SENT VIA CERTIFIED MAIL / RETURN RECEIPT REQUESTED

Date: [Insert Date]
To: [Borrower Name]
Attn: [Contact Person/Officer]
Address: [Borrower Address]

RE: NOTICE OF DEFAULT - BREACH OF DEBT SERVICE COVERAGE RATIO (DSCR) COVENANT
Loan Account Number: [Insert Loan Number]
Property/Project Reference: [Insert Project Name/Address]

Dear [Borrower Contact Name],

This letter serves as formal notice from [Lender Name] ("Lender") that [Borrower Name] ("Borrower") is in default under the terms of the [Loan Agreement/Promissory Note] dated [Insert Date].

Pursuant to Section [Insert Section Number] of the Agreement, the Borrower is required to maintain a minimum Debt Service Coverage Ratio (DSCR) of [Insert Required Ratio, e.g., 1.25x]. Based on the financial statements provided for the period ending [Insert Period Date], the calculated DSCR is [Insert Actual Ratio], which falls below the mandated threshold.

This failure to maintain the required DSCR constitutes an Event of Default. Consequently, the Lender hereby demands the following actions be taken within [Insert Number of Days] business days of this notice:

- A written explanation detailing the cause of the covenant breach;
- A formal remediation plan outlining how the Borrower intends to restore the DSCR to compliant levels;
- [Optional: Request for immediate principal pay-down or replenishment of interest reserves].

Please be advised that this notice does not constitute a waiver of any rights or remedies available to the Lender under the Loan Documents or applicable law. The Lender expressly reserves the right to accelerate the maturity of the Loan, charge default interest, or exercise any other remedies provided in the Agreement if this default is not cured to the Lender's satisfaction.

Please contact the undersigned at [Insert Phone Number] or [Insert Email Address] to discuss the immediate resolution of this matter.

Sincerely,

[Signature]
[Name of Authorized Signatory]

[Title]
[Lender Name]

CC: [Guarantor Name, if applicable]