



10/23/2002

Loan Number 1234567

SAMPLE ESCROW ANALYSIS

118 OLIVIA CIRCLE
ROCHESTER, NY 14626

Dear SAMPLE:

Each year, HSBC Mortgage Corporation (USA) reviews your escrow account to determine the new monthly escrow payment and whether the account had an overage (excess funds) or a shortage (insufficient funds). We have completed this year's analysis of your account. There is a shortage of \$381.15 in your account. Your new total monthly payment effective December 1, 2002 is \$889.77. This letter explains the steps taken to determine this amount.

The first step in the analysis is to determine the amount of the property tax and insurance (the first two items in the table below). The required monthly deposit (the third item in the table below) is the annual amount divided by twelve.

Escrowed Item	Expected Annual Amount	New Monthly Deposit
COUNTY TAX	\$1,541.09	\$128.42
SCHOOL TAX	\$1,543.84	\$128.65
HAZARD INS	\$670.00	\$55.83
	<u>\$3,754.93</u>	<u>\$312.90</u>

The second part of the escrow analysis is to determine if your account has a shortage or surplus. We project the activity in your account for the next 12 months and compare the lowest projected balance to the required minimum reserve. Federal law allows for the maintenance of a reserve in the escrow account equal to up to twelve months' escrow deposits. If your state law or mortgage documents require a lower reserve, we will honor it. The reserve is on hand to cover any unanticipated increases. The required reserve on your account is \$381.15. If the lowest amount in the Projected column exceeds \$381.15, an overage exists. If the lowest amount in the Projected column is lower than \$381.15, a shortage exists. The following table shows the projected balances for each month:

PROJECTION	Payments to Escrow Account	MIP/PMI	Payments From Escrow Account			Special	Escrow Account Balance	
			Taxes	Flood	Haz Ins		Projected	Required
Month								
Beginning Balance						\$534.14	\$915.29	
Dec	\$312.90					\$847.04	\$1228.19	
Jan	\$312.90		\$1541.09			\$381.15-	\$0.00 *	
Feb	\$312.90					\$68.25-	\$312.90	
Mar	\$312.90					\$244.65	\$625.80	
Apr	\$312.90					\$557.55	\$938.70	
May	\$312.90					\$870.45	\$1251.60	
Jun	\$312.90					\$1183.35	\$1564.50	
Jul	\$312.90					\$1496.25	\$1877.40	
Aug	\$312.90					\$1809.15	\$2190.30	
Sep	\$312.90		\$1543.84			\$578.21	\$959.36	
Oct	\$312.90				\$670.00	\$221.11	\$602.26	
Nov	\$312.90					\$534.01	\$915.16	

TURN OVER FOR MORE

ESCROW SHORTAGE REPAYMENT COUPON

LOAN NUMBER: 1234567
NAME: SAMPLE

SHORTAGE AMOUNT: \$381.15

NEW PAYMENT EFFECTIVE DATE: 12/01/2002

Your escrow analysis indicated a shortage of \$381.15. For your convenience, we have spread this amount over 12 months and included it in your monthly payment. If you prefer, you can pay the shortage in full by sending a check and this coupon to:

HSBC MORTGAGE CORPORATION (USA)
P.O. Box 4592
Buffalo, NY 14240-4592
Attn: Payment Processing

The projection on the first page shows your account's lowest... Since this amount is less than the minimum required balance of... spread this shortage amount over 12 months and added it to your... effective December 1, 2002 is:

Your total new payment, including Principal and Interest, Regular monthly escrow and Shortage spread, if any.

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	Current Payment	New Payment (December 1, 2002)
Principal and Interest	\$545.11	\$545.11
Regular Escrow Payment	\$279.48	\$312.90
Shortage Spread	\$.00	\$31.76
Other	\$.00	\$.00
TOTAL PAYMENT	\$824.59	\$889.77

If you prefer, you can pay the shortage in full by mailing a check with the attached coupon. If you pay the shortage in full, your new total monthly payment will be \$858.01.

For your record on December between the actual history.

The History section details the escrow deposits and disbursements since your last Escrow Analysis. You can compare the projected and actual payments to see why your payment has changed.

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Month	Payments to Escrow		Payments From Escrow Account		Description	Escrow Balance Comparison	
	Projected	Actual	Projected	Actual		Projected	Actual
Beginning Balance						\$916.54	\$916.54
Dec	\$279.48	\$283.80*				\$1196.02	\$1200.34
Jan	\$279.48	\$279.48	\$1475.50	\$1541.09*	COUNTY TAX	\$0.00	\$61.27-
Feb	\$279.48	\$279.48				\$279.48	\$218.21
Mar	\$279.48	\$281.34*				\$558.96	\$499.55
Apr	\$279.48	\$279.48				\$838.44	\$779.03
May	\$279.48	\$279.48				\$1117.92	\$1058.51
Jun	\$279.48	\$283.96*				\$1397.40	\$1342.47
Jul	\$279.48	\$279.48				\$1676.88	\$1621.95
Aug	\$279.48	\$279.48				\$1956.36	\$1901.43
Sep	\$279.48	\$287.59*	\$1454.25	\$1543.84*	SCHOOL TAX	\$781.59	\$645.18
Oct	\$279.48	\$279.48	\$424.00	\$670.00*	HAZARD INS	\$637.07	\$254.66
Nov	\$279.48	\$279.48				\$916.55	\$534.14

At the time of your last escrow analysis, we anticipated that disbursements from your escrow account would total \$3353.75. The actual month-end balance shown above is based on the timing and the amount of the actual escrow disbursements and deposits. The ending actual balance above is used in projecting the balances shown on the first page. Since your last analysis, your lowest monthly balance should not have exceeded \$.00, the lowest amount required by your mortgage contract, state or federal law. Your actual lowest monthly balance was less than \$.00. The items marked with an asterisk above may explain this.

If you have any questions, please call us toll-free at 1-800-338-4626 or at 1-716-651-5000. Our automated line is available 24 hours a day, 7 days a week. Our Customer Service Representatives are available Monday through Friday, 7 a.m. to 11 p.m. and Saturday 7 a.m. to 6 p.m. Eastern time.

Your mortgage information is also available online at www.us.hsbc.com. Please visit our website and select the option to sign-up or log-on to Internet Banking.

Sincerely,

Robert R. Hollinsworth
First Vice President