

[Date]

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

Re: Notice of Escrow Shortfall and Payment Adjustment

Dear [Buyer Name],

We recently completed an annual analysis of your escrow account. This review ensures that sufficient funds are available to pay your property taxes and insurance premiums as they become due.

Based on our calculations, your escrow account currently has a shortfall of \$[Shortfall Amount]. This is primarily due to an increase in [Property Taxes / Insurance Premiums].

To resolve this shortfall, you may choose one of the following options:

- **Option 1: Pay the full amount.** You may pay the one-time sum of \$[Shortfall Amount] by [Due Date]. Your new monthly mortgage payment will be \$[New Amount].
- **Option 2: Spread the payment.** You may spread the shortfall amount over the next 12 months. Your new monthly mortgage payment, including the shortfall recovery, will be \$[New Amount].

The new payment amount will take effect on [Effective Date]. If we do not receive the full payment by [Due Date], we will automatically apply Option 2 and update your monthly billing accordingly.

Please contact our Escrow Department at [Phone Number] if you have any questions or wish to make a payment.

Sincerely,

[Sender Name]
[Company Name]
[Loan Number]