

Non-Recourse Loan Implications

Date: [Insert Date]

[Recipient's Name]

[Recipient's Address]

[City, State, Zip Code]

Dear [Recipient's Name],

I hope this letter finds you well. I am writing to explain the implications associated with a non-recourse loan that you are considering for your upcoming project.

A non-recourse loan is a type of financing where the borrower is not personally liable for the loan. This means that in the event of default, lenders can only seize the collateral that was pledged as security for the loan, rather than pursuing the borrower's personal assets.

Key Implications:

- **Asset Protection:** Your personal assets are protected, as the lender's recovery is limited to the collateral.
- **Higher Interest Rates:** Lenders often charge higher interest rates due to the increased risk.
- **Impact on Credit:** While a default may not impact your personal credit, it could still have implications for the project assets.
- **Limited Financing Amount:** You may be limited to borrowing a percentage of the collateral's value.

Please consider these implications as you make your decision. Should you have any further questions or require more information, feel free to reach out to me at [Your Phone Number] or [Your Email Address].

Thank you for your time and consideration.

Sincerely,

[Your Name]

[Your Title]

[Your Company]

[Your Address]

[City, State, Zip Code]