

DATE: [Insert Date]

TO:

[Name of Borrower Representative]
[Borrower Company Name]
[Address Line 1]
[Address Line 2]

FROM:

[Name of Lender/Officer]
[Lending Institution Name]
[Address Line 1]

RE: NOTICE OF BREACH OF WORKING CAPITAL COVENANT

Dear [Name of Borrower Representative],

Reference is made to the [Title of Credit Agreement/Loan Agreement] dated [Date of Agreement] (the "Agreement") by and between [Borrower Name] (the "Borrower") and [Lender Name] (the "Lender").

Pursuant to Section [Insert Section Number] of the Agreement, the Borrower is required to maintain a minimum Working Capital of [Insert Amount] at the end of each [Fiscal Quarter/Month].

Based on the financial statements submitted by the Borrower for the period ending [Insert Date], the Lender has determined that the Borrower's actual Working Capital was [Insert Actual Amount]. This constitutes a failure to comply with the financial covenant set forth in the Agreement.

Please be advised that this failure constitutes an Event of Default under Section [Insert Section Number] of the Agreement. As a result of this breach, the Lender hereby reserves all rights, powers, and remedies available under the Agreement and applicable law.

The Lender requires the Borrower to submit a written plan by [Insert Deadline Date] detailing the steps that will be taken to cure this breach and restore compliance with the Working Capital covenant.

Nothing contained in this letter shall be construed as a waiver of any existing or future default or as a modification of any terms of the Agreement. All terms and conditions of the Agreement remain in full force and effect.

Sincerely,

[Signature]
[Printed Name]

[Title]

[Lending Institution Name]