

[Date]

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

**Loan Number: [Insert Loan Number]**

Dear [Borrower Name],

We recently completed an annual analysis of your mortgage escrow account. Due to an increase in [property taxes/insurance premiums], your account currently has a shortage of \$[Total Shortage Amount].

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

**Option 1: Pay the full shortage amount.**

You may pay the one-time sum of \$[Total Shortage Amount] by [Due Date]. If you choose this option, your new monthly mortgage payment will be \$[New Payment Amount], effective [Date].

**Option 2: Spread the shortage over 12 months.**

If you do not pay the shortage in full, we will automatically spread the amount over the next 12 months. This will increase your monthly mortgage payment to \$[New Payment Amount], effective [Date].

**Option 3: Partial payment.**

You may pay a portion of the shortage now and spread the remaining balance over 12 months. Please contact us to calculate your specific monthly payment under this option.

Please return the enclosed payment coupon or contact our customer service department at [Phone Number] to confirm your choice. If we do not hear from you by [Date], we will proceed with Option 2.

Sincerely,

[Lender Name]  
[Escrow Department]  
[Contact Information]