DATE: [Insert Date]

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

RE: NOTICE OF DEFAULT AND DEMAND FOR RECTIFICATION - DEBT SERVICE COVERAGE RATIO (DSCR) COVENANT

Dear [Name of Contact Person],

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

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., 1.25:1].

Upon review of the financial statements provided for the period ending [Insert Period Date], it has been determined that the actual DSCR is [Insert Actual Ratio]. This constitutes a breach of the financial covenants set forth in the Agreement.

NOTICE IS HEREBY GIVEN that the Borrower is in default of its obligations. The Lender hereby demands that the Borrower rectify this breach within [Insert Number of Days] days from the date of this letter by:

- Providing a written rectification plan outlining how the DSCR will be restored to compliant levels;
- Depositing additional collateral or making a principal curtailment payment of [Insert Amount, if applicable]; or
- Providing evidence of additional equity injection sufficient to meet the required ratio.

Failure to cure this breach within the specified timeframe may result in the Lender exercising its rights and remedies under the Agreement, which may include, but are not limited to, the acceleration of the loan, the imposition of default interest rates, or legal action to recover the outstanding balance.

This letter is sent without prejudice to any other rights or remedies the Lender may have under the Agreement or applicable law.

Please acknowledge receipt of this letter and provide your proposed rectification plan by no later than [Insert Deadline Date].

Sincerely,

[Signature]
[Printed Name]
[Title]
[Lender Name]