



Notice of Termination

[Form of notice, e.g., Registered Mail (or) Certified Mail]

[Date]

[Name of recipient]

[Street address]

[City, State, Zip]

Attention: [Name of individual or department, e.g., General Counsel, Legal Department, President]

Re: [name of subject contract] dated [date] between [name of party] and [name of party]

Notice of Termination

Dear [name]:

Please be advised that [name of party terminating agreement] is hereby terminating [name of subject contract] dated [date] between [name of party] and [name of party] (the "Agreement").

Termination for breach

[Name of breaching party] materially breached the terms of the Agreement based upon [provide sufficient description of the nature of the breach, e.g., its failure to deliver to us the 1000 units by June 1, 2016, as required in Section 4 of the Agreement]. Pursuant to Section [applicable section] of the Agreement, [name of party sending the notice] is hereby terminating the Agreement. Termination of the Agreement is effective immediately due to your violation of the terms and conditions of the Agreement.

Termination for breach (after failure to cure)

As you are aware, [name of breaching party] materially breached the terms of the Agreement based upon [brief description of the nature of the breach, e.g., its failure to deliver to us the 1000 units by June 1, 2016, as required in Section 4 of the Agreement]. Pursuant to the terms of the Agreement, [name of party terminating the agreement] provided you with notice of the breach. [Name of breaching party] has failed to cure the aforementioned breach within the time provided in the Agreement. Termination of the Agreement is therefore effective immediately for your violation of the terms and conditions of the Agreement.

Termination for Bankruptcy, Insolvency or Financial Insecurity

Pursuant to Section [cite applicable provision allowing termination for insolvency], [name of party terminating the agreement] is hereby terminating the Agreement as a result of your [brief description of event triggering termination, e.g., liquidation, insolvency, bankruptcy, assignment for the benefit of creditors, etc.]. Termination shall be effective [immediately (or if notice is required, date notice period expires, such as: December 1, 2016)].

Please call me at [phone number] should you have any questions regarding this termination of the Agreement.

Very truly yours,

Notice of Termination

[name],

[title], [name of party terminating agreement]

End of Document

[Notice of Termination](#)

Drafting Notes

Drafting Note to Address Block

Providing proper notice of termination is critical, as a party's ability to effectively end the agreement may be delayed or even forfeited by a failure to give timely and proper notice. Counsel should review the terms of the agreement for which the notice of termination is being provided and ensure the notice is sent to the proper individual or department and in the manner as may be required by the agreement (if any). For example, the contract may require notices be sent to the recipient's legal department, general counsel or a designated officer, and may also specify the manner of delivery, such as by certified or registered mail. As termination may not be deemed effective until such time that proper notice has been furnished in accordance with the terms of the parties' agreement, it is important to adhere to any notice requirements imposed by the agreement. With respect to sales transactions governed by the Uniform Commercial Code (UCC), the UCC provides that notice or notification to another is given by taking such steps as may be reasonably required to inform the other party in ordinary course, whether the other party actually comes to know of the notice. A party is deemed to have received a notice when such notice comes to its attention or the notice is duly delivered to it at the place of business through which the contract was made or at any other place held out by such party as the place for receipt of such communications. See [UCC § 1-202](#). While oral notice may sometimes be sufficient notice, prudent practice mandates that written notice of termination be provided.

Drafting Note to First Paragraph

Prior to providing notice terminating or cancelling the contract, counsel should thoroughly review the contract to ensure that it can be terminated under the prevailing circumstances and to determine if there are any resulting obligations or liabilities for the client that may be triggered pursuant to such termination. Certain agreements may include terms that preclude cancellation or limit the right to terminate to specific grounds, while others may impose financial or other obligations on a party that terminates for reasons other than cause or if the termination occurs within a designated period after the agreement was entered. The termination letter should be drafted in a manner that complies with the terms of the agreement and, in particular, any termination provisions. Before the notice of termination is delivered counsel must make sure the client has a clear understanding as to any obligations or negative ramifications that may be incurred as a result of the desired termination so the client can make a sound and knowledgeable business decision regarding whether and when to terminate the agreement.

Drafting Note to Termination for Breach

This clause is premised upon the breach of the parties' contract by the recipient of the notice, in an agreement that does not require notice of the breach and a cure period. Some contracts allow a party to unilaterally terminate immediately and without affording the breaching party an opportunity to cure its default. If termination is based upon a breach for which notice has been provided but the default was not remedied within the cure period, the Termination for Breach (after failure to cure) clause provided herein can be used. The notice of termination should also include language demanding that the terminated party take any action that may be required under the subject agreement upon termination. For example, the agreement may compel the return of any confidential information in the terminated party's possession or that it stop using any intellectual property rights that may have been conditionally granted under the agreement. For more information regarding termination for breach, see [Termination and Cancellation Rights — Termination for Breach or Nonperformance](#).

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Drafting Note to Termination for breach (after failure to cure)

This clause is premised upon a breach of the parties' contract where the agreement required the non-breaching party to provide notice of and an opportunity to cure the breach. For a sample form providing notice of an event of default, see [Notice of Breach of Contract](#). Counsel should ensure that the notice period has expired and the default has not been remedied before sending the termination notice. The notice of termination should also include language demanding the terminated party take any action that may be required under the subject agreement upon termination.

Drafting Note to Termination for Bankruptcy, Insolvency or Financial Insecurity

Counsel must confirm that the agreement allows for termination in the event of insolvency, bankruptcy or other events of financial distress, as not all agreements will include such a termination provision. If included, often such clauses will not require any advance notice or opportunity to cure but, rather, will permit the agreement to be terminated upon written notice. For more information regarding termination for bankruptcy, see [Termination and Cancellation Rights — Termination on Bankruptcy](#).

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