SENT VIA CERTIFIED MAIL / RETURN RECEIPT REQUESTED

Date: [Insert Date]
To: [Borrower Name/Entity]
[Borrower Address]
[City, State, Zip Code]

RE: Notice of Default - Non-Compliance with Debt Service Coverage Ratio (DSCR)

Dear [Borrower Name],

Reference is made to the [Loan Agreement/Promissory Note] dated [Date], by and between [Lender Name] ("Lender") and [Borrower Name] ("Borrower"), regarding the property located at [Property Address].

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]. Based on the financial statements provided for the period ending [Date], the calculated DSCR is [Insert Actual Ratio], which is below the required threshold.

NOTICE OF DEFAULT AND DEMAND

This letter serves as formal notice that the Borrower is in breach of the financial covenants set forth in the Agreement. Demand is hereby made that the Borrower remedy this non-compliance by [Insert Date] by performing one or more of the following actions as permitted under the Agreement:

- Providing a capital infusion to reduce the outstanding principal balance;
- Increasing the required debt service reserves;
- Submitting a formal remediation plan acceptable to the Lender.

RESERVATION OF RIGHTS

Please be advised that any delay or failure by the Lender to exercise any right, power, or remedy under the Agreement shall not be construed as a waiver of the current default or any future defaults. The Lender hereby expressly reserves all rights, powers, and remedies available under the Agreement, at law, or in equity, including but not limited to the right to accelerate the loan, increase the interest rate to the default rate, or initiate foreclosure proceedings.

No communications, whether oral or written, between the Lender and the Borrower shall constitute a modification or waiver of the Agreement unless executed in writing by all authorized parties.

Please contact the undersigned by [Insert Date] to discuss your plan for restoring compliance.

Sincerely,

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