

[Lending Institution Name]
[Address]
[City, State, Zip Code]
[Date]

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

RE: Mortgage Loan Application #[Application Number]

Dear [Applicant Name],

Thank you for your recent application for a mortgage loan with [Lending Institution Name]. We have carefully reviewed your application and the financial documentation provided.

Regrettably, we are unable to approve your loan request at this time. Our decision was based on the following reason(s):

- **Insufficient Income from Self-Employment:** Based on the net income reported on your tax returns for the past two years, your current earnings do not meet the minimum debt-to-income ratio requirements for the requested loan amount.

In evaluating self-employment income, we utilize a standard averaging formula of your net profit. Unfortunately, the current figures are insufficient to support the monthly mortgage payments and other existing financial obligations.

Our credit decision was based on information obtained from the following consumer reporting agency:

[Credit Bureau Name]
[Address]
[Phone Number]

You have the right to obtain a free copy of your credit report from this agency if you request it within 60 days of receiving this letter. You also have the right to dispute the accuracy or completeness of any information in the report.

We appreciate your interest in [Lending Institution Name]. We encourage you to reapply in the future should your business income increase or your overall debt decrease.

Sincerely,

[Loan Officer Name]
[Title]
[Lending Institution Name]