

[Date]

[Borrower Name]

[Borrower Address]

[City, State, Zip Code]

RE: NOTICE OF COVENANT VIOLATION - UNAUTHORIZED JUNIOR DEBT

Dear [Borrower Name],

This letter serves as formal notice that [Lender Name] ("Lender") has determined a violation of the Loan Agreement dated [Date of Agreement] (the "Agreement") regarding the property located at [Property Address].

Pursuant to Section [Section Number] of the Agreement, the Borrower is prohibited from incurring additional indebtedness secured by the property without the prior written consent of the Lender. It has come to our attention that an unauthorized junior lien/mortgage has been recorded against the property in favor of [Junior Creditor Name] in the amount of \$[Amount] on [Date Recorded].

The incurrence of this junior debt constitutes a default under the terms of our Agreement. To cure this violation, you are required to perform one of the following actions within [Number] days of the date of this letter:

- Provide evidence that the junior debt has been paid in full and the lien has been formally released.
- Obtain formal written subordination or consent from the Lender (subject to Lender review and potential fees).

Failure to cure this violation within the timeframe specified may result in the Lender exercising its rights and remedies under the Agreement, which may include acceleration of the loan balance or initiation of foreclosure proceedings.

Please contact [Contact Person Name] at [Phone Number] or [Email Address] immediately to discuss your intentions regarding this matter.

Sincerely,

[Signature]

[Printed Name]

[Title]

[Lender Name]