

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

[Date]

[Lender Name]  
[Loan Officer Name]  
[Lender Address]  
[City, State, Zip Code]

RE: Explanation of Derogatory Credit Items for Loan Application [Application Number]

To Whom It May Concern,

I am writing this letter to provide a formal explanation regarding the derogatory items appearing on my credit report. I understand the importance of creditworthiness and would like to clarify the circumstances surrounding the following entries:

**Item 1: [Creditor Name / Account Type]**

**Date of Occurrence:** [Month/Year]

**Explanation:** [Briefly describe the circumstance, e.g., medical emergency, job loss, or divorce]. During this period, I experienced a financial hardship that impacted my ability to remain current. Since then, I have [describe resolution, e.g., paid the balance in full / established a steady payment history].

**Item 2: [Creditor Name / Account Type]**

**Date of Occurrence:** [Month/Year]

**Explanation:** [Briefly describe the circumstance]. This situation has been resolved by [Action taken].

I want to emphasize that these incidents were isolated and do not reflect my current financial stability or my commitment to meeting my financial obligations. To support this, I have attached [mention any documents, such as hospital bills, layoff notices, or payment receipts].

Since these events, I have taken proactive steps to improve my credit, including [mention steps like automatic payments or debt reduction]. I am confident in my ability to manage the requested loan responsibly.

Thank you for your time and for considering my application.

Sincerely,

[Your Signature]

[Your Printed Name]