

[Date]

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

RE: NOTICE OF DEFAULT - BREACH OF ADDITIONAL DEBT COVENANT

Dear [Borrower Contact Name],

This letter serves as formal notice regarding the Loan Agreement dated [Date of Agreement] between [Lender Name] ("Lender") and [Borrower Name] ("Borrower").

Under Section [Section Number] of the Loan Agreement, the Borrower is prohibited from incurring additional indebtedness without the prior written consent of the Lender. It has come to our attention that the Borrower has incurred unauthorized debt in the form of [Description of Unauthorized Debt, e.g., a new credit line or equipment loan] with [Third Party Entity] in the amount of [Amount].

This action constitutes a formal Breach of Covenant and an Event of Default under the terms of our Agreement.

As a result of this breach, the Lender hereby requests that you:

- Provide full documentation regarding the unauthorized debt by [Deadline Date].
- Present a written proposal to remedy this default within [Number] business days.

Please be advised that the Lender reserves all rights and remedies available under the Loan Agreement and applicable law, including but not limited to the acceleration of the loan balance, the imposition of default interest rates, or legal action.

Please contact [Name] at [Phone/Email] immediately to discuss the resolution of this matter.

Sincerely,

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