[Date]

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

Re: Loan Number: [Loan Number]

Notice of Escrow Advance for Insufficient Funds

Dear [Borrower Name],

This letter is to inform you that your escrow account currently has insufficient funds to cover upcoming or recently paid obligations for your property taxes and/or insurance premiums.

To ensure these critical payments were made on time and to protect your property, [Lender Name] has issued an escrow advance in the amount of **$[Advance Amount]**. This advance was necessary to cover the following items:

- [Item: e.g., Property Taxes]: $[Amount]
- [Item: e.g., Homeowners Insurance]: $[Amount]

Because of this advance, your escrow account now has a negative balance. To resolve this shortage and repay the advanced funds, we will be performing an escrow analysis. Please be advised of the following options:

1. **Full Repayment:** You may pay the full advance amount of $[Advance Amount] by [Date] to avoid an increase in your monthly mortgage payment.
2. **Installment Repayment:** If no action is taken, the advance amount will be spread over the next 12 months, which will result in an increase to your monthly mortgage payment.

A formal Escrow Analysis Statement will be mailed to you shortly, detailing your new monthly payment amount and the effective date of the change.

If you have already sent a payment or have questions regarding this notice, please contact our Customer Service Department at [Phone Number] between the hours of [Hours of Operation].

Sincerely,

[Lender Name]
[Department Name]
[Contact Information]