

[Date]

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

RE: Notice of Escrow Account Deficiency - Loan Number: [Loan Number]

Dear [Borrower Name],

We recently completed an annual analysis of your escrow account to ensure that sufficient funds are available to pay your property taxes and insurance premiums. Our review indicates that your escrow account currently has a deficiency in the amount of **[\$[Deficiency Amount]**.

This deficiency has occurred because the actual costs for your taxes and/or insurance were higher than previously estimated, or there was a change in your payment schedule.

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

- **Option 1: Full Payment.** You may pay the entire deficiency amount of **[\$[Deficiency Amount]** by **[Due Date]**. If you choose this option, your monthly mortgage payment will be **[New Monthly Payment Amount]**.
- **Option 2: Spread Payment.** You may spread the deficiency over the next **[Number of Months, e.g., 12]** months. If you choose this option, your new monthly mortgage payment will be **[New Monthly Payment Amount]**, starting on **[Start Date]**.

Please notify us of your preferred option by **[Response Deadline Date]**. If we do not hear from you by this date, we will automatically apply **Option 2** and adjust your monthly payment accordingly.

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

Sincerely,

[Sender Name/Department]
[Lending Institution Name]