

[Date]

[Borrower Name]

[Borrower Address]

[City, State, Zip Code]

Subject: Notice of Decision Regarding Mortgage Refinance Application

Dear [Borrower Name],

Thank you for choosing [Lending Institution Name] for your mortgage needs. We have completed the review of your application for a mortgage refinance regarding the property located at [Property Address].

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

- **Insufficient Home Equity:** Based on a recent appraisal, the current market value of your property is lower than the outstanding balance of your existing mortgage. As the loan is "underwater" (negative equity), it does not meet our required Loan-to-Value (LTV) ratios for this specific loan program.

If you believe there are errors in the appraisal or if you have additional information that may impact our valuation, please contact us within [Number] days.

You may also wish to investigate government-sponsored programs or specialized assistance for homeowners with negative equity. You can find more information by visiting the Department of Housing and Urban Development (HUD) website or by speaking with a HUD-approved housing counselor.

Thank you for your interest in our services.

Sincerely,

[Loan Officer Name]

[Title]

[Lending Institution Name]