

[Date]

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

RE: Notice of Escrow Account Shortage

Loan Number: [Loan Number]

Dear [Borrower Name],

We are writing to inform you of a shortage in your escrow account. Following the recent transfer of your mortgage loan servicing from [Previous Servicer Name] to [Current Servicer Name], we have performed a required escrow account analysis.

This analysis compares the funds currently held in your account against the projected disbursements for property taxes and homeowners insurance. Due to [Reason for Shortage, e.g., an increase in tax assessments/insurance premiums/insufficient transfer balance], your account currently has a shortage of **\$(Shortage Amount)**.

To resolve this shortage, you may choose one of the following options:

- **Option 1: Pay the full shortage.** Remit a one-time payment of **\$(Shortage Amount)** by [Due Date]. Your monthly mortgage payment will still adjust to reflect updated tax and insurance costs, but will not include a shortage recovery fee.
- **Option 2: Spread the shortage over 12 months.** The shortage amount will be divided by 12 (**\$(Monthly Shortage Amount)**) and added to your monthly mortgage payment for the next year.

New Payment Summary:

Current Monthly Payment: **\$(Old Payment Amount)**

New Monthly Payment: **\$(New Payment Amount)**

Effective Date: [Date of First New Payment]

An updated Escrow Account Disclosure Statement is enclosed for your review, providing a detailed breakdown of projected payments and deposits.

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,

[Servicer Name]
[Department Name]