

[Date]

[Applicant Name]

[Applicant Address]

[City, State, Zip Code]

Subject: Notice of Adverse Action - Loan Modification Request

Dear [Applicant Name],

Thank you for your recent application for a mortgage loan modification regarding the property located at [Property Address]. After careful review of your request and the title records associated with the property, we regret to inform you that we are unable to approve your modification as requested at this time.

**Reason for Decision:**

Our records indicate the existence of a subordinate lien (second mortgage, home equity line of credit, or other recorded encumbrance) held by [Name of Subordinate Lienholder].

To proceed with a modification of your first mortgage, our policy requires that any junior or subordinate liens be subordinated to the modified terms of the primary loan. We have been unable to obtain the necessary subordination agreement from the junior lienholder, or the existence of this lien violates the requirements of our modification program.

**Counteroffer (if applicable):**

We may be able to reconsider your application if you provide written proof that the subordinate lien has been paid in full and released, or if the junior lienholder provides a formal subordination agreement. Please submit these documents by [Date] if you wish to continue the process.

**Notice of Right to Copy of Appraisal (if applicable):**

If a property valuation was used in this decision, you have the right to a copy. If you have not already received one, please contact us at the number below.

**Equal Credit Opportunity Act (ECOA) 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 [Name and Address of Regulatory Agency].

If you have questions regarding this notice, please contact us at:

[Lender Name]  
[Department Name]  
[Phone Number]  
[Email/Website]

Sincerely,

[Name of Representative/Underwriter]  
[Lender Name]