

[Date]

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

Subject: Understanding Your Annual Escrow Analysis Statement

Dear [Borrower Name],

We recently completed the annual review of your mortgage escrow account. This analysis ensures that we collect enough funds to pay your property taxes and insurance premiums on your behalf. Below is a summary of how these changes affect your monthly payment.

1. Why your payment changed

Your monthly mortgage payment is adjusted annually based on changes in your local property taxes and homeowners insurance premiums. If these costs increased over the past year, your monthly payment will likely increase to cover future bills.

2. Escrow Shortage or Surplus

[Shortage/Surplus] Amount: \$[Amount]

- **If you have a shortage:** This means the balance in your account was lower than required. You can pay this amount in a single lump sum, or we will automatically spread the cost over the next 12 months, which will be added to your new monthly payment.
- **If you have a surplus:** This means we collected more than was necessary. If the surplus is greater than \$[Minimum Amount], a check for the difference is enclosed with this letter.

3. Your New Monthly Payment

Current Payment: \$[Current Amount]
New Payment: \$[New Amount]
Effective Date: [Date]

4. Next Steps

You do not need to take any action if you wish to spread a shortage over 12 months. Your new payment amount will automatically be reflected in your next billing statement. If you have automatic payments set up through our website, the amount will update automatically. If you use a third-party bill pay service, please update your payment amount manually.

If you have questions, please contact our customer service department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Lender Name]

[Escrow Department]