Pre-approval Denial with Alternative Options Letter

Subject: Pre-approval Application Decision and Next Steps

Dear [Applicant Name],

Thank you for your interest in obtaining mortgage pre-approval with [Institution Name]. After careful review of your application and supporting documentation, we are unable to approve your request for pre-approval at this time.

Reasons for Decision:

[Credit score below program requirements]

[Debt-to-income ratio exceeds acceptable limits]

[Insufficient credit history]

[Recent credit issues requiring seasoning period]

Alternative Pathways Forward:

While we cannot provide pre-approval now, we want to help you achieve your homeownership goals. We recommend the following steps:

1. Credit Improvement Plan: Work with a credit counselor to address [specific issues]. We can refer you to reputable agencies.
2. Debt Reduction Strategy: Reducing your current debt obligations by [Amount] would bring your ratios within acceptable ranges.
3. Timeline for Reapplication: Based on your situation, we estimate you could qualify for pre-approval in approximately [Timeframe] with appropriate corrective actions.
4. Alternative Programs: You may qualify for [specific program] which has more flexible requirements.

We encourage you to schedule a follow-up consultation with our team to create a personalized action plan. Homeownership is still achievable with proper preparation and guidance.

Please don't hesitate to contact me to discuss your options in detail.

Respectfully,

[Loan Officer Name]

[Title]