

# A GUIDE TO ESCROW ANALYSIS

North Dakota Housing Finance Agency conducts an Escrow Analysis each year to ensure your monthly payment covers property taxes and insurance. Any payment change is due to updates from your tax authority or insurance company, not NDHFA. After the analysis, you receive an **Annual Escrow Account Disclosure Statement**, showing last year's activity, a 12-month projection, your new monthly payment, and any surplus, shortage, or deficiency.

## Annual Escrow Account Disclosure Statement (Page 2) Sample

This is a statement of actual & projected activity in your escrow account.

Last year we anticipated that payments from your account excluding mortgage insurance would be made during this period equaling \$3,600.00. Under Federal law, your lowest monthly balance should not have exceeded \$600.00 or 1/6 of anticipated payments from the account excluding mortgage insurance, unless your mortgage contract or State law specifies a lower amount. Under your mortgage contract and State law, your lowest monthly balance should not have exceeded \$600.00.

ACCOUNT HISTORY						PROJECTIONS FOR COMING YEAR				
Date	Escrow Funds In		Escrow Funds Out		Description	Account Balance Projected	Account Balance Actual	Date	Escrow Funds	
	Projected	Actual	Projected	Actual					In	Out
Apr-25	350.00	350.00	0.00	0.00		1350.00	1,350.00	April-26	500.00	0.00
May-25	350.00	350.00	0.00	0.00		1700.00	1,700.00	May-26	500.00	0.00
Jun-25	350.00	350.00	0.00	0.00		2050.00	2,050.00	Jun-26	500.00	0.00
Jul-25	350.00	350.00	0.00	0.00		2400.00	2,400.00	Jul-26	500.00	0.00
Aug-25	350.00	350.00	1200.00	1800.00	Home Ins	1550.00	950.00	Aug-26	500.00	1800.00
Sep-25	350.00	350.00	0.00	0.00		1900.00	1,300.00	Sep-26	500.00	0.00
Oct-25	350.00	350.00	0.00	0.00		2250.00	1,650.00	Oct-26	500.00	0.00
Nov-25	350.00	350.00	0.00	0.00		2600.00	2,000.00	Nov-26	500.00	0.00
Dec-25	350.00	350.00	0.00	0.00		2950.00	2,350.00	Dec-26	500.00	0.00
Jan-26	350.00	350.00	0.00	0.00		900.00	-300.00	Jan-27	500.00	0.00
Feb-26	350.00	350.00	0.00	0.00		1250.00	50.00	Feb-27	500.00	0.00
Mar-26	350.00	350.00	0.00	0.00		1600.00	400.00	Mar-27	500.00	0.00

We anticipate the payments from your account excluding mortgage insurance will be made during this period equaling \$4,800.00. Under Federal law, your lowest monthly balance should not exceed \$800.00 or 1/6 of the anticipated payments from the account excluding mortgage insurance, unless your mortgage contract or State law specifies a lower amount. Under your mortgage contract and State law, your lowest monthly balance should not exceed \$800.00.

Your ending balance, from the last month of the account history, adjusted for projected payments, is \$400.00. Your starting balance according to this analysis should be \$1,600.00. This means you have a shortage of \$1,200.00. Your shortage may be collected from you over a period of 12 months or more unless the shortage is less than 1 months deposit, in which case we have the additional option of requesting payment within 30 days. The shortage will be collected over the next 12 months.

**Any shortages or requests for payment changes must be received by March 31<sup>st</sup>. Any shortages or requests received after March 31<sup>st</sup> will not be processed until the following year.**

### MONTHLY ACCOUNT BALANCE

The highlighted information shows how we calculate your account's minimum monthly balance, sometimes called the two-month payment cushion. We start by adding up what we expect to pay for your home and/or flood insurance and your property taxes over the next year. That total represents the amount we expect to pay from your escrow account. We then divide that amount by six, which equals one-sixth of your anticipated annual escrow payments. This one-sixth amount is the lowest balance we aim to keep in your escrow account to help ensure there are enough funds available when bills are due.

### ACCOUNT HISTORY

This section compares what we **projected** to pay from your escrow account with the **actual** amount that was **paid** in the past year.

### ENDING BALANCE

The final amount shown in the Actual Balance column of your Account History determines whether your escrow account has a shortage, deficiency, or surplus. Your escrow account is required to maintain a balance equal to at least two months of escrow payments.

### PROJECTIONS FOR THE COMING YEAR

We review your expected account activity for the next 12 months, calculate your new monthly payment, and determine if there is a surplus or shortage.

#### Minimum Monthly Escrow Payment Calculation Example

$\$1800 \text{ (Home Ins)} + \$3000 \text{ (Tax)} = \$4800 \text{ (Total Yearly Escrow Payments)}$   
 $\div 12 \text{ (Months)} = \$400 \text{ (minimum escrow payment per month)}$

### ACCOUNT SHORTAGE OR DEFICIENCY

To correct any escrow shortage or deficiency, we also must ensure there are enough funds in your starting balance to cover all the projected payments plus retain a two-month cushion to maintain your minimum monthly balance.

$\text{Shortage or deficiency amount} \div 12 \text{ (Months)} + \text{Minimum Monthly Escrow Payment} = \text{New Monthly Escrow Payment}$

### ACCOUNT SURPLUS

If your property taxes or insurance costs go down and you've paid more than needed, we'll send you a refund if the extra amount is more than \$50. If the surplus is \$50 or less (after keeping a two-month payment cushion), we'll keep it in your escrow account and apply it toward next year's escrow payments.

