

[Date]

[Recipient Name]
[Department/Title]
[Institution Name]

Subject: Announcement of Commercial Real Estate (CRE) Collapse Stress Testing Scenario

Dear [Name],

This letter serves as formal notification that [Institution Name] will begin a mandatory stress testing exercise focused on a hypothetical Commercial Real Estate (CRE) market collapse. This exercise is designed to evaluate our portfolio resilience and capital adequacy in the event of a severe economic downturn within the property sector.

Scenario Overview:

The simulation will model a "severely adverse" environment characterized by:

- A 35-40% decline in commercial property valuations.
- Significant increases in vacancy rates across office and retail sectors.
- A sharp rise in interest rates affecting refinancing capabilities.
- Increased default rates and credit loss provisions.

Required Actions:

All relevant departments are required to provide updated loan-level data, current appraisals, and lease performance metrics by [Deadline Date]. Risk management teams must apply the specified stress parameters to current holdings and submit a preliminary impact report.

Timeline:

- Data Collection Phase: [Start Date] to [End Date]
- Modeling and Analysis: [Start Date] to [End Date]
- Final Executive Summary Submission: [Date]

The results of this test will inform our strategic capital planning and risk mitigation protocols for the upcoming fiscal year. Please direct all technical inquiries regarding the modeling assumptions to the Risk Management Office.

Sincerely,

[Your Name]
[Your Title]
[Institution Name]