

[Your Name]
[Your Address]
[City, State, Zip Code]
[Your Phone Number]
[Your Email Address]

[Date]

[Lender/Creditor Name]
[Lender/Creditor Address]
[City, State, Zip Code]

RE: Letter of Explanation for [Type of Credit Issue, e.g., Late Payment/Collection/Bankruptcy]

To Whom It May Concern,

I am writing this letter to provide a formal explanation regarding the derogatory items appearing on my credit report for the period of [Start Date] to [End Date].

The issues mentioned in my credit history were caused by the following circumstances: [Briefly describe the situation, e.g., medical emergency, job loss, or family emergency]. During this time, my financial situation was severely impacted, making it difficult to meet my obligations on time.

Since that period, I have taken the following steps to resolve these issues and ensure they do not happen again:

- [Step 1: e.g., Paid off the outstanding balance in full]
- [Step 2: e.g., Established a consistent history of on-time payments]
- [Step 3: e.g., Created a strict monthly budget and emergency fund]

I am now in a stable financial position and remain committed to maintaining a strong credit profile. I have attached supporting documentation regarding [describe documents, e.g., medical receipts or layoff notices] for your review.

Thank you for your time and for considering my application despite these past challenges.

Sincerely,

[Your Signature]
[Your Printed Name]