

[Date]
[Loan Number]

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

Notice of Escrow Shortage

Dear [Borrower Name],

We recently completed an annual analysis of your escrow account. Due to increases in [Property Taxes / Insurance Premiums], your account currently has a shortage of \$[Shortage Amount].

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

- **Option 1: Pay the full shortage.** Please send a check for \$[Shortage Amount] by [Date]. Your new monthly mortgage payment will be \$[New Payment Amount].
- **Option 2: Spread the shortage over 12 months.** Your shortage will be divided into 12 equal installments and added to your monthly payment. Your new monthly mortgage payment will be \$[New Payment Amount] effective [Date].

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

A detailed Escrow Account Disclosure Statement is enclosed for your review. If you have any questions, please contact our Customer Service Department at [Phone Number].

Sincerely,

[Servicer Name]
[Department Name]