WORKSHEET

Negative Escrow Balance Reconciliation Worksheet

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RECONCILE BALANCE

Reconstruct how an escrow balance went below zero by listing deposits, disbursements, advances, reversals, and timing differences.

WHEN TO USE	FEDERAL / PRIMARY REFERENCE
Reconstruct how an escrow balance went below zero by listing deposits, disbursements, advances, reversals, and timing differences.	12 CFR § 1024.17(b) · 12 CFR § 1024.17(f)

Federal baseline to check

- ☐ A deficiency is a negative escrow balance; a shortage is a current balance below the target balance at analysis. The labels are not interchangeable.
- ☐ If a servicer advanced funds for a disbursement for reasons other than the borrower's payment default, it must perform an escrow analysis before seeking repayment of the deficiency under the federal escrow rule.
- ☐ Deficiency repayment options differ depending on whether the deficiency is less than one monthly escrow payment and whether the borrower is current at analysis.

BORROWER AND LOAN

Borrower name	Property address
Loan/account number	Servicer name

Starting point

Starting escrow balance: $_________ on _________

Notes: ____

Deposits

Borrower escrow deposits in review period: $_________

Notes: ____

Disbursements and advances

Taxes: $_________ Insurance: $_________ Other disbursements/advances: $_________

Notes: ____

Lowest balance

Lowest / negative balance: $_________ on _________

Notes: ____

Current deficiency treatment

Deficiency shown: $__________ Repayment treatment / months: ____________________

Notes: ____

Attachment checklist

☐ Escrow history

☐ Annual analysis

☐ Tax/insurance bills

☐ Copy of this completed template retained for your records

☐ Mailing / delivery confirmation retained if sent formally

Use notes

☐ Reconstruct the ledger chronologically. The lowest balance is often more informative than the ending balance because it reveals which disbursement created the negative position.

☐ Label advances, reversals, refunds, and duplicate payments separately rather than netting them into a single 'other' amount.

☐ If the negative balance came from an insurance or tax payment the servicer was required to advance, that does not automatically mean the repayment calculation is wrong; test the subsequent analysis and repayment treatment.

☐ 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(b) • 12 CFR § 1024.17(f)

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