head>

[Date]

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

Re: Loan Number: [Loan Number]

Dear [Borrower Name],

We are writing to inform you of a shortage in your escrow account following a recent disbursement for your [Property Taxes/Insurance Premium].

Based on our recent analysis, your escrow account balance is currently lower than the required minimum. This shortage occurred because the actual cost of your [Taxes/Insurance] was higher than the previously estimated amount.

Shortage Amount: $[Amount]

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

- **Option 1: Pay in Full.** You may pay the entire shortage amount of $[Amount] by [Date]. If you choose this option, your monthly mortgage payment will only increase based on the updated annual cost of your escrow items.
- **Option 2: Spread Payments.** You may spread the shortage amount over the next 12 months. This will increase your monthly mortgage payment by $[Monthly Increase Amount] starting on [Payment Change Date].

If we do not receive the full payment by [Date], we will automatically apply Option 2 and adjust your monthly payment accordingly.

Your new total monthly mortgage payment will be $[New Total Payment Amount] effective [Date].

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

Sincerely,

[Mortgage Servicer Name]
[Department Name]