DATE: [Insert Date]

TO:
[Debtor Name]
[Debtor Address]
[City, State, Zip Code]

RE: NOTICE OF EXERCISE OF RIGHT OF SETOFF

Dear [Debtor Name],

Please be advised that [Bank Name] (the "Bank") has exercised its right of setoff against your accounts held with this institution. This action has been taken due to your default on the following obligation:

Loan/Account Number: [Insert Loan Account Number]
Reason for Default: [Insert Reason, e.g., Non-payment/Maturity]
Total Past Due Amount: $[Insert Amount]

Pursuant to the terms of your [Deposit Account Agreement/Promissory Note] and applicable law, the Bank has applied funds from the following account(s) to satisfy all or a portion of the debt owed:

Account Debited: [Insert Deposit Account Number]
Amount Setoff: $[Insert Amount]
Date of Offset: [Insert Date]

The remaining balance in your deposit account is $[Insert Balance]. If a deficiency remains on your loan obligation after this setoff, the remaining balance due is $[Insert Remaining Debt].

Any checks or electronic debits presented against your account that exceed the remaining balance may be returned unpaid, and applicable fees may be charged.

If you have questions regarding this action, please contact [Department/Name] at [Phone Number] during normal business hours.

Sincerely,

[Name of Bank Representative]
[Title]
[Bank Name]