

Date: [Insert Date]

[Applicant Name]
[Applicant Address]
[City, State, ZIP Code]

Subject: Loan Application Decision - Debt-to-Income Ratio

Dear [Applicant Name],

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

One of the key criteria in our evaluation process is the debt-to-income (DTI) ratio, which measures your monthly debt payments in relation to your gross monthly income. Our lending guidelines require applicants to maintain a DTI ratio below [Lender's Acceptable Threshold, e.g., 43%] to ensure sufficient income is available for new loan obligations.

Based on your provided documentation, we determined that your current DTI ratio exceeds our acceptable range. This means that your monthly debt commitments compared to your income represent a higher financial risk, limiting our ability to extend additional credit at this time.

Maintaining a balanced debt-to-income ratio is important for both your financial stability and for meeting lenders' requirements. To improve your eligibility for future loan applications, we encourage you to consider the following steps:

- Reduce outstanding debt balances by making extra payments where possible.
- Avoid taking on additional debt obligations until existing debts are lowered.
- Increase your income, if feasible, through additional employment or side income opportunities.
- Regularly review your financial commitments and budget to ensure sustainable borrowing.

We appreciate your interest in [Lender Name] and encourage you to reapply once your debt-to-income ratio aligns with our requirements. If you have any questions about this decision or need assistance understanding your DTI ratio, please feel free to contact our team at [Contact Information].

Sincerely,

[Loan Officer Name]
[Lender Name]
[Lender Contact Information]