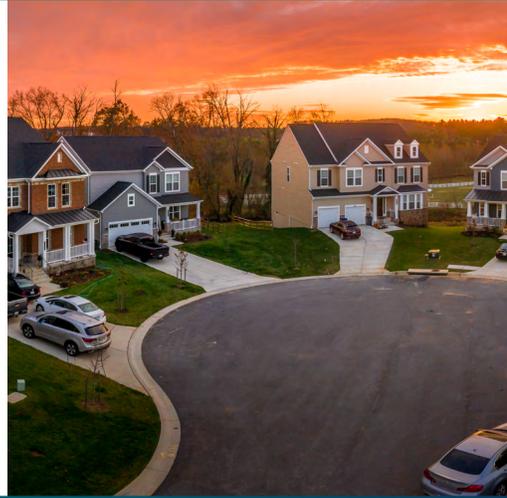


Real Estate Tax Monitoring & Escrow Services



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Background

This case study focuses on an Illinois-based financial institution that has a clear passion for serving its customers. This particular bank is the oldest continually active financial institution in Illinois and has focused on serving as a compassionate community bank. Its commitment to support not only its customers, but the entirety of each of the 13 communities it serves, has led to a time-honored reputation of giving back.

In 2016, this Midwestern bank considered a solution to improve its real estate tax monitoring and escrow tax processes, from a vendor who possessed very similar core values as their own. Prior to this, the bank's loan servicing team paid escrowed taxes and monitored for real estate tax delinquencies without any assistance from a vendor.

May through October was a significantly stressful time for the team, as they were required to reach out to each borrower to collect tax bills, and then pay taxes on each borrower's behalf to various taxing agencies, each with their own method for receiving payments. The process began by pulling a report off of their core system, including the name, parcel ID, and county name. The data in the report was initially entered into the core system post loan closing. If the loan was in escrow, then the individual entering the data also included the real estate tax due dates. Sometimes the dates were entered incorrectly. The team would then begin collecting tax bills for each parcel on the list.



Info-Pro takes "the complex" and makes it easy. We collect and integrate data from the 26,000+ property tax authorities nationwide into a user-friendly software platform, enabling financial institutions to easily identify property tax delinquencies and pay escrow taxes.

Background, cont.

Some tax agencies sent the bills directly to the Midwestern financial institution, while other tax agencies did not. If the tax agency did not send the tax bills to them, then the team would request the tax bill from each borrower. Some borrowers did not understand this process, as they believed that the Illinois bank should have a copy of the tax bill on file. Some borrowers did not send in their tax bills at all. After each tax bill was obtained, the team would manually write in the loan number on each tax bill as well as verify that the parcel number, name, and address were correct. After this was complete, the bank would move forward with paying the taxes.

The payment of property taxes was equally as difficult to manage, since each tax agency's payment requirements differed. Some tax agencies accepted one check for a group of parcels, while others required separate checks for each parcel. It was difficult to track the payment requirements for each tax agency. Some tax agencies charged the financial institution duplicate tax bills fees and processing fees, which increased the cost of processing significantly. The escrow process was becoming increasingly time consuming and expensive. The team spent at least three days per week for 6 months in order to complete each step of the process.

The Challenge

After the escrow payment due dates passed, the bank would verify if any of the escrowed or nonescrowed parcels were delinquent. Due to limited resources, the bank's team did not track nonescrowed parcels for delinquencies despite how much the bank would have preferred they could. In some cases, they identified escrowed loans as delinquent. Most often, this was caused by an incorrect tax due date listed on the report.

A short time after the financial institution's tax season, Info-Pro reached out to inquire if the bank would be interested in assistance with real estate tax monitoring and escrow tax services. The manager of the loan operations team was absolutely interested, and immediately involved the team in reviewing Info-Pro's services. Info-Pro met with the team onsite to learn more about the challenges that their team was faced with. When Info-Pro had a clear understanding of their process and challenges, a service was designed to tackle each challenge of the financial institution's existing delinquent and escrow tax process.

Info-Pro proposed a real estate tax monitoring and escrow processing plan that included annual monitoring for real estate tax delinquencies and additional rechecks on delinquencies throughout the year. In addition, Info-Pro agreed to obtain all escrow tax amounts on behalf of the bank, provide an interface for tracking search progress and obtaining the amounts, and assign a specialist from Info-Pro that would assist in a streamlined escrow process ongoing, including electronic escrow processing. Info-Pro also provided access to an up-to-date Tax Agency Database with real estate tax due dates, payment instructions and additional resources on over 26,000 taxing agencies. The Midwestern bank was very interested in the proposal, and reviewed an additional vendor's services as well to compare. They accepted Info-Pro's offer and implemented the service immediately.



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Overcoming the Challenge

Info-Pro now tracks all of the bank's escrowed and non-escrowed parcels for real estate tax delinquencies. Each search includes property information verification that identifies any discrepancies in parcel numbers, property address, and owner name. Info-Pro also identifies all parcel splits and parcel number retirements. As soon as a delinquent search is complete, Info-Pro provides immediate notifications to the bank.

The team pulls down customized delinquency reports from Info-Pro's interface at their convenience to identify delinquent borrowers. The team also reviews the results from the property information verification. After a delinquent borrower is identified, the team generates delinquent letters off the Info-Pro interface and sends a delinquent notification to the borrower. Info-Pro re-checks the tax status one month later and provides an updated delinquency report to the bank. At this point, the bank sends an additional letter to any remaining delinquent borrowers.

This process continues for two additional cycles throughout the year. The Illinois financial institution was shocked after the initial tax status data scrub was complete after onboarding. Info-Pro identified property information discrepancies and tax delinquencies that they were unaware of. The bank was able to act on and resolve these immediately, due to the ease of reporting and frequency of searches and verification.

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The bank's process manager stated, “The Info-Pro system is so easy. They had the information on the system so quickly and we could really see the delinquencies.” The bank's list of delinquent borrowers has reduced significantly, and as a result, they are very pleased with its streamlined delinquent tax process. The institution's delinquent process manager has stated “We are more in tune with what is going on with our properties and are more on the ball with changes.”



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Overcoming the Challenge, cont.

Info-Pro and the Midwestern bank have mutually streamlined the bank's escrow tax process. Info-Pro tracks each parcel's due date and obtains the escrow tax bill amounts as soon as possible upon availability from the tax agency. The interface allows the bank's team to keep track of upcoming due dates and specific tax agency payment process requirement dates. Info-Pro notifies the bank after escrow amounts are available in a particular tax agency. The financial institution pulls customized reports of escrow amounts at their leisure, without having to put in a request to write a report. Info-Pro provides the bank with payment requirements set by the tax agency to ensure that all payments are provided to the tax agency on time and in proper form.

The bank's use of Info-Pro has eliminated many of the duplicate bill and processing fees from the tax agencies as well as much of the time spent on the process. The bank has reduced the time spent on escrow processing to only 4-5 hours per week during tax season; a significant reduction from the at least three days a week for 6 months that was spent prior to partnering with Info-Pro. After asking about confidence in their decision to partner with Info-Pro, the team manager stated "We have never regretted it, not one time. It is so well organized and you feel very confident that you are sending the right amount, you are sending it on time, and that it's going to get there."

The Results

The partnership between Info-Pro and the Midwestern bank has been mutually valuable. Info-Pro and the bank are both extremely pleased about the impact that the services have had in reducing the bank's workload and simplifying every process. The bank's team and their dedicated Info-Pro Account Manager regularly work together to frequently evaluate the delinquent and escrow process to ensure that each process operates at high efficiency. Info-Pro has been agile to adapt or provide further services to meet the evolving needs of the bank.

When asking the bank's process manager about the relationship, the manager stated "One thing that we love about InfoPro (we don't have to call or email very often, but when we do) we immediately talk to someone. With all the companies that we work with, Info-Pro is the fastest. We feel confident that when we are in a situation where we need to ask questions, we just pick up the phone or email. We are confident that we will get an answer the same day."

Info-Pro asked the bank if the team would recommend Info-Pro's services to other lenders. They stated, "We would highly recommend it! There is no way that it will not save them time, and time is money. The confidence and peace of mind is well worth it."

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