

SENT VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Date: [Insert Date]

TO:

[Name of Debtor/Company]

[Address Line 1]

[Address Line 2]

**RE: NOTICE OF DEFAULT AND DEMAND FOR REMEDY REGARDING
UNAUTHORIZED SUBORDINATE DEBT PAYMENT**

Dear [Name of Contact Person],

This firm represents [Senior Creditor Name] ("Senior Creditor") in connection with the [Title of Loan Agreement, e.g., Credit Agreement] dated [Date], by and between Senior Creditor and [Debtor Name] ("Debtor").

It has come to our attention that on or about [Date of Unauthorized Payment], Debtor made a payment in the amount of \$[Amount] to [Subordinate Creditor Name] in relation to [Description of Subordinate Debt].

Pursuant to the [Title of Intercreditor or Subordination Agreement] dated [Date], the aforementioned debt is expressly subordinated to the Senior Indebtedness held by our client. Under Section [Section Number] of said Agreement, Debtor is strictly prohibited from making, and the Subordinate Creditor is prohibited from receiving, any payments of principal or interest until the Senior Indebtedness is satisfied in full [or other specific trigger].

The unauthorized payment constitutes a material breach of the [Loan/Subordination Agreement]. This letter serves as formal notice of default.

DEMAND IS HEREBY MADE that you take the following actions within [Number, e.g., 5] business days of the date of this letter:

- Provide written confirmation that all future payments to [Subordinate Creditor] have been suspended;
- Remit the sum of \$[Amount] to Senior Creditor as a restoration of the collateral/senior position; and
- Provide a full accounting of all payments made to subordinate lenders during the last [Number] months.

Failure to comply with this demand will leave our client with no alternative but to pursue all available legal and equitable remedies, including but not limited to the acceleration of the Senior Indebtedness, the commencement of foreclosure proceedings, and seeking injunctive relief.

This letter is written without prejudice to any other rights or remedies available to Senior Creditor under the Operative Documents or applicable law, all of which are expressly reserved.

Please govern yourself accordingly.

Sincerely,

[Your Name/Signature]

[Law Firm Name]

[Phone Number]

[Email Address]

CC: [Subordinate Creditor Name]