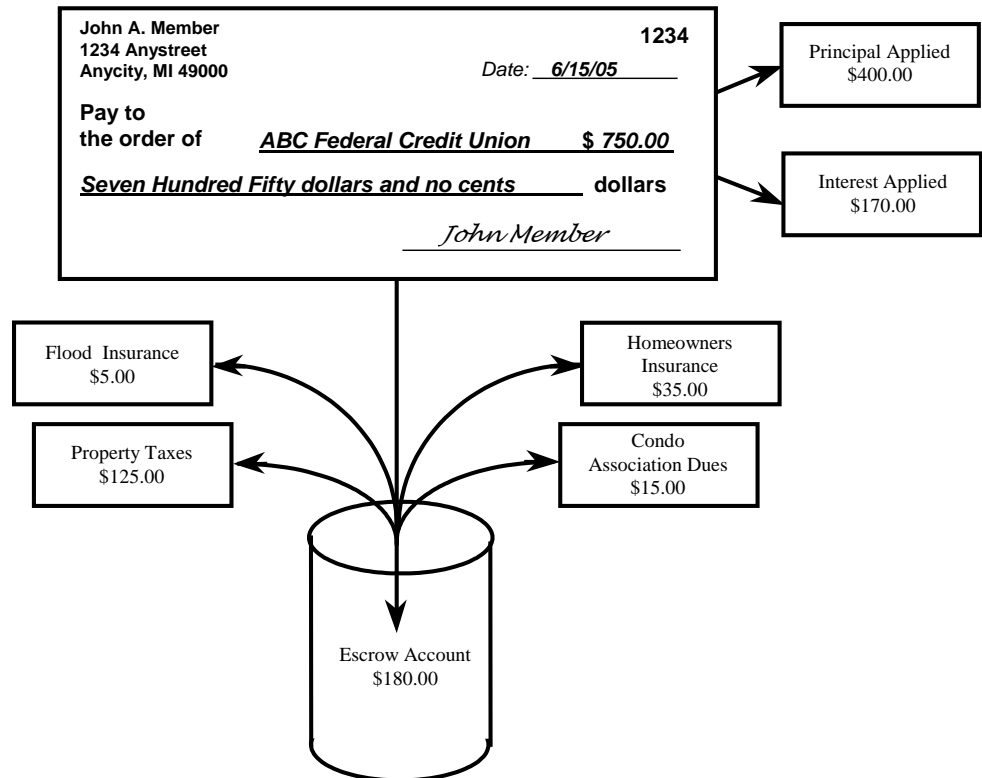
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# ESCROW PROCESSING: OVERVIEW

Escrow accounts serve as holding accounts for expenses related to loans. The most common use is for mortgage loans, with an escrow account to take care of associated property taxes and homeowners' insurance. Every time a loan payment is made, a portion of the payment is funneled into the escrow savings account. Funds accumulate in this account, and are disbursed periodically to appropriate third parties, such as a tax authority or insurance company.

A single escrow savings account can accumulate funds for many different purposes. The following diagram illustrates how a typical mortgage payment might be distributed among a loan account and an escrow account:



## BENEFITS OF AN ESCROW ACCOUNT

In addition to providing convenience for members, the main goal of escrow processing is to reduce the risk for a credit union to handle the loan. If taxes and other liens on the collateral property are taken care of efficiently and consistently, the collateral on the loan is protected, to the benefit of both the credit union and the member.

### From the Member's Point of View

- ◆ Escrow amounts due are automatically added to the loan payment amount to give the member a single regular payment amount due.

- ◆ When loan payments are made, funds are automatically channeled into the escrow savings account.
- ◆ A single escrow account will hold funds for multiple purposes, such as taxes for a county government, homeowner's insurance premiums for an insurance provider, fees for a condo association, etc.
- ◆ Bills are paid by the credit union when they are due.
- ◆ Member receives an escrow analysis statement once each year explaining how escrow funds were used and notifying them of changes to payment amounts.

*Automated member notices are part of the CU\*BASE escrow system. Escrow analysis features and reports are described beginning on page 45.*

### From the Credit Union's Point of View

- ◆ Credit union can manage payment schedules to ensure bills are paid on time.
- ◆ Bills can be paid quickly in a batch or individually to one or more third parties. Payments can be on behalf of a single member or a group of members.
- ◆ Payments can post the escrow savings account to a negative balance, so that bills can be paid even before all funds have been accumulated.
- ◆ Funds in the escrow savings account can be managed according to established regulations and guidelines - annual notices, paying surplus funds out of the escrow (or collecting deficient funds), changing payment amounts, etc.

*Escrow analysis features, including automated processes for managing escrow payment amounts, are included in this booklet starting on page 45.*

### A FEW TIPS TO REMEMBER

- ◆ Whenever payments are made to an escrow payee (such as when you pay property taxes for a group of members), the system will automatically store a history record showing the exact amount and date on which the payment was made.
- ◆ Creating an escrow analysis projects future activity on the account and therefore has potential to change the monthly payment. **RESPA regulation limits payment changes to once each year based on the analysis.** Interim reports can be generated or viewed online, to review activity and history on an escrow account.
- ◆ The annual analysis process has two routines that allow you to first run a preview of results proposed by the escrow analysis; then second, routing that creates the analysis and actually updates all escrow disbursement records. The create analysis will either increase or decrease the member's total escrow payment according to the analysis of payment history.

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# THE LEAST YOU NEED TO KNOW

While this list doesn't include everything you need to know about escrow processing, we want to highlight a few things to make sure you notice them!

1. **If you use Private Mortgage Insurance (PMI), you must set the cushion # of months to zero.**

When configuring Escrow Payee Information, valid entries for the Cushion # of Months field are 0, 1, or 2 months, depending on the amount of cushion you choose to hold. RESPA allows up to 2 months of escrow deposits to be collected and held annually. Important: This field is entered on the payee record, but the number must be the same for every payee. Enter the number of months cushion based on your escrow policy. If, however, this payee is for PMI, the cushion must be set to zero months. (See page 12.)

2. **If an escrow has Private Mortgage Insurance (PMI), then its three character Escrow Type Code must be PMI.**

If the escrow has Private Mortgage Insurance (PMI), then its three-character code must be PMI. This will cause the following required text to print at the end of the analysis, "You have the right to cancel Private Mortgage Insurance in certain circumstances. Please contact your Credit Union for additional information." (See page 14.)

3. **If an escrow is 30 days or more past due or paid ahead when the analysis is run, it will not be included in the analysis and the account will not be updated.**

These past-due accounts, as well as those paid ahead are noted on the escrow analysis report. You can override this by running an analysis for that particular account by specifying the account when you run the analysis." (See page 48.)

4. **It is suggested that you make the New Payment Effective Date for your final analysis about ten business before the end of the month to allow members to pay ahead and avoid having to override early payments. Make sure that this date is a business day by using the calendar lookup.**

Final analysis allows you to print the required statements. While running the final analysis on MNEXLN #6 Create Escrow Analysis, you will enter the additional "New payment effective date." This date is the date that the new escrow payment date will be updated and any surplus funds will be transferred. You will want to have this date set prior to the end of the month so that members can pay a few days early. (See page 50).

5. **You can suspend Specific Loans from Escrow Analysis**

Previously when you ran an escrow analysis, you had the option of either running analysis on all of the escrows together or running it on one account at a time. Now you can mark selected escrow accounts so that they are not included in your analysis. This allows you to remove

accounts from your analysis while you research problems with the account. You now can, for example run an analysis on category 7 loans, while not including specific loans with an incorrect Private Mortgage Insurance (PMI) date. Then once these accounts are updated, simply remove the exclusion and rerun the analysis including them. (See page 49.)

# CONFIGURING THE LOAN AND SAVINGS PRODUCTS

Before escrow processing can be used, you will need to ensure the appropriate configuration has been done for both the loan categories and escrow savings products you wish to use.

## ACTIVATING ESCROWS IN LOAN CATEGORY CONFIGURATION

There are just a few special settings that must be included in the Loan Category configuration for loans that will be tied to escrow accounts and processed through the escrow system.

MNCNFB #1 "Loan Category Configuration"  
Screen 3

This matrix may vary.  
The recommended order is 1=Escrow, 2=Interest, 3=Principal and 4=Fine amount.

Session 1 CU\*BASE GOLD - Loan Category Definition

### Loan Category Definition

Category code 21 BUSINESS R/E FIXED RATE

General Ledger Interface		Payment Matrix Priorities					
Loan category	701.11	Fine amount	4	Interest Due	2	Principal	3
Interest earned	111.11	Escrow	1	Misc. G/L	0		
Accrued interest	751.11	Over payment indicator	PRN				
Insurance rebate		Miscellaneous G/L account					
Loan category for write-offs	99	Misc. G/L transaction description					
		Miscellaneous G/L amount	0.00 or 0.000 %				

**Additional Information**

Send 1098 tax form  
 Add overline to payment  
 Maximum loan disbursement 999,999,999

**Escrow Information**

Allow tax-escrow accounts

Files

Backup F3  
 Bypass F8  
 End Update F10  
 Pmt Controls F17

FR (2322) 10/23/09 17:05:57 [Learn About This Feature](#)

The *Allow tax-escrow accounts* flag will appear only for loan categories that use Process Type "M" (mortgages) or "L" (open-end line of credit). This flag must be checked in order to allow escrow accounts to be linked to these loans.

In addition, make sure to set the *Escrow* field in the Payment Matrix Priorities section to any sequence number other than 0. If the Escrow priority is left blank or is 0, the system will ignore the escrow account when processing payments and any payments to the escrow savings must be made manually.

*In the example above, the payment matrix is set up so that when a payment is made, the system will satisfy the normal escrow transfer first, then pay interest due, and finally pay the remaining funds toward the principal, followed by fees.*

## ESCROW PARTIAL PAY

Your members can make multiple payments in the same month on their 365-day interest calculation loans, but the system will be smart enough to make only one payment towards their escrow per period without manual intervention on your part or having to use a sweep account.

CU\*BASE will accept the payment and spread it over the payment matrix while advancing the next due date appropriately. CU\*BASE will understand when the escrow transfer has been satisfied and when it is delinquent.

It doesn't matter what method the member uses to make the payment—online banking, teller, phone transfer, direct mail post, AFT, etc.—all of the relevant posting programs have been changed to keep track of partial payments toward a full escrow transfer on 365 calc type loans.

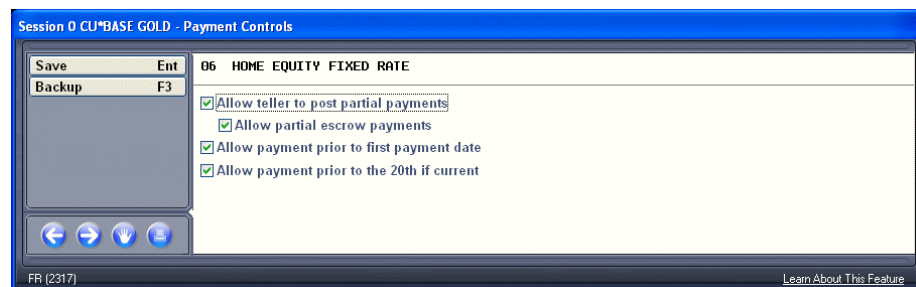
This affects only 365 calculation type loans. Partial escrow transfers are not supported for 360-day mortgages nor for interest-only loans.

### **The following conditions must be met to offer partial escrow payments to your members:**

- The Interest Calculation type of the loan category is a 0 = 365. (The mortgage is a 365 mortgage)
- The Payment Calculation Type is Principal and Interest

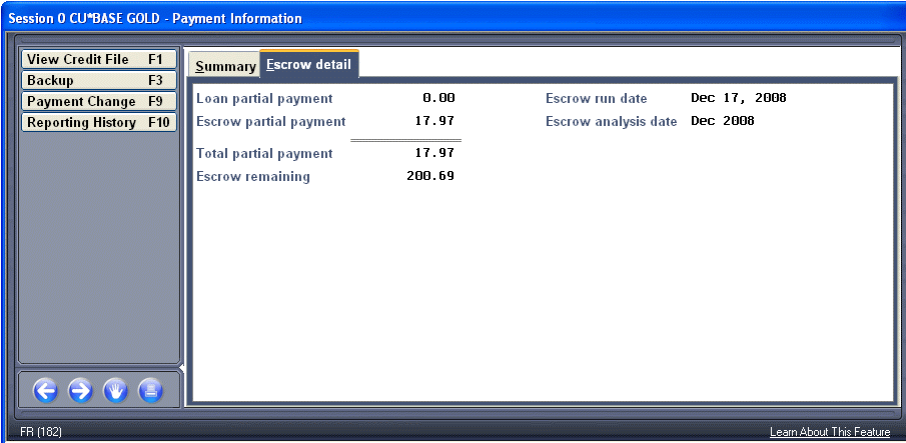
## Configuration

To configure a loan category to allow multiple escrow payments, the Payment Controls screen (accessed via F17-Pmt Controls on the Loan configuration screen – shown on page 7) needs to be set up in the following manner.



## How this Works

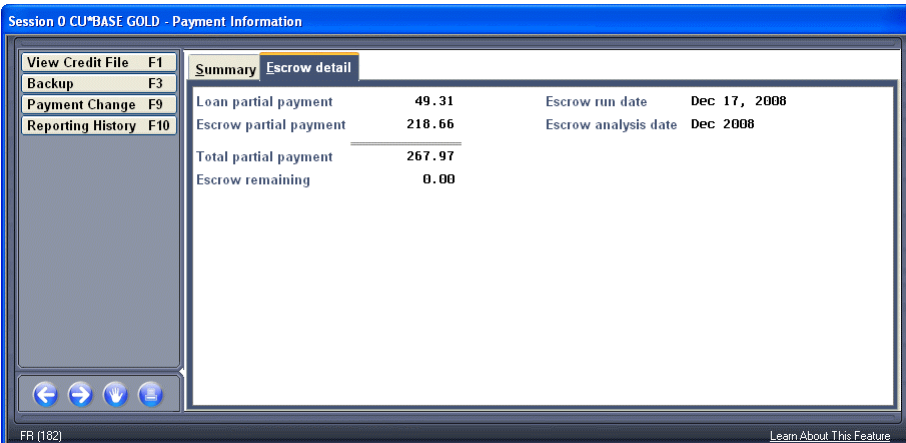
If partial escrow payments is allowed, members can pay multiple times during a month. These changes are recorded on the Inquiry view of the loan account. View the Escrow detail tab on the Payment information screen (typically known at the Delinquency pop-up window) accessed via Loan Account Inquiry.



Session 0 CU*BASE GOLD - Payment Information			
View Credit File F1		Summary Escrow detail	
Backup F3		Loan partial payment	0.00
Payment Change F9		Escrow partial payment	17.97
Reporting History F10		Total partial payment	17.97
		Escrow remaining	200.69
		Escrow run date	Dec 17, 2008
		Escrow analysis date	Dec 2008

First let's review the meaning of the fields above. Loan partial payment is the amount paid toward the loan payment and escrow partial payment is the amount paid toward the escrow. These two items equal the Total partial payment. The Escrow remaining is the amount still left to pay to fulfill the escrow payment.

In the example above, the member has paid \$17.97 toward her loan. This payment has gone to satisfy the first item in the payment matrix (escrow). It is recorded as a partial escrow payment of \$17.97. At this point the member still owes \$200.69 toward her escrow as well as the remaining amount due toward the loan payment, as well as the fees and other items in the payment matrix. Next week the member makes a payment of \$250.00 toward her mortgage.



Session 0 CU*BASE GOLD - Payment Information			
View Credit File F1		Summary Escrow detail	
Backup F3		Loan partial payment	49.31
Payment Change F9		Escrow partial payment	218.66
Reporting History F10		Total partial payment	267.97
		Escrow remaining	0.00
		Escrow run date	Dec 17, 2008
		Escrow analysis date	Dec 2008

As you can see, the majority of this amount went toward satisfying the escrow payment, but \$49.31 was put toward paying the loan payment and is now recorded as a Loan partial payment.

The member could continue to pay toward her loan during the month. When her payments had satisfied all of the items in the payment matrix, CU\*BASE would advance her payment date ahead to the next month.

## SETTING UP AN ESCROW SAVINGS PRODUCT

You may set up as many different escrow dividend applications as you wish. This is helpful for tracking different types of escrows separately - keeping mortgage escrows separate from other types, for example. It is recommended that a different account suffix range be used as well.

### MNCNFA #1 "Share Products"

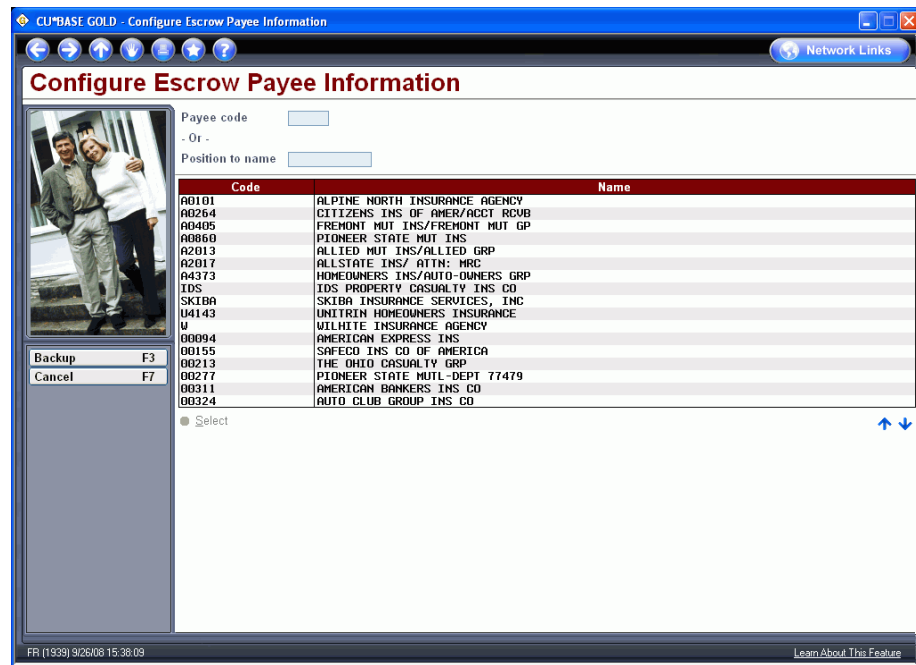
The screenshot shows the 'Share Account Setup' window in CU\*BASE GOLD. The 'Dividend application' is set to 'TE' and the 'Corp ID' is '01'. The 'Application type' is set to 'TX = Tax/escrow share products', which is circled in red. The 'Description' is 'MORTGAGE ESCROW'. The 'Account range' is '154 to 155'. The 'Reg D transaction account' is checked. The 'Zero balance account option' is 'N = No action taken'. The 'Accounting Interface' section shows 'Liability G/L account #' as '901.40', 'Expense G/L account #' as '300.30', and 'Accrual G/L account #' as '820.35'. The 'Share Draft / Checking Only' section shows 'Stop pay G/L #' and 'Stop pay fee' as '0.00'. A note at the bottom states: 'Dividend rates are entered using Member Rate Maintenance on menu MNMGMT.'

In order to work with the escrow processing system, the Application Type must be set to "TX = Tax/escrow share products" in the dividend application configuration.

# CONFIGURING ESCROW PAYEES

Escrow payees are third-party organizations to whom you make payments on behalf of your members, using funds from escrow savings accounts. Common examples would be city and county governments and insurance companies.

MNEXLN #9 "Configure Escrow Payees"  
Screen 1



Payees will be listed alphabetically by code, so use an appropriate naming convention for your codes. Enter a 5-character payee code (or select an existing one in the list), then use Enter to proceed to the second screen.


*Use the search fields to quickly 'position to' a specific payee code or name in the list.*

Screen 2

This screen lets you record information about the payee, including details about how payments will be processed to this particular organization. Payments can be made via check or by way of an internal transfer to a designated G/L settlement account, for settlement via wire or other method.

Field Descriptions

Field Name	Description
Payee name	Enter the payee name. If paid via check, this name will appear on the printed check.
Street address Address 2 City/State/Zip	Enter the payee's full address. If paid via check, this information will appear on the printed check.
Phone	Enter a contact phone number (informational only).
Fax	Enter a fax number (informational only).
Contact	Enter a contact name (informational only).
Cushion # of months	Valid entries are 0, 1, or 2 months, depending on the amount of cushion you choose to hold. RESPA allows up to 2 months of escrow deposits to be collected and held annually.  <b>Important:</b> This field is entered on the payee record, but the number must be the same for every payee. Enter the number of months cushion based on your escrow policy. If, however, this payee is for Private Mortgage Insurance (PMI), the cushion must be set to zero months.
Disbursement method	Choose one of the following to designate how payments to this payee should be processed:  <b>C Check</b> - Choose this if you want to cut a check to this payee and send it along with the report when processing escrow disbursements. (Also specify a <i>Clearing G/L account</i> , <i>Bank ID</i> and <i>Branch</i> .)

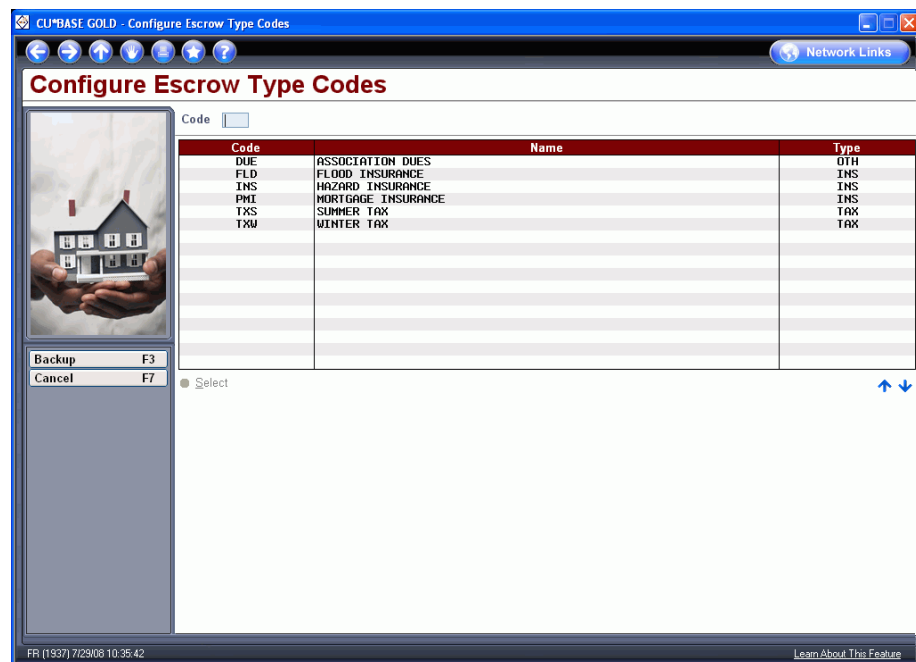
<i>Field Name</i>	<i>Description</i>
	<b>G G/L</b> - Choose this if you want to transfer funds to a G/L settlement account in order to handle payment through another means (such as a wire transfer) for this payee. (Also specify a <i>Clearing G/L Account</i> .)
Clearing G/L account	Enter the G/L clearing account number (used by both disbursement methods).
Bank ID	If paying via check, enter the Bank ID to use when producing the check. Click the lookup button  to see a list of your credit union's configured IDs.
Branch	This field is not currently used. When payments to the payee are posted, the offsetting G/L transaction will use the branch/location number from the person who posted the transaction (the "teller" branch).
ACH routing #	Use this field to record an ACH Routing & Transit number to be used when sending money to this payee via ACH or wire. (Informational only; not currently used by CU*BASE.)
Automatically advance due date	Check this flag if the due date on all individual escrow payment records should be advanced one period automatically whenever a payment is posted to this payee.  In some cases you may wish to remove this checkmark and then manually change due dates on each individual escrow record when you receive proof that payment has been received by the payee (such as when paying taxes).
Sort disbursement list by	This lets you decide how the list of escrow accounts will be displayed when disbursing funds to this payee (see Page 26). This should match whatever sort order will be used on the invoice or statement you receive from this payee. You can choose to sort by Name, Account Number Tax ID or Policy Number.  For example, payments to a city tax assessor might be easiest to handle if the accounts were listed in order by Tax ID number, to match the invoice you receive for all tax bills due.
Comments	Use these lines for miscellaneous procedures, instructions, or other comments about this payee.

# CONFIGURING ESCROW TYPES

Escrow Type codes let you group different types of payments together so that they can be processed in a batch. For example, you might have separate escrow type codes for property taxes, homeowner's insurance, flood insurance, association dues, and private mortgage insurance (PMI).

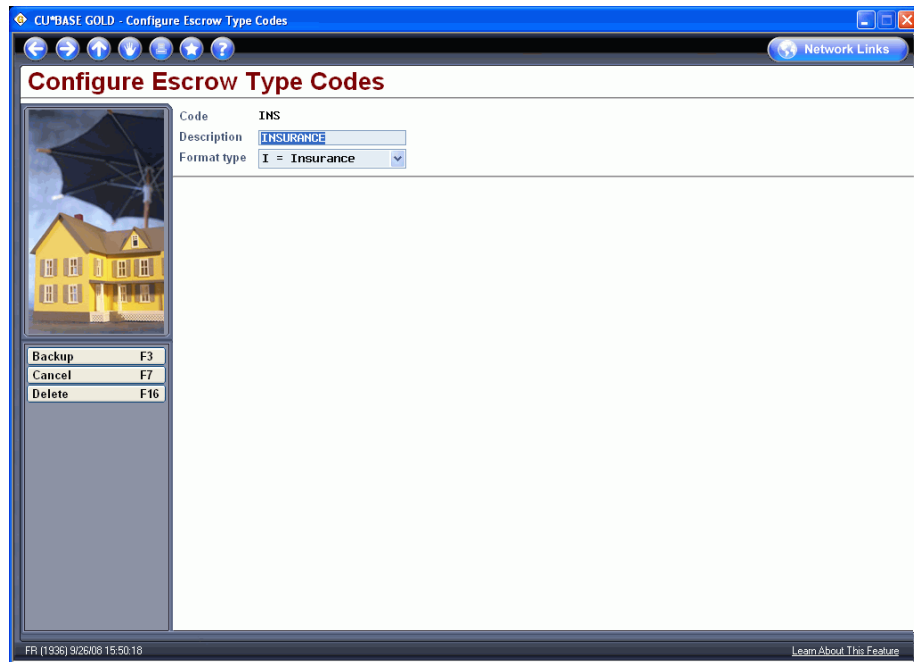
When processing payments to a payee, such as a city government for property taxes, you can choose which escrow type should be paid for a particular payee. This allows you, for example, to keep summer and winter property tax bills separate for easier handling and analysis.

MNEXLN #10 "Configure Escrow Type Codes"  
Screen 1



Enter a three-character code (or select an existing one in the list) and use Enter to proceed to the second screen.

- If the escrow has Private Mortgage Insurance (PMI), then its three-character code must be PMI. This will cause the following required text to print at the end of the analysis, "You have the right to cancel Private Mortgage Insurance in certain circumstances. Please contact your Credit Union for additional information."
- Use the Loan to Value Report to determine if PMI should be taken off a loan. See page 43.



Enter a description for the code. Next, choose one of the following format types to define what fields and labels should appear on the Escrow Disbursement Record screen (see Page 19 for samples of each).

- T Tax** - This format uses field labels such as “Total annual tax” and “Tax due date” and is used for property and other taxes. It also includes a field not found on the other formats: *Tax term*.
- I Insurance** - This format uses field labels such as “Total annual premium” and “Premium due date” and is appropriate for all types of insurance. This format also includes two fields not found on the other two formats: *Policy number* and *Policy expire date*.
- O Other** - This format uses generic field labels such as “Total annual amount” and “Amount due date” and would be useful for generic fees such as condo association dues.

# CREATING/MAINTAINING ESCROW ACCOUNTS

Escrow accounts can be created and linked to a loan account either at the time the loan account is opened, as shown below, or later after the loan account is already in place, by using the “Open/Update Escrow Disb. Records” command on menu MNEXLN (described starting on Page 23).

*NOTE: Tax escrow savings accounts (Application Type TX, tied to the MEMBER4 file) must be opened using one of the two methods described here. You cannot open an escrow savings account using the same feature that you would use to open regular savings accounts or certificates.*

## CREATING AN ESCROW ACCOUNT AND LINKING IT TO A NEW LOAN

Loan Creation Screen (MNLOAN #1)

This flag appears only if the loan category has been configured to allow tax escrows. See Page 7.

1. If setting up the escrow at the same time as opening the loan account, simply check the *Create tax escrow account* flag on the loan creation screen. Then proceed as usual.
2. When you use Enter to create the account, the screen below will appear to allow you to create the escrow savings account:

## Create New Escrow Account Screen

NOTE: These account suffix range fields will appear blank until you select a Dividend Application.

CU\*BASE GOLD - Create New Escrow Account

**Create New Escrow Account**

Loan account # 711 MARY A MEMBER  
 Loan category 24 BUS CONST MORT  
 Dividend application    
 Reason code    
 Escrow account 2960 000 Range 000 to 000

Backup F3  
 Cancel F7  
 Override acct# F10

FR (1942) 9/26/08 12:30:27

3. This screen lets you create the escrow savings account and also links it to the loan account. Enter a dividend application (you may configure more than one if you wish - see Page 8) and a new account reason code.
4. Use Enter to create the savings account and proceed directly to the Set Up Escrow Disbursement Record screen.

## Screen 2

Session 0 CU\*BASE GOLD - Set Up Escrow Disbursement Record

**Set Up Escrow Disbursement Record**

Member ROLLAND  
 Loan account 705 FIXED RATE MORTGAGE  
 Escrow account 035 ESCROW FREDDIE MAC

Type	Payee	Total Amount	Freq	Monthly Amount	Due Date
No Records Found					
		0.00		0.00	00/00/0000

Backup F3  
 Add New F6  
 Cancel F7

Change Delete View History

FR (4310) 10/18/11 10:03:53

3. Use F6-Add New.

### Screen 3

CU\*BASE GOLD - Set Up Escrow Disbursement Record

## Set Up Escrow Disbursement Record

Member

Loan account

Escrow account


Escrow code

Escrow payee

Backup F3

Cancel F7

FR [1943] 9/26/08 12:51:29 [Learn About This Feature](#)

4. Choose both an escrow type code and an escrow payee code. Click the lookup button  to see a list of your credit union's configured codes.
5. When ready, use Enter to proceed to the final screen. The layout will depend on which escrow type code was selected.

**See following page for examples of three versions of screen, followed by field descriptions. Move to page 22 for step 6 in this process.**

## Tax Format

This layout is used for tax items, and uses labels like *Total Tax* and *Tax due date*. This format contains one additional field not found on the other two formats: *Tax term*.

## Screen 4

Session 0 CU\*BASE GOLD - Set Up Escrow Disbursement Record

### Set Up Escrow Disbursement Record

Member	MICHAEL	Escrow account	039 FGU ESCROW
Loan account #	705 FIXED RATE MORTGAGE		
Escrow code	TXS SUMMER TAX		
Escrow payee	CITY CITY OF		
Total tax	1,574.99	Disbursement frequency	A
Tax due date	Jul 01, 2012 [MMDDYYYY]	Monthly due	131.25
Total coverage	0.00	Tax term	7
TIN			
Disbursements payable to	P = Payee		
County		State	MI

Comments

FR (1946) 11/29/11 13:23:25

Use F10-Collateral to look up a Tax ID or other details from collateral on this loan account.

**To copy the ID from that collateral item to the escrow screen:**  
First highlight the ID on the collateral screen (the characters should appear blue), right-click and choose Copy. Return to this escrow screen, right-click in the TIN field and choose Paste.

## Insurance Format

This layout uses labels such as *Total premium* and *Premium due date*. This format also contains two additional fields not shown on the other two formats: *Policy #* and *Policy expire date*.

Session 0 CU\*BASE GOLD - Set Up Escrow Disbursement Record

### Set Up Escrow Disbursement Record

Member	JAMES	Escrow account	037 ESCROW FANNIE MAE
Loan account #	790 FANNIE MAE LOANS		
Escrow code	INS HAZARD INSURANCE		
Escrow payee	AAA INSURANCE -		
Total premium	591.00	Disbursement frequency	A
Premium due date	Nov 30, 2011 [MMDDYYYY]	Monthly due	49.25
Total coverage	234,000.00	Policy expire date	Nov 29, 2012 [MMDDYYYY]
Policy #	AAA123456		
TIN			
Disbursements payable to			
County	ANYCOUNTY	State	MI

Comments

FR (1944) 11/29/11 13:34:24

PMI (Other) Format

This format uses generic labels such as Total Amount and Amount Due



Field Descriptions

Field Name	Description
Total tax or Total premium or Total amount	Enter the total annual amount. The most common disbursement frequency is one payment per year. However, even if the <i>Disbursement frequency</i> selected is other than “A” for annual, the amount to enter in this field is the annual total tax, premium, or amount.
Disbursement frequency	<p>Enter a code to indicate how often this payment needs to be made. When payments are processed, the system will advance the due date ahead according to this frequency setting (if configured to do so in the payee code). The most common frequency is annual for a once-a-year payment.</p> <p>These are the same frequency codes used when setting up loans.</p> <p>Tips Regarding Frequencies Other Than Annual</p> <p>If the frequency is anything other than <b>Annual</b>, the system will assume the amount entered is an annual total, and will automatically calculate the <i>Monthly due</i> by dividing that total by 12 months. When processing the payment, the system will use the frequency to determine how much of the total is due with that payment, and to move the due date ahead.</p> <p>For example, if the frequency is <b>Semi-annual</b> (twice a year) and the total due is entered as \$1,200, the monthly due will be calculated as \$100. When a payment is processed, the payment amount will be \$600 (half of the total), and the due date will be moved forward six months at which time the remaining \$600 would be due.</p> <p>In the event of frequencies such as a <b>3-year</b> flood insurance policy, the total premium amount is divided by 36 to span</p>

<i>Field Name</i>	<i>Description</i>
	the entire period.
Tax due date or Premium due date or Amount due date	Enter the date on which the next payment is due to this payee.  <b>For Tax Due Date it is recommended that you set the due date for the month the bill becomes available.</b>
Monthly due	If this field is left blank, the system will automatically calculate it by dividing the total amount by 12 months. (Use Enter to perform this calculation and view the results before saving.)  If you wish, you may modify this amount and the system will use your amount instead of a calculated one. This would be helpful if you want to round payments up to the nearest dollar to keep the escrow total as a whole number.
Total coverage	Optional informational field; applies mostly to the insurance format but can be used for any purpose.
Tax term	(Appears only on the Tax format.) This field is not currently used.
Policy number	(Appears only on the Insurance format.) Use this to record a policy number. This number will appear on the escrow disbursement screen to help when processing payments to the insurance company.
Policy expire date	(Appears only on the Insurance format.) Use this to record a policy expiration date (informational only).
TIN	For tax information, this field should be used to record the Tax ID number to which these taxes apply.  <b>HINT:</b> Use <b>F10-Collateral</b> to look up a Tax ID number on an existing collateral item for this loan, or to create a collateral record now.  <b>To copy the ID from that collateral item to the escrow screen:</b> first highlight the ID on the collateral screen (the characters should appear blue), right-click and choose Copy. Return to the escrow screen, right-click in the TIN field and choose Paste.
Disbursement payable to	Select who will receive the disbursement. Select from payee, payee and member, or member. If member or payee and member are selected the check will be sent to the member. If the member is at an alternate address, the check will be sent to that location.
Disbursement Record	This allows the credit union to select who to disburse the check to: payee, member or member and payee. If member or member and payee are selected, the check will be mailed to the member's address.  <b>If the member is currently at an alternate address, the check will be mailed to that location.</b>  When the checks for a payee are processed, the screen will indicate how many checks will be disbursed to each payee

Field Name	Description
	option.
County	Optional informational field; applies mostly to the tax format but can be used for any purpose.
State	Optional informational field; applies mostly to the tax format but can be used for any purpose.
Comments	Use these fields to enter any miscellaneous instructions, procedures, or other comments about this escrow payment detail.

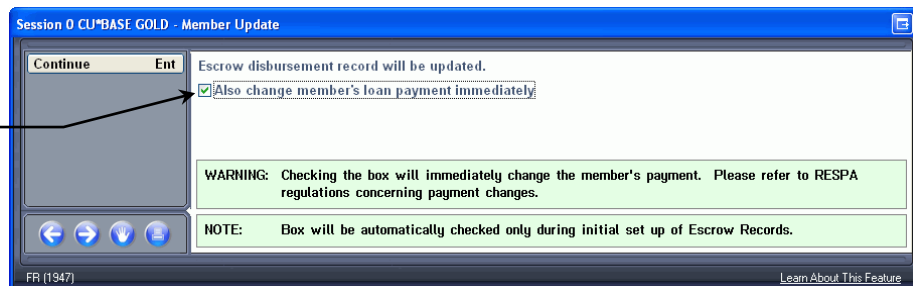
- After completing all fields, use **F5-Add/Update** to save the changes and return to the main setup screen. The system will display a pop up window to prompt you for confirmation of how the update should affect the member escrow record. See page 25.

**CU\*TIP:** On all of the formats, you can use **F10-Collateral** to display any collateral records on the loan associated with this escrow, in order to look up value information or a Tax ID number.

- The Escrow Disbursement records can be added or modified at anytime. It's important that updates applied mid-year don't alter the monthly payment. The Add/Update function will display this pop up window. Notice the checkbox option: Update member with changes.

#### Add/Update F5

Because you are creating this escrow account, this box will be checked. Leave it checked to add to the member's payment. (This adds the escrow payment to the existing loan suffix).



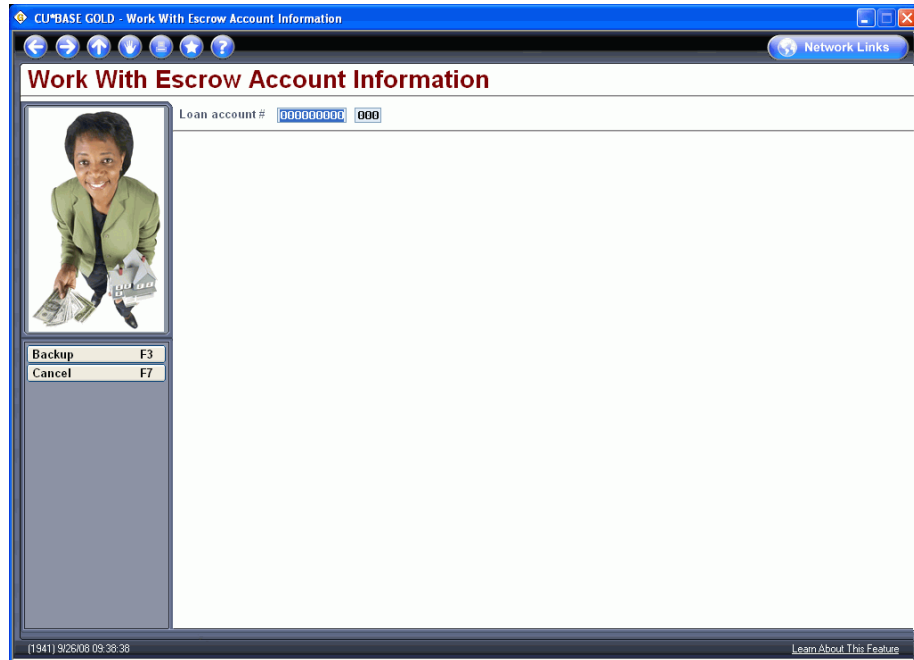
- When creating an escrow disbursement, the checkbox defaults to checked. It is recommended that you leave this box checked. Press Enter.
  - The consequence of the checkbox is in calculating the monthly amount to be collected for the escrow. RESPA regulations prohibit changing payment amounts for escrow adjustments unless the annual escrow analysis have been performed. If the box is unchecked, the disbursement record is updated, but the monthly amount to be deposited to escrow is unaffected. If the box is checked, the amount of the escrow could be altered because the member record would be updated.

## UPDATING ESCROW INFORMATION

The following method is used to update an existing escrow disbursement record, or to open a new escrow share account and link it to a loan.

MNEXLN #1 "Open/Update Escrow Disb. Records"

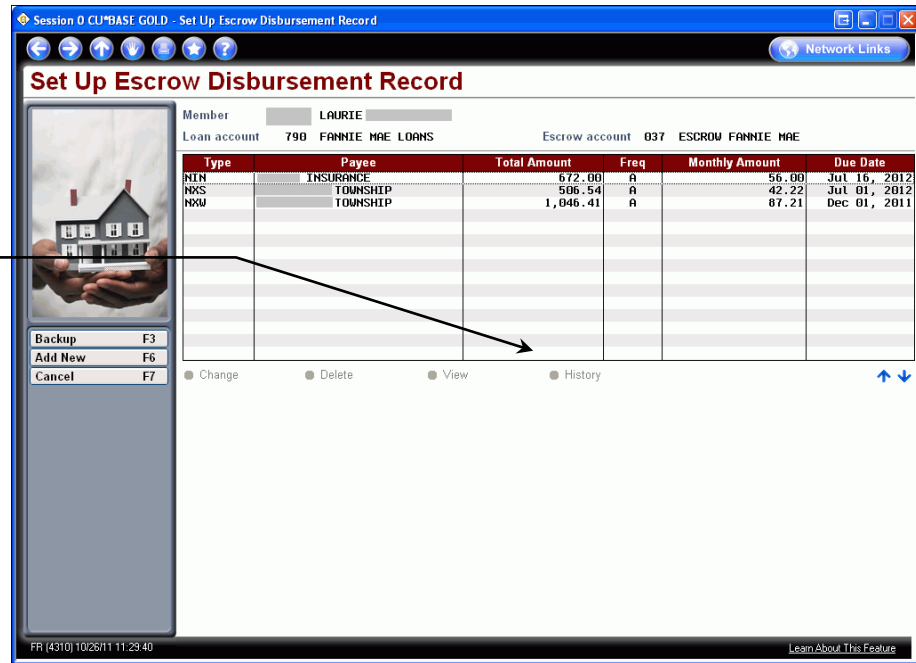
Screen 1



2. Enter the loan account number. If the loan already has an escrow attached to it, you will proceed directly to the screen in step 2.
  - If the loan account does not currently have an escrow attached to it, the Create New Escrow Account screen (shown on page 17) will appear next to allow you to select a dividend application and open the escrow account before proceeding.

Screen 2

**CU\*TIP:** To see a list of payments already made, select a payee in the list and click History. See Page 40 for more details.



- This screen lists any individual disbursement records for this escrow savings account. Each of these records represents an amount that this member owes and will be paid out of his or her accumulated escrow savings. For example, a single escrow account might track funds for taxes, several different types of insurance, and even some miscellaneous fees such as dues for a condo association.

The total of all of these records represents the amount of escrow funds that will be paid into the savings account by the member throughout the year, as loan payments are made. The system will calculate a monthly amount (or you can define one yourself) for each record and automatically add that total to the member's regular loan payment so that the appropriate amount can be collected each month from the member.

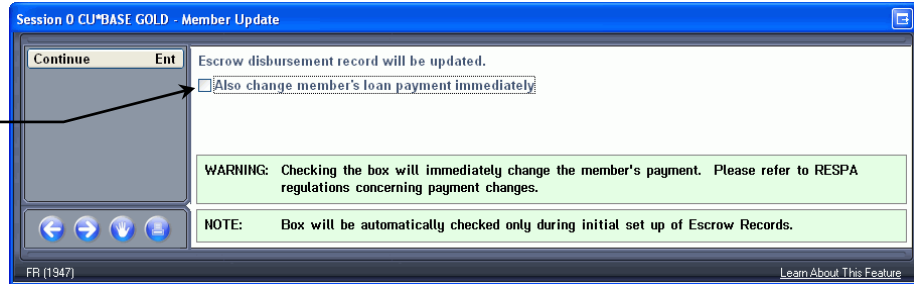
- Create a new disbursement record or modify an existing one.
  - To create a new disbursement record, use **F6-Add New**. (Shown as **Screen 3** on page 18.)
    - OR
  - To modify an existing item, select it in the list and click **Change**. You will proceed directly to the appropriate version of screen 4 (**Tax, Insurance or Other format** – shown beginning on page 19).

**CU\*TIP:** If necessary, you can create multiple records using the same escrow type and escrow payee. For example, if this member pays property taxes on three different plots of land, you can choose to include them all in one record or create separate records as you wish (usually depends on how the records will appear on tax bills).

- The Escrow Disbursement records can be modified at anytime. It's important that updates applied mid-year don't alter the monthly payment. Use **F5-Add/Update** after a change has been made to the Escrow Disbursement Record.

#### Add/Update F5

Do not check this box unless your intent is to change the member's payment amount immediately!



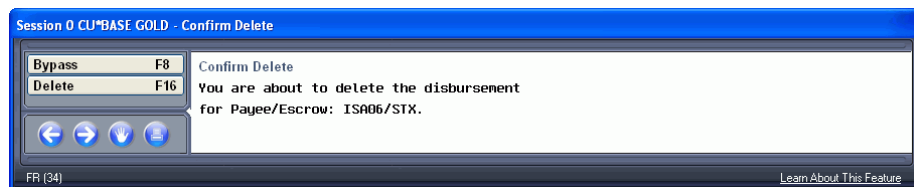
- It is recommended that you leave the box (shown above) unchecked upon update.
  - If the box is unchecked, the disbursement record is updated, but the monthly amount to be deposited to escrow is unaffected. If the box is checked, the amount of the escrow could be altered because the member record would be updated.
- Press Enter to update the member with the changes.

#### Deleting Escrow Disbursement Records

Escrow disbursement records can be deleted completely. When the record is deleted, the entry will no longer display on any screen.

The delete feature is available from the same screen 'Setup Escrow Disbursement Record' where escrow disbursement records are created and updated. The process begins on page 23.

To delete a record, highlight the record then select the 'Delete' option. The popup window shown below will display.



Confirm the delete by using F16-Delete. F8-Bypass or the Back button will return you to the previous screen making no change.

# DISBURSING FUNDS TO ESCROW PAYEES


The main focus of the escrow payment disbursement system is the bill that your credit union receives from a third-party authority such as a tax assessor or insurance company.

The system will allow you to select the escrow payee and then display all of the members who owe money to that payee. After reconciling the bill against the list, you will post all disbursements (withdrawals) in a batch and create an offsetting payment. The payment can either print a check, or credit a G/L account for alternative settlement.

MNEXLN #2 "Disburse Funds to Escrow Payee"  
Screen 1

The list at the bottom of the screen will show any batches that were started but not actually posted. This allows you to work on a batch for a while, then temporarily stop and come back to it later if needed. To continue working this batch, select the item in the list and use Select or Enter.

Payee	Esc	Last Date	Scheduled Amt	Invoice Number	Invoice Amt
CITYE	STX	Sep 24, 2008	13,207.63	1234	900.00

This is the first of several screens used to post payments to an escrow payee. Start by choosing an escrow payee code and escrow type code. (Click the lookup button  to see a list of your credit union's configured codes.)

*For example, if you have received the tax bill for summer taxes for your local city government, you would choose the city as the payee and your code for summer taxes as the escrow code.*

Next, enter a date. The system will pull in all escrow records **with a due date on or before that date.**

When ready, use Enter to proceed to the next screen.

## Screen 2

Payee code	CITY OF ESCANABA
Escrow code	SUMMER TAXES
Date	Sep 25, 2008
Invoice #	
Total invoice amount	0.00
Member account	00000000 (Blank = all)

Backup	F3
Cancel	F7

On this screen, enter an invoice number and the total amount to be paid in this batch. This amount will be used to balance the batch against all of the individual payments to be made.

If you wish to pay on behalf of a single member account (such as if you are closing a loan and settling its escrow account), enter the member account base. Otherwise, leave that field blank and use Enter to proceed to the next screen.

If you do not wish to include a particular member in the payment, click this button (or use F4) to suspend payment for this batch only. (Click again to reactivate.)

Accounts that have been frozen will be suspended automatically (see below).

If you update this disbursement amount, it will be populated in the escrow disbursement record. That way the numbers are there for the next analysis.

Screen 3

Escrow payee: ALLSTATE INSURANCE COMPANY    Escrow code: HMI  
 Invoice #: 5689    Invoice amount: 800.23  
 Transaction description: HOMEOWNERS INSURANCE    Date: Feb 09, 2009

Escrow Acct.	Loan	Member Name	Tax ID #	Sched. Amount	Disb. Amount	Status
164	-150	701 MATTHEW MEMBER		580.00	120.00	Active
600	-150	700 JAMES MEMBER		729.00	200.00	Active
311	-151	701 MARY MEMBER		836.00	120.00	Suspended
44	-150	700 TIM MEMBER		1,084.00	564.30	Suspended
60	-150	700 MELISSA MEMBER		775.95	792.28	Active
Totals				4,004.95	1,112.28	
Net difference					312.05	

Legend: Escrow account #s shown in blue indicate an account that is either frozen, or one that has insufficient funds for the scheduled amount.

If the account number is blue, the escrow savings account has either been frozen...

...or the account does not currently have sufficient funds for the scheduled amount. Posting this payment will take the escrow account to a negative balance. (Frozen accounts must be reactivated and a teller override performed. See below.)

Use F11-Toggle to display **Available Balance** in this column.

This screen displays all of the escrow disbursement records for this payee and escrow type code. The *Scheduled Amount* column shows the amounts from the escrow records. The *Disbursed Amount* fields allow you to adjust the actual amount that will be paid with this batch.

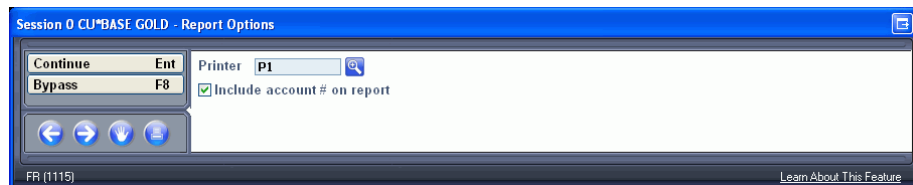
**Handling a Frozen Account:** *If an escrow account has been frozen from transactions and has a freeze indicator of 3, the system will automatically suspend the record and you will see the word **Suspended** in the Status column. To pay the item anyway, click the button. The confirmation window will automatically take you to the Transaction Override window where you can override the freeze for this transaction. (An override must be done or the transaction cannot be posted to this member's account.)*

As you make changes, use Enter periodically to recalculate the balancing amounts at the top of the screen. **If you need to stop working and come back to the batch at a later time, use F10-Save** to save and return to the initial screen (or F7-Cancel to save and return to the menu).

**IMPORTANT:** If changes are made to the master escrow disbursement records (new members added, etc.) after you start working with a batch, use **F16-Clear Workfile** and start over to refresh the file with all new data. Any adjustments you made to disbursement amounts will be lost.

**IMPORTANT:** Escrow records for annual amount and next due date are updated when a check is cut in MNEXLN #2. If a check is cut, other than during the normal billing, the member's escrow record will need to be updated in MNEXLN #1. The TOTAL PAYMENT/PREMIUM amount field may need to be updated to a new amount equaling the total payment amount plus any supplemental billing amount (example – an upgraded insurance policy = \$400 annual + \$50 supplement = new premium amount of \$450). You will also need to back up the due date because each time a check is cut, the due date moves forward an additional payment period.

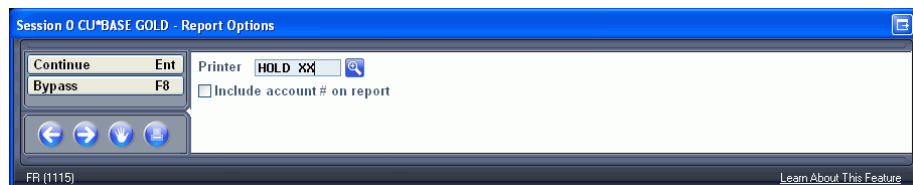
When the batch is in balance (the *Net difference* at the top of the screen reads 0.00), use **F5-Post** to post the payment. The following confirmation window will appear:



On this window you can decide whether the third detail report (see the samples on the following pages) should include member account numbers or not. This will depend on whether you will be sending the detail report to the final payee. (For privacy reasons, reports sent to third parties should not have credit union account number information on them.)

**NOTE:** Since the first report will probably be sufficient for most third parties, this flag is usually left checked.

This screen allows you to print your reports to a different printer. For example, you can choose to print them to HOLD XX and view the reports online. These reports may be quite lengthy and this way you may not only save paper, but free up the printer for others to use.



If this payee is set up to receive payment via a G/L transfer, use Enter to complete the posting and return to the initial screen.

OR

If payment is made by check, use Enter to proceed to the final screen:

If paying via check:

Session 1 CU\*BASE GOLD - Process Disbursements to Escrow Payee

### Process Disbursements to Escrow Payee

Payee code GHUTU GRAND HAVEN TOWNSHIP TREA  
Escrow code TXS SUMMER TAX  
Date Oct 15, 2009  
Invoice # 1234  
Total invoice amount 900.00  
Total disbursement amount 900.00

Check printer ID P1 SYSTEM PRINTER  
Bank ID C2 T & C CORPORATE CHECKS  
Remitter

	# of Checks	Total Amount
Checks payable to escrow payee only	1	900.00
Checks payable to members only	0	.00
Checks payable to member & escrow payee	0	.00
Total disbursement	1	900.00

Backup F3  
Print All Checks F5  
Cancel F7

FR (1118) 10/23/09 09:37:21 [Learn About This Feature](#)

This screen indicates how many checks are being printed for each disbursement option, including payee, member, or member and payee. This setting is set in the configuration for the escrow payee. Use **F5-Print Check** to produce the check and return to the initial screen.

### Printing a Single Check with a Different Address

If you need to print a one-time check with to address that is different than the address in the Escrow Payee Configuration (MNEXLN #9), two options are recommended.

*NOTE: It is NOT recommended that you change the address in the Escrow Payee Configuration (MNEXLN #9), but instead use one of the following processes:*

1. Continue with check printing.
2. Then reprint a check with the corrected address by using Member Service Menu (MNSERV) #7 Reprint CU Checks. Be sure to void and dispense with the original check properly.

OR

1. Change the Escrow Payee Configuration (MNEXLN #9) Disbursement Method to a G/L and note the clearing account.
2. Print a check with the correct address using Member Service Menu (MNSERV) #6 Print Miscellaneous Checks from the clearing account G/L; editing address information as needed.
3. Change the Escrow Payee Configuration (MNEXLN #9) Disbursement Method to check.

While changing the Disbursement Method in the payee record is recommended, it is not recommended that you change the address fields in the payee record. If the Payee record does not get changed back the consequence of changing the disbursement method is that the next time funds are cut from member accounts to pay that Payee the funds will be setting in the GL; if Address fields are changed the consequence is that funds could be sent from the CU to an incorrect address.

## Report Samples

The following reports are generated automatically when payments are posted to escrow payees.

### Report 1 - Payment Register

10/23/09 13:40:04	CU*BASE TEST CREDIT UNION	PESCPY-2	PAGE
	ESCROW PAYMENT REGISTER		USER ALYCIAM
PAYABLE TO PAYEE	SUMMER PROPERTY TAX		
ESCROW TYPE	1234		
INVOICE NUMBER	49417		
CHECK NUMBER			
NAME	AMOUNT	TAX ID NUMBER	
KAREN MEMBER	1500.00	17-000-17574-00	
RITA MEMBER	2300.00	17-000-17809-00	
STEVEN MEMBER	3500.00	17-000-01566-00	
PAUL MEMBER	2000.00	17-000-17968-00	
*TOTAL DISBURSEMENT	9300.00		

This report would be appropriate to pass on to the payee with the remittance check or other payment method.

### Report 2 - Exception Report

10/23/09 13:40:04	CU*BASE TEST CREDIT UNION	PESCPY-1	PAGE
	ESCROW PAYMENT EXCEPTION REPORT		USER ALYCIAM
PAYABLE TO	CITY OF MT PLEASANT		
ESCROW TYPE	SUMMER PROPERTY TAX		
ACCOUNT #	NAME	LN TYP SCH DATE	AMOUNT PAYEE ESCROW CODE
6002616-150	JAMES MEMBER	700 07/31/12	2646.37 ISA03 STX
6002257-150	LISA MEMBER	700 07/31/12	1153.81 ISA03 STX
6007290-150	LEQUAN MEMBER	700 07/31/12	1414.38 ISA03 STX
*TOTAL SUSPENDED			5214.56
			DESCRIPTION
			ESCROW PAYMENT SUSPENDED
			ESCROW PAYMENT SUSPENDED
			ESCROW PAYMENT SUSPENDED

This report shows any records that were suspended and therefore not paid.

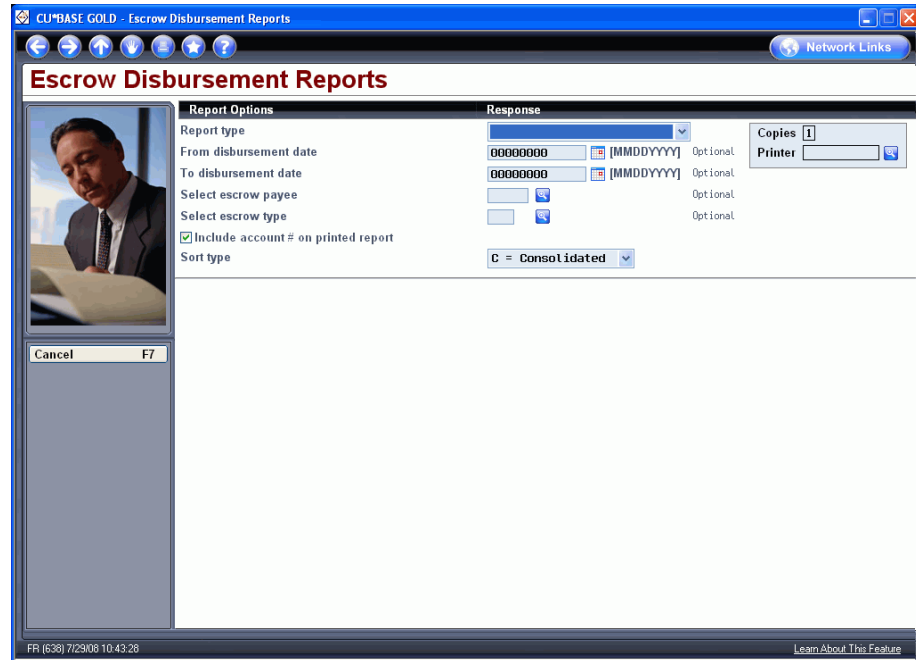
## Report 3 - Detailed Transaction Register

10/23/09 13:40:04		CU*BASE TEST CREDIT UNION ESCROW PAYMENT TRANSACTION REGISTER					PESCPY	PAGE USER ALYCIAM	
PAYABLE TO ESCROW PAYEE ESCROW TYPE		PAYEE ONLY CITY OF MT PLEASANT SUMMER PROPERTY TAX							
ACCOUNT #	NAME	LN TYP	SEQ #	CHECK #	AMOUNT	TRAN TYPE	PREVIOUS BALANCE	CURRENT BALANCE	NEXT DISB DATE
1448730-151	KAREN MEMBER	707	6797	49417	1500.00	38	13073.96-	14573.96-	07/31/18
2236100-150	RITA MEMBER	700	7157	49417	2300.00	38	23445.06-	25745.06-	07/31/18
3587620-150	STEVEN MEMBER	705	4415	49417	3500.00	38	23825.99-	27325.99-	07/31/18
5287370-150	PAUL MEMBER	700	6529	49417	2000.00	38	19997.26-	21997.26-	07/31/18
*PAY TO DISBURSEMENT TOTAL					9300.00				
10/23/09 13:40:04		CU*BASE TEST CREDIT UNION ESCROW PAYMENT TRANSACTION REGISTER					PESCPY	PAGE USER ALYCIAM	
PAYABLE TO ESCROW PAYEE ESCROW TYPE		MEMBER ONLY CITY OF MT PLEASANT SUMMER PROPERTY TAX							
ACCOUNT #	NAME	LN TYP	SEQ #	CHECK #	AMOUNT	TRAN TYPE	PREVIOUS BALANCE	CURRENT BALANCE	NEXT DISB DATE
596000-150	ALVIN MEMBER	707	4216	49418	1500.00	38	13836.06-	15336.06-	07/31/18
2701730-150	JAMES MEMBER	700	5555	49419	2000.00	38	21355.64-	23355.64-	07/31/18
1978480-150	NANCY MEMBER	700	5585	49420	1000.00	38	10157.28-	11157.28-	07/31/18
4898230-150	ANNA MEMBER	700	4811	49421	2000.00	38	20080.36-	22080.36-	07/31/18
*PAY TO DISBURSEMENT TOTAL					6500.00				
10/23/09 13:40:04		CU*BASE TEST CREDIT UNION ESCROW PAYMENT TRANSACTION REGISTER					PESCPY	PAGE USER ALYCIAM	
PAYABLE TO ESCROW PAYEE ESCROW TYPE		PAYEE & MEMBER CITY OF MT PLEASANT SUMMER PROPERTY TAX							
ACCOUNT #	NAME	LN TYP	SEQ #	CHECK #	AMOUNT	TRAN TYPE	PREVIOUS BALANCE	CURRENT BALANCE	NEXT DISB DATE
1484600-150	MARK MEMBER	700	7596	49422	1500.00	38	16192.92-	17692.92-	07/31/18
2264150-150	JENNIFER MEMBER	700	6827	49423	1000.00	38	10228.27-	11228.27-	07/31/18
6001661-150	TIMOTHY MEMBER	700	1429	49424	3000.00	38	32096.71-	35096.71-	07/31/18
98110-150	LAWRENCE MEMBER	700	3739	49425	2500.00	38	23349.71-	25849.71-	07/31/18
4274920-150	REBECCA MEMBER	700	4717	49426	1200.00	38	12611.71-	13811.71-	07/31/18
*PAY TO DISBURSEMENT TOTAL					9200.00				
*TOTAL DISBURSEMENT					25000.00				

This third report is intended for your records. The account number will show only if the flag was checked on the confirmation window. This report is broken down by who the check was to (payee, member, or payee and member).

# ESCROW DISBURSEMENT REPORT



MNEXLN #3 "Print Disbursement Listing"



This screen lets you print disbursement information for all escrow payees. **Each payee will appear on a separate report.** The records will be grouped by due date, then escrow type code, with each date beginning on a separate page.

## Field Descriptions

Field Name	Description
Disbursement Type	Choose one of the following specify which data should appear on the report: <b>D Escrow Detail</b> - Use this to include <u>scheduled</u> payment information and due dates. Basically this lets you print a record of how your escrow disbursement records are currently set up. <b>H Disbursement History</b> - Use this to include payment history records only. This lets you print a record of payments actually made through the escrow disbursement payment process. <b>P Pending</b> - Use this to include invoices received and entered for payment but not yet paid. Use this report to view records prior to processing the payment.
From disbursement date To disbursement date	Use one or both of these fields to limit the report to records with a certain range of payment due dates. For the "History" version of the report, these fields let you include records of payments made during this period of time. Leave the fields blank to include all records in the file.
Select escrow payee	To print data for a single payee, enter the payee code here. Leave the field blank to create a separate report for each payee.

Field Name	Description
	Click the lookup button  to see a list of your credit union's configured codes.
Select escrow type	To print data for a single escrow type (such as summer taxes only), enter the escrow type code here. Leave the field blank to include all escrow types.  Click the lookup button  to see a list of your credit union's configured codes.
Include account # on printed report	Check this flag if the final report should include member account numbers. Uncheck the flag to omit the account numbers (such as if you will be sharing this report with another third party.)
Sort type	<b>C Consolidated</b> – Use this option to print a report consolidated for each escrow payee regardless of the payment date.  <b>D Date</b> – Use this option to print a report for individual escrow payees by date.

### Report Samples

Following is a sample of a multi-page report produced for one escrow payee, showing “active” (scheduled) payment information. **If “History” data was requested, an Invoice # column will also appear.**

10/10/05 11:11:04	CU*BASE TEST CREDIT UNION (BT) ESCROW DISBURSEMENT SETUP REGISTER	LESCDP	PAGE 1 USER DAWNM
	FILE DATE: 09/30/2006		
ESCROW PAYEE City of Grand Haven	ESCROW TYPE WTX		
TAX-ID NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT ESC
	2000.00	MEMBER, FRED Q	25564-780 080
TOTAL AMOUNT	2000.00	TOTAL NUMBER ACCOUNTS	1
10/10/05 11:11:04	CU*BASE TEST CREDIT UNION (BT) ESCROW DISBURSEMENT SETUP REGISTER	LESCDP	PAGE 2 USER DAWNM
	FILE DATE: 12/15/2006		
ESCROW PAYEE City of Grand Haven	ESCROW TYPE WTX		
TAX-ID NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT ESC
2334293487	500.00	NEWMEMBER, JOHN A	25556-780 080
TOTAL AMOUNT	500.00	TOTAL NUMBER ACCOUNTS	1
10/10/05 11:11:04	CU*BASE TEST CREDIT UNION (BT) ESCROW DISBURSEMENT SETUP REGISTER	LESCDP	PAGE 3 USER DAWNM
	FILE DATE: 09/30/2007		
ESCROW PAYEE City of Grand Haven	ESCROW TYPE STX		
TAX-ID NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT ESC
	1000.00	MEMBER, FRED Q	25564-780 080
TOTAL AMOUNT	1000.00	TOTAL NUMBER ACCOUNTS	1
10/10/05 11:11:04	CU*BASE TEST CREDIT UNION (BT) ESCROW DISBURSEMENT SETUP REGISTER	LESCDP	PAGE 4 USER DAWNM
	FILE DATE: 03/15/2008		
ESCROW PAYEE City of Grand Haven	ESCROW TYPE WTX		
TAX-ID NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT ESC
344852139	978.53	TESTPERSON, MATT S	2584-780 080
366957823	1123.49	AMEMBER, JAMES O	1782-780 080
370121492	985.24	ISAMEMBER, CHRISTOPHER M	2454-781 080
378951927	1059.78	TESTPERSON, RANDAL D	2338-780 081
TOTAL AMOUNT	4147.04	TOTAL NUMBER ACCOUNTS	4
10/10/05 11:11:04	CU*BASE TEST CREDIT UNION (BT) ESCROW DISBURSEMENT SETUP REGISTER	LESCDP	PAGE 5 USER DAWNM

FILE DATE: 09/15/2008						
ESCROW PAYEE	City of Grand Haven	ESCROW TYPE	STX			
TAX-ID NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT	ESC		
12349873145987123059	2000.00	NEWMEMBER, JOHN A	25556-780	080		
344852139	1023.49	TESTPERSON, MATT S	2584-780	080		
366957823	983.46	AMEMBER, JAMES O	1782-780	080		
370121492	1009.56	ISAMEMEBER, CHRISTOPHER M	2454-781	080		
378951927	987.32	TESTPERSON, RANDAL D	2338-780	081		
TOTAL AMOUNT	6003.83	TOTAL NUMBER ACCOUNTS	5			

**This report is Escrow Detail - Consolidated**

10/23/09 9:49:55		XX CREDIT UNION			LESCDP	PAGE	1
		ESCROW DISBURSEMENT SETUP REGISTER			USER		
ESCROW PAYEE	AAA INSURANCE - SAGINAW	ESCROW TYPE	FLD				
POLICY NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT	ESC	DISBURSE TO		
4000049517	583.00	MEMBER, CHADWICK	6006-780	035	PAYEE		
HOM013235474	708.00	MEMBER, CHADWICK	6006-780	035	PAYEE		
*TOTAL AMOUNT	1291.00	TOTAL NUMBER ACCOUNTS	2				

**This report is Escrow Detail - by Date**

10/23/09 9:58:21		XX CREDIT UNION			LESCDP	PAGE	1
		ESCROW DISBURSEMENT SETUP REGISTER			USER		
		FILE DATE: 02/22/2010					
ESCROW PAYEE	AAA INSURANCE - SAGINAW	ESCROW TYPE	FLD				
POLICY NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT	ESC	DISBURSE TO		
4000049517	583.00	MEMBER, CHADWICK	6006-780	035	PAYEE		
*TOTAL AMOUNT	583.00	TOTAL NUMBER ACCOUNTS	1				
10/23/09 9:58:21		XX CREDIT UNION			LESCDP	PAGE	1
		ESCROW DISBURSEMENT SETUP REGISTER			USER ALYCIAM		
		FILE DATE: 02/22/2010					
ESCROW PAYEE	AAA INSURANCE - SAGINAW	ESCROW TYPE	INS				
POLICY NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT	ESC	DISBURSE TO		
HOM013235474	708.00	KLINE, CHADWICK	6006-780	035	PAYEE		
*TOTAL AMOUNT	708.00	TOTAL NUMBER ACCOUNTS	1				

**This report is Disbursement History - Consolidated**

6/09/06 9:41:34		XX COMMUNITY CREDIT UNION			LESCDP	PAGE	1
		ESCROW DISBURSEMENT REPORT			USER		
ESCROW PAYEE	FARM BUREAU INSURANCE	ESCROW TYPE	HMI				
POLICY NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT	ESC	INVOICE #		
HO-2604969	817.00	MILLS, TIMOTHY J	2225880-700	150	HO2604969		
TOTAL AMOUNT	817.00	TOTAL NUMBER ACCOUNTS	1				

**This report is Disbursement History - by Date**

6/09/06 9:45:19		XX COMMUNITY CREDIT UNION			LESCDP	PAGE	1
		ESCROW DISBURSEMENT REPORT			USER		
		FILE DATE: 10/28/2005					
ESCROW PAYEE	STATE FARM INSURANCE	ESCROW TYPE	HMI				
POLICY NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT	ESC	INVOICE #		
22-B3-9777-4	645.00	GARVER, DANIEL L	710430-701	150	01		
TOTAL AMOUNT	645.00	TOTAL NUMBER ACCOUNTS	1				
6/09/06 9:45:19		ISABELLA COMMUNITY CREDIT UNION			LESCDP	PAGE	1
		ESCROW DISBURSEMENT REPORT			USER JANE A		
		FILE DATE: 11/07/2005					
ESCROW PAYEE	STATE FARM INSURANCE	ESCROW TYPE	HMI				
POLICY NUMBER	DISBURSED AMOUNT	MEMBER NAME	LOAN ACCOUNT	ESC	INVOICE #		
22-LZ-6572-0	560.08	FRANCIS, AMBER A	6001040-705	150	22-LZ-6572-0		
TOTAL AMOUNT	560.08	TOTAL NUMBER ACCOUNTS	1				

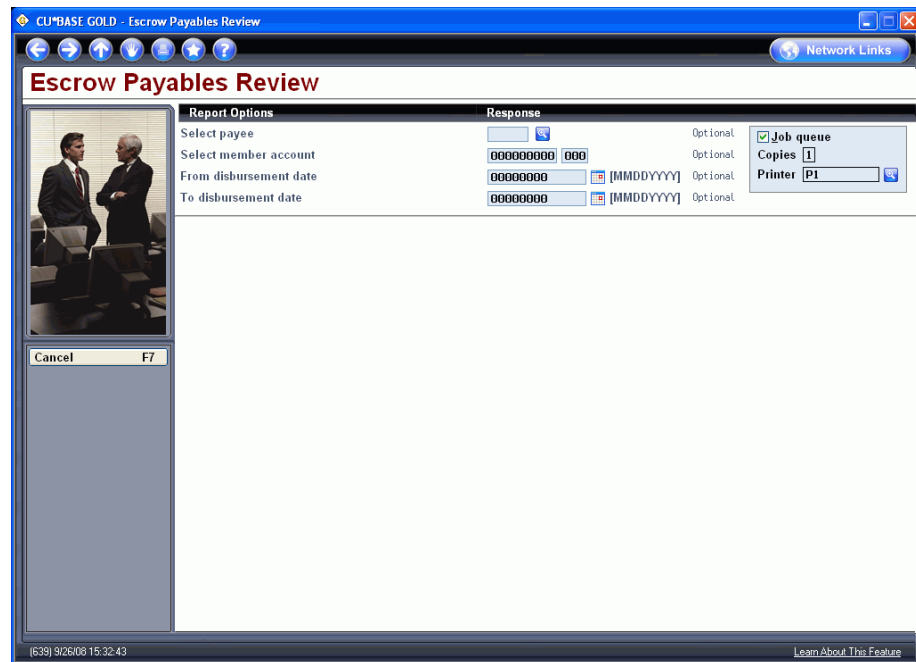
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# ESCROW PAYABLES REVIEW

The escrow processing system houses all the data required to manage your escrow savings accounts. Every escrow account will have at least one escrow payee with the potential for many more. Over the course of the loan invoice amounts will change, members may switch from one insurance company to another, due dates might be altered, and any number of modifications which require the ability to maintain the payables record.

An important feature of the Escrow Payables system is the ability to run a report to show the status of your escrow payables for any time period, escrow payee, or member account.

## MNEXLN #4 "Verify Disbursements"



To obtain a report on the entire escrow account portfolio, leave all fields at their default values. Optionally, you can select one Escrow Payee, an individual member account, or a range of dates. Report samples below indicate the types of information available from this report. The report prints in two individual sections and will appear in your spool file as separate reports.

This report LESCPR shows the status of the payables in your escrow payables system. If an invoice has been entered with an invoice number and due date, that information will appear as a line item. When the invoice is paid, the Disbursement Date and Amount Paid will print.

**Escrow Payables Review** - this report provides a comparison between planned and actual activity. It lists scheduled payments based on the invoice entered and the actual payment amount and date.

In addition to these reports specifically designed according to RESPA guidelines, you may develop reports unique to your credit union using CU\*BASE query tools.

LESCPR Escrow Payables Review - Detail

6/09/06 9:51:04		XX COMMUNITY CREDIT UNION					LESCPR		PAGE	
		ESCROW PAYABLES REVIEW							USER JANEA	
ACCOUNT	PAYEE CODE	ESCROW CODE	TOTAL TAX	DISB FREQ	MONTHLY DUE	DUE DATE	DISB DATE	AMOUNT PAID	INVOICE #	
3113080-150	CLA01	WTX	579.70	A	77.21			.00		
TOTAL BY PAYEE			1							
5232170-150	CLA05	WTX	480.92	A	32.10			.00		
TOTAL BY PAYEE			2							
2342600-150	CLA06	WTX	746.55	A	28.04			.00		
2342600-150	CLA06	WTX	746.55	A	28.04			.00		
2342600-150	CLA06	WTX	46.97	A	28.05			.00		
2342600-150	CLA06	WTX	46.97	A	28.05			.00		
TOTAL BY PAYEE			6							
2225880-150	FARMB	HMI	817.00	A	69.67			.00		
TOTAL BY PAYEE			7							
4123200-150	GRA03	WTX	616.91	A	61.06			.00		
TOTAL BY PAYEE			8							
4898230-150	HOME0	HMI	410.88	A	41.42			.00		
TOTAL BY PAYEE			9							

More...

This report LSCPY shows the last analysis date and any exception status for the account.

LESCPY Escrow Payables Review - Exceptions

6/09/06 9:50:46		XX COMMUNITY CREDIT UNION					LESCPY		PAGE	
		ESCROW PAYABLES REVIEW SELECTION							USER	
ACCOUNT #	LOAN ACCT	LAST ANALYSIS DATE	PROCESSING MESSAGE							
98110-150	700	/00	Invalid/Missing Escrow Period							
207840-150	700	/00	Invalid/Missing Escrow Period							
332900-151	705	2005/01	No payment history found							
332900-151	705	2005/01	No payment history found							
332900-151	705	2005/01	No payment history found							
332900-151	705	2005/01	History found for entered period							
356180-150	705	2006/06	No payment history found							
356180-150	705	2006/06	No payment history found							
356180-150	705	2006/06	History found for entered period							
440240-150	700	2005/01	No payment history found							
440240-150	700	2005/01	No payment history found							
440240-150	700	2005/01	History found for entered period							
583470-150	700	2007/06	No payment history found							
583470-150	700	2007/06	No payment history found							

More...

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# DAY-TO-DAY LOAN SERVICING

## HANDLING PAYMENTS FOR LOANS WITH ESCROWS

Loan payments can be made through normal channels using the same techniques used for other types of loans. If the loan category configuration is set up properly (see Page 7), whenever loan payments are made the system will automatically transfer the total monthly escrow amount to the escrow savings account.

*Remember that if the loan category is a mortgage type loan using the 360-day interest calculation method, other special rules also apply to how payments must be made on these loans. Refer to the separate booklet, “**Mortgage Products: 360-Day Interest Calculation**” for more information.*

CU\*BASE calculates the member’s normal payment amount as follows:

Regular payment (principal & interest)	\$1,215.88
Escrow transfer (taxes, insurance, etc.)	<u>+ 263.18</u>
Total regular payment amount	\$1,479.06

Funds will accumulate in the savings account until the escrow payment disbursement system is used to process payments to escrow payees.

### Understanding the Role of the Payment Matrix

When payments are applied, as with any type of loan, CU\*BASE will use the Payment Matrix to determine how to “spread” the payment amount between the various payment components (interest, principal, escrow, etc.). In the case of a short payment, the amount of money that is put toward escrow savings will depend on how your payment matrix is set up, and may result in underpayment to the escrow savings account.

*If a special situation arises where a teller needs to apply the payment other than according to the normal payment matrix, Proc. Code “X” can be used on the teller Deposits/Withdrawals screen to display the Payment Matrix Override window. This window allows the payment amount to be spread exactly as desired, should the default calculations be incorrect. (Refer to CU\*BASE GOLD online help for details.)*

See Page 7 for a sample of a typical payment matrix for loans that have escrows attached.

# ESCROW INQUIRY TOOLS

## Member Account Inquiry - Escrow Savings Account

Session 0 CU\*BASE GOLD - Member Account Inquiry

### Member Account Inquiry

Account # **JAMES P MEMBER** Date opened **Feb 27, 2008**  
 Account type **150 TAX ESCROW** SSN/TIN

Current balance	333.20	Annual b/u withholding	0.00	MSR	25
- secured	0.00	Period average balance	325.62	G/L account	925.00
- uncollected	0.00	Period minimum balance	166.60	Loan #	-700
= Net available	333.20			# of withdrawals	0
		Outstanding accrued club benefits	0.00	# of transfers	0
Escrow payment	166.60	YTD club benefits	0.00	Frozen	0 NO
Escrow partial pay	0.00			Passbook	NO
Escrow run date	Dec 17, 2008			AFT	NO
Escrow analysis date	Dec 2008			Payroll	NO

Dividend Information			
Quarter 1	0.00	Total	0.00
2	0.00	Accrued	0.00
3	0.00		
4	0.00		

Transaction inquiry date **Jan 02, 2009** [MMDDYY]

FR (71) 2/08/09 9:45:49 Learn About This Feature

This screen shows information about the escrow savings account. You can use F16-EscDet to see escrow details (the screen shown on Page 40 will appear).

## Member Account Inquiry - Loan Account

Session 0 CU\*BASE GOLD - Member Account Inquiry

### Member Account Inquiry

Account # **TIM H MEMBER** Opened **Nov 11, 2002**  
 SSN/TIN  G/L account **704.00-01**

Account **700 FIXED RATE MORTGAGE - EQUITY**  
 Category **04 F/R MORTGAGE**  
 Purpose **60 MORTGAGE**  
 Security **07 MORTGAGE**  
 Proc type **M MORTGAGE LOAN**

Current balance	40,380.07	Interest rate	5.750
+ Interest	193.48	Daily accrual	3 6.45
+ Delinquent fine	0.00	YTD interest	194.89
- Insurance rebate	0.00		
= Loan payoff	40,573.55	Amort maturity date	Dec 01, 2017
		Review date	Dec 01, 2017

Disbursement limit	59,000.00	Secured funds	0.00	Available funds	0.00
Interest accrued through	Jan 31, 2009	Total disbursed	59,000.00	First payment	Jan 01, 2003
Last disbursed balance	59,000.00	Last disbursed	Nov 11, 2002	ECB code	2
Last payment	652.95	Last payment	Jan 05, 2009	Escrow	440240-150
Regular payment	489.94	Next payment	01 Feb 01, 2009	Escrow payment	163.01
Amount due	0.00	Payments left	124 of 180	# of refinances	0
Partial pay	0.00	Made	MONTHLY		

Transaction inquiry date **Jan 05, 2009** [MMDDYY]

FR (3488) 2/09/09 9:10:43 Learn About This Feature

Click either of these buttons to display the escrow detail screen (shown below).

This screen shows details about the loan account, including the escrow account to which it has been attached, and the amount being added to the payment for escrow.

## F23-Delinquency Window

The delinquency pop-up window will also show the amount of funds from the total payment that is being transferred to the escrow savings account, to determine the total payment amount.

## ESCROW PAYMENT HISTORY

The following screen is the same one used to set up the escrow disbursement records. It will also appear in view-only format when using either of the buttons on the loan Account Inquiry screen shown on page 39.

MNEXLN #1 "Open/Update Escrow Disb. Records"  
Screen 2

Select any item in the list and click **History** to display the following payment history screen:

## History

To display all payments made for this member, regardless of payee or type, delete the code in this field and use Enter to refresh.

(HINT: Then use **F10-Sort by...** to sort the list by either payee or type.)

Use F11-Toggle to display the invoice number in this column, as well as whether the check was made payable to the payee, the member, or the member and payee.

Session 0 CU\*BASE GOLD - Escrow Disbursement History

**Escrow Disbursement History**

Member LAURIE  
 Loan account 790 FANNIE MAE LOANS  
 Escrow account 037 ESCROW FANNIE MAE  
 Escrow type (blank=all) NIN NMS HOMEOWNERS INS

Payee	Type	Due Date	Dist Date	Description	Amount Paid
INSURANCE	NIN	Jul 16, 2011	Jun 21, 2011	NMS HOMEOWNERS INS	737.00

Backup F3  
 Cancel F7  
 Sort Payee Name F10  
 Toggle F11

FR (4311) 10/26/11 11:35:34 [Learn About This Feature](#)

This screen shows a history of all payments made on this member's behalf from this escrow account, for the escrow type selected on the previous screen. Clear the field at the top of the screen and use Enter to see all payments.

## ESCROW ACCOUNT UPDATE

The escrow analysis is completed annually. At completion of the process, the fields on this screen may be populated. Although these fields can be adjusted, manual intervention is rarely, if ever required and should be considered only in extreme cases.

MNLOAN #4

Tier 2 level authority is required to update this 'Escrow analysis change' field.

Payee	Type	Description	Payee	Type	Description
ALLST	HMI	ALLSTATE INSURANCE C	MIDD4	UTX	WARREN TOWNSHIP TREA
MIDD4	STX	WARREN TOWNSHIP TREA			

When the escrow analysis reveals that the escrow account is short or has a deficiency, that total amount is amortized over the next 12 months and the calculated amount is stored in the 'Escrow analysis change' field. That amount is equal to the increase or decrease in the monthly escrow deposit.

*The options chosen in Escrow Processing Configuration affect the way shortfalls are handled. See page 46.*

The lower portion of the screen 'Escrow Disbursement Records' displays the active payees created for this tax escrow account. It lists only the payee and type codes with the organization name.

To view the historical disbursement records, use member account inquiry for the loan account. For information to add, update or delete escrow payee records for this loan, see "Updating Escrow Information" starting on page 23 of this booklet.

# LOAN-TO-VALUE REPORT

## MNRPTE #18 Loan-to-Value Analysis Report

The screenshot shows the 'Loan To Value Report' interface in CU\*BASE GOLD. The window title is 'CU\*BASE GOLD - Loan To Value Report'. The main heading is 'Loan To Value Report'. On the left, there is a photo of a man in a suit. The interface is divided into 'Report Options' and 'Response' sections. 'Report Options' includes fields for 'Loan category', 'Sort by', 'Sort order', a checked box for 'Display loan open date (MM/DD/YYYY)', a field for 'Calculate LTV based on' set to '0.000 %', and checkboxes for 'Include only records with escrow type', 'Select only escrow payee code', and 'Export detail to file'. 'Response' includes a search icon, dropdowns for 'L = LTV' and 'R = Ascending', a dropdown for 'I = Current Loan Balance', and checkboxes for 'Job queue', 'Copies', and 'Printer'. A 'Cancel' button with 'F7' is at the bottom left. The status bar shows 'FR [3287] 7/31/08 15:27:01' and a 'Learn About This Feature' link.

The “Loan-to-Value Analysis Report” (MNRPTE #18) shows loan-to-value ratios on your loans accounts a little differently than the LTV you are used to seeing on individual collateral records. With this report, you can choose to calculate LTV according to either the current loan balance or the original loan balance. In addition, the report will also look at all collateral records attached to the loan and calculate LTV using values from multiple collateral items. *(NOTE: Only collateral types that use Definition Type R (Real Estate) will be included in this calculation.)* This report will be very handy for reviewing mortgage loans that are nearing 80% LTV and therefore requiring PMI termination, as well as to check for exceptions to credit union policy on your LTV ratios.

- NOTE: This is different from how LTV is calculated and displayed on the individual collateral record. That LTV will still be calculated based on the loan’s original balance and using the value of that single collateral item only. The new report simply lets you view LTV in a different way than you see it on individual collateral records.

You can choose a specific loan category to report, and can sort by account number or LTV ratio. The calculation can be based on current or original loan balance, and you can specify a cut-off ratio to display on the report (such as 79.00% if you want to see loans getting close to PMI termination). You can even choose to see only loans that actually have your PMI escrow type attached to them if you wish.

1/22/09 16:26:17		CREDIT UNION			LLNTRG	PAGE
CURRENT LOAN TO VALUE REPORT						
SORTED BY LTV						
LTV %	ACCT TYPE NAME	LN	OPEN	LOAN	ESTIMATED	
		COLL#	CAT	DATE	BALANCE	VALUE
17.06	721 J PATRICK	001	09	08/07/07	34,130.41	200,000.00
**Report Totals					34,130.41	200,000.00
**Total Records Processed			1	***END OF REPORT***		
Loan Category						
Sort Order A						
Display Loan Open Date Y						
Calculate LTV = % and (A)bove or (B)elow						
Include Only Escrow Type						
Include Only Escrow Payee						

---

# ANNUAL ESCROW ANALYSIS

## PROCESSING

### OVERVIEW

Escrow analysis consists of three basic components: configuration, analysis, and reports. The framework for the analysis portion of the escrow processing system was established with the introduction of Escrow Payables.

Escrow account analysis completes the cycle with the calculation of all deposits and disbursements for each escrow account. Annually, escrow accounts are analyzed to determine the impact of deposits and disbursements on the loan payment. At that time, new payments are calculated and adjusted for the coming year.

While escrow analysis is required annually, the CU\*BASE system provides short year functionality for situations, such as paid off or refinanced loans, that warrant mid-year analysis. Short year processing can also be used to align the escrow accounts to one analysis period within the year.

RESPA reporting requirements

Escrow Analysis Type	Reporting Requirements
Short Year	Within 60 days of loan closing or change
Annual Computation	Within 30 days of the end of the escrow year (required annually)
Initial (time of close)	Within 45 days of close
Good Faith Estimate	On or before loan close (typically HUD-1 or HUD-1A) Government forms required – created manually

### CONFIGURATION

Configuration of the Escrow Analysis system consists mainly of the credit union's method of handling the result of the analysis. RESPA regulations allow some flexibility when total deposits for the year exceed the amount of the disbursements or are short of the funds required to satisfy all escrow invoices. Escrow forms are generated to mail to escrow account holders. If your policy stipulates that members sign and return their Annual Escrow Account Disclosure Statement, you can configure the software to print a signature line on the form. An example is shown on page 53.

Factors considered in configuration are related to handling over or short balances in the escrow account subsequent to the analysis. Your escrow analysis configuration drives the method used to reconcile escrow disbursements and deposits with payment adjustments. Within RESPA guidelines, you will choose the action to take when escrow accounts have a surplus, are short or are deficient.

To understand the effect your configuration will have on the disposition of escrow accounts after the analysis, it will help to become familiar with a few basic terms.

The escrow analysis will present one of three ending balance results. Your credit union policies will determine how to handle each of these conditions when they occur.

Condition definitions

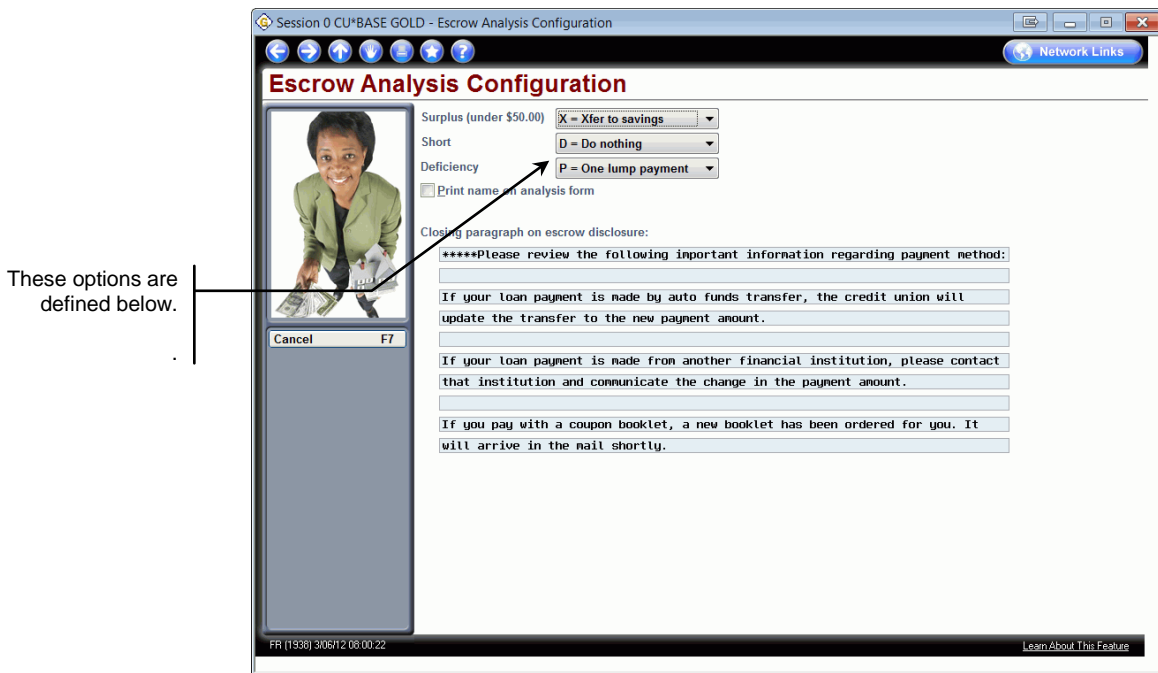
<i>Condition</i>	<i>Definition</i>
Surplus	<i>“Surplus means an amount by which the current escrow account balance exceeds the target balance for the account.”</i>
Shortage	<i>“Shortage means an amount by which a current escrow account balance falls short of the target balance at the time of escrow analysis.”</i>
Deficiency	<i>“Deficiency is the amount of a negative balance in an escrow account.”</i>
Target balance	<i>“Target balance means the estimated month end balance in an escrow account that is just sufficient to cover the remaining disbursements from the escrow account in the escrow account computation year, taking into account the remaining scheduled periodic payments, and a cushion, if any.”</i>

Escrow analysis is performed on an aggregate escrow payee basis. This means that each escrow payee is set up individually in your escrow processing system, but the actual annual analysis is based on the sum of the annual disbursements. Once each year, every escrow account is analyzed for its over or short balance. For this escrow analysis, the target amount is the amount to bring the account to a zero balance plus any cushion setup for the payee.

*Important: Although the cushion amount is designated on each payee record, it’s imperative that the amount be the same for every payee. If you elect to impose a cushion of 1 month or 2 months, be sure to enter the same number on each escrow payee record. One exception would be with PMI. See page 12 for reference.*

Calculations performed by the system determine if sufficient funds have been collected for combined records of escrow payees subject to this individual escrow account. The calculations will likewise reveal if too much money has been collected to satisfy the escrow target balance.

At completion of the escrow analysis process, the member’s loan payment could increase or decrease based on the amount found to be over or short of the target balance. The Escrow Analysis system will automatically adjust the monthly escrow payment on the date you specify as the new payment effective date.



These options are defined below.

RESPA rules are flexible to some degree, allowing you to decide how to handle escrow account balances once the analysis has been done.

The table below describes the options you have when determining how to handle escrow accounts when funds have been collected that are greater or less than the funds necessary to cover the escrow disbursements. Although your decision affects your entire loan portfolio, see 'Applying One Lump Payment' on page 48.

Field Descriptions

Field Name	Description
	When a surplus amount is under \$50.00 it can be left in the escrow account or transferred to the base savings account. If L – Leave in account is selected and the amount is \$50.00 or greater, the surplus is automatically transferred to the base savings account.
Surpluses under \$50.00	L = Leave in account X = Transfer to savings
	Shortages and deficiencies can be amortized over 12 months, you can require the member to pay the shortage in one lump payment (if <= 1 month's payment), or your credit union can choose to do nothing.  When P is selected, and the amount of the shortage is greater than 1 monthly escrow payment, the amount is amortized over the next 12 months.
Short	A = Amortize for 12 months D = Do nothing P = One lump payment
Deficiency	A = Amortize for 12 months D = Do nothing P = One lump payment
Print name on analysis form	Select this option if your credit union requires the member to sign a copy of the analysis.
Closing paragraph on	This text will appear at the end of Annual Escrow Account

<i>Field Name</i>	<i>Description</i>
escrow disclosure statement	Statement. See page 53 for an example of this form. A discussion of the customization follows.

The escrow analysis types are listed below with the reporting requirement as stipulated by RESPA. The only exception to these requirements is if a loan is in default, foreclosure, or bankruptcy.

These past-due accounts, as well as those paid ahead are noted on the escrow analysis report. You can override this by running an analysis for that particular account. You can run an analysis for that specific loan by specifying it when you run the analysis using MNEXLN #6-Create Escrow Analysis. Once the loan is brought to current status, the analysis can be created again, at which time the escrow records are updated.

## APPLYING ONE LUMP PAYMENT

As shown above, your credit union might choose to configure escrow shortages and deficiencies to amortize over the next 12 months. When the escrow analysis reveals an increase in the monthly payment, the member could elect to pay the amount in one lump sum.

To accommodate that choice, a deposit must be made to the escrow savings account. Any method of payment can be used, such as depositing funds at the teller line or transferring from another account.

For example, if your configuration is set up to amortize for 12 months, you could accept a lump sum from your account holder. Remember, once the payment is posted, you will run a new escrow analysis for this one account. The result will show the affect on loan payments expected for the coming year.

---

# ESCROW ANALYSIS REPORT AND MEMBER FORMS

The Escrow Analysis is more than a report of historical data. It's a process comprised of transactions, files, data, and reports. From the onset of the escrow account, data must be processed, maintained, and stored in accordance with RESPA regulations. An escrow analysis spans historical data such as current escrow payments required, escrow funds collected and paid out, and also projects future activity for each of those entities. The culmination of the process is updated payment amounts, reports produced that are internal to the credit union, and the Annual Escrow Account Disclosure Statement printed for the member.

The Escrow Analysis Report will be generated annually as part of the full escrow processing and analysis system. The report can also be generated on demand to provide short year reporting when a loan is paid off or refinanced. An important feature of the report is the ability to 'preview' your results prior to accepting and finalizing the analysis. This Preview can be reviewed at a later date without running the preview feature again. Previewing the report allows you to check your escrow portfolio for completeness and verify the accuracy of monetary calculations.

CU\*BASE will allow you to create an Escrow analysis at any time during the year without danger of updating files, changing payments, or altering data. Think of this interim analysis as a trial run of the actual process, even though the same rules apply. Interpretation of the data is date dependant and several factors must be considered.

8. date on which the analysis is generated (today's date)
9. posting date of the last payment made
10. date used as basis for the analysis projection
11. month/year that follows the most recent payment

The system uses all these date parameters to interpret the data included in the escrow analysis. RESPA allows an escrow analysis to assume up to two payments and CU\*BASE offers the same functionality. You can use a date two payments (2 months) into the future to gauge the performance of escrow accounts and generate a forward view of annualized data. Because of this, you can run your analyses for January in October or November to give your members extra notice of an impending payment change.

## Suspending Specific Loans from Escrow Analysis

Previously when you ran an escrow analysis, you had the option of either running analysis on all of the escrows together or running it on one account at a time. Now you can mark selected escrow accounts so that they are not included in your analysis. This allows you to remove accounts from your analysis while you research problems with the account. You now can, for example run an analysis on category 7 loans, while not including specific loans with an incorrect Private Mortgage Insurance (PMI) date. Then once these accounts are updated, simply remove the exclusion and rerun the

analysis including them. To mark the escrow accounts you wish to exclude, use MNUPDT #2 – Update Member Account Infor, enter the specific escrow account and check (need to confirm this in GOLD) the Suspend Escrow Analysis checkbox.

To remove this account from escrow analysis, you would check this checkbox.

Payee	Type	Description	Payee	Type	Description
HOMEO	HMI	HOME-OWNERS INSURANC	MEC05	UTX	MORTON TOWNSHIP TREA
MEC05	STX	MORTON TOWNSHIP TREA			

This change is recorded as a Y in the MEM4F2 field in MEMBER4 so you can later use Query for a listing of all escrow accounts that have been excluded. When you are ready to include these escrow accounts in your analysis, simply use Member Account Update again and uncheck the checkbox.

## SCHEDULE PRINTING THE FINAL STATEMENTS AHEAD OF TIME

Final analysis allows you to print the required statements. While running the final analysis on MNEXLN #6 Create Escrow Analysis, you will enter the additional “New payment effective date.” This date is the date that the new escrow payment date will be updated and any surplus funds will be transferred. You will want to have this date set prior to the end of the month so that members can pay a few days early. Be sure to select a business day for the effective date; use the calendar lookup feature next to the date field to select a date that is a business day.

The “New Payment Effective date” determines when the payment will change. During the Beginning of Day (BOD) processing for that date, the analysis is run, surplus amounts are transferred.

When this annual analysis is run, loans that are current (neither paid ahead nor delinquent) will be processed and have a statement printed. If the account is delinquent or paid ahead, the loan information will print on an exception report. This allows the mortgage servicer to work with the member to bring the account to current status. Even if the loan is not brought current, the analysis can be generated on an individual basis to print and send to the member.

The screen that allows you to create a final analysis also allows you to run a Preview Analysis so that you can check your results prior to the final

printing. You may run as many previews as needed. Simply use the same screen as for the final analysis (MNEXLN #6) with two changes. Select to print a Preview at the top of the screen and do not enter a “New payment effective date.”

MNEXLN #6 “Create Escrow Analysis”



*Create* – this creates the analysis by account and **prepares** the member files to be updated for the coming year. The system stored the most current version.

*Preview* – generates an escrow analysis for review purposes only. In this mode, no records are updated. You may execute this version without affecting the monthly payments, account escrow analysis date, etc. Think of this as being a snapshot of the escrow analysis results. The system stores the most current version.

You may run a preview as many times as desired to reconcile and correct any issues you find. Always run the Preview prior to Create, and rerun it until satisfied that your escrow account data is correct.

There is one thing to keep in mind regarding escrow accounts in preparing for your analysis period. Delinquent loans greater than 30 days delinquent and paid ahead loans will not be included in the analysis. You can include them for preview, but the printed report will see that the loan is delinquent or paid ahead and therefore exclude it from the analysis. Refer to the exception report for these loans. These excluded reports must be run individually by account number.

## Field Descriptions

<i>Field Name</i>	<i>Description</i>	
Create analysis or preview	Select the option based on if you just want to view the data or update the member records.	
	<table border="1"> <tr> <td>Create – update records</td> <td>Preview – view only</td> </tr> </table>	Create – update records
Create – update records	Preview – view only	
Escrow projection start	The month (MMYY) on which you want to start projecting forward for the coming year.	
Select member account	Enter the account number when performing an analysis on an individual basis. When entered, the escrow analysis for an individual escrow account is produced.	
Loan category	Enter the loan category when performing an analysis for all loans that fall within an individual loan category. When entered, only loans in this loan category are selected for the escrow analysis.	
New payment effective date	This is a required field when “Create analysis” is selected at the top of the screen. This date determines the date any surpluses are transferred and the escrow payment amount is updated.	

## MEMBER FORMS

When the escrow analysis has been finalized, member forms are produced. The actual title of the member form is: Annual Escrow Account Disclosure Statement. The activity in the escrow account for the year is printed in a format that’s easy for the member to read and understand. All deposits into and disbursements from the escrow account made during the year are shown in chronological order. The balance in the escrow account as of the end of the disclosure period is printed on the form.

The information printed on this disclosure statement provides a complete picture of activity since the last escrow analysis was performed, and prints a projected new payment amount. In addition, the statement shows whether the escrow account had a surplus or was short funds to pay invoices and it also indicates the amount of the cushion.

*Some loan servicers require escrow accounts to have a cushion. This is an amount held in the account to prevent it from going negative during the year. If your credit union elects to have a cushion, it is set up in the Escrow Payee Configuration. The amount must fall within RESPA defined regulation. See page 12 for reference.*

The member will receive their Annual Escrow Account Disclosure Statement from your credit union on an annual basis. Information on the form communicates what happened to the account as a result of the analysis. See the definitions regarding Surplus, Shortage, and Deficiency on page 46.

## Annual Escrow Account Disclosure Statement

**ANNUAL ESCROW ACCOUNT DISCLOSURE STATEMENT**

JOHN J MEMBER JR  
409 ANYCITY ST NE

ANYCITY, MI 49000-0000

Loan Account 1130-700

**\*\*\*\*\*Your escrow account balance**

Projected balance on 03/31/2010 \$ 38.74  
Required balance on 03/31/2010 \$ 136.10

**Your escrow account shortage \$ 97.36**

**\*\*\*\*\*How to calculate your new monthly escrow deposit**

Add your estimated tax and insurance payments for the next year and divide the total by 12.

SPRINGFIELD TOWNSHIP SUMMER \$ 370.67  
SPRINGFIELD TOWNSHIP WINTER \$ 445.83

**New Monthly Escrow Deposit \$ 68.04**

CITIZENS INSURANCE COMPANY \$ 786.00  
FIFE LAKE TOWNSHIP \$ 123.25  
FIFE LAKE TOWNSHIP \$ 168.65

**New Monthly Escrow Deposit \$ 89.82**

**\*\*\*\*\*Your escrow account projections for the coming year**

DATE	DESCRIPTION	DEPOSIT	DISBURSEMENT	BALANCE
	Escrow Computation Year Beginning Balance			136.10
04/15/2010	Payment	68.04		204.14
05/15/2010	Payment	68.04		272.18
06/15/2010	Payment	68.04		340.22
07/15/2010	Payment	68.04		408.26
08/15/2010	Payment	68.04		476.30
09/14/2010	SPRINGFIELD TOWNSHIP SUMMER		370.67	105.63
09/15/2010	Payment	68.04		173.67
10/15/2010	Payment	68.04		241.71
11/15/2010	Payment	68.04		309.75
12/15/2010	Payment	68.04		377.79
01/15/2011	Payment	68.04		445.83
02/14/2011	SPRINGFIELD TOWNSHIP WINTER		445.83	.00*
02/15/2011	Payment	68.04		68.04
03/15/2011	Payment	68.04		136.08
	Balance at end of Disclosure Period			136.08

\*Your required balance is the amount required by federal law, state law, and your mortgage contract. It may include a cushion of up to 2/12ths of the total estimated amount of yearly escrow deposits.

**\*\*\*\*\*Your escrow account history over the last year**

DATE	DESCRIPTION	DEPOSIT	DISBURSEMENT	BALANCE
	Escrow Computation Year Beginning Balance			44.62
04/08/2009	Payment	62.36		106.98
05/13/2009	Payment	67.95		174.93
06/10/2009	Payment	67.95		242.88
06/30/2009	Payment	.29		243.17
07/08/2009	Payment	67.95		311.12
08/12/2009	Payment	67.95		379.07
08/28/2009	SUMMER TAX		370.67	8.40
09/09/2009	Payment	67.95		76.35
09/30/2009	Payment	.28		76.63
10/14/2009	Payment	67.95		144.58
11/10/2009	Payment	67.95		212.53
12/09/2009	Payment	67.95		280.48
12/31/2009	Payment	.24		280.72
01/13/2010	Payment	67.95		348.67
01/14/2010	WINTER TAX		445.83	97.16-
02/10/2010	Payment	67.95		29.21-
03/15/2010	Payment	67.95		38.74

\*\*\*\*\*Please review the following important information regarding payment method:

If your loan payment is made by auto funds transfer the credit union will update the transfer to the new payment amount.

If your loan payment is made from another financial institution, please contact that institution and communicate the change in the payment amount.

Disclosure Date: 2/17/2009  
CU\*BASE TEST CREDIT UNION  
123 MAIN STREET

ANYCITY, MI 49000-0000  
Phone Number: (555) 1212

Escrow Account 1130-200

**\*\*\*\*\*Your current monthly mortgage payment as of**

03/31/2010 \$ 552.79

**\*\*\*\*\*Your new monthly mortgage payment starting 04/2010**

Principal & Interest \$ 484.84  
Escrow Deposit \$ 68.04  
Escrow Shortage \$ 8.11

**New Monthly Payment \$ 560.99**

**\*\*\*\*\*Your escrow account has a shortage of \$97.36.**

Your escrow shortage has been spread over 12 months and added to your new monthly payment. If you wish to do so, you may contact your credit union and pay your escrow shortage in full. By paying the shortage amount now, your new monthly mortgage payment will be \$552.88.

**\*\*\*\*\*Your escrow account has a surplus of \$87.52.**

This amount will be transferred to your savings account.

If you pay with a coupon booklet, a new booklet has been ordered for you.

It will arrive in the mail shortly.

\_\_\_\_\_  
BORROWER: JOHN J MEMBER JR                      DATE

## Customizing Annual Escrow Account Disclosure Message

The closing paragraph of your Annual Escrow Account Disclosure Statements is the same for all credit unions and includes reminders for handling payment changes. Using the Escrow Analysis configuration (shown on page 47), you can configure up to 10 lines of text telling your escrow members whatever you feel is most important for them to know. Once you have configured your new message, you may want to do a print preview via the Extended Loan Processing menu – Create Escrow Analysis (MNEXLN #6) to ensure you typed and saved your message correctly.

# ESCROW ANALYSIS INQUIRY

Both the Preview and the Complete Analysis for an account can be viewed at any time. The system saves the most current version of each analysis. The Escrow Analysis screen (MNEXNL #7) allows you to save both a new Preview Analysis as well as the previous Completed analysis so that you can view either one from the Escrow Analysis Inquiry.

If you choose to print a copy of the created or previewed analysis from here, the accompanying Annual Escrow Account Disclosure report printed will indicate whether it is a Preview or Create in the title as well displaying the date of the analysis run rather than the date of printing.

Accounts selected to be included in the analysis can be viewed on screen or printed in a printed report. The data available is shown in the illustration below. Keep in mind that escrow analysis inquiry is available only after the process has been run and is based on the projections for the coming year.

MNEXLN #7 "Escrow Analysis Inquiry"

The totals line is visible regardless of the records displayed in the list.

Date	Description	Deposits	Disbursements	Net balance
Oct 01, 2008	Payment	156.02	0.00	468.09
Nov 01, 2008	Payment	156.02	0.00	624.11
Dec 01, 2008	Payment	156.02	0.00	780.13
Dec 15, 2008	CITY OF GLADSTONE	0.00	495.14	284.99
Jan 01, 2009	Payment	156.02	0.00	441.01
Feb 01, 2009	Payment	156.02	0.00	597.03
Mar 01, 2009	Payment	156.02	0.00	753.05
Apr 01, 2009	Payment	156.02	0.00	909.07
May 01, 2009	Payment	156.02	0.00	1,065.09
Jun 01, 2009	Payment	156.02	0.00	1,221.11
Jul 01, 2009	Payment	156.02	0.00	1,377.13
Jul 15, 2009	CITY OF GLADSTONE	0.00	1,037.61	339.52
		1,872.24	1,872.27	312.04

Surplus amount 48.98      Target amount 48.98  
 Cushion amount 156.02      Monthly change 0.00

The example above displays the data of one individual escrow account. The date column shows when scheduled escrow deposits will be received or disbursements (payments) to escrow payees will be made. Deposits are the funds are to be received with the monthly loan payment. The Disbursements are funds to be paid out to the Escrow Payee. The Description of the disbursement comes from the Escrow Payee Record. See page 11.

From this screen you can use F1-Inquiry to go to Member Account Inquiry.

If you select F14-Print, you will print the Annual Escrow Account Disclosure Statement. If you are viewing a Preview analysis, the forms will indicate this, both in the title and the date of the form.