[Date]

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

Loan Number: [Loan Number]

Dear [Borrower Name],

Our recent analysis of your escrow account indicates a shortage of $[Shortage Amount]. This shortage occurred because the funds collected were insufficient to cover the actual costs of your property taxes and/or insurance premiums.

Please select one of the following options to resolve this shortage and return this form by [Due Date]:

Option 1: Pay the full shortage amount.
Enclose a check for $[Shortage Amount]. Your new monthly mortgage payment will be $[New Payment Amount], which includes the adjusted escrow portion but excludes the shortage spread.

Option 2: Spread the shortage over 12 months.
The shortage amount will be divided into 12 equal monthly installments of $[Monthly Shortage Amount]. This will be added to your regular monthly mortgage payment for a total new payment of $[Total New Payment Amount].

Option 3: Make a partial payment.
Enclose a payment of $[Partial Amount]. The remaining balance of $[Remaining Balance] will be spread over the next 12 months. Your new monthly payment will be adjusted accordingly to $[Adjusted Payment Amount].

Election Form

I choose the following option (check one):

[ ] Option 1 (Full payment enclosed)
[ ] Option 2 (Spread over 12 months)
[ ] Option 3 (Partial payment of $_________ enclosed)

Signature: ___________________________________ Date: ___________

If we do not receive your election by [Due Date], Option 2 will be applied automatically.

Sincerely,

[Lender/Servicer Name]
[Contact Phone Number]
[Mailing Address]