[Bank/Institution Letterhead]

[Date]

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

RE: NOTICE OF EXERCISE OF RIGHT OF SETOFF AND DEMAND FOR PAYMENT

Account Number(s): [Loan Account Number]
Deposit Account Number(s): [Deposit Account Number(s)]

Dear [Borrower Name],

This letter serves as formal notification regarding your matured balloon loan, account number [Loan Account Number], which reached its final maturity date on [Maturity Date]. As of the date of this letter, the full outstanding balance of $[Total Amount Due] remains unpaid.

Pursuant to the terms of your Promissory Note, Security Agreement, and applicable law, [Bank Name] (the "Bank") has a contractual and/or statutory right of setoff against any and all deposits or credits held by you at this institution.

Exercise of Setoff:
Please be advised that on [Date], the Bank exercised its right of setoff and applied funds from your deposit account(s) in the following amounts to the delinquent balance of your matured loan:

- Amount Withdrawn from Account #[Account Number]: $[Amount]
- Amount Withdrawn from Account #[Account Number]: $[Amount]

Remaining Deficiency:
After the application of these funds, a deficiency balance remains in the amount of **$[Remaining Balance]**. Interest continues to accrue at the default rate specified in your loan agreement.

Demand for Payment:
Demand is hereby made for the immediate payment of the remaining balance of $[Remaining Balance]. Please remit this payment to the address below or contact our Recovery Department at [Phone Number] within [Number] days to discuss a repayment plan.

Failure to satisfy this debt may result in further collection actions, including but not limited to, legal proceedings or the reporting of this delinquency to credit bureaus.

Sincerely,

[Name of Bank Representative]
[Title]

[Department Name]
[Phone Number]