

Understanding Your Annual Escrow Analysis

Frequently Asked Questions



**FIRST
GUARANTY
BANK**

WHAT IS AN ESCROW ACCOUNT?

An escrow account is an account set up by your mortgage lender to pay certain property related expenses. Typically, it's required and controlled by the lender to make sure the homeowner is able to budget monthly for the additional costs that come with owning a home—expenses like property taxes, homeowners' insurance, flood insurance, and private mortgage insurance (PMI) to name a few.

WHAT IS AN ESCROW ANALYSIS?

We perform an escrow analysis each year on your escrow account to determine if the current monthly deposits will provide sufficient funds to pay taxes and insurance for the coming year, as well as provide the appropriate cushion. The analysis identifies any overages, shortages or deficiencies—if they exist—and adjusts the total monthly payment accordingly if needed.

HOW DO YOU CALCULATE MY ESCROW PAYMENT? CAN FIRST GUARANTY BANK ADJUST IT?

The escrow payment is calculated as required by the Real Estate Settlement and Procedures Act (RESPA). First Guaranty Bank estimates how much your taxes and insurance will cost over the next 12 months based on the last known amounts from your taxing authority and insurance company. If the annual amount for any escrowed items has changed since your annual escrow statement was generated, please contact us at 888.375.3093 to inquire about having your escrow account re-analyzed and adjusting your monthly escrow payment accordingly.

WHY DID MY PAYMENT CHANGE?

The annual amount required to fund your escrow account depends on how much your insurance company and tax authority invoice First Guaranty Bank. Because these amounts can change, your escrow payment can also change. You can view your escrow analysis for more information.

WHAT IS A SHORTAGE?

Escrow shortages happen when your real estate taxes or insurance premiums increase, or if they happen to be higher than originally projected at loan closing. If this happens, your escrow account will be short and additional funds will need to be collected to satisfy the shortage.

HOW DO I PAY A SHORTAGE?

First Guaranty Bank will automatically collect the shortage amount over a 12-month period through your monthly escrow payment. You can also choose to pay the shortage in full by stopping into a branch, sending the required payment amount (clearly identified as an escrow shortage payment) separately or with your current monthly mortgage payment.

WHAT IS A SURPLUS?

A surplus happens when you have more in your escrow account than you'll need to pay escrowed items. You will be reimbursed the entire amount if the surplus is \$50 or more. NOTE: if the surplus is under \$50, the amount will be placed in your escrow account and your payment will be reduced accordingly.

WHAT IS A DEFICIENCY?

If your final escrow balance is negative, you have a deficiency. Unless you choose to pay these amounts in full immediately, both a shortage AND a deficiency will increase your monthly escrow payment.

HOW DO I PAY MY DEFICIENCY?

First Guaranty Bank will collect the deficiency amount over a 12-month period through your monthly escrow payment. You can also choose to pay the shortage in full by stopping into a branch, sending the required payment amount (clearly identified as an escrow deficiency payment) separately or with your current monthly mortgage payment.

WHAT IS A CUSHION?

A cushion is the amount you (as the borrower) are required to keep in your escrow account to cover unexpected increases. It is shown as "REQUIRED LOW BALANCE" on your annual mortgage escrow account statement.

WHEN MY LOAN CLOSED, I PAID REAL ESTATE TAXES AND INSURANCE AS PART OF CLOSING COSTS. WHY ARE YOU COLLECTING FUNDS FOR BILLS I ALREADY PAID?

The tax and/or insurance payments at closing covered disbursements that were due immediately after closing or to fund the initial required amounts for your escrow account. We continue to collect funds in your escrow account to pay for future real estate taxes and insurance premiums as they are due.

HOW CAN I KEEP MY ESCROW PAYMENT FROM INCREASING?

Review your annual real estate tax assessment and discuss any concerns/ discrepancies with your local taxing authority. You may qualify for exemptions you are not aware of.

WILL MY ESCROW PAYMENT AMOUNT REMAIN THE SAME IF I PAY MY SHORTAGE IN FULL?

Your monthly escrow payment will still change even if you pay the shortage in full if your annual real estate taxes or insurance premiums change.

QUESTIONS ABOUT YOUR MONTHLY MORTGAGE PAYMENT?

Contact us by emailing LoanOps_Escrow@fgb.net or
call the Customer Support Center at 888.375.3093

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