

[Date]

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

Subject: Notification of Escrow Account Shortage

Loan Number: [Insert Loan Number]

Dear [Borrower Name],

We 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 account currently has a shortage of \$[Total Shortage Amount].

This shortage occurred because the actual costs for your taxes or insurance were higher than previously estimated, or because of a change in your disbursement schedule.

Payment Options:

You may choose one of the following options to address this shortage:

- **Option 1: Pay the shortage in full.** You may make a one-time payment of \$[Total Shortage Amount] by [Due Date]. If you choose this option, your new monthly mortgage payment will be \$[New Payment Amount].
- **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].

Your new monthly payment breakdown will be as follows:

- Principal and Interest: \$[Amount]
- Monthly Escrow Deposit: \$[Amount]
- Monthly Shortage Recovery: \$[Amount]
- **Total New Monthly Payment: \$[New Payment Amount]**

If you have any questions regarding this adjustment or your escrow account analysis, please contact our Customer Service Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Lender Name]
[Department Name]