

Escrow Account

Frequently Asked Questions (FAQs)

What bills are paid from an escrow account?

We collect funds in an escrow account to pay real estate taxes, premiums for insurance required to protect the property such as homeowner's insurance and/or flood insurance. We **Do Not** collect funds in an escrow account to pay homeowner's association fees or premiums for non-required insurance policies, such as separate personal property insurance

Do I need to send you my real estate tax bill each time it is due?

We usually receive real estate tax information directly from the taxing authority. If you receive a tax bill, please mail the tax bill to NexTier Bank, Loan Support, P.O. Box 1237 Butler, PA 16001-1237.

What is an escrow analysis?

Each year, a review of your account is performed to ensure the escrow portion of your monthly mortgage payment covers your real estate taxes and insurance premiums, while also maintaining the minimum escrow account balance. Increases or decreases in your annual tax or insurance bills may cause your monthly mortgage amount to change. If bills paid from your escrow account before the escrow analysis were higher than expected, your account may have a shortage. If they were lower than expected, your account may have an overage/surplus. You will receive an escrow account statement by mail after each escrow analysis.

When will you conduct my escrow analysis?

All escrow accounts are reviewed annually. Your analysis will be scheduled for the same month each year.

What is an escrow account shortage and what should I do if I have one?

If the real estate taxes and homeowners insurance premiums that NexTier Bank paid on your behalf were higher than expected, your escrow account will have a shortage that will appear on your annual escrow account statement. Ways you are able to pay an escrow account shortage:

- Pay the amount in full by sending your payment along with shortage payment coupon included in your annual escrow account statement.
- Pay the amount over twelve (12) months, with 1/12th added to each monthly mortgage payment. NexTier Bank will do this automatically if you do not pay the shortage in full.

Note: Even if you pay your shortage in full, your escrow payments could still increase.

My loan closed a year ago, why do I have a large shortage?

The real estate taxes and homeowners insurance that NexTier Bank paid on your behalf may have been higher than expected. This is typically seen for properties that have been re-assessed due to new construction and/or home improvements. Additionally, we may have been notified that there were past due real estate tax or insurance bills that were not paid at closing and we paid them on your behalf.

Why does my account require a minimum balance and how do you determine that amount?

A minimum balance helps to ensure that if real estate taxes or insurance premiums increase, your account can cover the increases without ending up with a significantly large shortage. Minimum balance requirements are governed by federal law, or by your loan contract and applicable state law. The minimum balance is equal to two (2) months of escrow payment, unless state law or your loan contract requires a lesser amount.

How is my monthly escrow amount determined?

1. Estimates the amount we will need to pay out over the next twelve (12) months for your real estate tax, homeowners insurance, and flood insurance bills. We base this estimate on information from your loan closing documents, your taxing authority, and insurance company.
2. Divides the estimated amount by twelve (12) and adds the results to your monthly payment.
3. Consider escrow reserves, which consist of two (2) months of escrow payments.
4. Determines whether any adjustments, such as shortage payments, are required to keep your escrow account in balance.

Will my monthly escrow amount ever change?

Yes, it may. NexTier Bank reviews your account at least once a year to ensure we are collecting a sufficient amount to cover your projected real estate taxes and insurance premiums. If these payments increase or decrease, your escrow payment will be recalculated during your escrow analysis. This is separate from the calculation to determine if you have a shortage or overage, so your monthly escrow payment amount could increase even if you pay your shortage in full. Any change to your monthly escrow payment amount will appear on the annual escrow account statement.

My real estate taxes and/or insurance premiums have decreased. Why hasn't my payment decreased?

Any changes to your monthly escrow payment amount will appear during your scheduled yearly escrow analysis.

Where can I find more information about my escrow account?

For additional escrow account information, review your annual escrow account statement. You will receive this statement by mail annually. The statement will show your previous escrow account activity and projected future activity, including any changes to your monthly mortgage payment.

Where can I see the amounts currently listed for my real estate tax and insurance bills?

Log into Online Banking at www.nexttierbank.com and go to your mortgage account. On the **Account Summary** page, select **Detail / Transaction Activity** to see the most recent amounts paid for your real estate taxes, homeowners, and flood insurance. Please note, these amounts reflect payments NexTier Bank has made in the past. If they do not match your most recent real estate tax and insurance bills, it may be because we have not yet paid those bills.

If you have a new loan and there have not been any payments made from your escrow account, review your Initial Escrow Account Disclosure Statement that was signed at closing. The amounts listed on this document are based on the real estate tax and insurance information received when closing your loan.

If I expect an increase to my real estate taxes or insurance premiums, do I have to send more than the amount listed on my statement?

No, you do not. NexTier Bank will pay your required real estate tax and insurance bills when they are due, regardless of your escrow account balance, so additional funds are not required at this time. However, when you make a mortgage payment, you may choose to send in a separate check and make a note in the memo section of the check stating that it is to be applied as an escrow payment.

Any increases will be reviewed during your annual escrow analysis.

When my loan closed, I paid real estate taxes and insurance as part of my closing costs. Why are you collecting funds for bills I have already paid?

The real estate tax and/or insurance payments made at closing were for bills that were due immediately, and/or for the initial deposit to your escrow account. NexTier Bank will continue to collect funds for your escrow account to cover future real estate tax and insurance premiums when they are due.

Once my mortgage is paid in full, will I receive the money in my escrow account?

A credit for the balance of your escrow is included with your loan payoff. A refund will be given if the balance in your escrow account is greater than the amount required to pay off the loan.

Does NexTier Bank earn interest on funds on my escrow account?

No, we do not earn interest on the funds in your account.

Why did my real estate taxes and/or insurance increase?

Please contact your local taxing authority and insurance company with any questions regarding changes to your real estate tax or insurance premiums.

My mortgage is scheduled for automatic payments. What will happen if my escrow payment changes?

If your loan is set up to automatically debit your NexTier Bank checking or savings account, or ACH a non-NexTier Bank checking or savings account each month, we will adjust your payments automatically based on your new monthly escrow payment. Your first monthly payment for the new amount will be due on the effective date shown in your annual escrow account statement.

If you have set up automatic mortgage payments from your NexTier Bank checking or savings account using our online Bill Pay service and/or scheduled account transfers, **you will need to update future payments with the new amount shown in the Annual Escrow Account Statement, starting with the payment due on the effective date.**

If you have set up automatic mortgage payments through a non-NexTier Bank bill pay service or banking site, or other third-party service, **you will need to update future payments with the new amount shown in the Annual Escrow Account Disclosure Statement, starting with the payment due on the effective date.**

***Note:** For bi-weekly, weekly, or specific monthly transfers outside of the original terms of your loan, you will need to update future payments with the new amount shown in the escrow account disclosure statement, starting with the payment due on the effective date.*