

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

[Date]

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

**RE: NOTICE OF DEFICIENCY WAIVER AND RELEASE OF LIABILITY**

Loan Number: [Insert Loan Number]

Property Address: [Insert Property Address]

Dear [Borrower Name],

This letter serves as formal confirmation regarding the Deed-in-Lieu of Foreclosure agreement executed on [Date] between [Lender Name] ("Lender") and [Borrower Name] ("Borrower") concerning the property located at [Insert Property Address].

In consideration of the voluntary conveyance of the deed to the Lender, the Lender hereby agrees to the following:

1. **FULL SATISFACTION:** The Lender accepts the Deed-in-Lieu as full and complete satisfaction of the total debt owed under the Promissory Note and Mortgage/Deed of Trust associated with the above-referenced loan.
2. **WAIVER OF DEFICIENCY:** The Lender expressly waives any and all rights to pursue a deficiency judgment against the Borrower. This means the Lender will not seek to collect the difference between the total debt owed and the fair market value (or sale price) of the property.
3. **RELEASE OF LIABILITY:** The Borrower is hereby released from all further financial obligations and liabilities related to the aforementioned loan account.
4. **CREDIT REPORTING:** The Lender will report the status of the account to the credit reporting agencies as "Account paid in full for less than full balance" or "Deed-in-lieu of foreclosure," with a zero balance remaining, as required by law.

Please note that this waiver may have tax implications. The Lender may be required to report the amount of debt forgiven to the Internal Revenue Service (IRS) via Form 1099-C. The Borrower is advised to consult with a tax professional.

Sincerely,

[Authorized Signature]  
[Printed Name]

[Title]

[Lender Name]