

## Letter of Explaining for Derogatory Credit

[Your Name]

[Your Address]

[City, State, Zip Code]

[Name of Lender]

[Address of Lender]

[City, State, Zip Code]

RE: Explanation for derogatory credit

Dear Name of Lender:

I am writing to explain the reason for my low credit rating and how I have remedied my financial situation. On [Date], the company I worked for laid off 200 employees, including myself. During the exit interview, I was told it was because the company needed to reduce spending due to the economic downturn. I was in good standing with the company and was given a letter of recommendation from my supervisor.

I have been actively seeking employment since then and have been able to secure a part-time job. I am also selling some personal belongings and have cut back on my spending in order to make ends meet. I have made all of my credit card and loan payments on time since being laid off, and I am confident that I will be able to continue doing so. I am hopeful that this explanation will demonstrate my commitment to meeting my financial obligations despite difficult circumstances.

Thank you for your time and consideration.

Sincerely,

[Signature]

[Your Name]

List of Enclosures: [Copies of letter of leaving the job, recommendation from supervisor and hiring letter for a new job]