

Date: [Date]

Loan Number: [Loan Number]

Property Address: [Property Address]

Subject: Establishment of Mortgage Escrow Cushion

Dear [Borrower Name],

This letter is to inform you that we are establishing an escrow cushion for your mortgage account. As part of your mortgage agreement, we maintain an escrow account to pay for property taxes and homeowners insurance on your behalf.

Under the Real Estate Settlement Procedures Act (RESPA), lenders are permitted to maintain a "cushion" equal to one-sixth (two months) of the total yearly disbursements from the escrow account. This cushion ensures there are sufficient funds to cover potential increases in tax or insurance premiums throughout the year.

Escrow Analysis Summary:

- Current Monthly Escrow Payment: \$[Amount]
- Required Monthly Cushion Amount: \$[Amount]
- New Total Monthly Mortgage Payment: \$[Amount]

The new payment amount will take effect on [Date]. Please update your records and adjust any automatic payments accordingly.

If you have any questions regarding this adjustment or your escrow account, please contact our customer service department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Name/Department]

[Lender Name]