

[Date]

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

Re: Loan Number: [Your Loan Number]

Dear [Borrower Name],

We have recently completed an annual review of your escrow account. This analysis is conducted to ensure that sufficient funds are available to pay for your property taxes and insurance premiums as they become due.

Based on our review, 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, you may choose one of the following options:

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

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

Enclosed is a copy of your Escrow Account Disclosure Statement, which provides a detailed breakdown of your past and projected account activity.

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,

[Company Name]
[Escrow Department/Representative Name]