

[Bank Name]
[Mortgage Servicing Department]
[Bank Address]
[City, State, Zip Code]
[Phone Number]

[Date]

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

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

Dear [Borrower Name],

We have completed the annual analysis of your escrow account. Due to an increase in your [Property Taxes / Homeowners Insurance Premiums], your current escrow balance is insufficient to cover the projected disbursements for the upcoming year.

As a result, your account currently has a shortage of **[\$[Shortage Amount]**. To ensure your escrow account maintains the required minimum balance, we have adjusted your monthly mortgage payment.

Summary of Changes:

- **New Monthly Payment:** \$[New Total Payment Amount]
- **Effective Date:** [Date]
- **Shortage Spread:** \$[Amount] (Added to your monthly payment for [Number] months)

Your Options:

1. **Spread the Shortage:** No action is required. We will automatically divide the shortage over the next 12 months and include it in your new monthly payment as shown above.
2. **Pay in Full:** You may pay the shortage amount of **[\$[Shortage Amount]** in a single lump sum by [Date]. If you choose this option, your new monthly payment will be **[\$[Lower Adjusted Payment Amount]**.

If you have any questions regarding this adjustment, please contact our Escrow Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Bank Name]
Mortgage Servicing Team