[Date]

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

RE: Notice of Escrow Account Shortage - Hazard Insurance Disbursement

Dear [Borrower Name],

We are writing to notify you of a change regarding your mortgage escrow account. This notice is issued because the annual premium for your Hazard Insurance policy has increased, or the funds currently held in your escrow account are insufficient to cover the recent disbursement.

Disbursement Details:

- **Insurance Provider:** [Insurance Company Name]
- **Policy Number:** [Policy Number]
- **Amount Paid:** $[Amount]
- **Date of Disbursement:** [Date]

Account Summary:

Due to this disbursement, your escrow account currently has a shortage of $[Shortage Amount]. To maintain the required minimum balance and ensure future payments are covered, your monthly mortgage payment will be adjusted.

Payment Options:

1. **Pay in Full:** You may pay the shortage amount of $[Shortage Amount] by [Date] to keep your monthly principal and interest payment the same (subject to any tax changes).
2. **Spread Payment:** If no action is taken, we will automatically spread the shortage over the next [Number] months. Your new monthly mortgage payment will be $[New Total Payment], effective [Date].

If you have already sent a payment to cover this shortage, please disregard this notice. If you have questions regarding your insurance coverage or the premium increase, please contact your insurance agent directly.

For questions regarding your escrow account, please contact our Customer Service Department at [Phone Number] or visit our website at [Website].

Sincerely,

[Lender/Servicer Name]
[Escrow Department]