

DATE: [Insert Date]

TO: [Insert Name of Shareholder/Board of Directors]

ADDRESS: [Insert Address]

RE: Notice of Dividend Payment Restriction due to Liquidity Shortfall

Dear [Insert Name],

This letter serves as formal notification regarding the Board of Directors' decision to restrict the payment of dividends for the period ending [Insert Period Date].

After a thorough review of the Company's current financial standing, it has been determined that the Company is experiencing a liquidity shortfall. Pursuant to [Insert Applicable Law/Section of Bylaws or Credit Agreement], the Company is unable to satisfy the necessary liquidity requirements to proceed with the scheduled dividend distribution.

The primary reasons for this restriction include:

- Insufficient cash reserves to meet immediate operating liabilities.
- Failure to meet the minimum liquidity ratio as required by [Name of Lender/Regulatory Body].
- The need to preserve capital for essential business operations and debt obligations.

Consequently, the dividend payment previously discussed or scheduled for [Insert Date] will be [deferred / cancelled] until such a time that the Company's liquidity position meets the required legal and contractual thresholds.

The Board will continue to monitor the financial position of the Company and will provide updates regarding the potential reinstatement of distributions as soon as conditions permit.

Sincerely,

[Your Signature]

[Insert Name]

[Insert Title/Position]

[Insert Company Name]