

The Farmers National Bank of Emlenton

ESCROW DEFINITIONS

The following is a list of common escrow related words and their definitions:

Actual Disbursements

The amount we disbursed on your behalf to pay various tax and insurance entities.

Actual Escrow Account Balance

The actual balance in your escrow account at the end of each month based on the Actual Payments and Actual Disbursements that occurred during the period.

Actual Payments

The actual amount that you deposited into your escrow account each month.

Aggregate Analysis

The accounting method used to conduct an escrow analysis by computing the sufficiency of the escrow account funds by analyzing the account.

Escrow Disclosure Statement

This statement shows all actual transactions for your account since your last escrow analysis, when applicable. The previous year's projected escrow activity is also shown for comparison if available. Then, for the next 12 months, the expected activity in your escrow account is projected (including any surplus or shortage) to calculate your new monthly mortgage payment.

Escrow Reserve

Your escrow reserve amount may also be referred to as your allotted cushion. This is the amount of funds set aside in your escrow account to cover unanticipated expenditures, such as increases in your tax bills or insurance premiums. This cushion amount should never exceed one-sixth (1/6) of your total anticipated disbursements for the coming year. Your loan documents or state law may specify.

Lowest Projected Balance

This amount is calculated by taking your beginning escrow balance, adding the projected monthly escrow payments, and subtracting the projected tax and insurance payments when they are due.

Minimum Required Balance

The funds aid into the escrow account to cover unanticipated disbursements or increases in disbursements due to inflation, rate increases, or other factors. Section 10 of the Real Estate Settlement Procedures Act (RESPA) authorizes lenders to collect and maintain up to one-sixth (two months) of your total disbursements in your escrow account at all times unless your mortgage document or state law specifies a lower amount. This amount is calculated by taking the beginning escrow balance, adding in the actual monthly escrow payments, and subtracting the actual tax and insurance payments.

Projected Disbursements

The amounts we expected to disburse on your behalf to pay various tax and insurance entities.

Projected Escrow Account Balance

The escrow balance we expected your account to show at the end of each month based on the Projected Payments and Projected Disbursements from your last analysis.

Projected Payments

This represents 1/12 of the anticipated annual escrow disbursements as of the last analysis you received. This is what we expected you to pay into your escrow account each month to cover the projected disbursements.

Shortage

The amount by which a current escrow account balance falls short of the target (required) balance at the time of the analysis.

Surplus

The amount the current escrow account balance exceeds the target (required) balance.

Total Monthly Base Payment Amount

The Total Annual Escrow amount divided by 12 months. This is the amount we need to collect each month to cover the total of your escrowed items per year. This amount does not include any shortage or surplus.