

[Date]

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

Re: Notice of Decline in Collateral Value - Loan Account: [Loan Number]

Dear [Borrower Name],

This letter serves as formal notification regarding the collateral securing your loan referenced above, specifically located at [Collateral Address/Description].

Based on our most recent valuation dated [Date of Valuation], the current market value of the collateral has decreased to [Current Value]. Consequently, the Loan-to-Value (LTV) ratio now exceeds the maximum limit required under the terms of your Loan Agreement.

Pursuant to your agreement, we request that you take one of the following actions by [Deadline Date] to restore the required collateral margin:

- Provide additional collateral to secure the outstanding balance.
- Make a principal payment of [Amount] to reduce the LTV ratio to an acceptable level.
- Provide a certified independent appraisal if you believe the current valuation is inaccurate.

Please contact your Account Manager, [Name], at [Phone Number] or [Email Address] by [Date] to discuss your preferred course of action. Failure to address this decline in value may result in a formal notice of default.

We value your business and look forward to resolving this matter promptly.

Sincerely,

[Your Name/Signature]
[Title]
[Financial Institution Name]