


Understanding T&I Disclosures

Analysis and explanation of the annual disclosures
sent to members who have escrow on their mortgage.

Mortgage Servicing Department:
574-534-2506 ext. 6006 or
MortgageServicing@interracu.com



 **AMERICAN SHARE INSURANCE** Your savings insured to \$250,000
per account. By members' choice, this institution is not federally insured.



What does “T&I” or “escrow” even mean?

T&I stands for “Tax & Insurance” and refers to the account under a mortgage where funds are collected and stored to pay for Homeowner’s Insurance (HOI), Property Taxes, Flood insurance and/or Private Mortgage Insurance (PMI) on behalf of a member.

“Escrow” is another term used for a T&I account. It refers to the additional funds collected with a member’s mortgage payment toward the T&I.

Not all members have PMI on their loan. It depends on their Loan-to-value (LTV). If they do have PMI, they must have escrow.

A member may choose to escrow HOI and Taxes, or they may choose to escrow one or the other.

If a member has Flood Insurance on their property, they must have escrow.

Annual T&I Analysis

- Once a year in May, Interra’s Mortgage Servicing department runs an analysis of all mortgages with escrow/T&I. This analysis determines whether the funds being collected are sufficient to cover upcoming payments toward HOI, Property Taxes and/or PMI.
- If the premium for HOI or the total Property Taxes has changed at all from the previous year (whether by increasing or decreasing), the monthly mortgage payment must be re-calculated to accommodate.
- Once the analysis is completed, Interra will mail out disclosures to every member reflecting any changes. These disclosures are generally sent at the beginning of June.

Terms to Know

Surplus:

When more funds have been collected than were required for disbursement. Excess funds over \$50 cannot remain in a T&I account and will be refunded to the member.

Shortage:

When the amount being collected monthly is insufficient to cover upcoming T&I payments. Usually due to payments having increased.

Deficiency:

When a T&I payment disbursed was more than projected, creating a deficit or negative balance in the escrow account that must be repaid.

Example of Disclosure with a Surplus

- The first page of a Tax and Insurance Account Disclosure Statement (T&I Disclosure) shows a summary of the previous year. In this example we see the Account History for July 2021 through June 2022.
- In each column we can see what was **projected** compared with the **actual** amounts that were collected to and disbursed from the T&I account on this mortgage.
- The **Disb Desc** column reflects a description of each disbursement.

Tax and Insurance Account Disclosure Statement						May 23, 2022	
Interra Credit Union P.O. Box 727, 300 W Lincoln Ave Goshen IN 46527-0727 (574)534-2506 Toll: (888)432-2848				Loan Number 0000 Due Date 06/01/22		Property Address: 0000 Your Street Your Town, IN 00000	
Member Name Member Street Member Town, State Zip							
Account History for 07/21 Through 06/22							
Month	Projected T&I Pmt	Actual T&I Pmt	Projected T&I Disb	Actual T&I Disb	Disb Desc	Projected T&I Balance	Actual T&I Balance
Starting T&I Balance.....						1,947.31	1,947.31
July	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	2,193.70	2,193.70
	0.00	0.00	0.00	525.11 *	Tax	2,193.70	1,668.59
	0.00	0.00	0.00	838.21 *	Hazard	2,193.70	830.38
	0.00	0.00	0.00	635.97 *	Tax	2,193.70	194.41 **
August	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	2,440.09	440.80
	0.00	0.00	519.36	0.00 *	Tax	1,920.73	440.80
	0.00	0.00	787.67	0.00 *	Hazard	1,133.06	440.80
	0.00	0.00	640.28	0.00 *	Tax	492.78	440.80
September	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	739.17	687.19
October	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	985.56	933.58
November	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	1,231.95	1,179.97
December	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	1,478.34	1,426.36
January	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	1,724.73	1,672.75
	0.00	0.00	0.00	804.68 *	Tax	1,724.73	868.07
February	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	1,971.12	1,114.46
	0.00	0.00	1,009.36	0.00 *	Tax	961.76	1,114.46
March	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	1,208.15	1,360.85
April	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	1,454.54	1,607.24
May	320.26	320.26	73.87	73.87	MORTGAGE INSURANCE	1,700.93	1,853.63
June	320.26	320.26	E 73.87	73.87	E MORTGAGE INSURANCE	1,947.32	2,100.02

"Mortgage Insurance" refers to PMI

"Tax" refers to Property Taxes

"Hazard" refers to HOI

Example of Disclosure with a Surplus cont.

- The second page of the T&I Disclosure will show a summary of the totals along with some explanations of differences that are present.
- Notice in the **projected** vs. **actual** disbursement columns, you can see that we disbursed **less** than was projected.
- When this happens, it generally results in a **surplus** of funds, and often means that the total monthly mortgage payment will decrease when it is re-calculated.*

Tax and Insurance Account Disclosure Statement May 23, 2022

Interra Credit Union
P.O. Box 727, 300 W Lincoln Ave
Goshen IN 46527-0727
(574)534-2506
Toll: (888)432-2848

Loan Number 0000
Due Date 06/01/22

Property Address:
0000 YOUR STREET
YOUR TOWN, STATE ZIP

MEMBER NAME
MEMBER STREET
MEMBER TOWN, STATE ZIP

Account History for 07/21 Through 06/22

Month	Projected T&I Pmt	Actual T&I Pmt	Projected T&I Disb	Actual T&I Disb	Disb Desc	Projected T&I Balance	Actual T&I Balance
Totals.....	3,843.12	3,690.41	3,843.11	3,690.41			

An asterisk (*) indicates a difference from a previous estimate either in the date or the amount. An "E" indicates estimates for future payments or disbursements.

The mortgage payment, as of the last T&I Account Disclosure Statement, was 756.57. The breakdown was as follows: 436.31 Principal and Interest, 320.26 T&I, 0.00 Miscellaneous Insurance, 0.00 Subsidy.

Last year, we anticipated that disbursements from the T&I account would be made during this period equalling 3,843.11. Under RESPA, the low monthly T&I balance should not have exceeded 492.78, or 1/6 of anticipated disbursements. Under the mortgage contract, the low monthly T&I balance should not have exceeded 492.78. Under the servicers selected low point, the low monthly T&I balance should not have exceeded 492.78. The low balance was 194.41**.

Review the difference in the activity that we projected to occur against the actual history. Possibilities for not reaching the low balance may include:


1. A tax bill, insurance bill, or other T&I item was paid at a lower amount than projected, or was paid later than projected.
2. A surplus from a prior year was not eliminated.
3. Unscheduled deposits were made to the T&I account.
4. Unscheduled disbursements were made from the T&I account.

For further explanation, please call Mortgage Servicing - Ext. 6006.

*This is a general rule and is not always the case

Example of Disclosure with a Surplus cont.

- The third page of the T&I Disclosure will show the projections for the upcoming year. In this example, it is showing the projections for July 2022 through June 2023.
- These projections are based off the information received in the previous year regarding amounts disbursed.
- Notice that the amount being collected for T&I is less than the previous year. This is because the amount disbursed ended up being less than projected.

Tax and Insurance Account Disclosure Statement				May 23, 2022	
Interra Credit Union P.O. Box 727, 300 W Lincoln Ave Goshen IN 46527-0727 (574)534-2506 Toll: (888)432-2848			Loan Number 0000 Due Date 06/01/22		
MEMBER NAME MEMBER STREET MEMBER TOWN, STATE ZIP			Property Address: YOUR STREET YOUR TOWN, STATE ZIP		
					
Account Projection Detail for 07/22 Through 06/23					
Month	Projected T&I Pmt	Projected T&I Disb	Disb Desc	Current Bal Projection	Required Bal Projection
Starting T&I Balance.....				2,100.02	1,999.29
July	307.53	73.87	MORTGAGE INSURANCE	2,333.68	2,232.95
August	307.53	73.87	MORTGAGE INSURANCE	2,567.34	2,466.61
	0.00	525.11	Tax	2,042.23	1,941.50
	0.00	838.21	Hazard	1,204.02	1,103.29
	0.00	635.97	Tax	568.05	467.32
September	307.53	73.87	MORTGAGE INSURANCE	801.71	700.98
October	307.53	73.87	MORTGAGE INSURANCE	1,035.37	934.64
November	307.53	73.87	MORTGAGE INSURANCE	1,269.03	1,168.30
December	307.53	73.87	MORTGAGE INSURANCE	1,502.69	1,401.96
January	307.53	73.87	MORTGAGE INSURANCE	1,736.35	1,635.62
February	307.53	73.87	MORTGAGE INSURANCE	1,970.01	1,869.28
	0.00	804.68	Tax	1,165.33	1,064.60
March	307.53	73.87	MORTGAGE INSURANCE	1,398.99	1,298.26
April	307.53	73.87	MORTGAGE INSURANCE	1,632.65	1,531.92
May	307.53	73.87	MORTGAGE INSURANCE	1,866.31	1,765.58
June	307.53	73.87	MORTGAGE INSURANCE	2,099.97	1,999.24
Total	2,600.25	2,600.11			

Example of Disclosure with a Surplus cont.

- The fourth and final page of the T&I Disclosure is an overall summary.
- This is where it will show if the **mortgage payment** has changed, and to what amount.
- This page also reflects if there is a surplus and how much it is. The **surplus** will be deposited to the member's Interra Savings account.

Tax and Insurance Account Disclosure Statement			May 23, 2022	
			Loan Number	0000
			Due Date	06/01/22
Account Projection Summary for 07/22 Through 06/23				
Projected T&I Payment:	307.53	(12 payments)		
Current Balance Projected Low Point:		568.05	New Payment Information:	
Less the lowest of the following:			Current P&I Payment:	391.60
RESPA Allowed Low Point:	467.32		T&I Payment:	307.53
Mtg Document Allowed Low Point:	467.32			
Low Point Selected By Servicer:	467.32	467.32		
Net Balance:		100.73		
Resulting Surplus:		100.73		
T&I Balance:		2,100.02		
Less Surplus:		100.73	New Payment Effective:	07/01/22 <u>699.13</u>
Required Beginning Balance Projection to				
Ensure Low Point (incl reserves) of:	467.32 **	1,999.29		

There is a surplus of 100.73. This surplus must be returned unless it is less than 50.00, in which case we have the additional option of retaining it and lowering the monthly payments accordingly. WE ARE CREDITING THE SAVINGS FOR THE SURPLUS.

An "F" indicates a reserve amount held in the account for a future year disbursement.

Reserves held for items yet to be paid are needed in the escrow account to pay for tax and/or insurance items that were due to be paid prior to the T&I computation period, as indicated.

For further explanation, please call Mortgage Servicing - Ext. 6006.

Keep this statement for comparison with the actual activity in the account at the end of the next escrow accounting computation year.

This section shows a breakdown of the payment.
P&I = Principal & Interest
T&I = Amount collected toward escrow



Surplus funds will be deposited to member's account by the end of June.



Total new monthly payment. Will always go into effect for the 7/1 payment of the current year.

Example of Disclosure with a Shortage

- Below is an example of what a shortage will look like on a T&I Disclosure.
- Notice that the total **Projected T&I Disb** is **less** than the total **Actual T&I Disb**.
- This means the amount actually paid for property taxes and HOI was **more** than what was collected.

Account History for 07/21 Through 06/22							
Month	Projected T&I Pmt	Actual T&I Pmt	Projected T&I Disb	Actual T&I Disb	Disb Desc	Projected T&I Balance	Actual T&I Balance
Starting T&I Balance.....						307.40	203.29
July	153.69	158.94 *	0.00	0.00		461.09	362.23
August	153.69	158.94 *	0.00	0.00		614.78	521.17
September	153.69	158.94 *	0.00	0.00		768.47	680.11
October	153.69	158.94 *	0.00	0.00		922.16	839.05
	0.00	0.00	0.00	656.45 *	Tax	922.16	182.60 *
November	153.69	158.94 *	656.45	0.00 *	Tax	419.40	341.54
December	153.69	158.94 *	0.00	0.00		573.09	500.48
January	153.69	158.94 *	0.00	0.00		726.78	659.42
February	153.69	158.94 *	0.00	0.00		880.47	818.36
March	153.69	158.94 *	0.00	0.00		1,034.16	977.30
April	153.69	317.88 *	0.00	0.00		1,187.85	1,295.18
	0.00	0.00	0.00	670.74 *	Tax	1,187.85	624.44
May	153.69	0.00 *	656.45	0.00 *	Tax	685.09	624.44
June	153.69	158.94 * E	531.40	572.50 *	E Homeowner's Insurance	307.38	210.88
Totals.....	1,844.28	1,907.28	1,844.30	1,899.69			

The amount projected for the 2nd tax installment was \$656.45, but the actual amount disbursed was \$670.74. The amount projected for the HOI premium was \$531.40, but the actual amount was \$572.50

- Based on the new amounts for property taxes and HOI, the projections for the upcoming year will be updated/increased to make sure sufficient funds are collected for the higher amounts due.

Account Projection Detail for 07/22 Through 06/23						
Month	Projected T&I Pmt	Projected T&I Disb	Disb Desc	Current Bal Projection	Required Bal Projection	
Starting T&I Balance.....				210.88	318.98	
July	159.50	0.00		370.38	478.48	
August	159.50	0.00		529.88	637.98	
September	159.50	0.00		689.38	797.48	
October	159.50	0.00		848.88	956.98	
November	159.50	670.74	Tax	337.64	445.74	
December	159.50	0.00		497.14	605.24	
January	159.50	0.00		656.64	764.74	
February	159.50	0.00		816.14	924.24	
March	159.50	0.00		975.64	1,083.74	
April	159.50	0.00		1,135.14	1,243.24	
May	159.50	670.74	Tax	623.90	732.00	
June	159.50	572.50	Homeowner's Insurance	210.90	319.00	**
Totals.....	1,914.00	1,913.98				

The difference between the current balance projection and required is \$108.10.

Example of Disclosure with a Shortage cont.

- Because additional funds are being collected toward the higher upcoming payments, the total monthly mortgage payment will increase.
- The amount going to P&I (principal & interest) remains the same. But the amount being collected toward T&I is increased.

Account Projection Summary for 07/22 Through 06/23															
Projected T&I Payment:	159.50	(12 payments)													
Current Balance Projected Low Point:			210.90												
Less the lowest of the following:															
RESPA Allowed Low Point:	319.00														
Mtg Document Allowed Low Point:	319.00														
Low Point Selected By Servicer:	319.00		319.00												
Net Balance:			108.10												
Resulting Shortage:			108.10												
T&I Balance:			210.88												
Plus Shortage:			108.10												
<div style="border: 1px solid #008080; padding: 5px; display: inline-block; margin-top: 5px;">The total shortage is reflected here.</div>															
<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: center;">New Payment Information:</td> <td style="width: 20%;"></td> </tr> <tr> <td></td> <td>Current P&I Payment:</td> <td style="text-align: right;">550.40</td> </tr> <tr> <td></td> <td>T&I Payment:</td> <td style="text-align: right;">159.50</td> </tr> <tr> <td></td> <td>1/12 of Shortage:</td> <td style="text-align: right; border: 1px solid red;">9.01</td> </tr> </table>					New Payment Information:			Current P&I Payment:	550.40		T&I Payment:	159.50		1/12 of Shortage:	9.01
	New Payment Information:														
	Current P&I Payment:	550.40													
	T&I Payment:	159.50													
	1/12 of Shortage:	9.01													
<div style="border: 1px solid #008080; padding: 5px; display: inline-block; margin-top: 5px;">The shortage is calculated over 12 months and itemized here.</div>															
<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: center;">New Payment Effective:</td> <td style="width: 20%; text-align: center;">07/01/22</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border: 1px solid red;">718.91</td> </tr> </table>					New Payment Effective:	07/01/22			718.91						
	New Payment Effective:	07/01/22													
		718.91													
<div style="border: 1px solid #008080; padding: 5px; display: inline-block; margin-top: 5px;">Total new monthly payment. Will always go into effect for the 7/1 payment of the current year.</div>															
Required Beginning Balance Projection to Ensure Low Point (incl reserves) of:	319.00 **		318.98												

There is a shortage of 108.10. This shortage may be collected over a period of 12 months or more unless the shortage is less than one month's deposit, in which case we have the additional option of requesting payment within 30 days. WE HAVE DECIDED TO COLLECT IT OVER 12 MONTHS.

An "F" indicates a reserve amount held in the account for a future year disbursement.

Reserves held for items yet to be paid are needed in the escrow account to pay for tax and/or insurance items that were due to be paid prior to the T&I computation period, as indicated.

For further explanation, please call Mortgage Servicing - Ext. 6006.

Keep this statement for comparison with the actual activity in the account at the end of the next escrow accounting computation year.

Example of Disclosure with a Deficiency & Shortage

- Below is an example of a deficiency on a T&I disclosure.
- The highlighted portions show that the actual amount disbursed was significantly more than what was projected, resulting in a negative T&I/escrow balance.

Account History for 07/21 Through 06/22							
Month	Projected T&I Pmt	Actual T&I Pmt	Projected T&I Disb	Actual T&I Disb	Disb Desc	Projected T&I Balance	Actual T&I Balance
Starting T&I Balance.....						128.76	110.67
July	42.92	44.43 *	0.00	0.00		171.68	155.10
August	42.92	44.43 *	0.00	0.00		214.60	199.53
September	42.92	44.43 *	0.00	0.00		257.52	243.96
October	42.92	44.43 *	0.00	0.00		300.44	288.39
	0.00	0.00	0.00	257.52 *	Property Taxes	300.44	30.87
November	42.92	44.43 *	257.52	0.00 *	Property Taxes	85.84	75.30
December	42.92	44.43 *	0.00	0.00		128.76	119.73
January	42.92	44.43 *	0.00	0.00		171.68	164.16
February	42.92	44.43 *	0.00	0.00		214.60	208.59
March	42.92	44.43 *	0.00	0.00		257.52	253.02
April	42.92	44.43 *	0.00	0.00		300.44	297.45
	0.00	0.00	0.00	933.26 *	Property Taxes	300.44	-635.81 **
May	42.92	44.43 *	257.52	0.00 *	Property Taxes	85.84	-591.38
June	42.92	44.43 * E	0.00	0.00		128.76	-546.95
Totals.....	515.04	533.16	515.04	1,190.78			

- When there is a deficiency and a shortage, both must be factored into the re-calculation of the payment.
- This is to re-pay the negative balance for the amount disbursed, to collect additional funds required to pay the higher amount due for upcoming payments in the current year, as well as for the new, higher projections for next year's payments.
- Members can pay the deficiency and/or shortage back as a lump sum, and those amounts will be deducted from total payment amount.

Account Projection Summary for 07/22 Through 06/23			
Projected T&I Payment:	153.72 (12 payments)		
Current Balance Projected Low Point:		-700.72	
Less the lowest of the following:			
RESPA Allowed Low Point:	307.44		
Mtg Document Allowed Low Point:	307.44		
Low Point Selected By Servicer:	307.44	307.44	
Net Balance:		1,008.16	
Plus Deficiency:		546.95	
Resulting Shortage:		461.21	
T&I Balance:		-546.95	
Plus Deficiency:		546.95	
Plus Shortage:		461.21	
Required Beginning Balance Projection to Ensure Low Point (incl reserves) of:	307.44 **	461.21	

New Payment Information:	
Current P&I Payment:	629.84
T&I Payment:	153.72
1/12 of Deficiency:	45.58
1/12 of Shortage:	38.43
New Payment Effective:	07/01/22 867.57

Deficiency & shortage totals are reflected here.

The shortage & deficiency are calculated over 12 months and itemized here.

Total new monthly payment. Will always go into effect for the 7/1 payment of the current year.

There is a deficiency of 546.95. This deficiency may be collected over a period of two months or more unless the deficiency is less than one month's deposit, in which case we have the additional option of requesting payment within 30 days. PLEASE PAY IT OVER 12 PAYMENTS ENDING WITH THE 06/01/23 PAYMENT, AFTER WHICH THE PAYMENT WILL BE REDUCED BY THIS AMOUNT.

After considering the deficiency, a remaining shortage of 461.21. This shortage may be collected over a period of 12 months or more unless the shortage is less than one month's deposit, in which case we have the additional option of requesting payment within 30 days. WE HAVE DECIDED TO COLLECT IT OVER 12 MONTHS.

Frequently Asked Questions

Q: Why did my monthly mortgage payment increase?

A: More than likely it was due to changes in your property tax or HOI premium amounts. Please refer to your T&I Disclosure or contact Mortgage Servicing for details.

Q: Why did my property taxes and/or HOI premium increase?

A: Please reach out to your County Treasurer's Office and/or your HOI Provider. Interra is simply disbursing the amount provided to us. We do not determine the amount being paid, nor do we know the factors that go into the changes.

Q: Can I contest the amount that my taxes and/or HOI premium has increased?

A: Please reach out to your County Treasurer's Office and/or HOI Provider about contesting the amount being billed.

Q: If there is a shortage and/or deficiency on my escrow, may I pay back one or the other in a lump sum? Or must I pay back the total for both in order to lower my monthly payment?

A: You are more than welcome to pay back either the shortage or the deficiency, or both. However, any shortage or deficiency have already been calculated into your monthly payment, so you're welcome to simply pay the higher monthly payment over the next 12 months as calculated rather than in a lump sum.

Q: I have paid back the shortage and/or deficiency reflected on my T&I disclosure, but my monthly payment is still higher than the original amount.

A: Because your property taxes or HOI premium or both have increased in general, your monthly payment will still be higher than it was before to collect the additional funds required for those higher amounts.

Q: Can I pay extra to my escrow either monthly or as a lump sum to avoid having my monthly payment increase again next year?

A: Escrow/T&I accounts are non-interest-bearing accounts. Therefore, legally, we are unable to collect or hold more than the projected required amount.

Q: Can I cancel my Escrow/T&I account and pay my HOI and/or Taxes myself?

A: You are welcome to cancel your escrow at any time, **unless you have PMI or Flood insurance on your mortgage**. In those instances, the escrow must remain until the PMI or Flood insurance can be removed. Please contact Mortgage Servicing for more details.

Q: I have automatic payments set up for my mortgage. How do I adjust the transfer to cover my increased payment?

A: Please contact Interra by calling 574-534-2506 or 888-432-2848 to speak to a representative regarding updating your automatic transfer record.



Mortgage Servicing Department:
574-534-2506 ext. 6006 or
MortgageServicing@interracu.com



EQUAL HOUSING
OPPORTUNITY



AMERICAN SHARE INSURANCE Your savings insured to \$250,000
per account. By members' choice, this institution is not federally insured.