[On Company Letterhead of PARTY 1]

[PARTY 2]

[Address Line 1]

[Date]

**Notice of Withholding Payment under [NAME OF AGREEMENT]**

**Dear [**ADDRESSEE**],**

Reference is made to the [NAME OF AGREEMENT], dated [DATE], between [LEGAL NAME OF YOUR PARTY] (“**we**” or “**our**”) and [LEGAL NAME OF OTHER PARTY] (“**you**” or “**your**”) (the “**Agreement**”). Unless otherwise defined, capitalized terms in this letter shall have the meanings assigned in the Agreement.

Pursuant to Section [NUMBER] of the Agreement, we are withholding payment of [AMOUNT] due on [DUE DATE] in connection with [*DESCRIPTION OF DISPUTE, e.g., a dispute regarding the quality of goods or services delivered under Section* [*NUMBER*]].

This action is being taken in accordance with the Agreement, which permits withholding payment when [*state relevant conditions under the Agreement, e.g., there is a good faith dispute regarding the amount due or the other party’s performance*].

We reserve our right to release payment upon resolution of the dispute and request that you provide [*specific actions required to address the dispute, e.g., supporting documentation, corrective action, or a meeting to discuss the issue*] by no later than [DATE].

Please direct any questions regarding this notice to [NAME], [TITLE], at [EMAIL ADDRESS] or [PHONE NUMBER].

This letter is issued without prejudice to any of our rights or remedies, all of which are expressly reserved.

Yours faithfully,

……………………………………………………….

**Name:** [NAME]

**Title:** [TITLE]