

Important Notice Regarding Your Loan

Date: [Insert Date]

Dear [Borrower's Name],

We hope this message finds you well. We are writing to inform you about the effects of negative amortization on your loan account [Loan Account Number].

It has come to our attention that due to the specific terms of your loan, your monthly payments may not be sufficient to cover the interest accruing on your principal balance.

The consequences of negative amortization could include:

- **Increased Loan Balance:** Your unpaid interest will be added to your principal, causing your total loan balance to grow.
- **Higher Future Payments:** As your balance increases, future monthly payments may also rise significantly.
- **Potential Difficulty in Refinancing:** A higher principal balance could affect your eligibility for refinancing options.

We encourage you to review your loan terms and consider making additional payments to mitigate these effects. If you have questions or wish to discuss your options, please do not hesitate to contact us at [Contact Information].

Thank you for your attention to this important matter.

Sincerely,

[Your Name]

[Your Title]

[Company Name]

[Company Contact Information]