

[Bank/Financial Institution Name]
[Address Line 1]
[Address Line 2]
[City, State, Zip Code]

[Date]

[Board of Directors/Contact Person]
[Entity Name]
[Address]

RE: NOTICE OF DIVIDEND PAYMENT RESTRICTION - PROMPT CORRECTIVE ACTION

Dear [Name],

This letter serves as formal notification regarding the restrictions placed on [Institution Name] (the "Institution") concerning the declaration and payment of dividends, effective immediately.

Based on the most recent Call Report dated [Date] and the examination findings as of [Date], the Institution has been classified as [Under-capitalized / Significantly Under-capitalized] under the Prompt Corrective Action (PCA) framework established by [Regulatory Agency Name] and [Legal Statute/Regulation Reference].

Pursuant to these regulations, any institution that is not "Well Capitalized" is subject to mandatory capital distribution restrictions. Specifically:

- **Prohibition on Dividends:** The Institution shall not make any capital distribution, including the payment of cash dividends, if after making the distribution the Institution would be under-capitalized.
- **Prior Approval Requirement:** Any proposed capital distribution requires prior written approval from [Regulatory Agency Name].
- **Management Fees:** The Institution is further prohibited from paying any management fees to a controlling person if the Institution is under-capitalized.

The Institution is required to submit a Capital Restoration Plan to [Regulatory Agency Name] no later than [Number] days from the date of this letter. This plan must outline the steps the Institution will take to return to a "Well Capitalized" status and demonstrate how it will maintain adequate capital levels without reliance on prohibited distributions.

Failure to comply with these PCA restrictions may result in further administrative action, including but not limited to, the assessment of civil money penalties or other enforcement measures.

Please acknowledge receipt of this letter by signing below and returning a copy to this office.

Sincerely,

[Name of Regulatory Officer]

[Title]

[Regulatory Agency]

Acknowledgment of Receipt:

Signature: _____ Date: _____

Name: [Name]

Title: [Title]