[Date]

[Borrower Name]
[Co-Borrower Name]
[Property Address]
[City, State, Zip Code]

RE: Notice of Denial - Deed in Lieu of Foreclosure

Loan Number: [Insert Loan Number]

Property Address: [Insert Property Address]

Dear [Borrower Name],

We are writing to inform you that we are unable to approve your request for a Deed in Lieu of Foreclosure regarding the property referenced above.

Reason for Denial: Unacceptable Property Condition

After a thorough inspection of the property conducted on [Date of Inspection], it has been determined that the current condition of the property does not meet our requirements for acceptance. Specifically, the following issues were identified:

- [List specific damage, e.g., Significant water damage/mold]
- [List specific damage, e.g., Structural instability]
- [List specific damage, e.g., Presence of hazardous materials]
- [List specific damage, e.g., Severe deferred maintenance/vandalism]

Per the terms of our loss mitigation guidelines, the property must be in "broom-clean" condition and free of significant interior or exterior damage to qualify for a Deed in Lieu of Foreclosure. Due to the estimated cost of repairs and the safety concerns listed above, we cannot accept the voluntary conveyance of the title at this time.

Next Steps:

If you are able to remediate the issues mentioned above and provide proof of repairs, you may request a re-evaluation of your application. Otherwise, you may wish to explore other options, such as a Short Sale or a formal Loan Modification, if applicable.

Please contact our Loss Mitigation Department at [Phone Number] between the hours of [Operating Hours] to discuss your remaining alternatives to avoid foreclosure.

Sincerely,

[Sender Name/Department]
[Lending Institution Name]