

[Sender Name]  
[Sender Title]  
[Sender Company Name]  
[Sender Address]  
[City, State, Zip Code]  
[Email Address]  
[Phone Number]

[Date]

[Recipient Name]  
[Recipient Title]  
[Recipient Company Name]  
[Recipient Address]  
[City, State, Zip Code]

**RE: NOTICE OF BREACH OF FINANCIAL COVENANTS AND DEMAND FOR INDEMNIFICATION**

Dear [Recipient Name],

This letter serves as formal notice regarding the [Agreement Name, e.g., Loan Agreement] dated [Agreement Date] (the "Agreement") between [Sender Company Name] (the "Indemnified Party") and [Recipient Company Name] (the "Indemnifying Party").

Pursuant to Section [Section Number] of the Agreement, [Recipient Company Name] was required to maintain certain financial covenants, specifically [Description of Covenants, e.g., Debt-to-Equity Ratio, Minimum Liquidity]. Based on the financial statements provided for the period ending [Date], [Recipient Company Name] is in breach of these covenants.

Under Section [Indemnification Section Number] of the Agreement, the Indemnifying Party agreed to indemnify, defend, and hold harmless the Indemnified Party against any and all losses, liabilities, damages, and expenses arising out of or resulting from any breach of representation, warranty, or covenant contained in the Agreement.

As a direct result of this breach, the Indemnified Party has incurred the following losses/costs:

- [Description of Loss/Cost 1]: [Amount]
- [Description of Loss/Cost 2]: [Amount]
- [Description of Legal/Administrative Fees]: [Amount]

**Total Indemnification Demand: \$[Total Amount]**

Demand is hereby made for the immediate payment of the total amount listed above. Please remit payment to the following account no later than [Due Date]:

Bank Name: [Bank Name]  
Account Name: [Account Name]  
Account Number: [Account Number]  
Routing Number: [Routing Number]

Failure to cure this breach or remit payment by the aforementioned date may result in further legal action to enforce our rights under the Agreement, including the acceleration of all outstanding obligations and the pursuit of all available remedies at law or in equity.

This letter is sent without prejudice to any other rights or remedies available to [Sender Company Name] under the Agreement or applicable law.

Sincerely,

[Signature]

[Printed Name]

[Title]