

**Date:** [Insert Date]

**Borrower Name:** [Insert Borrower Name]

**Property Address:** [Insert Property Address]

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

**RE: NOTICE OF WAIVER OF DEFICIENCY BALANCE**

Dear [Insert Borrower Name],

This letter serves as formal notification regarding the outstanding balance on the above-referenced loan following the [Foreclosure Sale / Short Sale / Deed-in-Lieu of Foreclosure] completed on [Insert Date].

After the application of the sale proceeds, a deficiency balance remained in the amount of \$[Insert Amount]. Please be advised that [Insert Name of Lending Institution] (the "Lender") hereby formally waives its right to collect this deficiency balance from you.

The Lender will not pursue any further legal action, judgments, or collection efforts against you personally for the remaining unpaid principal, interest, or fees associated with this specific loan account. This account will be reported to the credit reporting agencies as "Paid in Full for less than the full balance" or a similar designation.

**Tax Notice:** Please be aware that the waiver of a debt may have tax implications. The Lender may be required to report the forgiven amount to the Internal Revenue Service (IRS) on Form 1099-C. We recommend that you consult with a qualified tax professional regarding the potential impact of this waiver.

No further action is required on your part regarding this debt.

Sincerely,

[Authorized Signature]

[Printed Name]

[Title]

[Lender Name]