[Date]

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

Subject: Notification of Escrow Shortage - Homeowners Insurance Premium Increase

Dear [Homeowner Name],

We are writing to inform you of a change to your mortgage escrow account. We recently received the updated premium notice for your homeowners insurance policy. The new annual premium has increased from $[Old Amount] to $[New Amount].

Due to this increase, your escrow account currently has a shortage of $[Shortage Amount]. To ensure there are sufficient funds to pay your upcoming insurance bill and maintain the required minimum balance, we must adjust your monthly payment.

Your Options:

- **Option 1: Pay the shortage in full.** You may make a one-time payment of $[Shortage Amount] by [Due Date]. Your new monthly mortgage payment will be $[Amount], reflecting only the increase in the monthly premium cost.
- **Option 2: Spread the shortage over 12 months.** If no action is taken, we will automatically spread the shortage over the next 12 months. Your new monthly mortgage payment will be $[New Total Amount], effective [Date].

If you believe there has been an error or if you have recently switched insurance providers, please contact our Escrow Department immediately at [Phone Number] or [Email Address].

Thank you for your prompt attention to this matter.

Sincerely,

[Your Name/Company Name]
[Title]
[Contact Information]