

[Date]

[Borrower Name]

[Borrower Address]

[City, State, Zip Code]

RE: Notice of Asset Depreciation and Request for Risk Mitigation

Dear [Borrower Name],

This letter serves as formal notification regarding the current valuation of the assets pledged as collateral for [Loan/Account Number].

Based on our recent market review conducted on [Date], we have observed a significant depreciation in the value of the following pledged assets: [Description of Assets]. The current market value is now [Current Value], which has resulted in a Loan-to-Value (LTV) ratio of [Percentage]%. This exceeds the maximum allowable limit of [Limit]% specified in our agreement.

To mitigate the increased risk and restore the required collateral coverage, we require you to take one of the following actions by [Deadline Date]:

- **Provide Additional Collateral:** Pledge supplemental assets acceptable to the institution to cover the equity shortfall.
- **Principal Reduction:** Make a cash payment of [Amount] to reduce the outstanding loan balance and bring the LTV ratio back into compliance.
- **Asset Substitution:** Replace the depreciated assets with high-quality assets of equivalent or greater value.

Please contact [Contact Name/Department] at [Phone Number] or [Email Address] by [Time] on the deadline date to confirm your intended course of action. Failure to address this deficiency may result in a formal default under the terms of our security agreement.

We look forward to resolving this matter promptly.

Sincerely,

[Your Name/Signature]

[Title]

[Institution Name]