

[Date]

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

RE: Notice of Denial for Mortgage Rate Float-Down Request

Loan Number: [Loan Number]
Property Address: [Subject Property Address]

Dear [Borrower Name],

Thank you for your recent request to exercise the "float-down" option on your locked interest rate for the property listed above. After reviewing your file and the current market conditions, we regret to inform you that we are unable to approve your request at this time.

The denial is based on the following reason:

Property Appraisal Shortfall: The recent appraisal report received on [Date of Appraisal] indicates that the fair market value of the property is lower than the purchase price or the estimated value provided in your application. Specifically, the appraised value is [Appraised Value], resulting in a shortfall of [Shortfall Amount].

Because the Loan-to-Value (LTV) ratio has changed significantly due to this appraisal shortfall, your loan profile no longer meets the eligibility requirements for the requested float-down interest rate. Under the terms of your lock-in agreement, a float-down is only applicable if all original underwriting and collateral criteria remain consistent with the initial approval.

Next Steps:

- You may proceed with the loan at your originally locked interest rate of [Original Rate]%, provided you cover the appraisal gap with additional funds at closing.
- You may request a formal Rebuttal of Value if you believe there are errors in the appraisal report or if there are comparable sales that were not considered.

If you have any questions regarding this decision or wish to discuss alternative options, please contact your Loan Officer, [Loan Officer Name], at [Phone Number] or via email at [Email Address].

Sincerely,

[Signature]
[Name of Sender]
[Title]
[Lending Institution Name]