

DATE: [Date]

VIA: [Method of Delivery: e.g., Certified Mail / Email]

TO:

[Borrower Name]

[Borrower Address]

[City, State, Zip Code]

RE: NOTICE OF COLLATERAL VALUE DEFICIENCY AND DEMAND FOR RESTORATION

Account/Loan Number: [Loan Number]

Agreement Date: [Date of Original Agreement]

Dear [Borrower Name],

This letter serves as formal notice that [Lender Name] has conducted a valuation review of the collateral securing the above-referenced loan. Based on our recent assessment, the current market value of the collateral is [Current Value], which is below the required [Loan-to-Value Ratio / Minimum Value] stipulated in Section [Section Number] of your Loan Agreement.

Pursuant to the terms of your agreement, you are required to restore the collateral value to maintain compliance. To remedy this deficiency, you must take one of the following actions:

- **Cash Payment:** Make a principal reduction payment of [Amount] to bring the loan-to-value ratio back into compliance.
- **Additional Collateral:** Pledge additional assets acceptable to [Lender Name] with a minimum appraised value of [Amount].
- **Appraisal Contest:** Provide a certified independent appraisal, at your expense, to support an alternative valuation for our review.

Please be advised that you must initiate one of the above actions no later than [Deadline Date]. Failure to restore the collateral value or provide a satisfactory remediation plan by this date may result in a formal Event of Default, allowing [Lender Name] to exercise all rights and remedies available under the Loan Agreement and applicable law.

Please contact [Contact Person Name] at [Phone Number] or [Email Address] immediately to confirm your intended course of action.

Sincerely,

[Your Name]

[Your Title]

[Lender Name]