

[Date]

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

**RE: Notice of Escrow Shortage and Default Status**

Loan Number: [Loan Number]

Dear [Borrower Name],

Our records indicate that your mortgage is currently in a forbearance plan. While your monthly principal and interest payments may have been temporarily suspended or reduced, your escrow account remains active to cover property taxes and insurance premiums.

We are writing to inform you that your escrow account currently has a shortage of \$[Amount]. This shortage occurred because [Mortgage Company Name] continued to pay your required tax and insurance obligations during the forbearance period without corresponding escrow deposits.

Under the terms of your mortgage agreement, failure to maintain a sufficient escrow balance constitutes a technical default. To resolve this shortage and bring your escrow account current, please select one of the following options:

- **Full Payment:** Pay the total shortage amount of \$[Amount] by [Date].
- **Escrow Spread:** Spread the shortage over a 12-month period, which will increase your monthly payment by \$[Amount] once your forbearance ends.
- **Repayment Plan:** Contact us to discuss incorporating this shortage into a formal loss mitigation or loan modification agreement.

Failure to address this shortage may result in a permanent increase in your monthly mortgage payment or further collection actions once the forbearance period expires.

If you have questions regarding this notice or wish to discuss repayment options, please contact our Loss Mitigation Department at [Phone Number] or visit our website at [Website].

Sincerely,

[Name/Department]  
[Mortgage Company Name]