LOAN SERVICING SOFT Escrow Setup

This document will guide you through the process of setting up your escrow or escrow impounds in LOAN SERVICING SOFT. It covers enabling escrow impounds at the loan level, setting up escrow impound schedules and validating the calculation through loan payments.

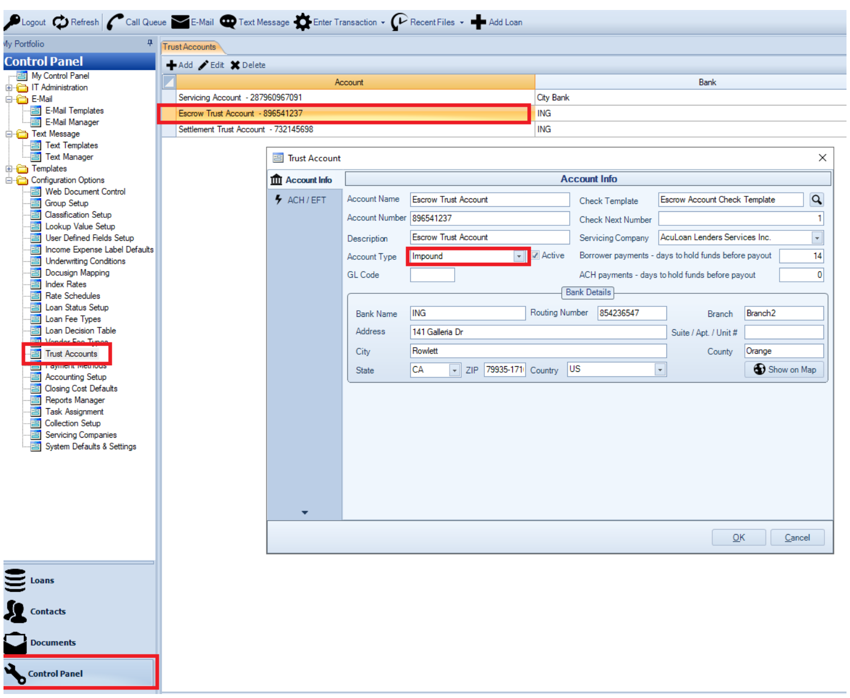
For additional information and/or questions please feel free to contact our support group at: support@loanservicingsoft.com or 1-800-993-1839 x2.

Overview

The Escrow feature allows servicing companies to manage impound accounts for property taxes, insurance, and related payments. Each loan can have an associated escrow account used to collect and disburse funds to third-party vendors on behalf of borrowers.

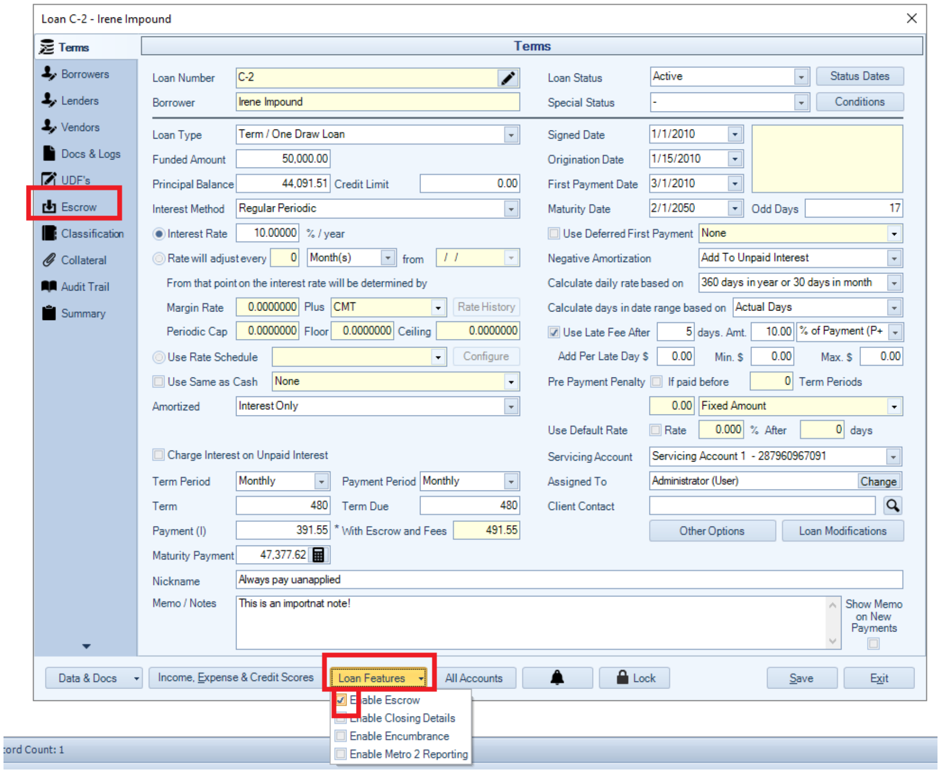
Verify Escrow Account Setup

Before configuring escrow on a loan, confirm that the Account Type is set to “Impound” for the Trust Account you will be using for your impounds. To do this go to Control Panel, Trust Accounts, select Escrow Trust Account, and click the Edit button. Be sure the Account Type drop down is set to Impound. Also make sure the Active check box is checked. By default, a single standard Escrow Trust Account is created for Impounds during initial system setup.



Enable Escrow for a Loan

To enable Escrow for a loan, open the desired loan, click the Loan Features button at the bottom of the screen and check the box labeled 'Enable Escrow'. This activates the Escrow tab for the selected loan.



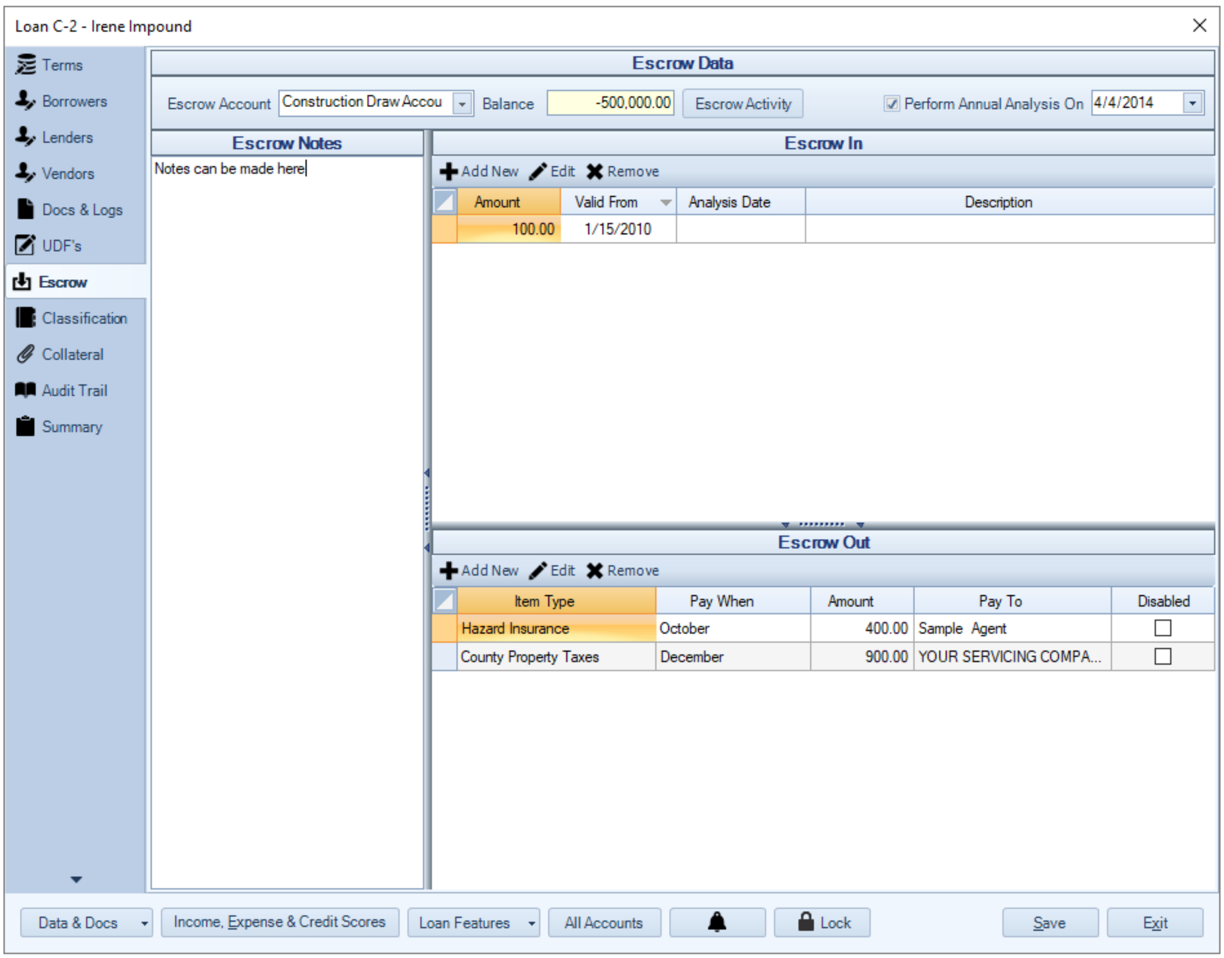
Escrow Screen Overview

The Escrow tab includes multiple sections:

• Left side – **Escrow Notes**: a free-text field for internal notes or borrower-related comments.

• Right side top – **Escrow In**: displays periodic escrow impound amounts generated after each escrow analysis. These records determine the monthly escrow impound amounts added to the borrower payments.

• Right side bottom– **Escrow Out**: defines the scheduled payments (vouchers) to Vendors such as tax authorities or insurance companies.



Setting Up Escrow In Items

Your Escrow In items will be loaded for you during the Escrow Analysis process. If you like you can manually enter or edit your Escrow In items as well.

Setting Up Escrow Out Items

To define the payments out from the Escrow account, click the Add New button under the Escrow Out section. Each entry represents a scheduled payment out for things such as taxes or insurance.

For each scheduled payment out do the following. Click the Add New button under the Escrow Out section and fill in the fields on the pop-up screen.

• Item Type - The category of the escrow item (e.g., Taxes, Insurance).

• Amount - The payment amount, usually based on the Vendor invoice or bill.

• Last Changed - Optional field for date of last change.

• Pay Schedule – When is the payment to be made.

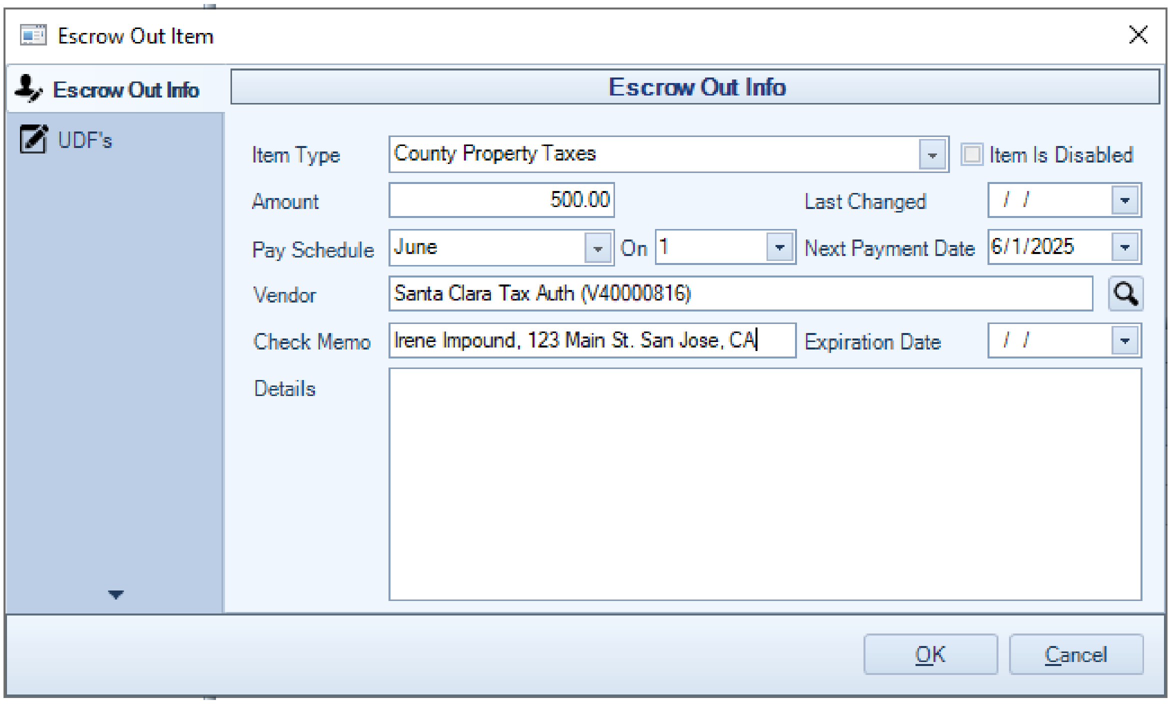
• Next Payment Date – Optional, Indicates when the next scheduled payment is due.

• Vendor – Who the payment is being made to.

• Check Memo - Optional field for check memo (e.g., Tax ID, Policy #).

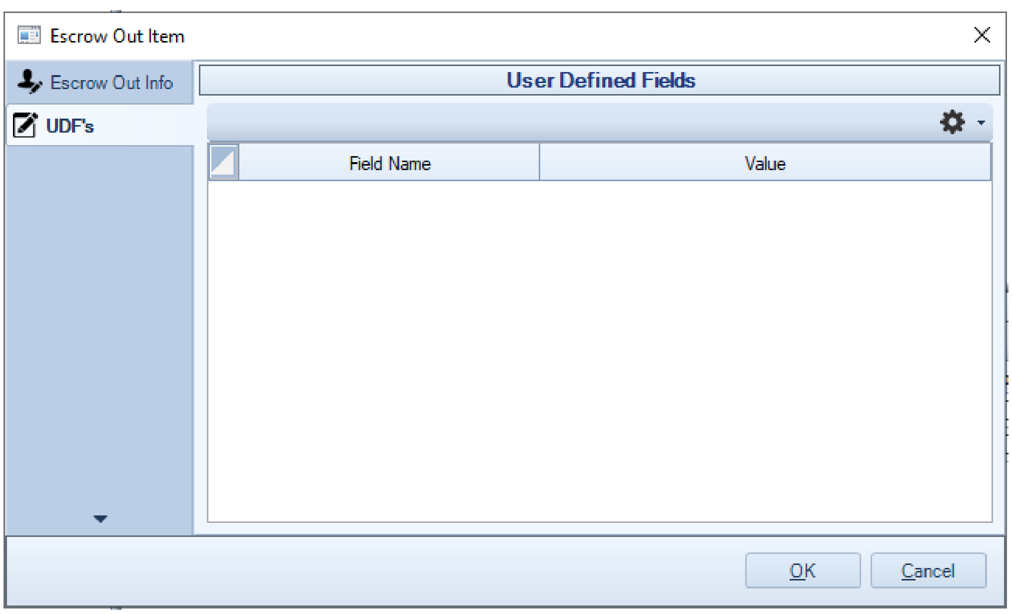
• Expiration Date - Optional field to stop recurring payments on a specific date.

• Details – Optional field for notes, history, etc..



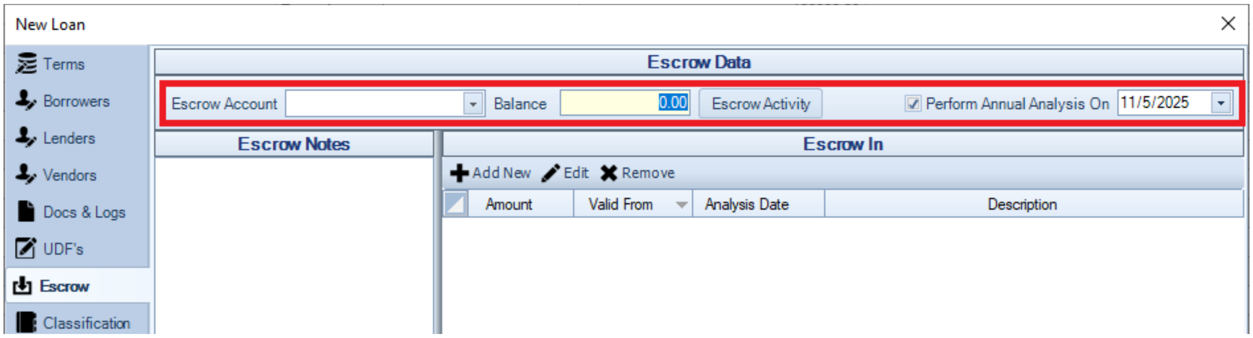
User Defined Fields (UDFs)

Each Escrow Out item has an optional UDF or User Defined Fields section for custom data such as invoice numbers, previous amounts, etc..



Escrow Account Assignment and Balance Tracking

At the top of the Escrow tab, you can assign a specific Escrow account to the loan. This determines which Escrow account borrower escrow payments are routed to if you have more than one Escrow account. The Balance field displays the current escrow balance for the loan, and the Escrow Activity button opens a detailed view of transactions affecting the escrow balance. From this screen, users can also manually add deposits or checks as needed. The Perform Annual Analysis On date field allows you to select a date for your analysis.



Escrow Reports

LOAN SERVICING SOFT provides several standard reports to assist users in managing and monitoring escrow-related activity. These reports help track scheduled disbursements, perform annual analyses, and generate borrower disclosures:

- **Annual Analysis Schedule**

To get to this report go to: Documents, Escrow, Annual Analysis Schedule

This report tells you when the next analysis is to be run, and gives you details on the previous run.

- **Monthly Escrow Disbursement Schedule**

To get to this report go to: Documents, Escrow, Monthly Escrow Disbursement Schedule

This report lists all scheduled escrow voucher payments for the selected month. The records are organized by Escrow Vendor / Payee, allowing users to easily review upcoming disbursements.

- **Escrow Analysis Performed Report**

To get to this report go to: Documents, Escrow, Escrow Analysis Performed Report.

This report displays all loans that are scheduled to perform the annual escrow analysis within the selected month. It helps you track which loans are due for recalculation and borrower notification.

- **Initial Escrow Analysis Disclosure Statement**

This report is ran during your Initial Escrow Analysis process and is not on the list under the Documents section.

This report provides borrowers with a one-page disclosure summarizing the escrow setup, schedule and expected monthly impound amounts for the first year of the loan.

*See the How-to Doc *Performing the Initial Escrow Analysis*.

- **Annual Escrow Analysis Disclosure Statement (with Account History)**

This report is ran during your Annual Escrow Analysis process and is not on the list under the Documents section.

This report is similar in format to the Initial Escrow Analysis Disclosure Statement but it shows the actual activity for the past year. On the next page it shows a forecast for the next year.

*See the How-to Doc *Performing the Annual Escrow Analysis*.

Summary

The Escrow feature in LOAN SERVICING SOFT provides a comprehensive way to manage borrower impound accounts, from setup and tracking to annual analysis. Using the Initial and Annual Escrow Analysis tools ensures that payments and adjustments are calculated accurately and reported clearly to both servicers and borrowers.