

DATE: [Insert Date]

TO:

[Name of Borrower/Company Representative]

[Company Name]

[Company Address]

FROM:

[Lender Name/Financial Institution]

[Lender Address]

RE: NOTICE OF COVENANT BREACH - UNAPPROVED DIVIDEND DISTRIBUTION

Dear [Name of Representative],

This letter refers to the [Name of Loan/Credit Agreement] dated [Effective Date of Agreement] (the "Agreement") between [Company Name] (the "Borrower") and [Lender Name] (the "Lender").

Pursuant to Section [Insert Section Number] of the Agreement, the Borrower is prohibited from declaring or distributing dividends to shareholders without the prior written consent of the Lender.

The Lender has become aware that on [Date of Distribution], the Borrower distributed dividends in the amount of [Amount] without obtaining the required authorization. This action constitutes a formal Breach of Covenant under the terms of the Agreement.

As a result of this breach, the Lender hereby reserves all rights and remedies available under the Agreement and applicable law, which may include, but are not limited to, the acceleration of loan repayment, the imposition of default interest rates, or the termination of the credit facility.

The Borrower is requested to provide a written explanation regarding this distribution and a proposed plan for remediation no later than [Insert Deadline Date].

Nothing contained in this letter shall be construed as a waiver of any existing or future default or any rights held by the Lender.

Sincerely,

[Signature]

[Name of Authorized Officer]

[Title]

[Lender Name]