

[Date]

[Borrower Name]

[Borrower Address]

[City, State, Zip Code]

RE: Notice of Account Charge-Off

Account Number: [Account Number]

Outstanding Balance: \$[Amount]

Dear [Borrower Name],

This letter is to formally notify you that your unsecured loan account with [Lender Name] has been charged off as of [Date].

Your account reached this status because the required payments have not been received for a period of [Number] days. A "charge-off" means that we have closed your account to further credit and have removed the debt from our active accounts receivable; however, **you remain legally responsible for the full repayment of the outstanding balance.**

Please be advised of the following consequences regarding this status:

- **Credit Reporting:** This charge-off has been reported to the national credit reporting agencies, which will likely have a negative impact on your credit score.
- **Collection Activity:** Your account may be transferred to an internal recovery department or assigned to a third-party collection agency.
- **Legal Action:** We reserve the right to pursue further legal remedies to recover the debt owed.
- **Tax Implications:** If the debt is settled for less than the full amount or canceled, the forgiven amount may be reported to the IRS as taxable income.

It is not too late to resolve this matter. We are willing to discuss repayment options or a potential settlement offer to prevent further escalation. Please contact our Recovery Department immediately at [Phone Number] between the hours of [Operating Hours].

If you have already made this payment or have filed for bankruptcy protection, please disregard this notice and provide us with the relevant documentation.

Sincerely,

[Sender Name/Department]

[Lender Name]