RULE WORKSHEET

Escrow Cushion Lower-Limit Review Sheet

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CHECK CUSHION LIMIT

Check whether the mortgage documents or applicable law specify a cushion lower than the federal maximum before treating two months as an automatic required balance.

WHEN TO USE	FEDERAL / PRIMARY REFERENCE
Check whether the mortgage documents or applicable law specify a cushion lower than the federal maximum before treating two months as an automatic required balance.	12 CFR § 1024.17(c) · 12 CFR § 1024.17(c)(8)

Federal baseline to check

- ☐ Regulation X generally caps the cushion at one-sixth of estimated annual escrow disbursements.
- ☐ If the mortgage documents provide a lower cushion limit, that lower contractual limit applies; applicable federal or state law can also impose a lower amount.
- ☐ A servicer may choose a lower cushion or no cushion even when the maximum would be permitted.

BORROWER AND LOAN

Borrower name ______________________________	**Property address** ______________________________
Loan/account number ______________________________	**Servicer name** ______________________________

Federal maximum cross-check

Estimated annual escrow disbursements: $__________ One-sixth federal maximum: $__________

Notes: ____

Loan-document language

Lower cushion stated in mortgage documents? ____________________ Amount / formula: ____________________

Notes: ____

Other applicable limit

Other lower limit claimed (state/federal/program): ____________________ Source: ____________________

Notes: ____

Statement cushion used

Cushion actually used on statement: $__________

Notes: ____

Question to resolve

Permitted amount vs amount used - variance / question: ___________________________

Notes: ____

Attachment checklist

☐ Mortgage or deed of trust escrow provisions

☐ Annual escrow analysis

☐ Any cited state-law or program requirement from the servicer

☐ Copy of this completed template retained for your records

☐ Mailing / delivery confirmation retained if sent formally

Use notes

☐ Quote or attach the exact mortgage-document clause that sets a lower reserve; do not rely on a remembered closing conversation.

☐ Compare the selected cushion with the projected annual disbursement total and trial balance, not with the loan principal balance.

☐ If state law is believed to set a lower cap, verify the current state rule from an authoritative source before asserting a servicing error.

☐ Keep a complete copy of the completed template and supporting records; send copies rather than irreplaceable originals when copies are sufficient.

PRIMARY SOURCES TO CHECK

12 CFR § 1024.17(c) • 12 CFR § 1024.17(c)(8)

Official links: https://www.consumerfinance.gov/rules-policy/regulations/1024/17/