

[Date]

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

RE: Annual Escrow Account Disclosure Statement - Shortage Notice

Dear [Borrower Name],

We have completed the annual review of your mortgage escrow account. This analysis ensures that enough funds are collected to cover your property taxes and insurance premiums.

Our records indicate that your escrow account currently has a shortage of **[\$Shortage Amount]**. This shortage occurred because the actual costs for your taxes and/or insurance were higher than previously estimated.

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

- **Option 1: Pay the shortage in full.** You may send a one-time payment of **[\$Shortage Amount]** by **[Due Date]**. Your new monthly mortgage payment will be **[\$New Payment Amount]**.
- **Option 2: Spread the shortage over 12 months.** We will divide the shortage amount by 12 and add it to your monthly mortgage payment. Your new monthly mortgage payment will be **[\$New Payment Amount]**, 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.

Detailed information regarding your account history and projected payments is provided in the attached Escrow Analysis Statement. If you have any questions, please contact our Customer Service Department at **[Phone Number]** or visit our website at **[Website URL]**.

Sincerely,

[Lender Name]
[Department Name]