

**Date:** [Date]

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

**Subject: Notice of Decision Regarding Your Auto Loan Application**

Dear [Applicant Name],

Thank you for your recent application for an auto loan with [Lending Institution Name]. We have carefully reviewed your request for financing in the amount of \$[Amount].

Regrettably, we are unable to approve your application at this time for the following reason:

**Excessive Collateral Deficiency (Negative Equity)**

Our evaluation indicates that the outstanding balance on your trade-in vehicle significantly exceeds its current market value. This "negative equity," when rolled into the new loan, results in a Loan-to-Value (LTV) ratio that exceeds our maximum lending guidelines. Specifically, the total amount requested is too high relative to the value of the vehicle being purchased.

Our credit decision was based in whole or in part on information obtained in a report from the consumer reporting agency listed below:

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

Please note that the reporting agency played no part in our decision and is unable to provide you with the specific reasons why your credit was denied. Under the Fair Credit Reporting Act, 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 notice. You also have the right to dispute the accuracy or completeness of any information in the report.

To reconsider your application, we would require a significant cash down payment to offset the negative equity and bring the loan within our LTV requirements.

Thank you for the opportunity to consider your financing needs.

Sincerely,

[Name of Loan Officer/Department]  
[Lending Institution Name]