[Lender Name]
[Loss Mitigation Department]
[Lender Address]
[City, State, Zip Code]

[Date]

[Borrower Name]
[Borrower Address]
[City, State, Zip Code]

RE: Notice of Rejection of Deed in Lieu of Foreclosure Application
Loan Number: [Loan Number]
Property Address: [Property Address]

Dear [Borrower Name],

Thank you for your interest in a Deed in Lieu of Foreclosure as a resolution for your mortgage loan. We have completed a review of your application and the supporting documentation provided.

At this time, we are unable to approve your request for a Deed in Lieu of Foreclosure for the following reason:

Active Bankruptcy Status: Our records indicate that you are currently a debtor in an active bankruptcy proceeding. Due to the automatic stay imposed by the United States Bankruptcy Court, we are prohibited from completing a transfer of title or pursuing loss mitigation agreements that alter the status of the estate without specific authorization from the court or the Bankruptcy Trustee.

If your bankruptcy has been discharged or dismissed, please provide the official Court Discharge or Dismissal Order so that we may re-evaluate your eligibility. If the bankruptcy is still active and you wish to proceed with this request, we require a written Motion and Order from the Bankruptcy Court specifically authorizing this Deed in Lieu transaction.

Please consult with your bankruptcy attorney regarding this matter. If you have any questions, please contact our Loss Mitigation Department at [Phone Number].

Sincerely,

[Name/Signature]
[Title]
[Lender Name]