

SENT VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

[Your Name/Law Firm Name]
[Your Address]
[City, State, Zip Code]
[Phone Number]
[Email Address]

[Date]

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

RE: SETTLEMENT DEMAND AND NOTICE OF POTENTIAL LITIGATION

Project Name: [Project Name/Address]

Contract Date: [Date]

Subject: Construction Defects and Mechanic's Lien Resolution

Dear [Recipient Name],

This letter serves as a formal demand for settlement regarding construction defects identified at the property located at [Address]. These defects arise from work performed by [Contractor Name] under the contract dated [Date].

I. Construction Defects

The following defects have been identified: [List specific defects, e.g., structural instability, water intrusion, code violations]. These issues constitute a breach of contract and a failure to perform work in a workmanlike manner. We have obtained an expert report estimating the cost of remediation at \$[Amount].

II. Statute of Repose Notice

Please be advised that the applicable Statute of Repose for construction improvements in this jurisdiction is [Number] years. As the date of substantial completion was [Date], this claim is being asserted within the statutory period. We are prepared to file a formal summons and complaint to preserve our rights before this period expires.

III. Mechanic's Lien Resolution

Records indicate a Mechanic's Lien was filed against the property on [Date] in the amount of \$[Amount]. Given the significant cost of repairing the aforementioned defects, which exceeds the value of the lien, we demand that this lien be released immediately. The defects constitute a failure of consideration and a valid set-off against any balance claimed.

IV. Settlement Demand

To avoid the expense and uncertainty of litigation, [Client Name] is willing to resolve all outstanding claims under the following terms:

- Full and immediate release of the Mechanic's Lien filed under [Lien Recording Number];
- Payment to [Client Name] in the amount of \$[Amount] for repair costs;
- A mutual release of all claims arising from the project.

This offer is made for settlement purposes only and is protected under Rule 408 of the Federal Rules of Evidence (and state equivalents). If we do not receive a written response by [Date], we will proceed with filing a lawsuit for damages and to vacate the lien.

Sincerely,

[Your Signature]

[Your Printed Name]