

[Current Date]

[Borrower Name]

[Borrower Address]

[City, State, Zip Code]

Subject: FINAL SETTLEMENT WARNING BEFORE LOAN DEFAULT

Dear [Borrower Name],

This is a formal notice regarding your outstanding loan account [Account Number]. Our records indicate that your account is significantly past due, with a total outstanding balance of [Total Amount Owed].

Despite previous reminders, we have not received the required payments. This letter serves as your final opportunity to settle the debt before we officially declare your account in default.

To avoid default and subsequent legal or collection actions, you must pay the minimum amount of [Minimum Amount to Avoid Default] by [Due Date].

Consequences of Default:

- Reporting of the default to national credit bureaus, which will severely impact your credit score.
- Immediate acceleration of the full loan balance.
- Potential legal action to recover the debt.
- Transfer of your account to an external collection agency.

Please contact our collections department immediately at [Phone Number] or [Email Address] to make a payment or to discuss a formal repayment plan.

If payment has already been sent, please disregard this notice.

Sincerely,

[Sender Name]

[Title/Department]

[Organization Name]