

# Loan Denial Cheat Sheet

*What Works vs. What Doesn't Under Georgia GAR Contracts*

## VALID Loan Denial Reasons (Generally Acceptable)

<b><i>Reason</i></b>	<b><i>Prevention</i></b>
<i>Credit score below lender minimum</i>	<i>True Lender Pre-Approval</i>
<i>Insufficient credit history</i>	<i>True Lender Pre-Approval</i>
<i>No credit score</i>	<i>True Lender Pre-Approval</i>
<i>Recent late payments</i>	<i>True Lender Pre-Approval</i>
<i>High number of delinquencies</i>	<i>True Lender Pre-Approval</i>
<i>Accounts in collections</i>	<i>True Lender Pre-Approval</i>
<i>Charge-offs on accounts</i>	<i>True Lender Pre-Approval</i>
<i>Recent bankruptcy</i>	<i>True Lender Pre-Approval</i>
<i>Foreclosure within waiting period</i>	<i>True Lender Pre-Approval</i>
<i>Short sale within waiting period</i>	<i>True Lender Pre-Approval</i>
<i>Deed in lieu of foreclosure</i>	<i>True Lender Pre-Approval</i>
<i>High credit utilization ratios</i>	<i>True Lender Pre-Approval</i>
<i>Too many recent credit inquiries</i>	<i>True Lender Pre-Approval</i>
<i>Unresolved disputes on credit report</i>	<i>True Lender Pre-Approval</i>
<i>Insufficient income to qualify</i>	<i>True Lender Pre-Approval</i>
<i>Unstable employment history</i>	<i>True Lender Pre-Approval</i>
<i>Recent job change</i>	<i>True Lender Pre-Approval</i>
<i>Gaps in employment</i>	<i>True Lender Pre-Approval</i>
<i>Income cannot be verified</i>	<i>True Lender Pre-Approval</i>
<i>Self-employment income too inconsistent</i>	<i>True Lender Pre-Approval</i>

<i>Declining income trend</i>	<i>True Lender Pre-Approval</i>
<i>Overtime/bonus income not usable</i>	<i>True Lender Pre-Approval</i>
<i>Commission income not seasoned long enough</i>	<i>True Lender Pre-Approval</i>
<i>Employer cannot verify employment</i>	<i>True Lender Pre-Approval</i>
<i>Pending job loss or resignation</i>	<i>True Lender Pre-Approval</i>
<i>Undisclosed debts discovered</i>	<i>True Lender Pre-Approval</i>
<i>Co-signed debts counted against borrower</i>	<i>True Lender Pre-Approval</i>
<i>Student loan payments too high</i>	<i>True Lender Pre-Approval</i>
<i>IRS payment plans impacting DTI</i>	<i>True Lender Pre-Approval</i>
<i>Debt-to-income ratio exceeds guidelines</i>	<i>True Lender Pre-Approval</i>
<i>Child support/alimony obligations too high</i>	<i>True Lender Pre-Approval</i>
<i>Insufficient reserves</i>	<i>True Lender Pre-Approval</i>
<i>Large unexplained deposits</i>	<i>True Lender Pre-Approval</i>
<i>Gift funds not properly documented</i>	<i>True Lender Pre-Approval</i>
<i>Assets cannot be verified</i>	<i>True Lender Pre-Approval</i>
<i>Business funds improperly used</i>	<i>True Lender Pre-Approval</i>
<i>Recent large withdrawals reducing reserves</i>	<i>True Lender Pre-Approval</i>
<i>Property condition unacceptable (health/safety issues)</i>	<i>Addressing health &amp; safety repairs as part of Due Diligence</i>
<i>Property fails FHA/VA guidelines</i>	<i>Seller Broker verification during Listing or Offer stage</i>
<i>Property located in restricted area (flood zone issues, zoning conflicts)</i>	<i>Seller Broker verification during Listing or Offer stage</i>
<i>Title issues or liens discovered</i>	<i>Buyer honesty</i>
<i>Inconsistent information across documents</i>	<i>Buyer honesty</i>
<i>Identity verification issues</i>	<i>Buyer honesty</i>
<i>Fraud alerts or suspected misrepresentation</i>	<i>Buyer honesty</i>

## INVALID / PROBLEMATIC Reasons (Generally Not Acceptable)

<b>Reason</b>	<b>Prevention</b>
<i>Insufficient funds for down payment</i>	<i>True Lender Pre-Approval</i>
<i>Funds sourced from unacceptable accounts</i>	<i>True Lender Pre-Approval</i>
<i>Appraisal comes in below purchase price</i>	<i>Include Appraisal Contingency</i>
<i>Not Selling Another property</i>	<i>Include Sale or Lease Contingency</i>
<i>Incomplete loan application</i>	<i>Buyer cooperation</i>
<i>Missing required documentation</i>	<i>Buyer cooperation</i>
<i>Failure to satisfy underwriting conditions</i>	<i>Buyer cooperation</i>
<i>Occupancy misrepresentation (primary vs investment)</i>	<i>Buyer honesty</i>

## Loan Denial Letter Checklist

- *Specific reason for denial*
- *Loan type referenced*
- *Lender name and contact information*

## Letter to Lender

*Hi [Lender Name],*

*I'm looking forward to working with you on this transaction and wanted to share a quick note on how **Georgia contracts handle financing and appraisal contingencies**, since they can be more structured than in other states.*

*In Georgia (GAR contracts), both contingencies are tied to **specific deadlines and specific outcomes**, not just general inability to obtain financing or inability to get an appraisal.*

### **Key Points:**

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#### **1. Financing Contingency = Deadline + Actual Loan Denial**

- *The financing contingency has a **specific expiration date***

- *It requires an **actual loan denial during that period***
- *It is not based on a general inability to qualify*
- *The denial must relate to the **loan described in the contract***

## **2. Denial Reasons Matter**

*The GAR financing contingency includes a **list of certain denial-related items***

- *The denial cannot be solely based upon the listed reasons*
- *The denial letter must include **at least one valid underwriting-based reason** (credit, income, etc.)*

## **3. Appraisal Contingency = Value Issue Only (Not Timing Protection)**

- *The appraisal contingency also has a **specific expiration date***
- *It applies only if the **appraised value is below the purchase price***
- *It does **not protect the buyer if the appraisal is delayed or not received** during the contingency period*

*Because of this structure, **timing and the content of the denial letter are all critical**. If anything looks like it may extend beyond contingency deadlines—or if underwriting concerns arise—I'm always happy to coordinate early so we can stay within the contract requirements and avoid unintended issues.*

*I appreciate your help in keeping everything aligned and moving smoothly.*

*Best,*

*[Agent Name]*

*[Brokerage Name]*

*[Contact Info]*

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