

[Date]

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

Re: Loan Number [Insert Loan Number]

Dear [Borrower Name],

We have completed our review of your request for a loan modification. After a thorough evaluation of your financial documentation, we regret to inform you that we are unable to offer you a modification at this time.

Reason for Denial: Excessive Debt-to-Income (DTI) Ratio

Our decision is based on the fact that your monthly debt obligations, compared to your gross monthly income, exceed the maximum limit allowed under our program guidelines. Based on the information provided, we calculated your Debt-to-Income ratio to be [Insert Percentage]%. To qualify for this modification, your ratio must not exceed [Insert Maximum Percentage]%.

Because your monthly expenses are too high relative to your income, a modified payment would still not meet the sustainability requirements necessary for approval.

Next Steps and Options:

- **Appeal:** If you believe our calculation of your income or debt is incorrect, you have the right to appeal this decision within 30 days of the date of this letter.
- **Other Alternatives:** You may still be eligible for other foreclosure prevention options, such as a short sale or a deed-in-lieu of foreclosure.
- **Housing Counseling:** We recommend contacting a HUD-approved housing counselor to discuss your financial situation.

If you have any questions regarding this notice, please contact our Loss Mitigation Department at [Phone Number] between the hours of [Operating Hours].

Sincerely,

[Name of Financial Institution]
[Department Name]