[Date]

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

Subject: Annual Homeowners Insurance Escrow Shortage Notice

Dear [Homeowner Name],

We are writing to inform you of a shortage in your mortgage escrow account following your annual escrow analysis. This shortage is primarily due to an increase in your homeowners insurance premiums for the upcoming year.

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

- **Option 1: Pay the full shortage.** You may make a one-time payment of $[Shortage Amount] by [Due Date]. Your monthly mortgage payment will still increase slightly to cover the higher insurance premium, but you will avoid additional spread-over costs.
- **Option 2: Spread the shortage over 12 months.** If you do not pay the full amount, the shortage will be divided by 12 and added to your monthly mortgage payment starting on [Effective Date].

New Monthly Payment Details:
Current Payment: $[Current Amount]
New Estimated Payment: $[New Amount] (Effective [Date])

If you have already switched insurance providers or believe there is an error regarding your policy premium, please contact our Escrow Department immediately at [Phone Number].

Thank you for your prompt attention to this matter.

Sincerely,

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