

[Date]

[Recipient Name]

[Recipient Title/Department]

[Institution Name]

[Address Line 1]

[Address Line 2]

RE: Notice of Portfolio Valuation Adjustment and Asset Impact Analysis

Dear [Recipient Name],

This letter serves as a formal notification regarding the impact of recent housing market contractions on the mortgage-backed assets currently held under [Account Number/Portfolio Identifier].

Due to downward trends in residential property values and a decrease in transaction volume within the [Region/Market Sector] sector, our latest valuation assessment indicates a shift in the risk profile of these assets. Specifically, we have identified the following impacts:

- **Loan-to-Value (LTV) Ratios:** An increase in average LTV ratios across the portfolio due to underlying collateral depreciation.
- **Equity Compression:** Reduced borrower equity buffers, potentially increasing the risk of default or strategic foreclosure.
- **Liquidity Risk:** A slowdown in secondary market demand for non-prime and fixed-rate mortgage instruments.
- **Mark-to-Market Adjustment:** A projected downward adjustment of [Percentage]% in the fair market value of the referenced assets.

In response to these market conditions, [Company Name] is implementing heightened monitoring of delinquency rates and is reviewing current loss mitigation strategies to preserve principal stability. We recommend a review of your capital reserve requirements in light of these adjusted valuations.

A detailed analytical report, including updated stress test results and asset-level data, is attached for your review. We are available to discuss these findings and any necessary portfolio rebalancing at your earliest convenience.

Sincerely,

[Your Name]

[Your Title]

[Your Organization]