

Date: [Insert Date]

Loan Number: [Insert Loan Number]

Property Address: [Insert Property Address]

NOTICE OF AGGREGATE ACCOUNTING ESCROW CUSHION

Dear [Borrower Name],

This letter serves as a formal disclosure regarding the escrow account maintained in connection with your mortgage loan. Pursuant to the Real Estate Settlement Procedures Act (RESPA), we are providing information regarding the "cushion" or reserve amount held in your account.

Escrow Cushion Calculation

To ensure sufficient funds are available to pay for property taxes, insurance premiums, and other escrowed items as they become due, we maintain a cushion in your account. Under federal law, this cushion may not exceed one-sixth (1/6th) of the total estimated annual disbursements from the account, which is equivalent to two months of escrow payments.

Current Disclosure Details:

- **Total Estimated Annual Disbursements:** \$[Insert Amount]
- **Maximum Allowable Cushion (1/6th of total):** \$[Insert Amount]
- **Actual Cushion Charged:** \$[Insert Amount]

Aggregate Accounting Adjustment

The aggregate accounting method is used to determine the lowest target balance in your escrow account during the year. This method prevents the over-collection of funds while ensuring that your account balance does not drop below the required cushion amount at its lowest point in the annual cycle.

Please note that your monthly escrow payment may fluctuate annually based on changes in your property tax assessments or insurance premium rates. You will receive an Annual Escrow Account Disclosure Statement which will detail all deposits, payments, and any adjustments to your monthly payment.

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

Sincerely,

[Lender/Service Name]
[Department Name]