

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

Date: [Date]

RE: Notice of Escrow Shortage and Deficiency

Account Number: [Loan Number]

Property Address: [Property Address]

Dear [Borrower Name],

We have recently completed an annual analysis of your escrow account to ensure that sufficient funds are available to pay your property taxes and insurance premiums. Based on this analysis, your escrow account currently has a shortage and a deficiency.

Summary of Analysis:

- **Escrow Shortage:** \$[Amount] (The amount by which your current balance falls below the required minimum reserve.)
- **Escrow Deficiency:** \$[Amount] (The amount by which your actual balance is negative due to paid disbursements.)
- **Total Amount Due:** \$[Total Amount]

Options for Payment:

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

1. **Pay in Full:** You may pay the total amount of \$[Total Amount] by [Due Date]. If you choose this option, your new monthly mortgage payment will be \$[New Payment Amount].
2. **Spread Over 12 Months:** You may spread the total amount over the next 12 months. This will increase your monthly mortgage payment to \$[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 mortgage payment accordingly.

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

If you have any questions regarding this notice, please contact our Customer Service Department at [Phone Number] between the hours of [Operating Hours].

Sincerely,

[Name/Department]

[Bank Name]