

Understanding Your Escrow Account

Your escrow account helps make homeownership easier by allowing us to collect a portion of your property taxes and homeowners insurance with your monthly payment and pay those bills on your behalf.



We Collect

A portion of your monthly payment is set aside in an escrow account.



We Pay

We pay your property taxes and home owners insurance directly when they are due.



We Review

Each year, we complete an escrow analysis to compare actual costs to our estimates for the next 12 months.



Your monthly payment may change due to its basis on the updated taxes, insurance, and financial cushion.

How Your Escrow Payment Is Calculated

$$\begin{array}{ccccccc} \text{House Icon} & + & \text{Shield Icon} & + & \text{Coins Icon} & \div 12 = & \text{Calendar Icon} \\ \text{Estimated} & & \text{Estimated} & & \text{Financial} & & \text{Your} \\ \text{Annual} & & \text{Annual} & & \text{Cushion} & & \text{Monthly} \\ \text{Property} & & \text{Homeowners} & & \text{(usually 1-2} & & \text{Escrow} \\ \text{Taxes} & & \text{Insurance} & & \text{months)} & & \text{Payment} \end{array}$$

Why Your Payment Can Still Increase Even If You Pay Your Shortage

Paying a shortage brings your account current, but your new monthly payment is based on the updated estimated taxes and insurance for the next 12 months (including the required cushion). If your taxes or insurance costs have increased, your payment can still go up even after you pay the shortage.

Need Additional Assistance? Contact Us!

(800) 782-0521

customerservice@midwestheritage.com

Why Your Payment May Change

Property Tax Changes

Local tax rates, assessments or school levies can increase.

Insurance Premium Changes

Premiums can rise due to higher rebuild costs, weather-related claims or changes in coverage.

Financial Cushion

Maintaining a cushion (usually 1-2 months) helps ensure there are enough funds when bills are due when taxes or premiums increase.

When an Escrow Payment May Be Required

Loan Type

Most of our loan, including in-house loans, FHLB and Freddie Mac loans, may require an escrow account based on loan program requirements

Loans with PMI

If your loan has private mortgage insurance (PMI), an escrow account for property taxes and homeowners insurance is required.

