**Mortgage Letter of Explanation Template**

 **[Your Full Name]**
[Your Street Address]
[City, State, ZIP Code]
[Phone Number]
[Email Address]

**[Date]**

**To:**

[Loan Officer’s Name]
[Mortgage Lender’s Name]
[Company Address]
[City, State, ZIP Code]
[Phone Number]

**Re: Letter of Explanation for Mortgage Application**

**Loan Application Number:** [Insert Loan Application Number]

Dear [Loan Officer’s Name],

I am writing this letter to provide clarification regarding certain items within my mortgage application that may require additional context. I understand the importance of maintaining transparency throughout this process and would like to offer the following explanations:

**1. [Subject of Concern – e.g., Gap in Employment]**
Between [Start Date] and [End Date], I was not employed due to [brief explanation – e.g., company layoff, medical leave, family care]. During this time, I [briefly explain how you supported yourself or the actions you took – e.g., relied on savings, received unemployment benefits, etc.]. I have since returned to full-time employment as of [Date], and I am currently employed with [Current Employer] as a [Position].

**2. [Subject of Concern – e.g., Late Payment on Credit Account]**
A late payment occurred on [Date] for [Creditor Name] due to [brief reason – e.g., temporary financial hardship, oversight, banking issue]. This was an isolated incident, and since then, all payments have been made on time. I have taken steps to ensure this will not happen again by [mention corrective action – e.g., setting up auto-pay, creating reminders].

**3. [Subject of Concern – e.g., Multiple Credit Inquiries]**
The credit inquiries dated [List Dates] were the result of [explanation – e.g., shopping for the best auto loan rate, applying for a personal loan that was never opened, etc.]. These were all intentional and did not result in the accumulation of new debts that would affect my debt-to-income ratio.

Please find attached supporting documentation, including [List Attached Documents, e.g., employer letter, pay stubs, bank statements, medical records, etc.], to substantiate the information provided above.

I appreciate your understanding and the opportunity to explain these matters. Please feel free to contact me at [Your Phone Number] or [Your Email Address] if further information is needed.

Sincerely,

**[Your Full Name]**

**Michael J. Dawson**
4720 Pinecrest Drive
Austin, TX 78745
(512) 555-0147
mjdawson@email.com

**July 15, 2025**

**To:**
Karen Ellis
Lone Star Mortgage Group
2901 North Lamar Blvd, Suite 300
Austin, TX 78705
(512) 555-0921

**Re: Letter of Explanation for Mortgage Application**
**Loan Application Number:** 875320-AUS

Dear Ms. Ellis,

I am writing this letter to provide clarification regarding certain items in my mortgage application. I want to ensure you have a clear understanding of my financial situation and the context behind the noted items.

**1. Gap in Employment**
Between March 2023 and August 2023, I experienced a temporary gap in employment due to downsizing at my previous employer, Redwood Marketing Solutions. During this period, I actively searched for new employment and supported myself using personal savings and a short-term freelance project. I was hired full-time by Horizon Creative Co. as a Digital Marketing Manager in September 2023 and have remained employed there since.

**2. Late Payment on Credit Card**
In November 2022, a payment on my CapitalOne credit card was made 32 days late. This occurred due to an unexpected medical emergency that required travel and out-of-pocket expenses. Since then, I have paid off the balance and have made all payments on time. I’ve also enrolled in automatic payments to prevent future issues.

**3. Recent Credit Inquiries**
There were multiple credit inquiries on my report in January 2024, which were the result of shopping for the most competitive auto loan rate when I purchased a new vehicle. Only one loan was accepted, and my current monthly payment of $365 is included in the documentation provided.

Please find attached the following supporting documents:

* Letter of employment from Horizon Creative Co.
* Recent pay stubs (past 3 months)
* Bank statements from the period of unemployment
* Credit card payment history
* Auto loan agreement

Thank you for the opportunity to explain these circumstances. If you need any additional information or clarification, feel free to contact me at (512) 555-0147 or mjdawson@email.com.

Sincerely,
**Michael J. Dawson**