

Information & Instructions: Demand letter for payment and opportunity to cure default

PREVIEW

1. This form makes a demand for the monies owed and advises the debtor of the breach of the Note. The form also advises the debtor that the holder intends to accelerate the loan maturity and intends to foreclose on the matured debt unless the default is cured.

Form: Demand for payment

[Date]

[Name and address of debtors]

[Name and address of guarantors]

Regarding. A Promissory Note and Security Agreement dated [Date] in the original principal sum of \$[Amount], payable to [Lender] in [number] monthly payments of \$[Amount] commencing on [date] and maturing on [date], the date of default.

Dear [name of debtor]:

1. REPRESENTATION

Please be advised the undersigned law firm represents [name of lender], hereinafter referred to as Creditor, regarding the above described matured Promissory Note and Security Agreement.

2. PURPOSE

THIS DOCUMENT

The purpose of this letter is to advise you that you are in default of the Promissory Note and Security Agreement described above, and to make demand on you to cure the default. This letter also constitutes notice of Creditor's intent to accelerate any and all monies owed to it under the above described Promissory Note and Security Agreement.

3. LOAN HISTORY

The following facts give rise to Creditor's decision to mature its Promissory Note and to accelerate any and all sums due thereunder and foreclose on its security interest:

1. On or about [Date], the following Obligors and Guarantors signed a Promissory Note, Security Agreement and/or Guaranty Agreement, a copy of which is included in Exhibit "A" hereto: [list the names and addresses of Obligors and Guarantors].

2. On or about [Date], the addressees defaulted on the Promissory Note, Security Agreement and/or Guaranty Agreement by failing to make payments on the monthly installments owed to Creditor.

3. The default has not been cured despite numerous attempts and demands made by Creditor on the addressees to cure the default.

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4. As of the date of this letter the following sums are owed to Creditor:

[\$Amount] in principal

[\$Amount] in interest

[\$Amount] in costs and attorney fees

Total \$[Amount]

4. NOTICE OF INTENT TO ACCELERATE AND FORECLOSE ON COLLATERAL

Creditor hereby declares the Promissory Note in default and matured. Creditor hereby also notifies you of its decision to accelerate any and all sums due thereunder and affords you the opportunity to cure the default.

Creditor will exercise its right to foreclose on the security interest granted on the collateral described in Exhibit "A" hereto, unless your default is cured within ten (10) days from the date of this letter.

5. BANK'S RIGHTS

Creditor has the following rights pursuant to the Promissory Note and Security Agreement referred to above:

1. Pursuant to the Promissory Note, Creditor is entitled to monthly payments in the amount of \$[Amount].

2. These installments are due on or before the [Day] day of each month.

3. Since time is "of the essence," if an installment is not received on or before the due date, Creditor may declare the Promissory Note and Security Agreement in default.

4. In the event of default, Creditor is entitled to declare the Promissory Note matured and to accelerate any and all monies owed to Creditor.

5. Pursuant to the Security Agreement attached hereto in Exhibit "A," Creditor is entitled to repossess the collateral stated in the Security Agreement.

6. Creditor may take physical repossession of the collateral or hold constructive possession of it and conduct a sale or foreclosure on it from the addressees' premises.

7. Creditor may hold a public or private sale to dispose of the collateral.

8. Pursuant to the Promissory Note and Security Agreement, Creditor may retain any and all proceeds from the sale of the collateral and apply those proceeds to pay any and all interest owed,

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attorney fees, costs, and expenses of collection, repossession, and sale, and may apply the remaining proceeds to the principal owed on the above described Promissory Note.

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9. If a deficiency exists in the proceeds of the sale, the addressees of this letter may be liable for any and all deficiencies thereunder.

10. In the event of a deficiency, Creditor is entitled to file a lawsuit against the addressees of this letter in the appropriate court for the balance of the deficiency plus interest and attorney's fees incurred in connection with filing and prosecuting the deficiency lawsuit.

6. OPPORTUNITY TO CURE DEFAULT

You may cure your default and avoid the foreclosure and deficiency judgment referred to above by bringing a cashier's check to the undersigned's office prior or before ten (10) days from the date of this letter in the amount of \$[Amount]. If I do not receive a cashier's check for that amount, Creditor will accelerate the monies owed under the above described Promissory Note and Security Agreement.

If you have any questions regarding these matters or wish to discuss them or to propose a plan to resolve your default, please contact me within the above described ten (10) day time period. You are advised that Creditor is not required to accept any proposal that you may make; however, I will communicate any such proposal to Creditor.

Sincerely,

THIS DOCUMENT
[Attorney's name]

Certified Return Receipt Request Number:

[If this collection letter relates to a consumer debt, add: Please read the Fair Debt Collection Practices Act notice which is attached to this letter as Exhibit A].

EXHIBIT "A"

FAIR DEBT COLLECTION PRACTICES ACT; CONSUMER NOTICE

The following notice is provided pursuant to the Fair Debt Collection Practices Act (ACT), Public Law 95-109, 15 USC § 1601 et seq.

THANK YOU

[CREDITOR'S NAME] BY AND THROUGH [ATTORNEY'S NAME], AS ITS LEGAL COUNSEL, IS SENDING YOU THIS LETTER IN AN ATTEMPT TO COLLECT A DEBT. YOU ARE ADVISED THAT ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

1.

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THE AMOUNT OF THE DEBT IS \$[AMOUNT].

2. THE NAME OF THE CREDITOR TO WHOM THE DEBT IS OWED IS [NAME].

3. PLEASE BE ADVISED THAT UNLESS YOU DISPUTE THE VALIDITY OF THE ABOVE-DESCRIBED DEBT OR ANY PORTION OF THE DEBT WITHIN THIRTY (30) DAYS AFTER RECEIPT OF THIS NOTICE, THE ATTORNEY AND THE CREDITOR WILL ASSUME THAT THIS DEBT IS VALID AND THE CREDITOR MAY PROCEED IN ACCORDANCE WITH THE ACT (PUBLIC LAW 95-109) TO LEGALLY RECOVER MONIES OWED TO THE CREDITOR.

4. FURTHERMORE, YOU ARE ADVISED THAT YOU HAVE THE RIGHT TO CONTACT THE CREDITOR, ATTORNEY OR DEBT COLLECTOR TO DISPUTE THE DEBT.

5. IF YOU DISPUTE THE VALIDITY OF THE DEBT, YOU SHOULD NOTIFY THE ATTORNEY WHO SENT THIS LETTER TO YOU, OF YOUR DISPUTE IN WRITING WITHIN THIRTY (30) DAYS FROM THE RECEIPT OF THIS NOTICE. IF YOU DISPUTE THE DEBT, THE ATTORNEY WILL OBTAIN A VERIFICATION OF THE DEBT OR A COPY OF THE JUDGMENT AND MAIL IT TO YOU.

6. UPON YOUR WRITTEN REQUEST WITHIN THE ABOVE-DESCRIBED THIRTY (30) DAY TIME PERIOD, THE ATTORNEY OR DEBT COLLECTOR WILL PROVIDE YOU WITH THE NAME AND ADDRESS OF THE ORIGINAL CREDITOR, IF THE CREDITOR SEEKING TO COLLECT THE DEBT IS DIFFERENT FROM THE ORIGINAL CREDITOR.

7. ANY POSTDATED CHECKS SENT TO THE DEBT COLLECTOR WILL BE DEPOSITED OR PLACED FOR COLLECTION.

NON BANKRUPTCY STATUS

The creditor and this office have no knowledge that you have filed a Federal Bankruptcy Petition, or that if you have previously filed, that the bankruptcy stay is still applicable. Likewise the creditor and this office have no knowledge that all or part of the debt has been discharged by any bankruptcy proceeding.

If you have filed bankruptcy, and the automatic stay is in effect or a prior bankruptcy discharged the debts, then this office will suspend collection efforts and comply with federal or state law once you notify this office of your bankruptcy filing. Please send this office the name of the debtor, the case number, the proceeding type, the court's name and location and the name, address and telephone number of your bankruptcy attorney.

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Pursuant to chapter 38 of the Texas Practice and Remedies Code, you are hereby notified that if the debt is valid, your failure to pay the past due balance in full within 30 days from the date of this letter may cause you to also owe attorney's fees incurred by the creditor. Attorney's fees as of this date are \$[Amount] and may range from [Anticipated Low Amount] to [Anticipated High Amount] if this matter is not resolved.

Attachments

cc: [Client]

PLEASE DO NOT COPY

THIS DOCUMENT

THANK YOU

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