[Date]

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

Re: Loan Number: [Loan Number]

URGENT: NOTICE OF ESCROW SHORTAGE DUE TO INSURANCE LAPSE

Dear [Borrower Name],

We are writing to inform you that we recently received notice that your homeowners insurance policy for the property listed above has lapsed or expired as of [Date of Lapse].

As per the terms of your mortgage agreement, you are required to maintain continuous hazard insurance coverage. Because we did not receive proof of a renewal or a new policy, we have advanced funds to obtain "Lender-Placed Insurance" to protect the property. This has resulted in a shortage in your escrow account.

Current Escrow Status:

- Cost of Lender-Placed Policy: $[Amount]
- Current Escrow Shortage: $[Amount]
- New Monthly Mortgage Payment: $[Amount] (Effective: [Date])

Action Required:

To resolve this shortage and potentially lower your monthly payment, please provide us with proof of your own active insurance policy immediately. If you have already obtained new coverage, please provide the Declarations Page including the policy number, coverage amounts, and effective dates.

You may submit your proof of insurance via:

- Fax: [Fax Number]
- Email: [Email Address]
- Online Portal: [Website URL]

Once we receive proof of your private insurance, we will cancel the lender-placed policy and issue a pro-rated refund to your escrow account, which may reduce your required monthly payment.

If you have any questions, please contact our Customer Service Department at [Phone Number] between the hours of [Hours of Operation].

Sincerely,

[Name/Department]
[Lending Institution Name]