

[Date]

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

Re: Loan Number: [Loan Number]

Escrow Account Shortage Notification

Dear [Borrower Name],

We have completed an annual analysis of your escrow account. Due to an increase in your [property taxes / insurance premiums], your current escrow balance is lower than required to cover your upcoming payments. As a result, your account has a shortage of \$[Total Shortage Amount].

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

- **Option 1: Pay the full amount.** You may make a one-time payment of \$[Total Shortage Amount] by [Due Date]. Your new monthly mortgage payment will be \$[New Monthly Payment].
- **Option 2: Spread the payment.** You can spread the shortage over the next 12 months. This will increase your monthly mortgage payment to \$[New Monthly Payment], effective [Date].

If we do not receive a full payment by [Due Date], we will automatically apply Option 2 and update your monthly billing statement accordingly.

If you have any questions regarding this analysis, please contact our Customer Service Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Name of Financial Institution]
[Escrow Department]