

[Lender Name]
[Lender Address]
[City, State, Zip Code]
[Date]

[Borrower Name]
[Borrower Address]
[City, State, Zip Code]

RE: Notice of Home Equity Debt Forgiveness

Account Number: [Account Number]

Property Address: [Property Address]

Dear [Borrower Name],

This letter serves as official notification that [Lender Name] has approved your request for debt forgiveness regarding the home equity loan/line of credit referenced above.

As of [Date], the remaining principal balance in the amount of \$[Amount] has been forgiven. This action is taken as a full and final settlement of the debt. [Lender Name] will no longer pursue collection efforts against you for this specific account.

Terms of Agreement:

- The account will be updated to reflect a status of "Settled for less than full balance" or "Paid in Full" as per the settlement terms.
- [Lender Name] will release any existing liens on the property associated with this specific debt within [Number] days.
- You will receive IRS Form 1099-C (Cancellation of Debt) if the forgiven amount exceeds \$600. Please consult a tax professional regarding any potential tax liabilities.

Please retain this letter for your permanent records as proof that the debt has been discharged.

Sincerely,

[Signature]
[Name of Authorized Representative]
[Title]
[Lender Name]