

**Date:** [Insert Date]

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

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

**Subject: Notice of Escrow Account Deficiency**

Dear [Borrower Name],

We recently completed an annual analysis of your escrow account. This analysis is conducted to ensure that sufficient funds are available to pay for your property taxes and insurance premiums as they become due.

Based on our review, your escrow account currently has a **deficiency**. A deficiency occurs when the balance in your escrow account is less than the required minimum balance at the time of the analysis.

**Deficiency Amount: \$[Insert Amount]**

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

- **Option 1: Pay the full amount.** You may pay the total deficiency of \$[Insert Amount] by [Insert Date]. If you choose this option, your monthly mortgage payment will only increase based on changes to your actual tax and insurance costs.
- **Option 2: Spread the payment over 12 months.** You may choose to spread the deficiency amount over the next 12 months. This will increase your monthly mortgage payment by \$[Insert Amount] starting on [Insert Date].

**New Monthly Payment Information:**

Starting on [Insert Date], your new total monthly payment will be: **\$[Insert New Total Payment]**.

This total includes your principal and interest, as well as the updated escrow portion and the deficiency repayment (if applicable).

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

Sincerely,

[Name of Financial Institution]

[Department Name]