

Loan Account Notification

Date: [Insert Date]

To: [Borrower's Name]

Address: [Borrower's Address]

Subject: Notification of Negative Amortization Impact

Dear [Borrower's Name],

We hope this message finds you well. We are writing to inform you about an important aspect of your loan account with us.

According to the terms of your loan, it has recently been observed that the monthly payments made towards your loan are not sufficient to cover the interest charges. As a result, your loan may be experiencing negative amortization.

This means that instead of reducing your loan balance, the amount owed is increasing due to the accumulation of unpaid interest. We want to ensure you understand the impact this could have on your financial situation:

- Your outstanding loan balance may rise, resulting in higher total interest paid over the loan term.
- Future monthly payments may increase if you continue to face negative amortization.
- This may affect your overall financial stability and repayment strategy.

We strongly encourage you to review your payment options and consider making additional payments to mitigate this situation. Please feel free to contact our office for more information or to discuss your options further.

Thank you for your attention to this important matter.

Sincerely,

[Your Name]

[Your Position]

[Company Name]

[Company Contact Information]