

[Date]

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

Re: Notice of Escrow Account Shortage and Payment Adjustment

Account Number: [Loan Number]

Dear [Borrower Name],

We recently completed an annual analysis of your escrow account. This analysis ensures that enough funds are collected to cover your property taxes and insurance premiums.

Based on our review, your account currently has a shortage of \$[Shortage Amount]. This shortage occurred because your [Taxes/Insurance] costs were higher than previously estimated.

**New Monthly Payment Details:**

- Current Monthly Payment: \$[Old Amount]
- Principal and Interest: \$[P&I Amount]
- New Escrow Deposit: \$[New Escrow Amount]
- Shortage Spread (12 months): \$[Monthly Shortage Recovery]
- **Total New Monthly Payment: \$[New Total Amount]**

This new payment amount will take effect on [Date of Change].

**Options for Handling the Shortage:**

1. **Pay in full:** You may pay the \$[Shortage Amount] by [Due Date] to avoid the "Shortage Spread" addition to your monthly payment.
2. **Spread over 12 months:** If no action is taken, the shortage will be divided by 12 and added to your monthly mortgage payment as shown above.

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

Sincerely,

[Name/Department]  
[Lender/Service Name]