

**[Date]**

**[Borrower Name]**

**[Borrower Address]**

**[City, State, Zip Code]**

**RE: Notice of Deficiency Waiver and Release of Guarantee**

**Loan Account Number:** [Insert Loan Number]

**Collateral Description:** [Insert Description/Address of Collateral]

Dear [Borrower Name],

This letter serves as formal notification regarding the outstanding balance remaining on the above-referenced loan following the [sale/foreclosure/repossession] of the collateral on [Date of Sale].

As of the date of this letter, the remaining deficiency balance is \$[Insert Amount]. However, [Lender/Financial Institution Name] hereby agrees to waive its right to collect this deficiency balance.

By providing this waiver, [Lender/Financial Institution Name] further confirms the following:

- The borrower and any guarantors are hereby released from all further personal liability regarding this debt.
- No further collection actions, legal proceedings, or wage garnishments will be pursued in relation to this specific account.
- The account will be reported to the credit bureaus as ["Settled for less than full balance" or "Paid in full/Waiver granted"].

Please note that the cancellation of debt exceeding \$600.00 may be considered taxable income by the IRS. You may receive a Form 1099-C for the current tax year. We recommend consulting with a tax professional regarding any potential tax implications.

Please retain this letter for your permanent records as evidence that the debt has been satisfied and the guarantee released.

Sincerely,

**[Authorized Signature]**

**[Printed Name and Title]**

**[Lender Name]**