

[Date]

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

RE: Notice of Escrow Shortage and Disbursement for Mortgage Insurance

Loan Number: [Loan Number]

Dear [Borrower Name],

This letter is to inform you of a recent disbursement from your escrow account regarding your Mortgage Insurance (MI) premium and a resulting shortage in your account balance.

On [Date of Disbursement], [Lender Name] issued a payment in the amount of \$[Amount] to [Insurance Company Name] for your annual/monthly mortgage insurance premium. Due to an increase in premium costs or a change in the disbursement schedule, your current escrow balance was insufficient to cover the full amount of this required payment.

Account Summary:

- Current Escrow Balance: \$[Amount]
- Disbursement Amount: \$[Amount]
- Total Escrow Shortage: \$[Amount]

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

1. **Full Payment:** Pay the shortage amount of \$[Amount] in a single lump sum by [Due Date].
2. **Monthly Installments:** Spread the shortage over the next 12 months. This will increase your monthly mortgage payment by \$[Amount] starting on [Date].

If we do not receive a lump sum payment by [Date], we will automatically apply the monthly installment option to your account to ensure your escrow remains compliant with federal regulations.

If you have any questions regarding this notice or your escrow account, please contact our Customer Service Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Lender Name]
[Escrow Department]