[Date]

[Borrower Name]
[Co-Borrower Name]
[Property 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 the review of your request for a Deed in Lieu of Foreclosure regarding the above-referenced mortgage loan. At this time, we are unable to approve your request for the following reason:

Unapproved Non-Occupant Co-Borrower: Our records indicate that a co-borrower on this loan does not occupy the property as their primary residence. Under the specific guidelines of your [Investor/Insurer Name] loan program, all borrowers must occupy the property to be eligible for this loss mitigation option. Because the non-occupant co-borrower has not been released from liability or approved under an exception, the request is denied.

Next Steps:
Although you have been denied for a Deed in Lieu, you may still be eligible for other options, such as:

- Short Sale
- Traditional Property Sale
- Full Reinstatement of the Loan

Please contact our Loss Mitigation Department at [Phone Number] between the hours of [Hours of Operation] to discuss alternative solutions or to provide updated information regarding the occupancy status of all borrowers.

If you wish to appeal this decision, you must submit a written request for an appeal within [Number] days of the date of this letter.

Sincerely,

[Name of Representative/Department]
[Loan Servicer Name]