[Date]

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

Re: Mortgage Account Number: [Account Number]

Dear [Homeowner Name],

We are writing to notify you of a shortage in your escrow account due to an increase in your homeowners insurance premium. Your recent escrow analysis indicates that the funds currently collected are insufficient to cover the upcoming insurance payment.

Reason for Shortage: [Brief explanation, e.g., Annual premium increase from $X to $Y]

To resolve this shortage, please select one of the following options:

- **Option 1: Pay the full shortage amount.** You may make a one-time payment of $[Amount] by [Date]. Your monthly mortgage payment will still increase slightly to cover the new, higher premium going forward.
- **Option 2: Spread the shortage over 12 months.** The shortage amount will be divided over the next year. This will result in a larger increase to your total monthly mortgage payment.

New Monthly Payment Details:

- Current Monthly Payment: $[Amount]
- New Monthly Payment (Starting [Date]): $[Amount]

If you have already switched to a different insurance provider with a lower rate, please send us the new Declarations Page immediately so we can update your account and recalculate your escrow requirements.

Please contact our Escrow Department at [Phone Number] or [Email Address] to confirm your preferred option or if you have any questions.

Sincerely,

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