SENT VIA CERTIFIED MAIL / RETURN RECEIPT REQUESTED

Date: [Insert Date]

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

RE: NOTICE OF NON-COMPLIANCE AND DEMAND FOR STRICT COMPLIANCE

To [Contact Name or Officer]:

Reference is made to the [Loan/Credit Agreement Name] dated [Original Agreement Date] (the "Agreement"), by and 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., 1.25:1.00] at the end of each [Quarterly/Annual] reporting period.

Based on the financial statements submitted for the period ending [Date], the Lender has determined that the Borrower's actual DSCR was [Insert Actual Ratio]. This constitutes a failure to maintain the required covenant level and represents an Event of Default under Section [Insert Section Number] of the Agreement.

DEMAND FOR COMPLIANCE

The Lender hereby demands strict compliance with all financial covenants moving forward. Please be advised that:

- The Lender has not waived the current default, and any previous failure by the Lender to exercise its rights does not constitute a waiver of future performance.
- The Borrower is required to submit a written Remediation Plan to the Lender no later than [Insert Date] outlining the steps to be taken to restore the DSCR to the required levels.
- Failure to cure this default or meet the terms of this demand may result in the Lender exercising its rights and remedies, including but not limited to the acceleration of the loan, imposition of default interest rates, or legal action.

Please contact the undersigned at [Phone Number] or [Email Address] to discuss the immediate steps for rectification.

Sincerely,

[Authorized Signature]
[Printed Name]

[Title]
[Lender Name]

CC: [Guarantor Name, if applicable]