

Date: [Insert Date]

[Client's Name]

[Client's Address]

[City, State, Zip Code]

## **Subject: Explanation of Balloon Payment**

Dear [Client's Name],

We hope this message finds you well. We are writing to provide you with an explanation regarding the balloon payment associated with your loan agreement, dated [Insert Date of Agreement].

A balloon payment is a large final payment due at the end of your loan term. Unlike other loan types where payments are evenly distributed over the loan term, a balloon payment typically occurs after a period of lower monthly payments. This arrangement allows for greater cash flow initially but results in a significant amount due when the loan matures.

In your specific case, the total balloon payment amount will be [Insert Amount] due on [Insert Due Date]. It is important to plan for this payment in advance to ensure you can meet your financial obligations.

Should you have any questions or need further clarification, feel free to contact us at [Insert Contact Information]. We are here to assist you.

Thank you for your attention.

Sincerely,

[Your Name]

[Your Title]

[Your Company]

[Your Company Address]

[City, State, Zip Code]

[Your Contact Information]