Date: [Insert Date]

Loan Number: [Insert Loan Number]
Property Address: [Insert Property Address]

Subject: IMPORTANT: Notice of Upcoming Escrow Shortage

Dear [Borrower Name],

We are writing to inform you of a projected shortage in your mortgage escrow account due to an increase in your property taxes. Based on recent assessments from the local taxing authority, your property tax bill has increased from [Old Amount] to [New Amount].

As a result, your current monthly escrow payment is no longer sufficient to cover the total tax obligation for the upcoming year. To ensure there are enough funds to pay your taxes on time, your monthly mortgage payment will need to be adjusted.

Estimated Impact:

- Current Monthly Payment: $[Amount]
- New Estimated Monthly Payment: $[Amount]
- Effective Date: [Date]

Your Options:

1. **Pay the Shortage in Full:** You may make a one-time payment of $[Shortage Amount] to cover the deficit. This will keep your monthly payment increase to a minimum.
2. **Spread the Shortage:** You can choose to spread the shortage amount across your monthly payments over the next 12 months.

A formal Annual Escrow Evaluation Statement will be mailed to you shortly with final figures and instructions on how to submit a lump-sum payment if you choose to do so.

If you have questions regarding the increase in your tax assessment, please contact your local County Assessor's office. For questions regarding your mortgage account, please contact our customer service department at [Phone Number].

Sincerely,

[Lender Name]
[Escrow Department]