LOAN SERVICING SOFT Trust Accounting Settlement Accounts

This document will guide you through the process of using a Regular Escrow/Settlement Trust Account, one of three different Trust Accounts with-in LOAN SERVICING SOFT (Servicing, Impound, Regular Escrow/Settlement).

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

LOAN SERVICING SOFT “Regular Escrow/Settlement” trust accounts provide solutions to both simple and complex loan origination and funding scenarios.

Each loan in the LSS system has a subsidiary ledger (or a sub bucket) created for it in each of your bank accounts. This subsidiary ledger for a loan is created upon the creation of a loan.

Here are three different scenarios of how you can use a Regular Escrow/Settlement Trust Account in LSS:
1) **Purchase/Sale Settlement Closing**
   - Borrowers deposit down payment and fees.
   - Lenders deposit loan funds into the settlement/funding account.
   - Pay commissions and fees.
   - Pay seller.
   - Zero out and close (any surplus to borrower).

2) **Interest Reserves Taken at Closing**
   - Loan is funded but with a hold back, for example 6 months interest (30K).
   - 30K is then put in the loans subsidiary ledger.
   - And then servicer simply makes the loan payment on behalf of the borrower out of their subsidiary ledger every month.
   - Subsidiary Ledgers can then be “charged back up” or refunded as their balances drop under certain thresholds.

3) **Construction Reserves**
   - Loan is cleared for funding.
   - All Lenders deposit loan funds into the settlement/funding account.
   - If acting as the settlement party, the settlement company withdraws commissions and fees.
   - The initial draw is financed to the borrower.
   - The servicing company transfers the remaining funds into a Construction Reserve account.
   - The servicing company can finance the borrower for additional funds from the construction reserve account at any time.
   - Additionally, the servicing company can choose to make draws payable to the borrower or a vendor directly to ensure the loan is business purpose and not a consumer loan.
Follow these steps to setup and manage your Trust Accounts.

1. To access your Trust Accounts (or bank accounts) go to Control Panel > Trust Accounts

2. From here you can Add, Edit, and Delete an unlimited number of Trust Accounts

3. By clicking the Add or Edit button the Trust Account screen will pop up. Here you can enter/change your bank account information.

4. Be sure to click the Active check box in order for your accounts to be displayed on your users Control Panels.