FICTIONAL SAMPLE · DRAFTED BY FREE DEMAND WRITER FROM A MADE-UP CASE FILE · NOT LEGAL ADVICE

PLEASE VERIFY BEFORE SENDING

Unverified AI draft. Every fact must be checked against the records before use. It is not legal advice. Fill in every [ADD: …] placeholder, set the demand amount, confirm anything marked [VERIFY], and delete this box before sending.

- Interest: the $4,127.66 is described as "accrued interest through March 18, 2026 (default rate)." The statement does not say whether it includes the $3,318.42 accrued to acceleration, or when the 12.25% default rate began. The bank's interest calculation should be checked.
- Application of proceeds: the statement applied the entire $85,050.00 net to principal ($163,214.90 less $85,050.00 = $78,164.90). Confirm this matches the note and security agreement, since interest and late charges had already accrued.
- The total of $85,693.27 is as read from the bank's deficiency statement. I confirmed the components add up, but the figures must be checked. Attorney fees ($2,850.00) are only through March 18, 2026 and need updating. A per diem for default interest is not in the file.
- Only an excerpt of the note and security agreement was provided. Review the full documents for default-rate, late-charge and fee terms. The notice of sale (mailed Feb. 12, 2026) and proof of mailing were not in the file and are cited only through the loan history.
- Guaranty is stated to be absolute, unconditional and unlimited, with waivers, and no spouse acknowledgment. [VERIFY: whether the guaranty is unconditional or limited, and what notice it requires]
- [VERIFY: Iowa rule on guarantor defenses and waivers], including the guaranty's waiver of defenses based on impairment of collateral.
- [VERIFY: Iowa rule on notice of disposition and commercially reasonable sale of collateral as it affects a deficiency claim against a guarantor]. No appraisal is in the file. The auction grossed $94,500.00.
- [VERIFY: Iowa rule on spousal or community property guaranties]. The guaranty shows "Spouse acknowledgment: none."
- [VERIFY: Iowa rule on recovery of attorney fees and default interest under a guaranty]. Also confirm that charging both late charges and default interest is permitted.
- Placeholders to fill: firm address, phone and email, date, delivery method (guaranty ¶ 4 requires certified mail or overnight courier), Ms. Kessling's ZIP code, demand amount, response deadline, payment instructions. The February 1, 2026 email is included as a factual item, and its inclusion is your call.

Thorsen Gable PC
[ADD: firm street address]
[ADD: city, state ZIP]
[ADD: phone] · [ADD: email]

[ADD: date]

VIA [ADD: certified mail or overnight courier, per Guaranty ¶ 4]

Nora Kessling
57 Orchard Hill Lane
Linden Ford, Iowa [ADD: ZIP]

Re: Demand for Payment under Commercial Guaranty dated April 7, 2025 – Borrower: Harvest Table Bakery LLC – Cedar Mill Community Bank loan ending 5583

Dear Ms. Kessling:

Introduction

We represent Cedar Mill Community Bank (the "Bank") [firm notes]. This letter concerns the Commercial Guaranty dated April 7, 2025, which you signed individually, guaranteeing the obligations of Harvest Table Bakery LLC (the "Borrower") to the Bank [commercial_guaranty.pdf p.1]. Those obligations include the Promissory Note dated April 7, 2025, in the principal amount of $180,000.00, for the purchase of commercial baking equipment [promissory_note_excerpt.pdf p.1]. The Note states that its payment is guaranteed by you under the Guaranty [promissory_note_excerpt.pdf p.1]. After the Borrower's default and the sale of the collateral, a deficiency remains. The Bank demands payment of that deficiency from you under the Guaranty.

The Guaranty

The Guaranty contains the following key terms [commercial_guaranty.pdf p.1]:

- **Guaranty of payment.** You "absolutely and unconditionally" guaranteed "full and prompt payment when due of all present and future indebtedness of Borrower to Lender, including principal, interest, late charges, collection costs and attorney fees." The Guaranty states that it is "a guaranty of payment and not of collection" and that the Bank "need not first pursue Borrower or any collateral" (¶ 1).
- **Amount.** "This guaranty is unlimited in amount" (¶ 2).
- **Waivers.** You waived notice of acceptance, presentment, demand, protest and notice of default, and any defense based on impairment of collateral or any extension or modification of the indebtedness (¶ 3).
- **Notices.** Notices to you are to be sent to 57 Orchard Hill Lane, Linden Ford, Iowa, by certified mail or overnight courier (¶ 4). This letter is sent in that manner.

- **Attorney fees.** You agreed to pay the Bank's reasonable attorney fees and costs of enforcing the Guaranty (¶ 5).
- **Governing law.** The Guaranty is governed by Iowa law (¶ 6).

[VERIFY: whether the guaranty is unconditional or limited, and what notice it requires]
[VERIFY: Iowa rule on guarantor defenses and waivers]

The Default

The Borrower made six monthly payments of $3,671.38 each, from May 7, 2025 through October 7, 2025, totaling $22,028.28 [loan_payment_history.pdf p.1]. The payments due November 7, 2025, December 7, 2025 and January 7, 2026 were not received [loan_payment_history.pdf p.1]. The Bank assessed late charges of $183.57 on each of November 17, 2025, December 17, 2025 and January 17, 2026 [loan_payment_history.pdf p.1]. The Note provides for a late charge of 5% of any payment not received by the 17th of the month [promissory_note_excerpt.pdf p.1].

The events that followed, in date order:

- **January 22, 2026.** The Bank issued a Notice of Default and Acceleration to the Borrower, with a copy to you, declaring the entire unpaid balance immediately due [default_notices.pdf p.1; loan_payment_history.pdf p.1]. The unpaid principal at acceleration was $163,214.90, and accrued interest to that date was $3,318.42 [loan_payment_history.pdf p.1]. Certified mail receipts show that both the Borrower's copy and your copy were delivered on January 26, 2026, each signed "N. Kessling" [default_notices.pdf p.1].
- **February 1, 2026.** You wrote to the Bank's loan officer that the bakery had closed, that the Bank could pick up the ovens, and that you could not pay anything more at that time [default_notices.pdf p.1].
- **February 3, 2026.** The Borrower surrendered the equipment collateral [loan_payment_history.pdf p.1].
- **February 12, 2026.** The Bank mailed notice of sale to the Borrower and to you [loan_payment_history.pdf p.1].
- **March 5, 2026.** Hawkeye Plains Auction Co. sold the equipment at public auction for gross proceeds of $94,500.00, less an auction commission and transport charge of $9,450.00, for net proceeds of $85,050.00 [loan_payment_history.pdf p.1].
- **March 9, 2026.** The Bank applied the net proceeds of $85,050.00 to the indebtedness [loan_payment_history.pdf p.1].
- **March 12, 2026.** The Bank wrote to you that a deficiency remains and asked you to contact it to arrange payment [default_notices.pdf p.1]. As of March 18, 2026, the Bank had received no response [default_notices.pdf p.1].

The Security Agreement provides that the Borrower remains liable for any deficiency after the collateral is sold [promissory_note_excerpt.pdf p.1]. The Guaranty makes you liable for that indebtedness.

[VERIFY: Iowa rule on notice of disposition and commercially reasonable sale of collateral as it affects a deficiency claim against a guarantor]

Amount Owed

The Bank's deficiency statement as of March 18, 2026 shows the following [loan_payment_history.pdf p.1]. No cap applies, because the Guaranty is unlimited in amount [commercial_guaranty.pdf p.1].

Item	Date	Amount	Source
Unpaid principal after application of net auction proceeds	As of March 18, 2026	$78,164.90	[loan_payment_history.pdf p.1]
Accrued interest (default rate)	Through March 18, 2026	$4,127.66	[loan_payment_history.pdf p.1]
Late charges (three at $183.57)	November 17, 2025; December 17, 2025; January 17, 2026	$550.71	[loan_payment_history.pdf p.1]
Attorney fees incurred to date	As of March 18, 2026	$2,850.00	[loan_payment_history.pdf p.1]
Total (as read from the deficiency statement)	As of March 18, 2026	**$85,693.27**	[loan_payment_history.pdf p.1]

Under the Note, interest on the unpaid principal accrues at 12.25% per year upon default [promissory_note_excerpt.pdf p.1]. Default interest continues to accrue on the unpaid principal from March 19, 2026 [loan_payment_history.pdf p.1]. The Bank's attorney fees and collection costs also continue to accrue under the Guaranty (¶¶ 1, 5) [commercial_guaranty.pdf p.1]. The amount below reflects the Bank's updated balance, including [ADD: per diem default interest amount and updated attorney fees to date of letter].

Demand

The Bank seeks the full deficiency balance, with interest, late charges and attorney fees, under the Guaranty [firm notes]. On the Bank's behalf, we demand that you pay [ADD: demand amount] by [ADD: response deadline], using [ADD: payment instructions].

If payment is not received by that date, the Bank may pursue all of its available remedies against you as Guarantor and against the Borrower, without first pursuing either of you or any other source of recovery [commercial_guaranty.pdf p.1]. Those remedies may include legal action to recover the balance, together with additional interest, attorney fees and costs as provided in the Guaranty and the Note.

This letter is not a complete statement of the facts or of the Bank's rights. The Bank reserves all rights and remedies under the Guaranty, the Note, the Security Agreement and applicable law, and nothing in this letter waives any of them. Please direct all communications about this matter to me at the contact information above.

Sincerely,

Kristin L. Thorsen
Thorsen Gable PC

cc: Harvest Table Bakery LLC, 1218 Walnut Bluff Street, Linden Ford, Iowa [ADD: ZIP]