

[Date]

[Borrower Name]
[Property Address]
[City, State, Zip Code]

RE: Notice of Escrow Account Shortage - Loan Number: [Loan Number]

Dear [Borrower Name],

We recently completed an annual analysis of your escrow account. This account is used to pay for your property taxes and insurance premiums. Based on this analysis, your account currently has a shortage of \$[Shortage Amount].

This shortage occurred because [Reason for shortage, e.g., an increase in property taxes/insurance premiums] was higher than previously estimated.

Payment Options:

To resolve this shortage, you may choose one of the following options:

- **Option 1: Pay the full amount.** You may make a one-time payment of \$[Shortage Amount] by [Due Date]. Your new monthly mortgage payment will be \$[New Monthly Payment].
- **Option 2: Spread the payment.** You can spread the shortage over the next 12 months. This will increase your monthly mortgage payment to \$[New Monthly Payment], effective [Date].

If we do not receive the full payment by [Due Date], we will automatically apply Option 2 and adjust your monthly payment accordingly.

Attached is a copy of your Escrow Account Disclosure Statement, which provides a detailed history of your account and projected payments for the coming year.

If you have any questions, please contact our Customer Service Department at [Phone Number] or visit our website at [Website].

Sincerely,

[Name of Lender/Service]
[Escrow Department]