Date: [Date]

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

RE: Notice of Adverse Action - Construction Loan Application #[Application Number]

Dear [Applicant Name],

Thank you for your recent application for a construction loan regarding the property located at [Property Address]. After a thorough review of your application and the associated project documentation, we regret to inform you that we are unable to approve your request at this time.

Our decision is based on the following factor(s) concerning the selected builder, [Builder Name]:

- **Inadequate Bonding:** The builder failed to provide sufficient performance and payment bonds required to protect the project and the lender's interest.
- **Insufficient Insurance Coverage:** The builder's current insurance policies (General Liability, Workers' Compensation, or Builder's Risk) do not meet the minimum coverage limits or types required by our lending guidelines.

As a financial institution, we require all participating contractors to maintain specific bonding and insurance thresholds to mitigate risks associated with construction delays, property damage, or financial insolvency during the build process.

If you choose a different builder who meets our institutional requirements, or if the current builder obtains the necessary bonding and insurance updates, we would be happy to reconsider a new application from you.

If you have any questions regarding this notice, please contact your loan officer at [Phone Number] or [Email Address].

Sincerely,

[Underwriter Name/Loan Officer Name]
[Financial Institution Name]
[Department Name]

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is [Federal Agency Name and Address].