

[Date]

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

RE: Notice of Escrow Account Shortage and Deficiency

Loan Number: [Loan Number]

Dear [Borrower Name],

We have recently completed an annual analysis of your escrow account to ensure that sufficient funds are available to pay your property taxes and insurance premiums. Based on this analysis, your account currently has a shortage and a deficiency.

1. Escrow Shortage: \$[Amount]

A shortage occurs when your escrow balance is below the required minimum cushion (typically two months of escrow payments) required by your loan agreement and federal law.

2. Escrow Deficiency: \$[Amount]

A deficiency occurs when your escrow account has a negative balance because we advanced funds to pay an escrow item on your behalf.

Total Amount Due: \$[Total Amount]

To resolve this matter, please select one of the following options:

- **Option 1: Pay in Full.** You may pay the total amount of \$[Total Amount] by [Due Date]. Your new monthly mortgage payment will be \$[New Monthly Payment Amount].
- **Option 2: Spread Over 12 Months.** You may spread the total amount over the next 12 months. This will increase your monthly mortgage payment to \$[New Monthly Payment Amount], effective [Date].

Attached to this letter is your Escrow Account Disclosure Statement, which provides a detailed projection of your account activity for the coming year. This statement includes the specific dates and amounts of anticipated tax and insurance disbursements.

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

Sincerely,

[Lender/Service Name]
[Department Name]