

Date: [Insert Date]

Applicant Name: [Insert Applicant Name]

Address: [Insert Applicant Address]

Subject: Notification of Loan Application Denial

Dear [Applicant Name],

Thank you for your recent application for a loan with [Lender Name]. After a thorough review of your application and financial information, we regret to inform you that we are unable to approve your loan request at this time.

The primary reason for this decision is your current **debt-to-income (DTI) ratio** exceeds our allowable limits. Our assessment indicated that the proportion of your monthly debt obligations compared to your monthly income suggests potential difficulty in managing additional loan repayments. Maintaining a balanced DTI ratio is crucial for ensuring that borrowers can comfortably afford new debt while meeting their existing obligations.

We understand that this news may be disappointing. However, we encourage you to address your current debt levels and consider reapplying in the future. Improving your DTI ratio—by reducing debt or increasing income—may enhance your eligibility for credit approval.

Should you have any questions regarding this decision or want to discuss ways to improve your financial position, please feel free to contact us at [Lender Contact Information]. You are also entitled to request a free copy of the credit report we used in making our decision within 60 days of this notice.

Thank you for considering [Lender Name] for your lending needs. We wish you financial success in the future.

Sincerely,

[Loan Officer Name]

[Title]

[Lender Name]