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Why your 'fixed' mortgage payment keeps going up

Story by Sarah Agostino 2026-9-6

- About 80% of mortgage holders have an escrow account, which pays out property taxes and homeowners insurance premiums, as well as mortgage insurance if the borrower is required to have it.
- Escrow costs have jumped 45% since 2019, according to Cotality.
- Your lender generally spreads out any shortfall over 12 months or may allow you to pay the amount upfront.

As many **homebuyers** discover, getting a fixed-rate **mortgage** doesn't necessarily mean your monthly payment will remain the same.

For many homeowners, in addition to principal and interest payments each month, their mortgage payment includes amounts that go into an escrow account. That account then pays out **homeowners insurance** premiums and **property taxes**, as well as **mortgage insurance** if the borrower is required to carry it.

This year, about 65% of escrow accounts are projected to be short because of recent jumps in those costs, according to Cotality, a property data and analytics firm. The estimated average shortage is \$2,157.

While it's not uncommon for escrow costs to be adjusted up or down each year, they have increased by roughly 45% since 2019, according to Cotality. In some states, it's been much higher: For example, homeowners in Florida and Colorado have seen jumps of 70% and 77%, respectively. Cumulative inflation from May 2019 to April 2025 was about 30%, based on the consumer price index.

Homebuyers "should expect those costs to rise," said Selma Hepp, chief economist for Cotality. "But oftentimes [consumers] think of a 30-year fixed-rate mortgage and think of it as housing costs being fixed."

Why your payments can go up

About 80% of mortgage borrowers have an escrow account, according to Lereta, which provides real estate tax and flood data to mortgage servicers. Those without an escrow account pay insurance and taxes directly.

When mortgage servicers do an **annual review of your escrow account**, they evaluate what has been paid out and project what will be due over the next year. If there's a shortfall, lenders generally spread out the extra cost across 12 months, pushing your monthly

payment up. For example, the average 2026 shortfall of \$2,157 would mean paying \$179.75 more monthly.

You may be given the option to pay off the shortage upfront as a lump sum, experts say.

"If you have enough in your [emergency fund](#) to cover the shortfall all at once, that will be the simplest way to put it behind you," said certified financial planner Stephen Kates, a financial analyst for Bankrate.

"Paying over time can leave you layering shortage payments on top of the higher ongoing monthly payments created by the [yearly] updated escrow calculation," Kates said.

Homeowners insurance costs have surged

The amounts that go into escrow are a growing share of homeowners' payment, Hepp said.

"Over the last couple of years, we've seen surges in insurance and property taxes," Hepp said.

The average annual cost of homeowners insurance is projected to reach \$3,057 by the end of 2026, up 4% from \$2,948 in 2025, according to Insurify.com, an insurance-comparison site.

Driven by severe weather and natural disasters, the average cost of homeowners insurance has risen by 46% since 2021, the report shows.

To address higher insurance premiums, you can shop for lower-cost coverage, compare deductibles or coverage limits and look for available discounts, Kates said.

Property taxes have climbed alongside home values

[Property taxes](#) also have climbed as home values have risen. The U.S. average yearly amount paid by homeowners was \$3,018 in 2024, up 27.4% from 2019, according to Cotality. During that time, home prices jumped 51.6%, the Cotality data shows.

While property taxes typically have been a larger share of escrow amounts, "in some areas insurance has grown much faster and is outpacing the overall amount that you have to put in escrow for property taxes," Hepp said.

It may be possible to [appeal](#) a new property tax assessment, Kates said, although you should have strong evidence that the value is too high. "Do not appeal just because the bill feels expensive, and do not do it automatically every assessment cycle," he said.

Additionally, you can check with your local government to see if there are exemptions or reductions available for certain homeowners, such as for those age 65 or older.