

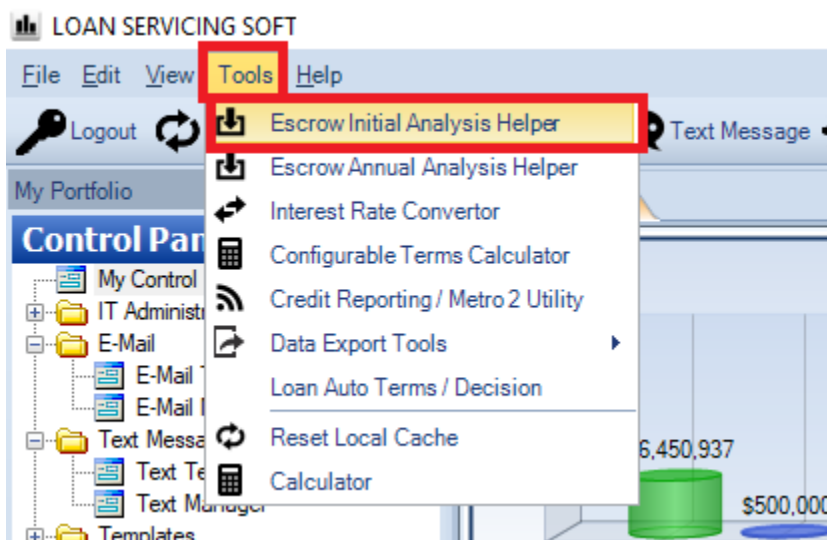
LOAN SERVICING SOFT Initial Escrow Analysis

This training guide provides a detailed explanation of how to perform the initial escrow analysis in LOAN SERVICING SOFT (LSS). It provides instructions for calculating the first escrow payment amount for a newly boarded loan and describes how to set projection dates, verify setup details, and print the initial escrow disclosure report.

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

Opening the Initial Escrow Analysis Helper Tool

From the File menu at top of the screen select: Tools, Escrow Initial Analysis Helper.



From the next screen you will select a loan and then that will take you to the Escrow Initial Analysis Helper screen. This tool calculates the borrower's monthly escrow payment for a newly originated loan. You can view loan details, set calculation parameters, and perform a simple analysis.

Escrow Initial Analysis Helper

Loan Details

Loan Number: L10000004 Origination Date: 1/1/2025

Borrower: Tom Impound Maturity Date: 1/1/2027

Projection Start Date: 2/1/2025 Next Analysis D...: 11/1/2025

Escrow Statement Date: 11/6/2025

Escrow Effective Date: 1/1/2025

Estimated Periodic Disbursements: 54.17 Annualized: 650.00

Maximum Cushion Limit: 108.33 (equal or less than 1/6 of the annual disbursements)

Selected Cushion: 108.33

Current Impound: 54.17 Annualized: 650.04

New Impound Amount *: 54.17 Annualized: 650.04

Buttons: Loan Details, Print Statement, Save & Next, Save, Cancel

Review of Key Fields

At the top of the screen, several read-only fields display information automatically retrieved from the loan details. These include Loan Number, Borrower, Origination Date, and Maturity Date.

Below those fields, user-editable parameters are displayed. The **Projection Start Date** determines when the schedule of escrow payments begins. By default, it is set to match the first payment date of the loan, ensuring that the analysis aligns with the borrower's payment schedule.

The **Next Analysis Date** represents when the first annual escrow analysis is expected to occur. Many servicing companies perform all analyses for the entire loan portfolio during a specific month, such as November. Set this date according to your company's policies.

The **Escrow Statement Date** is the date printed on the initial escrow analysis disclosure. This field is set to the current date by default.

Fields highlighted in yellow are read-only and represent data derived from the loan's escrow configuration. The **Estimated Periodic Disbursement Amount** is calculated automatically based on existing escrow vouchers defined under the Escrow Out section of the loan.

The screenshot shows a software window titled "Escrow Out Item" with a sub-tab "Escrow Out Info". On the left is a sidebar with "UDF's" and "Details". The main form contains the following fields:

- Item Type: County Property Taxes
- Amount: 650.00
- Pay Schedule: October
- Vendor: Santa Clara County (V40000806)
- Next Payment Date: 11/4/2025
- Expiration Date: / /

Buttons for "OK" and "Cancel" are at the bottom right.

For this example, the loan has a single escrow voucher configured for \$650 due annually on October 22. This represents a County Property Tax item payable to Santa Clara County. The system divides the annual amount by twelve to calculate the monthly escrow payment, which results in \$54.17.

Based on escrow management regulations, the system calculates a maximum allowable cash cushion. This cushion typically equals two months of the borrower's estimated disbursement amount. In this case, the limit is \$108.33, which is displayed on the screen as the suggested maximum.

The **Selected Cushion** field allows the user to specify how much of this cushion should be collected at loan setup. This cushion amount is typically collected at closing, along with other upfront fees, and recorded as the first escrow deposit. Manually add it to the loan's escrow activity page as the first deposit. This ensures that the escrow account starts with the correct beginning balance. The deposit should be entered using the same date as the loan origination or closing date.

The screenshot displays the 'Escrow Trust Account - [L10000004] Tom Impound' window. A 'New Deposit' dialog box is open, showing the following details:

- Trust Account:** Escrow Trust Account #896541237
- Payer:** Borrower (Tom Impound (B20000013))
- Reference #:** 123
- Deposit Date:** 1/1/2025
- Payment Method:** EFT / ACH
- Amount:** 108.33
- Deposit Category:** (Empty)
- Status:** Entered
- Memo:** (Empty)

Below the dialog box, a 'Subsidiary Distribution' table is visible, showing a single record:

Account #	Account Name	Amount
L10000004	Tom Impound	108.33

The main window also shows a table with columns: Type, Ref #, Date, Payer/Payee Type, Payer / Payee Name, Category, Debit, Credit, Balance, and Status. The 'Rows Count' is 0.

Running and Saving the Analysis

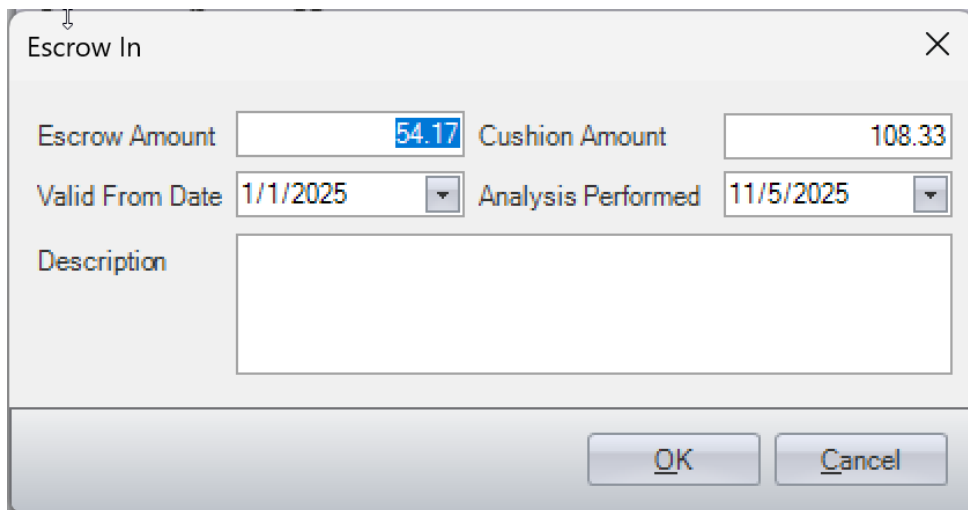
After reviewing all parameters and amounts, press the **Print Statement** button to generate the Initial Escrow Account Disclosure Statement. This report summarizes the monthly escrow calculation, annual disbursement schedule, and borrower deposit requirements. Review the report for accuracy.

To complete the process, press **Save** to record the analysis results. If additional loans are pending setup, select **Save and Next** to continue analyzing the next loan in sequence.

Post-Analysis Review

After saving, reopen the loan's Escrow tab to confirm that the calculated escrow amount now appears in the Escrow In section. Verify that the next analysis date matches your configured schedule (for example, the following November).

The escrow calculation and cushion amount will now be reflected in the borrower's payment schedule and loan reports.



The screenshot shows a dialog box titled "Escrow In" with a close button (X) in the top right corner. The dialog contains the following fields:

- Escrow Amount:** A text box containing the value "54.17".
- Cushion Amount:** A text box containing the value "108.33".
- Valid From Date:** A date picker showing "1/1/2025".
- Analysis Performed:** A date picker showing "11/5/2025".
- Description:** A large empty text area.

At the bottom of the dialog are two buttons: "OK" and "Cancel".

Notes on Practice Variations

Not all companies perform the initial escrow analysis internally. Some rely on third-party title companies that determine the initial escrow balance and provide documentation as part of the closing package. In these cases, users may skip the initial analysis in LSS and manually record the starting escrow balance and monthly collection amount instead.

LSS remains flexible to accommodate both approaches: manual entry for externally determined values or automated calculation using the Initial Escrow Analysis Helper.

Key Takeaways

- The **Initial Escrow Analysis Helper** in LSS is used to calculate the borrower's monthly escrow payment for newly originated loans.
- Key setup fields include the **Projection Start Date**, **Next Analysis Date**, and **Escrow Statement Date**, which determine how escrow schedules and reports align with the loan's payment timeline.
- The system automatically calculates the **Estimated Periodic Disbursement Amount** and the **Maximum Allowable Cash Cushion**, based on escrow vouchers and regulatory limits.
- Users must manually record the **initial escrow deposit** (cushion amount) in the loan's Escrow Activity page using the loan origination or closing date.
- After verifying all parameters, users should generate and review the **Initial Escrow Account Disclosure Statement** for accuracy before saving the analysis.
- Once saved, the calculated escrow amounts and cushion values automatically update the loan's payment schedule and future analysis dates.
- LSS supports both **automated analysis** and **manual entry**, allowing flexibility for companies that rely on third-party escrow setup documentation.