



Annual Escrow Disclosure Statement

You will receive two statements from IHFA each year. One is a Year-End Statement that lists the amounts applied as interest, taxes, insurance and principal paid on your mortgage balance during the prior year. This statement will be mailed in January and should be used by you for tax purposes.

The second statement is an Escrow Account Disclosure Statement that details monthly payments into and out of your escrow account. All borrowers pay principal and interest on their mortgage loan plus an *escrow amount that the Idaho Housing and Finance Association uses, on your behalf, to pay property taxes and insurance on your home.

Although IHFA pays these items for you, you may receive tax or insurance bills anyway. In this case, please contact IHFA to ensure that we have a copy for payment purposes. Please note that you can reduce your real estate taxes by filing for your home owner property tax exemption with your county assessor.

We have enclosed a sample Escrow Disclosure Statement like the one you will receive each year. The first page is an account history while the second and third pages of the statement explain projected escrow activity—the payment of taxes and insurance—for the coming year. These projections may increase or decrease your monthly mortgage payment to IHFA.

Account History

This is a sample of a previous monthly mortgage payment including *P & I (principal and interest), escrow payments for taxes and insurance and any discretionary items. You'll see a monthly breakdown of the escrow account starting with the month in the first column (A) on the left. The second column (B) shows payments paid into the escrow account. The third column (C) shows IHFA's payments out of the account for *Federal Housing Administration (FHA) or private mortgage insurance, hazard insurance and property taxes. The last column (D) on the right shows the escrow account balance by month. (See the last page of this enclosure for a definition of terms.)

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RE: LOAN # 0000123456
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ANNUAL ESCROW ACCOUNT DISCLOSURE STATEMENT

This is a statement of your actual escrow account transactions since your last annual analysis statement or initial disclosure. This statement reflects the anticipated payments and disbursements that were projected and your actual payments and disbursements for the last cycle. Please keep this statement to compare to your next annual analysis statement.

Effective Date: 2/01/97 2/97 Thru 1/98

ACCOUNT HISTORY

Previous Payment: P&I : 529.73
Escrow : 122.27
Discretionary Items: .00
Total : 652.00

A Month Starting	B Pmt to Proj Actual	Esc act Actual	C Pmt from Esc act		Escrow Proj	D Balance Actual
			Proj	Actual Desc		
	Balance				.00	355.01
Feb, 96	122.27*			PAYMENT		477.28
Mar, 96			32.99*	FHA INS		444.29
Mar, 96	122.27*			PAYMENT		566.56
Apr, 96			32.99*	FHA INS		533.57
Apr, 96	122.27*			PAYMENT		655.84
May, 96			32.99*	FHA INS		622.85
May, 96	122.27*			PAYMENT		745.12
Jun, 96			32.99*	FHA INS		712.13
Jun, 96	122.27*			PAYMENT		834.40
Jul, 96			32.99*	FHA INS		801.41
Jul, 96	122.27*			PAYMENT		923.68
Aug, 96			32.99*	FHA INS		890.69
Sep, 96	122.27*			PAYMENT		1012.96
Sep, 96			32.99*	FHA INS		979.97
Sep, 96	122.27*			PAYMENT		1102.24
Oct, 96			32.99*	FHA INS		1069.25
Oct, 96	122.27*			PAYMENT		1191.52
Nov, 96			32.99*	FHA INS		1158.53
Nov, 96	122.27*			PAYMENT		1280.80
Dec, 96			214.00*	HAZARD INS		1066.80
Dec, 96			32.99*	FHA INS		1033.81
Dec, 96			840.87*	PROPERTY TAX		192.94
Dec, 96	122.27*			PAYMENT		315.21
Jan, 97			32.99E	FHA INS		282.22
Total	\$.00 \$1344.97		\$.00	\$1417.76		



Real Estate Settlement Practices Act (RESPA)

*RESPA is a federal guideline to assist mortgage servicing organizations, like IHFA, in the collection and distribution of escrow funds. RESPA regulates the maximum amount of escrow money that mortgage servicers may collect and hold in an escrow account. Mortgage servicers can collect additional escrow payments (up to two months worth) from borrowers to prevent escrow balances from dropping below a certain amount. IHFA does not collect or hold additional escrow funds. Unlike other mortgage servicers, IHFA allows your escrow account balance to reach zero each year leaving no cushion amount. We have included a section about RESPA regulations (as required by law) on each statement.

Projected Annual Disbursements

This is the total projected amount that IHFA will pay on your behalf towards property tax, FHA or private mortgage insurance and hazard insurance. A projected monthly disbursement history is provided so you can see how a new monthly mortgage payment is calculated.

Projection for Next Cycle

Each year, IHFA must reevaluate your monthly mortgage payment to reflect any changes in local property taxes or insurance. Although the principal and interest portion of your monthly mortgage payment may not change, your total monthly mortgage payment may increase or decrease due to these changes in property taxes and/or insurance on your home.

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Under Federal Law (RESPA) the lowest monthly balance in your escrow account should not exceed \$266.74 or 1/6th of the total annual projected disbursement from your escrow account, unless your mortgage documents or state law specifies a lower amount. When your escrow balance reaches its lowest point during the account cycle, that balance is targeted to be your cushion amount. Under your Mortgage Contract or State or Federal Law, your targeted low point in your escrow account is \$.00 and your actual low point was \$282.22; the amounts are indicated with an arrow (<).

By comparing the projected escrow payments with the actual escrow payments you can determine where a difference may have occurred. An asterisk (*) indicates a difference in either the amount or date. The estimated payments to escrow and payments from escrow are indicated with an (E).

PROJECTION FOR NEXT CYCLE

Projected Annual Disbursements

PROPERTY TAX	1,026.50
FHA INS	395.84
HAZARD INS	214.00
Total	\$1,636.34

New Escrow Deposit 1,636.34 /12= 136.36

The escrow deposit is 1/12th of your total annual projected escrow disbursements. Your escrow balance may contain a cushion. A cushion is an amount of money held in your escrow account to prevent your escrow balance from being overdrawn when increases in the disbursements occur. Under Federal Law (RESPA) the lowest monthly balance in your escrow account should not exceed 1/6th of the total annual anticipated disbursements from your escrow account, unless your mortgage documents or state law specifies a lower amount. The cushion amount in your escrow account is \$.00. When your escrow balance reaches its lowest point during the account cycle, that balance is targeted to be your cushion amount and is marked with an arrow (<).

A	B	C	D	E	
Month	Payments to Escrow Acct	Payments from Escrow Acct	Description	Curr Bal	Req Bal
Starting Balance				282.22	427.45
Feb, 97	136.36		PAYMENT	418.58	563.81
Feb, 97		32.99	FHA INS	385.59	530.82
Mar, 97	136.36		PAYMENT	521.95	667.18
Mar, 97		32.63	FHA INS	489.32	634.55
Apr, 97	136.36		PAYMENT	625.68	770.91
Apr, 97		32.63	FHA INS	593.05	738.28
May, 97	136.36		PAYMENT	729.41	874.64
May, 97		32.63	FHA INS	696.78	842.01
Jun, 97	136.36		PAYMENT	833.14	978.37
Jun, 97		840.87	ASSESSMENT	7.73-	137.50
Jun, 97		32.63	FHA INS	40.36-	104.87
Jul, 97	136.36		PAYMENT	96.00	241.23
Jul, 97		32.63	FHA INS	63.37	208.60
Aug, 97	136.36		PAYMENT	199.73	344.96
Aug, 97		32.63	FHA INS	167.10	312.33
Sep, 97	136.36		PAYMENT	303.46	448.69
Sep, 97		32.63	FHA INS	270.83	416.06
Oct, 97	136.36		PAYMENT	407.19	552.42

Projection for Next Cycle (continued)

In the sample statement below, you'll see a monthly breakdown of the projected escrow account starting with the month in the first column (A) on the left. The second column (B) shows the payments into the escrow account. The third column (C) shows IHFA's payments out of the account for mortgage insurance, hazard insurance and property taxes. The fourth column (D) shows the projected balance of the account including any surplus or shortage amounts. The last column (E) on the right shows RESPA's required escrow amount by month.

New Monthly Payment Breakdown

This section details your new monthly payment including principal and interest, your new escrow account payment, discretionary items and shortage or deficiency spreads (any additional monies collected monthly to make up escrow account shortages). Also included in your new mortgage payment is a *Payment Rounding Adjustment (Payment Rnd Adj) rounding your payment to the next dollar to make accounting easier for you and IHFA.

If there is a surplus in your escrow account (more money than is needed to pay insurance and property taxes), IHFA will immediately refund the balance. If there is a shortage, however, IHFA will collect an additional amount each month—spread out over 12 months—to make up the difference (unless the shortage is less than one month's escrow payment).

Please review your statements closely as your mortgage payment may be affected. The statement reflects any changes in your monthly mortgage payment including surplus refunds or shortages. If, at any time, you have questions about your mortgage loan contact your IHFA customer service representative at (208) 331-4888 (in Boise) or toll free at 1-800-526-7145.

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Month	Payments to Escrow Acct	Payments from Escrow Acct	Description	Curr Bal	Req Bal
Oct,97		32.63	FHA INS	374.56	519.79
Nov,97	136.36		PAYMENT	510.92	656.15
Nov,97		32.63	FHA INS	478.29	623.52
Dec,97	136.36		PAYMENT	614.65	759.88
Dec,97		513.25	PROPERTY TAX	101.40	246.63
Dec,97		32.63	FHA INS	88.77	214.00
Dec,97		214.00	HAZARD INS	145.23-	.00 <
Jan,98	136.36		PAYMENT	8.97-	136.36
Jan,98		32.63	FHA INS	41.50-	103.73
Total	\$1,636.32	\$1,960.04			

According to this analysis your escrow balance should be \$427.45, but your projected escrow balance is \$282.22. Therefore you have a shortage of \$145.23. This shortage may be collected from you over a 12 month period unless the shortage is less than 1 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 month(s).

You have a deficiency of \$.00. This deficiency may be collected from you over a period of 2 to 12 months unless the deficiency is less than 1 month's deposit, in which case we have the additional option of requesting payment within 1 month. We have decided to collect 00 over xx month(s).

Below is your **new monthly payment breakdown** effective 02/01/97.

Estimated Low Point:	145.23-	New P&I	529.73
RESPA Low Point . . .	206.74	New Esc Pmt	136.36
Doc/St Low Point00	Discretionary Items Pmt:	.00
Total Shortage	145.23	Shortage Spread	12.10
Spread Months	12	Deficiency Spread00
Deficiency00	Payment Rnd Adj81
Def Spread Months . . .	00	Total Payments	679.00

Please review this statement closely - your mortgage payment may be affected. This statement reflects any changes in your mortgage payment, any surplus refunds, or any shortage or deficiency that you must pay. It also shows the anticipated escrow activity for the next 12 months. If your loan is an adjustable rate mortgage, the principal interest portion of your payment may change within this cycle in accordance with your loan documents. If you have any questions, please call our customer service department.



**Idaho Housing
and Finance**
ASSOCIATION

MORTGAGE SERVICES

Terms:

- * **P & I** (Principal and Interest) – your monthly principal amount plus interest payment.
- * **Escrow Account** – IHFA sets up this account on your behalf to pay property taxes, FHA or private mortgage insurance and hazard/flood insurance throughout the year (flood insurance is not required on all homes). The money used to pay taxes and insurance comes from a portion of your monthly mortgage payment.
- * **FHA Insurance** – insurance paid to the Federal Housing Administration (FHA) to secure mortgage loans.
- * **Private Mortgage Insurance** – insurance paid to a private mortgage insurance company insuring mortgage loans in case of default.
- * **RESPA** (Real Estate Settlement Procedures Act) – a federal guideline to assist mortgage lending and servicing organizations, like IHFA, in the collection and distribution of escrow funds. RESPA regulates the maximum amount of escrow money that mortgage servicers may collect and hold in an escrow account.
- * **Payment Rnd Adj** (Payment Rounding Adjustment) – all payments are rounded to the next dollar to make accounting easier for you and IHFA.
- * **Surplus** – an escrow account surplus occurs when more is collected for taxes and insurance than is needed to pay on your behalf. IHFA refunds any surplus amounts to you within two weeks of the completed Annual Escrow Disclosure Statement.
- * **Shortage** – an escrow account shortage occurs when an insufficient amount is collected to pay taxes and insurance on a borrower's home. IHFA collects shortages over a 12 month period.
- * **Hazard Insurance** – home owners insurance necessary to cover fire or other damages to a borrower's property as described in the insurance policy.
- * **Occupancy Tax Assessment** – a county tax on some newly constructed homes in addition to property taxes. Occupancy Tax Assessments will appear as a separate escrow account disbursement.