[Date]

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

Loan Number: [Loan Number]

Subject: Annual Escrow Analysis Shortage Notification

Dear [Borrower Name],

We have completed the annual analysis of your escrow account. This review ensures that enough funds are collected to pay your property taxes and insurance premiums as they become due.

Based on our analysis, your escrow account currently has a **shortage of $[Shortage Amount]**. This shortage occurred because the actual costs for your taxes 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 can make a one-time payment of $[Shortage Amount] by [Due Date]. Your new monthly mortgage payment will be $[New Payment Amount].
- **Option 2: Spread the shortage over 12 months.** We will divide the shortage amount by 12 and add it to your monthly payment. Your new monthly mortgage payment will be $[New Payment Amount + Monthly Shortage Installment].

Your new payment amount will take effect on [Effective Date].

Please find the detailed Escrow Account Disclosure Statement attached to this letter for a full breakdown of your past and projected account activity.

If you have any questions, please contact our Customer Service Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Lender Name]
[Department Name]