ROGUE CREDIT UNION

SHORTAGE REPAYMENT FAQs

What is a shortage and why might I have one?

Your escrow account exists to pay escrowed items (taxes, insurance, mortgage insurance, etc.) as they come due. Shortages are commonly caused by increases in taxes and/or insurance, changing your insurance carrier off-cycle, or underestimated taxes when you closed your loan.

A regular analysis of the escrow account is required to ensure that enough funds are available to pay these expenses as they come due. A shortage exists if the analysis shows that the minimum required balance falls below the amount required to make the projected payments of escrowed expenses.

What is a deficiency and why might I have one?

An escrow deficiency is when there's a negative escrow balance in the account. This happens when the mortgage lender has to advance funds to cover disbursements on your behalf. So not only will you be short for your upcoming tax and insurance payment, but you will also owe money to bring your account current.

May I pay the total escrow shortage?

You have the option to pay the total shortage (including any deficiency that may exist), in a lump sum, but you are not required to do so. We elect to spread the shortage out over 12 months. If you choose to pay the total shortage, your scheduled monthly payment will no longer include the shortage collection amount, and your escrow payment will adjust in February to the *Projected* **Payments To Escrow** amount, shown on page 1 of your Analysis Statement.

*If you would like to pay an escrow shortage, call us at 800-856-7328 or come in to a local branch.

Can I prepay my escrow account, so my payment does not change?

No. Taxes and insurance costs routinely change. The escrow portion of your monthly payment is calculated by dividing all projected escrow expenses in the coming year by 12. This calculation, for future monthly payments, is independent of the existing balance in the escrow account, so paying extra will not change the escrow payment calculation.

Can I pay an escrow shortage in a lump sum if my loan is 30 or more days delinquent?

No. Payments on loans that are 30 or more days past due will first be credited toward any past-due amount owed before any funds are applied towards an escrow shortage.