

[Lender Name]
[Lender Address]
[City, State, Zip Code]
[Date]

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

Re: Loan Application Number: [Application Number]

Dear [Borrower Name],

Thank you for your recent application to refinance your mortgage for the property located at [Property Address]. After a careful review of your application and a professional appraisal of the property, we regret to inform you that we are unable to approve your request at this time.

The primary reason for this decision is that the current market value of your property is less than the outstanding balance of your existing mortgage. This is commonly referred to as "negative equity" or being "underwater" on your loan. Based on our current lending guidelines, we require a minimum Loan-to-Value (LTV) ratio that your property does not currently meet.

Our recent appraisal valued your property at \$[Appraised Value], while your current mortgage balance is \$[Current Balance].

If you believe there are errors in the appraisal or if you have additional information regarding the property value that was not considered, please contact us within [Number] days.

Under the Equal Credit Opportunity Act, you have the right to a statement of specific reasons for this decision if you request it within 60 days of this notice. You also have the right to a copy of any appraisal report used in connection with your application.

Thank you for considering [Lender Name] for your financing needs. We encourage you to reach out in the future should your equity position change.

Sincerely,

[Name of Loan Officer/Department]
[Lender Name]