

[Date]

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

RE: Notice of Escrow Account Deficiency - Loan Number: [Loan Number]

Dear [Borrower Name],

We recently completed an annual analysis of your escrow account to ensure sufficient funds are available to pay for your property taxes and insurance premiums. Based on this review, your account currently has a deficiency in the amount of **[\$Deficiency Amount]**.

This deficiency occurred because the actual costs for your taxes and/or insurance were higher than previously estimated, or there was a shortage in the required minimum balance.

To resolve this deficiency, please choose one of the following options:

- **Option 1: Pay in Full.** Remit a one-time payment of **[\$Deficiency Amount]** by [Due Date]. Your monthly mortgage payment will still adjust based on the new tax/insurance rates, but you will not be charged for the past deficiency.
- **Option 2: Spread Over 12 Months.** The deficiency will be divided by 12 and added to your monthly mortgage payment. This will increase your monthly payment by **[\$Monthly Increase Amount]** starting on [Start Date].

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

Please contact our Customer Service Department at [Phone Number] if you have any questions regarding this notice or wish to discuss payment arrangements.

Sincerely,

[Sender Name/Department]
[Lending Institution Name]