

**Date:** [Insert Date]

**To:** [Insert Name of Recipient/Shareholder/Board of Directors]

**Address:** [Insert Address]

**RE: NOTICE OF DIVIDEND PAYMENT RESTRICTION DUE TO COVENANT BREACH**

Dear [Insert Name],

This letter serves as formal notification regarding the restriction of dividend payments by [Insert Company Name] (the "Company") effective immediately.

Pursuant to the terms of the [Insert Name of Agreement, e.g., Credit Agreement or Bond Indenture] dated [Insert Date] (the "Agreement") between the Company and [Insert Lender/Entity Name], the Company is required to maintain compliance with certain financial and restrictive covenants.

As of [Insert Date/Period], the Company is in breach of the following covenant(s):

- [Insert Specific Covenant, e.g., Debt-to-Equity Ratio]
- [Insert Specific Covenant, e.g., Minimum Interest Coverage Ratio]

Under Section [Insert Section Number] of the Agreement, a breach of these covenants prohibits the Company from declaring, making, or paying any dividends or distributions to its shareholders. Consequently, the dividend payment previously scheduled for [Insert Date] has been suspended.

The Company is currently taking the following steps to remedy the breach: [Insert Brief Action Plan, e.g., Debt restructuring or Asset liquidation].

The restriction on dividend payments will remain in effect until the Company has returned to full compliance with the Agreement and has received any necessary waivers or approvals from the relevant parties.

Please contact [Insert Name/Department] at [Insert Phone Number/Email] if you have any questions regarding this matter.

Sincerely,

[Insert Signature]

[Insert Name]

[Insert Title]

[Insert Company Name]