

[Date]

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

Subject: Notice of Refinance Application Status - Loan Number: [Loan Number]

Dear [Borrower Name],

Thank you for your recent interest in refinancing your mortgage with [Lender Name]. We have completed the review of your application and the recent appraisal of your property.

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

Ineligible Loan-to-Value (LTV) Ratio: The current market value of your property is lower than the outstanding balance of your mortgage. Because the property is "underwater" (negative equity), it does not meet the minimum equity requirements for our standard refinance programs.

The appraisal performed on [Date] valued your property at \$[Appraised Value], while your current loan balance is \$[Current Balance].

We encourage you to monitor local market trends or look into federal programs that may assist homeowners with negative equity, such as those offered through the Federal Housing Finance Agency (FHFA).

If you believe there has been an error in the property valuation or if you have any questions regarding this notice, please contact our Loan Processing Department at [Phone Number].

Sincerely,

[Name of Representative]
[Title]
[Lender Name]