[Date]

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

RE: Escrow Account Negative Balance Alert - Loan Number: [Loan Number]

Dear [Borrower Name],

This letter is to inform you that your mortgage escrow account currently has a negative balance of $[Amount].

An escrow account is used to pay for property expenses such as real estate taxes and homeowners insurance. A negative balance typically occurs when the cost of these items increases beyond the amount collected in your monthly payments.

Account Summary:

- Current Escrow Balance: -$[Amount]
- Reason for Shortage: [e.g., Increase in Property Taxes / Insurance Premium]

To resolve this shortage, you may choose one of the following options:

1. **One-Time Payment:** Pay the full negative balance of $[Amount] by [Date] to prevent an increase in your monthly mortgage payment.
2. **Spread Payments:** Spread the negative balance over the next [Number] months. This will increase your monthly mortgage payment to $[New Total Amount] effective [Date].

Please contact our Escrow Department at [Phone Number] or visit [Website] to select your preferred option or to discuss a payment plan. If we do not hear from you by [Date], we will automatically apply Option 2 and adjust your monthly payment accordingly.

Thank you for your prompt attention to this matter.

Sincerely,

[Lender/Servicer Name]
[Department Name]
[Contact Information]