

Frequently Asked Questions – Escrow Accounts for Taxes and Insurance

Escrow for Homeowners' Insurance	
I paid a full year's premium for Homeowners' Insurance when I closed on my mortgage loan. Why am I now paying for this insurance each month?	Homeowners' insurance is paid in advance for the upcoming year. The monthly payments you are making now will accumulate in your escrow account and be used by NEFCU to pay the next annual installment when it becomes due.
I escrow for my Homeowners' Insurance and plan to change my insurance provider. What information does NEFCU need regarding this change?	Please send your new insurance binder to NEFCU's Mortgage Loan Servicing Department by email to mortgageloanservicing@nefcu.com or fax to 802.764.4392 and indicate that you escrow and have changed providers. We will need the name and address of the new insurance agent/company, annual premium amount, and payment status for your new premium. Please also inform your new provider that you are escrowing with NEFCU for your insurance payments.
Escrow For Property Taxes	
I escrow for my property taxes. Why did I receive a tax bill from my town?	Vermont Town Clerks are required by The State of Vermont to send property owners a copy of their tax bill. This bill should be retained for your records.
Do I need to send NEFCU a copy of my tax bill?	NEFCU obtains your tax installment information electronically through a Tax Service, so you do not need to send us a copy of your regular annual tax bill. If your tax bill is revised , please contact NEFCU's Mortgage Loan Servicing Department with the revised billing information as soon as possible so that we can make timely adjustments to your escrow account. The revised bill may be sent by email to mortgageloanservicing@nefcu.com or by fax to 802.764.4392.
State of Vermont Property Tax Adjustments	
Where can I find information regarding the Vermont Homestead Declaration Claim form and filing deadlines?	The Vermont Department of Taxes website at http://tax.vermont.gov/property-owners/homestead-declaration .
Who do I contact with questions about the Homestead Declaration?	For questions about the Homestead Declaration, please contact the Vermont Department of Taxes. Their website http://tax.vermont.gov/property-owners/homestead-declaration is an excellent reference.
I received a Property Tax Adjustment notice from the State of Vermont. When will I receive those funds?	The funds from the State will be disbursed to your Town Clerk and the Town will adjust your tax bill accordingly.
I purchased my first home after April 1 st this year. Will I be eligible for the residential tax rate?	Please refer to the Vermont Department of Taxes website for information at http://tax.vermont.gov/property-owners/homestead-declaration .
General Escrow Questions	
I have a fixed rate loan. Why did my payment go up?	Your tax and insurance payments may increase annually. If you escrow for these items your monthly escrow payment will need to increase so that you will have enough in your escrow account to pay these higher amounts when they become due. Your total payment, including the escrow, will change on January 1 st of each year to reflect the increased escrow payment.
When will NEFCU notify me that my payment will be changing due to changes in my monthly escrow amount?	Each November we complete an analysis of all escrow accounts. We will make any necessary adjustments to your monthly escrow payment at that time and will mail you an Escrow Account Disclosure with the new payment. Any changes to your monthly mortgage payment will take effect on January 1 st of the following year.
My tax bill shows multiple installments. Why is NEFCU only paying my taxes once a year?	Some towns offer the option for taxpayers to make their tax payments in installments. The taxes are considered due on, and delinquent after, the final

	installment date. We pay based on the actual due date of the taxes; therefore, there may be only one payment.
If I pay my mortgage in full what will happen to my escrow account?	If you are refinancing with NEFCU and continuing to escrow with your new loan, your escrow funds will be transferred from your old loan to the new loan. Otherwise, your escrow funds will be deducted from the balance required to pay off your loan.
Can I pre-pay my escrow?	If you are anticipating an increase in your taxes you may make a deposit to your escrow account, or you may wait until the end of November when you receive your escrow analysis. At that time, you may pay part or all your escrow shortage/deficiency to lessen the payment increase in January.
Can I ask to have my escrow account re-analyzed early?	Yes. If your taxes and/or homeowners' insurance will increase or decrease significantly (\$500 or more annually) you may forward your tax bill or homeowners' insurance bill to NEFCU's Mortgage Loan Servicing Department along with a written request for early escrow re-analysis. Requests may be sent by email to mortgageloanservicing@nefcu.com or by fax to 802.764.4392. Please note that tax bills received without a written request for early re-analysis will not be re-analyzed. Your account will also be re-analyzed as part of our annual analysis of all escrow accounts in November.
My taxes and/or homeowners' insurance have increased and there aren't enough funds in my escrow account to cover. What will happen?	NEFCU Will pay the amount due for each installment regardless of the balance in your escrow account. Shortages will be reconciled during the annual escrow analysis process.
My escrow account has a shortage. How do I pay the shortage?	You have two options: 1) The default option is to divide the total shortage/deficiency by 12 and add it to your monthly payment for the next year. This is what will be disclosed on your annual analysis. 2) You may contact us to pay all or part of the shortage/deficiency in a lump sum. Please note that even if you pay the total shortage/deficiency, your monthly payment will still increase based on the higher amount of taxes and/or insurance.
What interest rate is charged on the escrow shortage?	There is no interest charged on escrow shortages.
NEFCU set up auto-pay for my mortgage payment as a recurring transfer from a NEFCU deposit account or a recurring ACH debit from another institution. What do I need to do to change the amount to my new payment?	No action is required. If NEFCU set up the payment as a recurring transfer from a NEFCU deposit accounts or recurring ACH debit from another institution the amount will automatically update for the new January 1st payment.
I set up an ACH monthly payment through another financial institution. Will I need to change my payment?	Yes. You will need to contact your other financial institution and request that they change the payment amount effective January 1 st .
I have an automatic payment set up through NEFCUOnline. Will I need to change my payment amount?	Yes. You will need to update the automatic payment amounts you set up through NEFCUOnline.