

**Date:** [Insert Date]

**Loan Number:** [Insert Loan Number]

**Property Address:** [Insert Property Address]

## **Subject: Mid-Year Escrow Account Deficiency Notice**

Dear [Borrower Name],

We have completed a mid-year evaluation of your escrow account. This review compares your current monthly escrow payments against updated projections for your property taxes and insurance premiums.

Based on this evaluation, your escrow account currently has a **deficiency**. This means the funds currently being collected are not sufficient to cover upcoming disbursements and maintain the required minimum balance.

### **Evaluation Summary:**

- Current Escrow Balance: \$[Amount]
- Projected Shortage/Deficiency: \$[Amount]
- Required Monthly Increase: \$[Amount]

### **Options to Address the Deficiency:**

1. **Pay the full deficiency:** You may make a one-time payment of \$[Amount] by [Date] to cover the gap. Your monthly payment will still increase slightly to account for higher future tax/insurance costs.
2. **Spread the deficiency:** You may choose to spread the deficiency over the next [Number] months. This will result in a new total monthly mortgage payment of \$[Amount], effective [Date].

If we do not receive a one-time payment by [Date], we will automatically apply Option 2 and adjust your monthly mortgage payment accordingly.

If you have any questions regarding this evaluation or if your insurance provider has changed, please contact our Customer Service Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Lender/Service Name]  
[Department Name]