

[Date]

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

Subject: Initial Notice regarding Depreciating Collateral Value - Loan Account: [Account Number]

Dear [Borrower Name],

This letter serves as a formal notification regarding the collateral securing your loan mentioned above. Based on our most recent valuation dated [Date of Valuation], we have observed a significant decrease in the market value of the assets held as security.

Currently, the estimated value of the collateral is [Current Value], which has fallen below the required Loan-to-Value (LTV) ratio stipulated in your loan agreement. As per the terms of our contract, it is necessary for the collateral value to remain at or above [Required Minimum Value/Ratio].

At this stage, we request that you review your account and contact us to discuss the following potential options:

- Providing additional collateral to restore the required margin.
- Making a principal payment to reduce the outstanding loan balance.
- Discussing a revised repayment schedule.

Please contact our Loan Department at [Phone Number] or via email at [Email Address] by [Deadline Date] to discuss how you intend to address this shortfall. Failure to stabilize the collateral position may result in further administrative actions as outlined in your loan agreement.

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

Sincerely,

[Your Name/Signature]
[Your Job Title]
[Organization Name]