

What is an Aggregate Analysis?

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Aggregate analysis is the process through which your new lender will determine your monthly impound payment and the initial deposit that you will be required to make at closing into the impound account. Your monthly impound payment is determined by estimating your annual tax and insurance expenses and dividing this by twelve. To determine the required initial deposit, your lender will estimate what the balance will be in your account at the end of each month for one year, beginning with the month in which your first payment is due. This is accomplished by projecting the payments into and disbursements out of your account during this period. Based on this projection, your lender will collect from you at the time of closing the amount of money necessary to ensure that your account is not in a negative position, including any cushion permitted by federal and state law.

What is the Benefit to Using Aggregate Analysis?

Prior to regulatory changes, many lenders used a process known as single item analysis to determine your initial impound deposit. Since this process analyzed each impound account item individually, it often resulted in a larger initial deposit being collected from the borrower. By using aggregate analysis, the amount of money the lender will require you to deposit in your impound account at closing will often be less than or equal to what the lender would have required under single item analysis.

What is the Aggregate Adjustment on my Good Faith Estimate or HUD-1 Settlement Statement?

Your Good Faith Estimate ("GFE") which you receive early in the application process, and the HUD-1 Settlement Statement (HUD-1), which you receive at the time of closing, are disclosures intended to help you understand the fees and costs that will be involved with your transaction including funds deposited into your impound account. The impound portion of the GFE indicates the estimate of what the lender will require you to deposit at closing. The impound section of the HUD-1 documents the exact amount that will be deposited at closing into your impound account. These amounts are disclosed to you on a single item basis. Since the lender used aggregate analysis to determine the amount of your initial deposit, the sum of these items may actually exceed the amount you are being required to deposit. The Aggregate Adjustment is simply the difference between the amount of your required initial deposit computed using aggregate analysis compared to what the lender would have required if the lender had used single item analysis. If there is no difference in your required deposit between the two methods, the

aggregate adjustment is equal to zero, and therefore might not be shown on the GFE or HUD-1.

What Other Information will I Receive Regarding my Impound Account?

Usually within 45 days of closing, your new lender will send to you an Initial Impound Account Disclosure Statement. This form includes information such as your required initial deposit, your monthly payment, a projection of the deposits to and disbursements from your impound account, and the projected ending balance for each month during your first year of payments

If after closing you have questions regarding your "Aggregate Analysis" or on your Impound Account in general, please contact your lender.

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