

[Date]

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

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

# Annual Escrow Account Disclosure Statement

Dear [Borrower Name],

This letter provides the results of our annual review of your escrow account, conducted in accordance with the Real Estate Settlement Procedures Act (RESPA). We have analyzed your account to ensure there are sufficient funds to pay your property taxes and insurance premiums as they become due.

## Escrow Cushion Requirement:

As permitted by RESPA and your loan documents, we maintain a "cushion" or reserve equal to [Insert Amount, e.g., one-sixth] of the total estimated annual escrow disbursements. This cushion is used to cover unanticipated increases in taxes or insurance or discrepancies in payment dates.

## Summary of Analysis:

- **Current Monthly Escrow Payment:** \$[Amount]
- **New Monthly Escrow Payment:** \$[Amount]
- **Effective Date:** [Date]

## Account Status:

[Select one option below]

- **Surplus:** Your account has a surplus of \$[Amount]. [Choose: This will be refunded to you / This will be applied to your future payments].
- **Shortage:** Your account has a shortage of \$[Amount]. This occurred because [Reason]. You may pay this in a lump sum or spread the payment over the next 12 months.
- **Deficiency:** Your account has a deficiency of \$[Amount]. You may pay this in a lump sum or spread the payment over the next 2 or more months.

## New Total Monthly Payment:

Your new total monthly mortgage payment, including principal, interest, and the updated escrow amount, will be \$[Total Amount], effective [Date].

Please review the attached "Escrow Account History" and "Projections for the Coming Year" for a detailed breakdown of your account activity.

If you have any questions, please contact our Customer Service Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Servicer Name]

[Department Name]