

# ESCROW FACT SHEET

*(How the Escrow Account Works)*

- The general concept of the escrow account is that FSS families continue to pay rent in accordance with their income (even as their incomes increase due to employment).
- The escrow is activated when there is a change in **Earned Income (wages)**.
- For there to be an escrow, the current Family Rent must be greater than the Family Rent when the Contract was executed.
- The family's **Annual Income, Earned Income** and **Family Rent** is inserted into the FSS Contract of participation at execution. These become the baseline figures for future escrow calculation.
- The figure may be taken from the amounts on the last re-examination before the family's initial participation in the FSS Program, UNLESS more than 120 days (roughly 4 months) will pass between the effective date of the re-examination and the effective date of the Contract. If it is more than 120 days, Berkshire Housing Development Corp. will do an interim re-examination to get the current baseline numbers for the FSS Contract.
  - ***This is important if the escrow account is a strong motivator for joining FSS. We need to execute the Contract while these three numbers mentioned are low; i.e.: While the participant is still in school, job training or seeking to become employed, not after a job is secured.***
- It is the participant's responsibility to work with the FSS Coordinator to determine the most appropriate time to sign a FSS Contract. In some cases when a big change in earned income is anticipated due to graduation from college, upgraded skills training, marriage.... timing is crucial in order to take advantage of the escrow benefit.
- An FSS family may use its FSS account funds for the purchase of a home.
- Berkshire Housing Development Corp. will report annually to each FSS family on the status of the family's FSS Escrow Account.

