

The PPE Screen and Entering Prepayable Expenses in E3

Overview

Introduction Closers enter tax and insurance data into the Prepayable Expenses screen (**PPE**) in E3; this information prints on the *Closing Instructions*, the *Welcome Letter*, and the *Initial Escrow Account Disclosure (IEAD)*. The Closing Instructions provide the settlement agent and/or attorney with the aggregate adjustment, the total number of months' of escrow, and the dollar amounts they must collect at closing to establish the borrower's escrow account.

Purpose The purpose of this bulletin is to provide the closer with the necessary steps to follow when entering prepayable expense data into the PPE screen in E3. A description of the required review process is included; this review process is in place to ensure that an accurate **IEAD** is produced.

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Preliminary Review Before Entering Prepayable Items

Overview

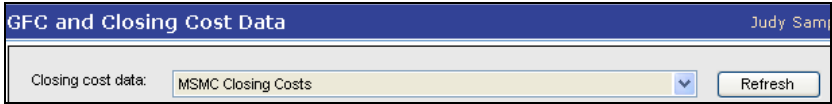
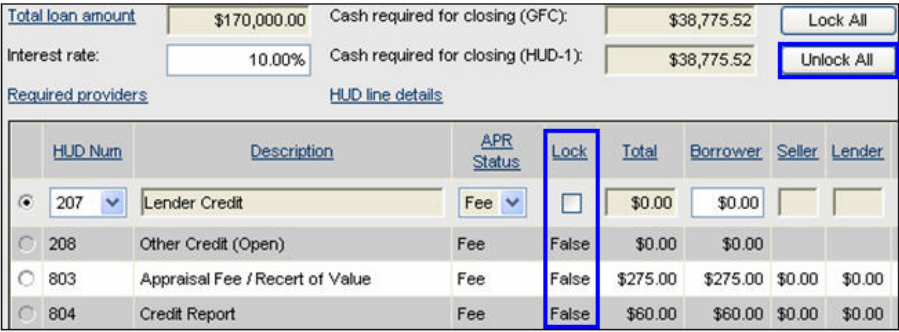
You **must** review the screens in E3 each time before entering any closing costs or prepayable expenses to ensure that all the information is correct:

- GFC
- CDF Input
- MID

This section provides instructions to complete the reviews.

Reviewing the GFC Screen

The **GFC** screen must be reviewed *before* entering any data in the **PPE** screen. Do the following to perform the review:


Step	Action
1	Access the GFC screen.
2	<ul style="list-style-type: none"> • Confirm the Closing cost data field reflects a <i>closing cost scheme</i> (i.e.; MSMC Closing Costs). • If the field is blank, select the scheme from the dropdown list. 
3	<ul style="list-style-type: none"> • Confirm the Lock column <i>initially</i> indicates False (unlocked). • If any item indicates TRUE, select Unlock All and confirm the column now indicates False.  <p>Note: These steps are required <i>before</i> entering the closing costs. This will ensure that E3 is set up properly.</p>

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Preliminary Review Before Entering Prepayable Items, Continued

Reviewing the CDF Screen

The **CDF** screen must be reviewed *before* entering any data in the **PPE** screen. Do the following to perform the review:

Step	Action										
1	Access the CDF Custom Data Fields *Closing screen. <div style="border: 1px solid black; padding: 5px; margin: 10px 0;">  </div>										
2	Confirm that the proper <i>Tax type</i> checkbox has been selected, either: <table border="1" style="margin: 10px 0;"> <thead> <tr> <th data-bbox="537 783 857 831">Tax Type</th> <th data-bbox="857 783 1349 831">Example</th> </tr> </thead> <tbody> <tr> <td data-bbox="537 831 857 919"> <ul style="list-style-type: none"> Improved Taxes </td> <td data-bbox="857 831 1349 919"> <div style="border: 1px solid black; padding: 2px;">Improved Taxes: <input checked="" type="checkbox"/></div> </td> </tr> <tr> <td data-bbox="537 919 857 997"> <ul style="list-style-type: none"> Unimproved Taxes </td> <td data-bbox="857 919 1349 997"> <div style="border: 1px solid black; padding: 2px;">Unimproved Taxes: <input type="checkbox"/></div> </td> </tr> </tbody> </table> <p>Important! When setting up Voluntary Escrow Payments, choose <i>Improved Taxes</i>. Refer to the <i>Voluntary Escrow Payments</i> section in this bulletin for additional information on this topic.</p> <p>Note: The <i>Welcome Letter</i> includes a statement advising the borrower what the taxes are based on: either improved or unimproved taxes, according to the selection made. See the following examples:</p> <table border="1" style="margin: 10px 0;"> <tr> <td style="padding: 2px;">County Tax</td> <td style="text-align: right; padding: 2px;">500.00 **</td> </tr> <tr> <td style="padding: 2px;">City Tax</td> <td style="text-align: right; padding: 2px;">0.00 **</td> </tr> </table> <div style="border: 1px solid black; padding: 2px; margin: 5px 0; width: fit-content;"> ** The taxes are based on improved taxes. </div> <div style="border: 1px solid black; padding: 2px; margin: 5px 0; width: fit-content;"> ** The taxes are based on unimproved taxes. </div>	Tax Type	Example	<ul style="list-style-type: none"> Improved Taxes 	<div style="border: 1px solid black; padding: 2px;">Improved Taxes: <input checked="" type="checkbox"/></div>	<ul style="list-style-type: none"> Unimproved Taxes 	<div style="border: 1px solid black; padding: 2px;">Unimproved Taxes: <input type="checkbox"/></div>	County Tax	500.00 **	City Tax	0.00 **
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County Tax	500.00 **										
City Tax	0.00 **										

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Preliminary Review Before Entering Prepayable Items, Continued

Reviewing the MID Screen

If Mortgage Insurance (**MI** or **MIP**) is required, access the **MID** screen and confirm all data is correctly entered.

Note: Refer to the appropriate operating procedure for completing the **MID** screen in E3. Procedures are available from the Closing Department's Department page in the MSM Library:

- *Operating Procedure - Mortgage Insurance*
- *Operating Procedure - FHA MIP/VA Funding Fee*
- *Bulletin – FHA Streamline Refinance with FHA Unearned MIP Refund*

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Entering Prepayable Expenses

Overview

Prepayable items, such as taxes and insurance fees, are entered into the **Prepayable Expenses PPE** screen to allow the borrower's escrow items to be calculated.

The **PPE** screen was updated January 29, 2007. The changes involve the **Reserves/Escrow Item** column:

- **Windstorm** and **School** appear the same way the City taxes, County taxes, etc. do. This corresponds to the information that already prints on the *Closing Instructions* and the *Welcome Letter*. The screen was updated to match the information printed on these documents.
- Asterisks (*) have been placed in front of the remaining *free form text fields* and includes a corresponding statement at the bottom of the section to let you know to enter a zero in the **Paid in closing** field *if the item entered is a Tax item*.

Notes:

Use the three *free form* text fields when the property is located in an area where the county or state collects additional taxes, or when there is an additional type of insurance.

Examples of additional taxes include setting up an escrow account for:

- **CDD Community Development District** taxes (a tax that is common in Florida).
- **Municipal Utility District (MUD)** taxes collected in Texas. A Municipal Utility District (MUD) is a political subdivision of the State of Texas authorized by the Texas Commission of Environmental Quality (TCEQ) to provide water, sewage, drainage and other services within the MUD boundaries.

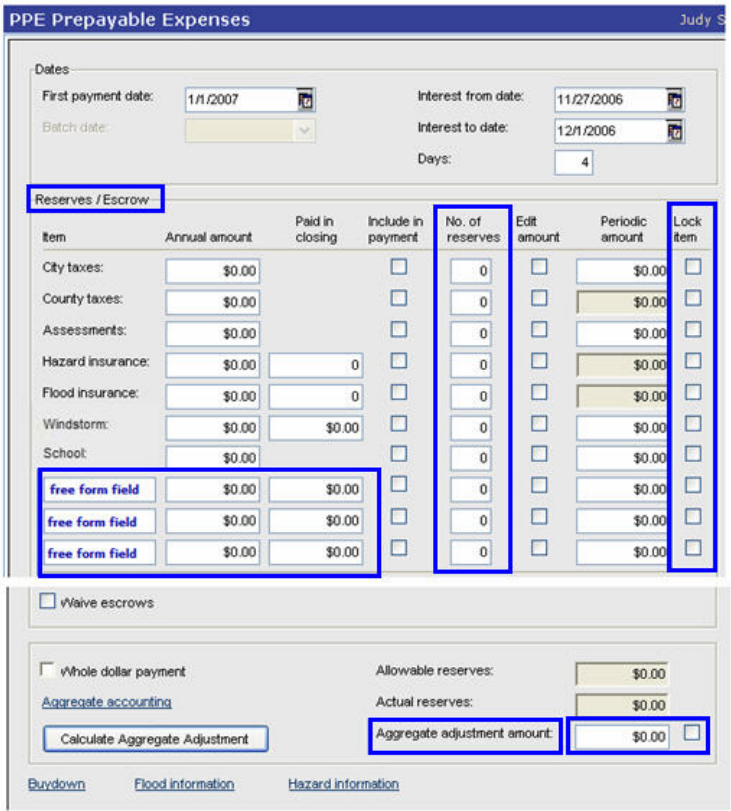
It is necessary to list these taxes separately so they each have their own escrow account. This allows Loan Administration to set up the loan properly and also provides the customer with a true picture of the taxes they are expected to pay.

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Entering Prepayable Expenses, Continued

Entering PPE Screen Data

The closer follows the steps, next, to complete the PPE screen.

Step	Action
1	<p>Access the PPE screen and clear the following fields on the right of the Reserves/Escrow panel:</p> <ul style="list-style-type: none"> • Clear <i>all</i> check boxes located under the Lock item column, including the box next to Aggregate adjustment amount. • Clear <i>all</i> of the No. of reserves fields so they indicate zero. • Clear the Aggregate adjustment amount field so it indicates zero.  <p>Important Notes:</p> <p>Use the free form fields for other amounts, such as MUD taxes, as described in the Overview for this section. Do not use the <i>free form</i> fields for hazard insurance, or city or county taxes. Ensure all Annual amount fields for taxes are initially zero. Do not use the Windstorm and/or School fields for anything other than windstorm insurance and school taxes, respectively.</p>

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Entering Prepayable Expenses, Continued

Entering PPE Screen Data (continued)

Step	Action																																																																																																
2	<p>Enter and validate amounts in the Reserves/Escrow panel:</p> <ul style="list-style-type: none"> • Enter the Annual amount of the Taxes; Insurance and any other required amounts to be escrowed in the Reserves/Escrow section of the screen. • Select the Include in payment check box for each item entered. • Confirm that the No. of reserves column <i>initially</i> indicates zero. <div data-bbox="532 705 1432 1209" style="border: 1px solid black; padding: 5px;"> <table border="1"> <thead> <tr> <th colspan="8">Reserves / Escrow</th> </tr> <tr> <th>Item</th> <th>Annual amount</th> <th>Paid in closing</th> <th>Include in payment</th> <th>No. of reserves</th> <th>Edit amount</th> <th>Periodic amount</th> <th>Lock item</th> </tr> </thead> <tbody> <tr> <td>City taxes:</td> <td>\$0.00</td> <td></td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>County taxes:</td> <td>\$6,000.00</td> <td></td> <td><input checked="" type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$500.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Assessments:</td> <td>\$0.00</td> <td></td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Hazard insurance:</td> <td>\$2,500.00</td> <td>\$2,500.00</td> <td><input checked="" type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$208.33</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Flood insurance:</td> <td>\$1,500.00</td> <td>\$1,500.00</td> <td><input checked="" type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$125.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Windstorm:</td> <td>\$0.00</td> <td>\$0.00</td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>School:</td> <td>\$0.00</td> <td></td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>\$0.00</td> <td>\$0.00</td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>\$0.00</td> <td>\$0.00</td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>\$0.00</td> <td>\$0.00</td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p>Note: The Periodic amount field will populate the monthly dollar amount based on the Annual amount entered.</p> </div>	Reserves / Escrow								Item	Annual amount	Paid in closing	Include in payment	No. of reserves	Edit amount	Periodic amount	Lock item	City taxes:	\$0.00		<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>	County taxes:	\$6,000.00		<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	\$500.00	<input type="checkbox"/>	Assessments:	\$0.00		<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>	Hazard insurance:	\$2,500.00	\$2,500.00	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	\$208.33	<input type="checkbox"/>	Flood insurance:	\$1,500.00	\$1,500.00	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	\$125.00	<input type="checkbox"/>	Windstorm:	\$0.00	\$0.00	<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>	School:	\$0.00		<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>		\$0.00	\$0.00	<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>		\$0.00	\$0.00	<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>		\$0.00	\$0.00	<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>
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3	<p>Click the Aggregate accounting link at the bottom of the screen. The Aggregate Accounting screen appears.</p> <div data-bbox="857 1381 1105 1440" style="border: 1px solid black; padding: 2px; text-align: center;"> Aggregate accounting </div>																																																																																																
4	<p>From the Aggregate Accounting screen confirm the following:</p> <ul style="list-style-type: none"> • The Years of disbursements field indicates 1. • The Months of regular cushion field indicates 2, <i>except</i> for VA loans where this field should indicate 1. • The Months of MI cushion populates correctly based on the MID screen input. <div data-bbox="570 1671 1395 1751" style="border: 1px solid black; padding: 5px;"> <table border="1"> <thead> <tr> <th colspan="3">Aggregate Accounting</th> </tr> </thead> <tbody> <tr> <td>Years of disbursements:</td> <td><input type="text" value="1"/></td> <td>Months of regular cushion: <input type="text" value="2"/></td> </tr> <tr> <td></td> <td></td> <td>Months of MI cushion: <input type="text" value="0"/></td> </tr> </tbody> </table> </div>	Aggregate Accounting			Years of disbursements:	<input type="text" value="1"/>	Months of regular cushion: <input type="text" value="2"/>			Months of MI cushion: <input type="text" value="0"/>																																																																																							
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Entering Prepayable Expenses, Continued

Entering PPE Screen Data (continued)

Step	Action																																		
5	<p>In the Disbursement allocation section do the following:</p> <ul style="list-style-type: none"> In the Allocate every section, select the total number of months the payment for that item is based on (i.e.; 12 for a yearly payment; 3 for a quarterly payment, etc.) In the Starting in section, select the month the payment for that item is due next (i.e.; November for Florida annual county taxes). In the example below, for a loan closing in February, the annual Hazard and Flood Insurance premiums will be due the following February. <div data-bbox="591 751 1377 926" style="border: 1px solid gray; padding: 5px;"> <p>Disbursement allocation</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>City tax</th> <th>County tax</th> <th>Assess.</th> <th>Hazard</th> <th>Flood</th> </tr> </thead> <tbody> <tr> <td>Allocate every:</td> <td>0 mos.</td> <td>12 mos.</td> <td>0 mos.</td> <td>12 mos.</td> <td>12 mos.</td> </tr> <tr> <td>Starting in:</td> <td></td> <td>November</td> <td></td> <td>February</td> <td>February</td> </tr> </tbody> </table> </div> <p>Note: The Disbursement details section populates the dollar amounts from the PPE screen. When the disbursements are allocated, the escrowed items appear in the row for the month the next payment is due.</p> <div data-bbox="529 1094 1393 1245" style="border: 1px solid gray; padding: 5px;"> <p>Disbursement details</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Month</th> <th>M.L.</th> <th>City</th> <th>County</th> <th>Assess.</th> <th>Hazard</th> <th>Flood</th> </tr> </thead> <tbody> <tr> <td><input type="radio"/></td> <td>November</td> <td>\$73.67</td> <td>\$0.00</td> <td>\$6,000.00</td> <td>\$0.00</td> <td>\$2,500.00</td> <td>\$1,500.00</td> </tr> </tbody> </table> </div>		City tax	County tax	Assess.	Hazard	Flood	Allocate every:	0 mos.	12 mos.	0 mos.	12 mos.	12 mos.	Starting in:		November		February	February		Month	M.L.	City	County	Assess.	Hazard	Flood	<input type="radio"/>	November	\$73.67	\$0.00	\$6,000.00	\$0.00	\$2,500.00	\$1,500.00
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<input type="radio"/>	November	\$73.67	\$0.00	\$6,000.00	\$0.00	\$2,500.00	\$1,500.00																												
6	<ul style="list-style-type: none"> Click the Calculate Number of Reserves button located at the bottom of the screen. The Aggregate Accounting screen refreshes. <div data-bbox="781 1373 1187 1465" style="border: 1px solid gray; padding: 5px; text-align: center;"> <p>Calculate Number of Reserves</p> </div> <ul style="list-style-type: none"> Click the PPE Prepayable Expenses link at the bottom of the screen. The PPE screen appears. <div data-bbox="841 1549 1123 1591" style="border: 1px solid gray; padding: 2px; text-align: center;"> <p>> PPE Prepayable Expenses</p> </div>																																		

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Entering Prepayable Expenses, Continued

Entering PPE Screen Data (continued)

Step	Action
7	<p>From the PPE screen, do the following:</p> <ul style="list-style-type: none"> Locate and click the Calculate Aggregate Adjustment button. The PPE screen refreshes. <div data-bbox="781 653 1183 726" style="text-align: center;"> </div> <ul style="list-style-type: none"> Confirm the Aggregate adjustment amount field populates with a negative number as shown in this screen print. Confirm that the Aggregate adjustment amount equals the result of subtracting the Actual reserves from the Allowable reserves. <div data-bbox="708 898 1258 1056" style="text-align: center;"> </div> <p>Note:</p> <ul style="list-style-type: none"> It is acceptable if the Aggregate adjustment amount is zero. It is not acceptable if this field populates with a positive number! If, after reviewing the steps, a positive number appears, contact the E3 Help Desk for assistance. <p>IMPORTANT! After completing all PPE screen fields, no changes can be made to the number of months or amounts to be collected without re-calculating the aggregate adjustment.</p>

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Final Review

Overview

The Closing instructions documents and *Initial Escrow Account Disclosure Statement (IEAD)* must be reviewed before sending the documents to the settlement agent. This section provides instructions to check amounts for escrow and any adjustments, starting balances, reserves, and so on for accuracy.

Reviewing the Closing Instructions and IEAD

Before sending any documents to the settlement agent, do the following to review the Closing Instructions and the **IEAD** for accuracy.

Step	Action
1	Print the Closing Instructions and the IEAD .
2	In the Closing Instructions , add the amounts being collected for all Escrow Account items and make a note of the total.
3	Deduct the amount of the Aggregate Adjustment from the Escrow Account total. This calculated amount should equal the Total field on your instructions. See the example next.

Escrow Account:						Total Escrow = \$5,500.00
1001	Hazard Insurance Reserves	5	months @	\$300.00	per month	\$1,500.00
1002	Mortgage Insurance Reserves	0	months @	\$73.67	per month	\$0.00
1003	City Property Taxes	0	months @	\$0.00	per month	\$0.00
1004	County Property Taxes	5	months @	\$600.00	per month	\$3,000.00
1006	Flood Insurance Reserves	5	months @	\$200.00	per month	\$1,000.00
1007	Windstorm Reserves	0	months @	\$0.00	per month	\$0.00
1008	School Property Taxes	0	months @	\$0.00	per month	\$0.00
1009		0	months @	\$0.00	per month	\$0.00
1010		0	months @	\$0.00	per month	\$0.00
1011		0	months @	\$0.00	per month	\$0.00
1012	Aggregate Adjustment					-\$3,300.00
					TOTAL	\$2,200.00

In this example, Total Escrow = \$5,500.00 - \$3,300.00 Aggregate Adjustment = \$2,200.00

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Final Review, Continued

Reviewing the Closing Instructions and IEAD (continued)

Step	Action																							
4	<p>From the IEAD, confirm the Starting Balance matches the Total field on the Closing Instructions. (See step 3 for the example.)</p> <div data-bbox="532 579 1446 842" style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">INITIAL ESCROW ACCOUNT DISCLOSURE STATEMENT</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 2px;">PROPERTY LOCATION: 123 Florida Avenue St. Pete Beach, FL 33634</td> <td style="width: 40%; padding: 2px;">FILE NUMBER: 1000410336 LOAN NUMBER: 1000410336 M. I. CASE NUMBER:</td> </tr> </table> <p style="text-align: center; font-size: small;">THIS IS AN ESTIMATE OF ACTIVITY IN YOUR ESCROW ACCOUNT DURING THE COMING YEAR BASED ON PAYMENTS ANTICIPATED TO BE MADE FROM YOUR ACCOUNT.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Month</th> <th style="width: 15%;">Payments to Escrow</th> <th style="width: 15%;">Payments from Escrow</th> <th style="width: 40%;">Description</th> <th style="width: 10%;">Escrow Balance</th> </tr> </thead> <tbody> <tr> <td colspan="5">Starting Balance: → \$ 2,200.00</td> </tr> <tr> <td>Jan 07</td> <td>\$ 1,173.67</td> <td>\$ 73.67</td> <td>73.67 Mortgage Insurance</td> <td>3,300.00</td> </tr> </tbody> </table> </div> <p>Note: The Total on the Closing Instructions and the Starting Balance on the IEAD <i>must</i> match the amount shown in the Allowable reserves field in the PPE screen.</p> <div data-bbox="711 953 1263 1113" style="border: 1px solid gray; padding: 5px; margin-top: 10px;"> <table style="width: 100%;"> <tr> <td style="width: 60%;">Allowable reserves:</td> <td style="width: 40%;">→ \$2,200.00</td> </tr> <tr> <td>Actual reserves:</td> <td>\$5,500.00</td> </tr> <tr> <td>Aggregate adjustment amount:</td> <td>(\$3,300.00) <input type="checkbox"/></td> </tr> </table> </div>	PROPERTY LOCATION: 123 Florida Avenue St. Pete Beach, FL 33634	FILE NUMBER: 1000410336 LOAN NUMBER: 1000410336 M. I. CASE NUMBER:	Month	Payments to Escrow	Payments from Escrow	Description	Escrow Balance	Starting Balance: → \$ 2,200.00					Jan 07	\$ 1,173.67	\$ 73.67	73.67 Mortgage Insurance	3,300.00	Allowable reserves:	→ \$2,200.00	Actual reserves:	\$5,500.00	Aggregate adjustment amount:	(\$3,300.00) <input type="checkbox"/>
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Voluntary Escrow Payments

Overview

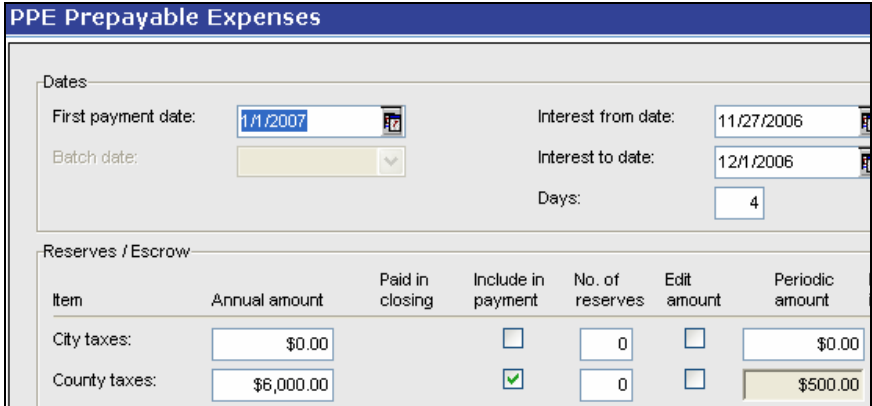
New construction end loans can have a unique situation where the first year’s taxes are based on *unimproved* property. If the mortgage payment is based on unimproved taxes, when the new tax bill comes out based on *improved* property, the customer may go through “*payment shock*” due to the substantial increase in their mortgage payment.

When the customer has been advised of this scenario and agrees that the mortgage payment should be based on *improved* property taxes, this is known as setting up a *Voluntary Escrow Payment*.

Important! This process *cannot* be used in connection with FHA loans or Construction/Perm loans.

Setting Up Voluntary Escrow

The closer does the following to set up **Voluntary Escrow Payments** in E3.

Step	Action
1	<p>From the PPE screen:</p> <ul style="list-style-type: none"> Enter the estimated improved tax amount in the Annual amount field for the corresponding tax. Select Include in payment. Confirm that the No. of reserves column <i>initially</i> indicates zero.  <p>Note: The Periodic amount field will populate the monthly dollar amount based on the Annual amount entered.</p>

Continued on next page

Voluntary Escrow Payments, Continued

Setting Up Voluntary Escrow (continued)

Step	Action																												
2	<p>Click the Aggregate accounting link at the bottom of the screen. The Aggregate Accounting screen appears.</p> <div style="text-align: center; border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> Aggregate accounting </div>																												
3	<p>In the Aggregate Accounting screen:</p> <ul style="list-style-type: none"> Complete the Disbursement allocation section as previously instructed in this bulletin. <div style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> <p style="text-align: center; margin: 0;">Disbursement allocation</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 20%;"></td> <td style="text-align: center; width: 15%;">City tax</td> <td style="text-align: center; width: 15%;">County tax</td> <td style="text-align: center; width: 15%;">Assess.</td> <td style="text-align: center; width: 15%;">Hazard</td> <td style="text-align: center; width: 15%;">Flood</td> </tr> <tr> <td>Allocate every:</td> <td style="text-align: center;">0 <small>▼</small> mos.</td> <td style="text-align: center;">12 <small>▼</small> mos.</td> <td style="text-align: center;">0 <small>▼</small> mos.</td> <td style="text-align: center;">12 <small>▼</small> mos.</td> <td style="text-align: center;">12 <small>▼</small> mos.</td> </tr> <tr> <td>Starting in:</td> <td style="text-align: center;"><small>▼</small></td> <td style="text-align: center;">November <small>▼</small></td> <td style="text-align: center;"><small>▼</small></td> <td style="text-align: center;">February <small>▼</small></td> <td style="text-align: center;">February <small>▼</small></td> </tr> </table> </div> <ul style="list-style-type: none"> Change the dollar amount in the month the taxes are due row from the estimated improved taxes to the estimated unimproved taxes. <div style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 15%;">Month</th> <th style="width: 15%;">M.I.</th> <th style="width: 15%;">City</th> <th style="width: 15%;">County</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input checked="" type="radio"/></td> <td style="text-align: center;">November <small>▼</small></td> <td style="text-align: center;">\$73.67</td> <td style="text-align: center;">\$0.00</td> <td style="text-align: center;">\$3,000.00</td> </tr> </tbody> </table> </div> <ul style="list-style-type: none"> Click the Calculate Number of Reserves button at the bottom of the screen. The Aggregate Accounting screen refreshes. <div style="text-align: center; border: 1px solid gray; padding: 5px; width: fit-content; margin: 10px auto;"> <input type="button" value="Calculate Number of Reserves"/> </div>		City tax	County tax	Assess.	Hazard	Flood	Allocate every:	0 <small>▼</small> mos.	12 <small>▼</small> mos.	0 <small>▼</small> mos.	12 <small>▼</small> mos.	12 <small>▼</small> mos.	Starting in:	<small>▼</small>	November <small>▼</small>	<small>▼</small>	February <small>▼</small>	February <small>▼</small>		Month	M.I.	City	County	<input checked="" type="radio"/>	November <small>▼</small>	\$73.67	\$0.00	\$3,000.00
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Voluntary Escrow Payments, Continued

Setting Up Voluntary Escrow (continued)

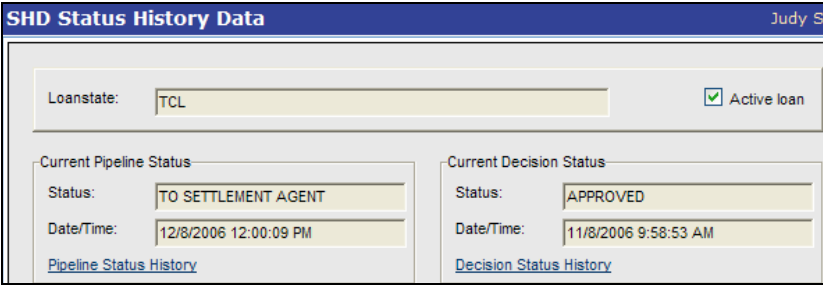
Step	Action																																																									
<p>3 (cont'd)</p>	<ul style="list-style-type: none"> Change the Months of regular cushion to reflect 1 month. <div data-bbox="716 527 1276 583" style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> Years of disbursements: <input type="text" value="1"/> Months of regular cushion: <input type="text" value="1"/> </div> Click the PPE Prepayable Expenses link at the bottom of the screen. The PPE screen appears. <div data-bbox="862 680 1130 720" style="border: 1px solid gray; padding: 5px; margin: 10px 0; text-align: center;"> > PPE Prepayable Expenses </div> <p>Note: The Disbursement allocation for the taxes reverts to zero. This is correct.</p> <div data-bbox="678 810 1312 951" style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> <p>Disbursement allocation</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>City tax</th> <th>County tax</th> <th>Assess.</th> <th>Hazard</th> <th>Flood</th> </tr> </thead> <tbody> <tr> <td>Allocate every:</td> <td>0 mos.</td> <td>0 mos.</td> <td>0 mos.</td> <td>12 mos.</td> <td>12 mos.</td> </tr> <tr> <td>Starting in:</td> <td></td> <td></td> <td></td> <td>November</td> <td>November</td> </tr> </tbody> </table> </div>		City tax	County tax	Assess.	Hazard	Flood	Allocate every:	0 mos.	0 mos.	0 mos.	12 mos.	12 mos.	Starting in:				November	November																																							
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<p>4</p>	<p>From the PPE screen:</p> <ul style="list-style-type: none"> Confirm the No. of reserves shown for the taxes reflects 1 month. <div data-bbox="618 1073 1373 1335" style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Annual amount</th> <th>Paid in closing</th> <th>Include in payment</th> <th>No. of reserves</th> <th>Edit amount</th> <th>Periodic amount</th> <th>Lock item</th> </tr> </thead> <tbody> <tr> <td>City taxes:</td> <td>\$0.00</td> <td></td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>County taxes:</td> <td>\$6,000.00</td> <td></td> <td><input checked="" type="checkbox"/></td> <td>1</td> <td><input type="checkbox"/></td> <td>\$500.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Assessments:</td> <td>\$0.00</td> <td></td> <td><input type="checkbox"/></td> <td>0</td> <td><input type="checkbox"/></td> <td>\$0.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Hazard insurance:</td> <td>\$2,500.00</td> <td>\$2,500.00</td> <td><input checked="" type="checkbox"/></td> <td>3</td> <td><input type="checkbox"/></td> <td>\$208.33</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Flood insurance:</td> <td>\$1,500.00</td> <td>\$1,500.00</td> <td><input checked="" type="checkbox"/></td> <td>3</td> <td><input type="checkbox"/></td> <td>\$125.00</td> <td><input type="checkbox"/></td> </tr> </tbody> </table> </div> Click the Calculate Aggregate Adjustment button <div data-bbox="691 1409 1295 1514" style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td><input type="checkbox"/> Whole dollar payment</td> <td>Allowable reserves:</td> <td>\$791.67</td> </tr> <tr> <td>Aggregate accounting</td> <td>Actual reserves:</td> <td>\$1,375.01</td> </tr> <tr> <td><input type="button" value="Calculate Aggregate Adjustment"/></td> <td>Aggregate adjustment amount:</td> <td>(\$583.34)</td> </tr> </tbody> </table> </div> <p>Note: It <i>is</i> acceptable if the Aggregate adjustment amount is zero. It <i>is not</i> acceptable if this field populates a positive number. If after reviewing the steps a positive number appears, contact the E3 Help Desk for assistance.</p> <p>Important! After completion of the PPE screen input, <i>no changes</i> can be made to the number of months or amounts to be collected without <i>re-calculating</i> the aggregate adjustment.</p>	Item	Annual amount	Paid in closing	Include in payment	No. of reserves	Edit amount	Periodic amount	Lock item	City taxes:	\$0.00		<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>	County taxes:	\$6,000.00		<input checked="" type="checkbox"/>	1	<input type="checkbox"/>	\$500.00	<input type="checkbox"/>	Assessments:	\$0.00		<input type="checkbox"/>	0	<input type="checkbox"/>	\$0.00	<input type="checkbox"/>	Hazard insurance:	\$2,500.00	\$2,500.00	<input checked="" type="checkbox"/>	3	<input type="checkbox"/>	\$208.33	<input type="checkbox"/>	Flood insurance:	\$1,500.00	\$1,500.00	<input checked="" type="checkbox"/>	3	<input type="checkbox"/>	\$125.00	<input type="checkbox"/>	<input type="checkbox"/> Whole dollar payment	Allowable reserves:	\$791.67	Aggregate accounting	Actual reserves:	\$1,375.01	<input type="button" value="Calculate Aggregate Adjustment"/>	Aggregate adjustment amount:	(\$583.34)
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<p>5</p>	<p>Access the CDF Custom Data fields *Closing screen, then select Improved Taxes. (See <i>Reviewing the CDF Screen</i>, step 1 for an example.)</p>																																																									

Continued on next page

Other Issues and Questions

Overview Finally, a few other issues need attention to ensure that the **PPE** data you entered is protected, and any post-closing issues are addressed.

Preventing Changes in E3 Do the following to prevent unintended changes to the E3 data.

Step	Action
1	Access the SHD screen in E3.
2	<p>From the SHD screen, select To Settlement for the Current Pipeline Status. This prevents another user from making changes after all of the closing information has been entered in E3.</p>  <p>The screenshot shows the 'SHD Status History Data' window. At the top right, the name 'Judy S' is visible. Below the title bar, there is a 'Loanstate:' field with the value 'TCL' and a checked 'Active loan' checkbox. The screen is divided into two main sections: 'Current Pipeline Status' and 'Current Decision Status'. Under 'Current Pipeline Status', the 'Status:' is 'TO SETTLEMENT AGENT' and the 'Date/Time:' is '12/8/2006 12:00:09 PM'. Under 'Current Decision Status', the 'Status:' is 'APPROVED' and the 'Date/Time:' is '11/8/2006 9:58:53 AM'. At the bottom of each section, there are links for 'Pipeline Status History' and 'Decision Status History' respectively.</p>

Continued on next page

Other Issues and Questions, Continued

Post Closing Issues

Changes made *after* setting up the initial disbursement allocation and calculating the aggregate adjustment *will* result in incorrect amounts disclosed on the **IEAD** and the HUD-1, which will create either a shortage or overage in the amount collected at closing. To prevent an issue after closing, adhere to the steps shown in the *Entering PPE Screen Data* and the *Closing Instructions and IEAD Review Process* sections in this bulletin.

Note: It is important to confirm that the **Aggregate adjustment amount** field is *unlocked before* clicking the **Calculate Aggregate Adjustment** button. See the two examples:

- The first example shows the field is open and accessible with the checkbox cleared.
- The second print shows the field is locked and dimmed, (*grayed-out*) with the checkbox selected.

Example 1 – Aggregate Adjustment Amount Field Cleared

<input type="checkbox"/> Whole dollar payment	Allowable reserves:	\$791.67	↓
Aggregate accounting	Actual reserves:	\$1,375.01	
<input type="button" value="Calculate Aggregate Adjustment"/>	Aggregate adjustment amount:	(\$583.34) <input type="checkbox"/>	

Example 2 – Aggregate Adjustment Amount Field Selected

<input type="checkbox"/> Whole dollar payment	Allowable reserves:	\$791.67	↓
Aggregate accounting	Actual reserves:	\$1,375.01	
<input type="button" value="Calculate Aggregate Adjustment"/>	Aggregate adjustment amount:	(\$583.34) <input checked="" type="checkbox"/>	

Questions?

Please contact the Closing Supervisor or the National Closing Manager in the Corporate office.