

[Date]

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

Re: Loan Number: [Loan Number]

**Subject: Escrow Account Shortage Adjustment Notice**

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 review, your account currently has a shortage of \$[Shortage Amount].

This shortage occurred because the actual costs for your [Taxes/Insurance] were higher than previously estimated. To resolve this shortage, you may choose one of the following options:

- **Option 1: Pay the shortage in full.** You may make a one-time payment of \$[Shortage Amount] by [Date]. Your new monthly mortgage payment will be \$[New Amount].
- **Option 2: Spread the shortage over 12 months.** The shortage will be divided into 12 equal installments of \$[Monthly Shortage Amount] and added to your monthly mortgage payment. Your new monthly mortgage payment will be \$[New Total Amount], effective [Date].

If we do not receive the full payment by [Date], we will automatically implement Option 2 and adjust your monthly payment accordingly.

Attached is a detailed Escrow Account Disclosure Statement which shows the projected activity for the coming year. If you have any questions regarding this adjustment, please contact our Customer Service Department at [Phone Number] or visit our website at [Website].

Sincerely,

[Lender/Servicer Name]  
[Department Name]