[Company Name]
[Street Address]
[City, State, Zip Code]

[Date]

[Recipient Name]
[Title]
[Borrower Entity Name]
[Street Address]
[City, State, Zip Code]

**RE: Notice of Default - Debt Service Coverage Ratio (DSCR) Covenant**

Dear [Recipient Name],

This letter refers to the [Name of Loan Agreement] dated [Agreement Date] (the "Agreement") between [Borrower Name] ("Borrower") and [Lender Name] ("Lender").

Under Section [Number] of the Agreement, the Borrower is required to maintain a minimum Debt Service Coverage Ratio (DSCR) of [Required Ratio] to 1.00, measured [Quarterly/Annually].

Based on our review of the financial statements provided for the period ending [Date], the actual DSCR achieved was [Actual Ratio] to 1.00. This constitutes a formal breach of the financial covenants set forth in the Agreement.

This letter serves as a formal first warning. While the Lender is not exercising its full rights and remedies at this time, including the acceleration of the loan or the imposition of default interest, we reserve the right to do so in the future should the breach remain uncured or should further defaults occur.

We require the following actions within [Number] business days of this letter:

- A written explanation detailing the cause of the covenant breach.
- A detailed remediation plan outlining how the Borrower intends to restore the DSCR to compliant levels.
- Updated financial projections for the next [Number] months.

We value our relationship with [Borrower Name] and look forward to receiving your response to resolve this matter. Please contact [Account Manager Name] at [Phone Number] or [Email] to discuss this further.

Sincerely,

[Signature]
[Name of Sender]
[Title]
[Lender Name]