

[Date]

[Customer Name]
[Customer Address]
[City, State, Zip Code]

Subject: Notice of Substantial Penalty for Early Withdrawal

Dear [Customer Name],

This letter is to formally acknowledge your request to withdraw funds from your [Type of Account, e.g., Certificate of Deposit] number [Account Number] prior to its scheduled maturity date of [Maturity Date].

Please be advised that, in accordance with the terms and conditions agreed upon at the time of account opening, an early withdrawal is subject to a substantial monetary penalty. The details of this penalty are as follows:

- **Principal Amount Withdrawn:** \$[Amount]
- **Penalty Calculation Base:** [e.g., 6 months of interest]
- **Total Penalty Amount:** \$[Penalty Amount]
- **Net Amount to be Disbursed:** \$[Net Amount]

By proceeding with this transaction, you acknowledge that the penalty will be deducted from your account balance or interest earned. This may result in a reduction of the principal amount if the accrued interest is insufficient to cover the penalty.

If you wish to proceed with this withdrawal, please sign and return the enclosed authorization form. If you have any questions regarding how this penalty was calculated or wish to explore alternatives to avoid this cost, please contact our customer service department at [Phone Number].

Sincerely,

[Representative Name]
[Title]
[Financial Institution Name]