

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

[Lender's Name]
[Lender's Address]
[City, State, Zip Code]

Dear [Lender's Name],

Subject: Debt Settlement Proposal for Personal Loan Account #[Account Number]

I hope this letter finds you well. I am writing to propose a settlement for my personal loan account #[Account Number], due to unforeseen financial difficulties I am currently facing.

As of today, my outstanding balance is [Current Balance]. Due to [reason for financial hardship, e.g., job loss, medical issues], I am unable to meet the current payment obligations.

After careful consideration of my financial situation, I am proposing a settlement of [Proposed Amount] in a one-time payment. This amount is all I can afford at this time, and settling my account would relieve me of further financial stress.

I kindly ask you to consider this proposal and look forward to your positive response. I believe settling this debt will be beneficial for both parties. I am prepared to make the payment as soon as we come to an agreement.

Thank you for your understanding. Please feel free to contact me at [Your Phone Number] or [Your Email Address] to discuss this matter further.

Sincerely,

[Your Name]