

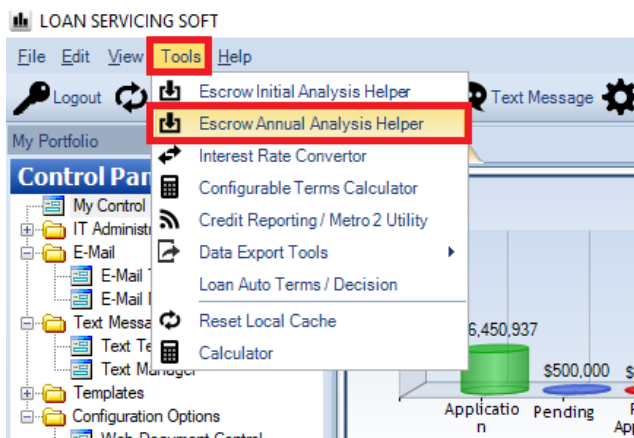
LOAN SERVICING SOFT Annual Escrow Analysis

This training guide provides a detailed explanation of how to perform the annual escrow analysis in LOAN SERVICING SOFT (LSS). It expands on each step, field, and setting available in the Escrow Annual Analysis Helper to help users understand the complete process and ensure accurate, compliant, and efficient execution.

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

Accessing the Annual Escrow Analysis Helper

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



This tool allows users to calculate updated escrow payments for multiple loans at once, based on current escrow vouchers, previous escrow activity and borrower account balances.

The analysis helper is typically used once a year, during the designated analysis month, but can also be run for specific loans when corrections are required. Loans that meet the criteria for analysis will be displayed in a grid format within the helper window.

Annual Escrow Analysis Helper

1 of 1 | Select All | Check Selected | Select None | Open Loan | Hide Account Filtering Options | Hide Calculation Options

Escrow Analysis Date: 11/2026 | Loan Delinquency: Any | Originated On or After: / / | Originated On or Before: / / | Filter Accounts

Maximum Impound Increase %: 0.00 | Action on Surplus: No Action | Estimate Historical Deposits: ☐ | Analysis Year Start: 1/1/2025 | Cushion %: 0% - 0 months cushion | Action on Shortage: No Action | Estimate Historical Payments: ☐ | Analysis Year End: 12/31/2025 | Effective Date: 11/6/2025 | Round Monthly Payment: ☐ | Statement Date: 11/6/2025 | Zero Unpaid Impounds: ☐ | Next Analysis Date: 11/1/2026 | Run Analysis

Loan Number	Borrower Name	Last Analysis Performed	Previous Impound	Analysis Basis	New Impound	Cushion	Surplus / Shortage	Action
<input checked="" type="checkbox"/> L10000004	Tom Impound	11/5/2025	54.17	0.00	0.00	0.00	0.00	No Action

1 Analysis Report | 2 Export Statements to PDF | 3 Save and Apply Changes | Cancel

Filtering and Selecting Loans

The upper portion of the helper window includes several filters that control which loans are included in the analysis run. These filters are critical for limiting the scope of the process and ensuring that only eligible loans are processed.

- **Escrow Analysis Date** – The month in which the analysis is scheduled to occur. Only loans with a matching 'Next Analysis Date' month and year will appear. This allows the company to process loans in controlled batches, typically by month.
- **Escrow Account** – Restricts the analysis to loans associated with a specific escrow trust account. Selecting the appropriate trust account ensures that only relevant loans are processed.
- **Loan Delinquency** – Choose to include all loans or only current/delinquent ones.
- **Originated On or After/Before** – Useful if you only want to process loans originated within certain dates.

After setting the desired filters, click **Filter Accounts** to continue. The results grid below will populate with all eligible loans that match the chosen criteria. Each record in the

grid displays key data such as Loan Number, Borrower Name, Previous Impound, New Impound Amount, Cushion Amount, Surplus / Shortage and the Action taken.

The screenshot shows the 'Annual Escrow Analysis Helper' window. At the top, there are navigation buttons: '1 of 1', 'Select All', 'Check Selected', 'Select None', and 'Open Loan'. On the right, there are links for 'Hide Account Filtering Options' and 'Show Calculation Options'. Below these are several filters: 'Escrow Analysis Date' (11/2026), 'Loan Delinquency' (Any), 'Originated On or After' (//), 'Escrow Account' (Escrow Trust Account - 8), and 'Originated On or Before' (//). A 'Filter Accounts' button is on the right. The main area is a table with the following columns: Loan Number, Borrower Name, Last Analysis Performed, Previous Impound, Analysis Basis, New Impound, Cushion, Surplus / Shortage, and Action. One row is visible for Loan L10000004, Borrower Tom Impound, Last Analysis 11/5/2025, Previous Impound 54.17, Analysis Basis 0.00, New Impound 0.00, Cushion 0.00, Surplus / Shortage 0.00, and Action No Action. At the bottom, there are buttons for '1 Analysis Report', '2 Export Statements to PDF', '3 Save and Apply Changes', and 'Cancel'.

Loan Number	Borrower Name	Last Analysis Performed	Previous Impound	Analysis Basis	New Impound	Cushion	Surplus / Shortage	Action
L10000004	Tom Impound	11/5/2025	54.17	0.00	0.00	0.00	0.00	No Action

Calculation Options

Once your loans are filtered, you'll see the calculation options section. Here you define how the system will calculate new escrow amounts for the selected loans.

The screenshot shows the 'Annual Escrow Analysis Helper' window with the 'Show Calculation Options' section expanded. It includes fields for 'Maximum Impound Increase %' (0.00), 'Cushion %' (100% - 2 months cushion), and 'Effective Date' (11/6/2025). There are also dropdowns for 'Action on Surplus' (Return to Borrower) and 'Action on Shortage' (Increase Monthly Impound 12). Checkboxes for 'Estimate Historical Deposits' and 'Estimate Historical Payme' are checked. Other fields include 'Analysis Year Start' (1/1/2025), 'Analysis Year End' (12/31/2025), 'Statement Date' (11/6/2025), and 'Next Analysis Date' (11/1/2026). A 'Run Analysis' button is on the right. The table below shows the same data as the previous screenshot, but the 'Action' for Loan L10000004 is now '- Increase Monthly Impound 1...'. At the bottom, there are buttons for '1 Analysis Report', '2 Export Statements to PDF', '3 Save and Apply Changes', and 'Cancel'.

Loan Number	Borrower Name	Last Analysis Performed	Previous Impound	Analysis Basis	New Impound	Cushion	Surplus / Shortage	Action
L10000004	Tom Impound	11/5/2025	54.17	0.00	0.00	0.00	0.00	- Increase Monthly Impound 1...

Let's go over the main fields you'll see in this section:

- **Maximum Impound Increase Percentage** – Controls how much the escrow amount can grow. For example, setting it to 25% limits the increase to that percentage. A value of 0 removes any restriction.
- **Cushion Percentage** – Defines how much extra is collected to prevent shortages. When set to 100% (which equals 2 months of impound collection amount), that will maintain a minimum balance in the account ideally of 2 months of escrow collection for the loan. This way the escrow account does not dip into a negative balance.
- **Effective Date** – The date the new collection amount takes effect.
- **Action on Surplus** – Choose whether to send a refund check to the borrower (anything over \$50) or lower their future payment. If the borrower's account has more than \$50 in surplus, you can: return the surplus to the borrower (the system automatically creates a refund check when the analysis is finalized) or apply the surplus to reduce future monthly collections (this lowers the borrower's payment for the upcoming year).
- **Action on Shortage** – when the account shows a shortage, two main approaches are available: Collect Lump Sum (bill the borrower immediately for the full shortage amount) or Spread Over Time (add the shortage to monthly payments, distributed over 12, 24, 36, 48, or 60 months).
- **Estimate Historical Deposits/Payments** – These options allow the system to project upcoming activity for months that haven't occurred yet. For example, if the effective date is set to January 1, 2026 and the analysis is run in November 2025, checking these boxes tells the system to assume the borrower will make their November and December payments. This ensures the escrow history in the analysis report reflects expected payments rather than showing those months as missing. Leaving these boxes unchecked will cause the report to show those future months as unpaid, which may result in an understated escrow balance.
- **Round Monthly Payment** – This checkbox adjusts the borrower's total monthly payment — which includes principal, interest, taxes and insurance — to a clean, rounded figure. When this option is enabled, the system rounds the total payment up to the nearest whole dollar, \$5, or \$10, removing cents for easier accounting and clearer statements. For example, if the borrower's calculated payment is \$54.17, selecting this

option would round it up to \$55.00. This feature provides a more user-friendly payment amount while maintaining accuracy in the escrow calculations.

- **Zero Unpaid Impounds** – The Zero Unpaid Impounds option removes any past-due escrow (impound) balances by creating a loan modification that clears those unpaid amounts. This feature should be used with caution, as it effectively wipes out previously owed escrow funds. The main reason this option exists is that delinquent impounds are often incorporated into the new collection amount, making the old past-due balance unnecessary to collect separately. This setting can help simplify accounts but should only be used when the servicer fully understands its financial impact.

- **Analysis Year Start** – The Analysis Year Start field defines the beginning of the projection period used in the annual escrow analysis. This date determines which historical transactions appear on the first page of the borrower's analysis report. It also influences escrow calculations, since payment schedules and disbursements are based on the selected year's timeline of deposits ("ins") and payments ("outs"). In most cases, leaving the Analysis Year Start unchanged is appropriate unless your servicing policy requires a different review cycle.

- **The Statement Date** – on the borrower's report can be set independently to match your preferred reporting format.

- **Next Analysis Date** – The Next Analysis Date field automatically advances the escrow review schedule by one year from the current analysis date. The system bases this on the Escrow Analysis Date chosen in the filter section. When the batch process is completed, this new date is recorded on the Escrow tab for each loan included in the analysis. This ensures every loan's escrow review cycle continues consistently, maintaining accurate scheduling for future annual analyses.

Once the calculation parameters are set, click ****Run Analysis****. The system will calculate new impound amounts for each selected loan and display them in a results grid.

The Results Panel

After the analysis runs, you'll see results for each loan, including:

- Loan Number and Borrower Name
- Previous Impound and New Impound Amounts
- Cushion Calculations and Shortages

The right-hand panel includes these sections:

- Prior Period Activity - Historical transactions used for calculations.
- Analysis Details - Explains how the surplus, shortage or cushion affected the new impound amount.
- Reporting Options - Buttons for viewing analysis charts or previewing borrower statements.

Prior Period Activity
From 1/1/2024 to 12/31/2024

Starting Balance	0.00
Deposits	0.00
Payments	0.00
Ending Balance	0.00
Previous Impound	54.17
Annualized Collection Amount	650.04

Analysis Details
From 1/1/2025 to 12/31/2025

Annualized Expenses	650.00
Monthly Average Expense	54.17
Selected Cushion	108.33
Analysis Calculation Basis*	54.17
New Impound	72.22
Lowest Projected Balance	-108.30
Shortage / Surplus	-216.63

* Analysis Calculation Basis = Monthly Average Expense
* User may adjust this value

Reporting Options

Show Analysis Chart Preview Statement

The **Show Analysis Chart** button displays a detailed breakdown of how the escrow shortage is calculated. The chart begins with the projected beginning balance in the borrower's escrow account. It then lists monthly deposits and scheduled disbursements such as taxes or insurance.

Analysis Account Balance Projections

Month	Paid to Escrow	Paid From Escrow	Description	*	Projected Balance	Adjusted Balance
			Starting Balance	<input type="checkbox"/>	54.20	216.63
January 2026	54.17	0.00		<input type="checkbox"/>	108.37	270.80
February 2026	54.17	0.00		<input type="checkbox"/>	162.54	324.97
March 2026	54.17	0.00		<input type="checkbox"/>	216.71	379.14
April 2026	54.17	0.00		<input type="checkbox"/>	270.88	433.31
May 2026	54.17	0.00		<input type="checkbox"/>	325.05	487.48
June 2026	54.17	0.00		<input type="checkbox"/>	379.22	541.65
July 2026	54.17	0.00		<input type="checkbox"/>	433.39	595.82
August 2026	54.17	0.00		<input type="checkbox"/>	487.56	649.99
September 2026	54.17	0.00		<input type="checkbox"/>	541.73	704.16
October 2026	54.17	650.00	County Property Taxes	<input type="checkbox"/>	-54.10	108.33
November 2026	54.17	0.00		<input type="checkbox"/>	0.07	162.50
December 2026	54.17	0.00		<input type="checkbox"/>	54.24	216.67

OK

Previewing Borrower Statements

Use the Preview Statement button to review the borrower's Annual Escrow Analysis Report before finalizing the batch process. This feature allows you to confirm that all loan details and calculations appear correctly before exporting or applying changes. It is especially helpful when managing large batches of loans, as you can preview specific accounts that show exceptions, shortages, or unusual adjustments.

When you open the preview:

The first page displays the escrow activity history for the previous year, such as 2025. Months that have not yet occurred (for example, November and December) are labeled as Estimated but are included in the analysis.

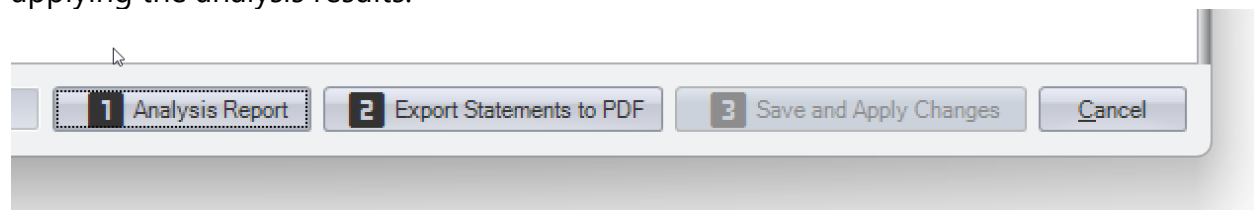
The second page presents the projection for the upcoming year (for example, 2026). It lists the new calculated escrow amount (e.g., \$67.71) and shows the anticipated monthly balances.

If all payments are made on time, the report will typically end with a positive escrow balance (in this example, about \$200).

After reviewing the statement, you can close the preview and make any necessary adjustments to loan settings or calculation parameters before exporting the final borrower reports.

Batch Actions and Finalization

At the bottom of the Annual Escrow Analysis window, you will find three buttons that must be completed in order. These steps guide you through reviewing, exporting, and applying the analysis results.



1. Analysis Report

- Click **Analysis Report** to generate a summary of all loans included in the current batch.
- The report displays each loan's **new impound amount, monthly escrow collections, surplus or shortage**, and the **action applied** by the tool (for example, increase or refund).
- This document serves as an internal reference and should be **saved within the system** each time an annual analysis is performed. It helps maintain a record of how each loan was adjusted.

2. Export Statements to PDF

- After generating the Analysis Report, the **Export Statements to PDF** button becomes active.
- Clicking it opens a prompt asking whether you want to export:
 - **A single combined PDF** – all borrower statements merged into one file for archiving.
 - **Separate individual PDFs** – each borrower statement saved separately, typically used for mailing or printing services.
- Choose the option that fits your workflow, then specify a file name (for example, *Escrow Report.pdf*) and save it to your local or network drive.

3. Save and Apply Changes

- Once the PDFs are saved, proceed to the third button: **Save and Apply Changes**.
- This step finalizes the process by applying all calculated updates to the selected loans.
- The system records the new impound amounts, updates escrow tabs, and prepares any related actions such as refund checks or shortage adjustments.

Follow these steps in sequence to ensure that the batch analysis is properly documented, exported, and applied.

Key Takeaways

- The Annual Escrow Analysis Helper in LSS calculates updated escrow payments for multiple loans at once, based on current escrow activity and account balances.
- Use filters such as Escrow Analysis Date, Escrow Account, and Loan Delinquency to control which loans are included in the batch analysis.
- The Calculation Options section allows customization of impound increases, cushion percentages, surplus and shortage handling, rounding, and effective dates.
- Always review the Results Panel and use Preview Statement to confirm borrower reports before finalizing.
- Follow the batch process steps in order:
 1. Generate the Analysis Report,
 2. Export Statements to PDF,
 3. Save and Apply Changes to update loans.
- After applying changes, verify updated escrow amounts, effective dates, and analysis cycles in the Escrow Tab.
- Maintain compliance and accuracy by saving internal reports, verifying filters, and previewing statements before final submission.