[Date]

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

RE: Notice of Denial for Deed in Lieu of Foreclosure
Loan Number: [Insert Loan Number]
Property Address: [Insert Property Address]

Dear [Borrower Name],

We have completed our review of your application for a Deed in Lieu of Foreclosure regarding the property referenced above. At this time, we are unable to accept your request for the following reason:

Reason for Denial: Secondary Liens or Encumbrances

Our title search indicates that there are additional liens, judgments, or junior mortgages recorded against the property. Specifically, we identified the following:

- [Description of Lien 1, e.g., Second Mortgage with Bank ABC]
- [Description of Lien 2, e.g., Tax Lien or HOA Assessment]

To qualify for a Deed in Lieu of Foreclosure, the title must be clear of all secondary liens and encumbrances so that the property can be transferred to the servicer with a free and clear title. We cannot accept the deed while these secondary obligations remain outstanding.

If you are able to provide written documentation proving that these liens have been paid in full or formally released, we may reconsider your application. Please submit any such documentation to our office by [Insert Date].

If you have any questions regarding this decision or wish to discuss other possible foreclosure alternatives, please contact our Loss Mitigation Department at [Phone Number] between the hours of [Operating Hours].

Sincerely,

[Name of Representative]
[Title]
[Financial Institution Name]